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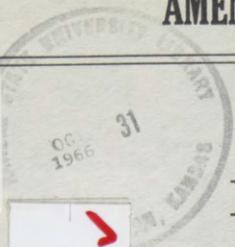
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MANPOWER DEVELOPMENT AND TRAINING ACT AMENDMENTS OF 1966

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HEARING BEFORE THE SUBCOMMITTEE ON MENT, MANPOWER, AND POVERTY OF THE COMMITTEE ON OR AND PUBLIC WELFARE UNITED STATES SENATE

EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

H.R. 16715

TO AMEND THE MANPOWER TRAINING AND DEVELOPMENT
ACT OF 1962

SEPTEMBER 27, 1966

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



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MANPOWER DEVELOPMENT AND TRAINING ACT
AMENDMENTS OF 1966

TUESDAY, SEPTEMBER 27, 1966

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

The subcommittee met, pursuant to notice, at 9:40 a.m., in room 4232, New Senate Office Building, Hon. Joseph S. Clark (chairman) presiding.

Present: Senator Clark.

Staff members present: Stewart E. McClure, chief clerk, and Arnold Nemore, professional staff economist.

Senator CLARK. The subcommittee will be in session.

The purpose of our hearing is to consider H.R. 16715, the Manpower Development and Training Act Amendments of 1966. We will include a copy of H.R. 16715 in the record at this point.

(H.R. 16715 follows:)

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11

89TH CONGRESS
2^D SESSION

H. R. 16715

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 21, 1966

Read twice and referred to the Committee on Labor and Public Welfare

AN ACT

To amend the Manpower Development and Training Act of 1962.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Manpower Development
4 and Training Amendments of 1966".

5 SEC. 2. (a) Section 104 (a) of the Manpower Develop-
6 ment and Training Act of 1962 (hereinafter referred to as
7 "the Act") is amended by striking out "1967" and insert-
8 ing in lieu thereof "1968".

9 (b) Section 105 of the Act is amended by striking out
10 "1967" where it appears in the first sentence and inserting
11 in lieu thereof "1968", and by amending the last sentence

2

1 thereof to read as follows: "Of the funds appropriated for
2 a fiscal year to carry out this Act, not more than \$300,000
3 may be used for purposes of this section."

4 SEC. 3. (a) Section 202 of the Act is amended by re-
5 designating subsection (c) through (h), and all cross ref-
6 erences thereto, as (d) through (i), respectively, and by
7 inserting after subsection (b) the following new subsection:
8 " (c) The Secretary of Labor shall provide, where ap-
9 propriate, a special program of testing, counseling, selection,
10 and referral of persons forty-five years of age or older for
11 occupational training and further schooling designed to meet
12 the special problems faced by such persons in the labor
13 market."

14 (b) Section 202 of the Act is further amended by
15 striking out the last subsection and inserting in lieu thereof
16 the following new subsections:

17 " (j) Whenever appropriate, the Secretary of Labor
18 may also refer, for the attainment of basic education and
19 communications and employment skills, those eligible per-
20 sons who indicate their intention to and will thereby be able
21 to pursue, subsequently or concurrently, courses of occupa-
22 tional training of a type for which there appears to be a
23 reasonable expectation of employment, or who have com-
24 pleted or do not need occupational training but do require
25 such other preparation to render them employable. Such

1 referrals shall be considered a referral for training within
2 the meaning of this Act.

3 “(k) The Secretary of Labor may enter into an agree-
4 ment with the Secretary of Health, Education, and Welfare
5 for the purpose of furthering the objectives of this Act by
6 facilitating the provision of appropriate physical examina-
7 tions, medical treatment, and prostheses for persons selected
8 or otherwise eligible to be selected for training under this
9 Act. The agreement may provide that where any such
10 person cannot reasonably be expected to pay the cost of the
11 services and the services are not otherwise available without
12 cost to him from any other resource in the community, there
13 may be expended (from sums appropriated to carry out this
14 title and pursuant to arrangements made by the Secretary of
15 Health, Education, and Welfare) not more than an aggre-
16 gate of \$100 to provide such services to that person. If the
17 Secretary of Health, Education, and Welfare is unable to
18 arrange for the provision of services under this section,
19 the Secretary of Labor may expend not more than an ag-
20 gregate of \$100 to provide such services to any one person.

21 “(l) In order to assist in providing qualified workers
22 in areas or in occupations in which there are critical skill
23 shortages the Secretary of Labor shall, in accordance with
24 regulations prescribed by him, provide an experimental pro-

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1 gram for part-time training of persons, including employed
2 persons, to meet such skill shortages.”

3 SEC. 4. (a) Section 203 (c) of the Act is amended—

4 (1) by striking out in the first sentence “two
5 years” and inserting in lieu thereof “one year”,

6 (2) by striking out in the second sentence “not less
7 than one year and” and inserting in lieu thereof “not
8 less than one year or”, and

9 (3) by adding at the end thereof the following:

10 “Notwithstanding any provision to the contrary in this
11 subsection or in subsection (h), the Secretary may
12 refer any individual who has completed a program under
13 part B of title I of the Economic Opportunity Act of
14 1964 to training under this Act, and such individual
15 may be paid a training allowance as provided in section
16 203 (a) of this Act without regard to the requirements
17 imposed on such payments by the preceding sentences
18 of subsection (c) or by subsection (h) of this section.
19 Such payments shall not exceed the average weekly
20 gross unemployment compensation payment (including
21 allowances for dependents) for a week of total unem-
22 ployment in the State making such payments during
23 the most recent four-calendar-quarter period for which
24 such data are available. Such persons shall not be
25 deemed youths for the purpose of applying the pro-

5

1 vision under this subsection limiting the number of
2 youths who may receive training allowances.”

3 (b) Section 203 (h) of the Act is amended by inserting
4 before the period at the end thereof the following: “unless
5 the Secretary determines that there is good cause to permit
6 an individual referred to further training to receive training
7 allowances so that he may be prepared adequately for full-
8 time employment.”

9 (c) Section 203 of the Act is amended by adding at
10 the end thereof the following new subsections:

11 “(j) To assure the maximum use of training opportuni-
12 ties, the Secretary of Labor is authorized to make, or cause
13 to be made, advance payments of training allowances or a
14 part thereof to individuals selected for training who, because
15 of immediate financial needs for the maintenance of them-
16 selves or their dependents pending receipt of training allow-
17 ances, would otherwise be unable to enter or continue train-
18 ing. The total advance payments to a trainee under this
19 subsection outstanding at any time shall not exceed the
20 amount of the average weekly gross unemployment compen-
21 sation payment (including allowances for dependents) for
22 a week of total unemployment in the State making such
23 payments during the four-calendar-quarter period for which
24 such data are available most immediately prior to the com-

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1 mencement of training by such trainee. Such advance pay-
2 ments shall be repaid either through deductions from training
3 allowances or through other arrangements with such trainee.

4 “(k) Under such standards as the Secretary of Labor
5 may find appropriate to achieve the purposes of subsection
6 202 (1), an individual referred to part-time training under
7 such section shall be paid an amount not to exceed \$10 with
8 respect to each week in which he is engaged in such train-
9 ing and such payment shall be in lieu of any other payments
10 to which he may otherwise be entitled under this section.

11 “(l) (1) No training allowance shall be paid to any
12 person for any period for which a money payment has been
13 made with respect to the need of that person under a State
14 plan which has been approved under title I, IV, X, XIV,
15 or XVI of the Social Security Act and which meets the
16 requirements of the first sentence of paragraph (2) of this
17 subsection. The Secretary of Labor is authorized to pay
18 to any such person (A) such sums as the Secretary deter-
19 mines to be necessary to defray expenses of that person
20 which are attributable to training pursuant to the provisions
21 of this Act, and (B) a training incentive payment of not
22 more than \$20 per week. Persons receiving payments under
23 the preceding sentence shall be counted for purposes of the
24 third sentence of section 203 (c) as though they were receiv-
25 ing training allowances.

1 “(2) Notwithstanding the provisions of titles I, IV, X,
2 XIV, and XVI of the Social Security Act, a State plan ap-
3 proved under any such title shall provide that no payment
4 made to any person pursuant to paragraph (1) of this sub-
5 section shall be regarded (A) as income or resources of that
6 person in determining his need under such approved State
7 plan, or (B) as income or resources of any other person in
8 determining the need of that other person under such ap-
9 proved State plan. No funds to which a State is otherwise
10 entitled under title I, IV, X, XIV, or XVI of the Social
11 Security Act for any period before the first month beginning
12 after the adjournment of the State’s first regular legislative
13 session which adjourns more than sixty days after the enact-
14 ment of this subsection shall be withheld by reason of any
15 action taken pursuant to a State statute which prevents such
16 State from complying with the requirements of this para-
17 graph.”

18 SEC. 5. (a) Section 231 of the Manpower Develop-
19 ment and Training Act is amended by striking out “voca-
20 tional” in the first sentence, and by striking out the last
21 sentence of such section and inserting the following in lieu
22 thereof: “The Secretary of Health, Education, and Welfare
23 shall give preference to training and education provided
24 through State vocational education agencies and other State
25 education agencies. However, in any case in which he

1 determines that it would permit persons to begin their train-
2 ing or education within a shorter period of time, or permit
3 the needed training or education to be provided more eco-
4 nomically, or more effectively, he may provide the needed
5 training or education by agreement or contract made directly
6 with public or private training or educational facilities or
7 through such other arrangements as he deems necessary to
8 give full effect to this Act.”

9 (b) The third sentence of section 231 is amended by
10 adding, after the words “with respect to private institu-
11 tions”, the words “or programs carried out in conjunction
12 with programs or projects under section 102 (6)”.

13 SEC. 6. (a) Title II of the Act is amended by adding
14 at the end thereof the following:

15 “PART D—CORRECTIONAL INSTITUTIONS

16 “SEC. 251. Without regard to any other provision
17 of this title or section 301 of this Act, the Secretary of Labor
18 shall, during the period ending June 30, 1969, develop and
19 carry out experimental and demonstration programs of train-
20 ing and education for persons in correctional institutions who
21 are in need thereof to obtain employment upon release.
22 Arrangements for such education and training shall be made
23 by the Secretary of Health, Education, and Welfare after
24 consultation with the appropriate area manpower develop-
25 ment and training advisory committee. Programs under

1 this part shall be conducted through agreements with officials
2 of Federal, State, and local correctional institutions. To the
3 fullest extent practicable, the Secretary of Labor shall utilize
4 the available services of other Federal departments and
5 agencies. Programs under this part may include vocational
6 education; special job development and placement activities;
7 prevocational, basic, and secondary education, and counsel-
8 ing, where appropriate; supportive and followup services
9 and such other assistance as is deemed necessary."

10 (b) Section 304 of the Act is amended by redesignig-
11 nating subsection (d) as subsection (e) and inserting after
12 subsection (c) the following new subsection:

13 "(d) For the purpose of carrying out part D of title
14 II, there are hereby authorized to be appropriated for the
15 fiscal year ending June 30, 1968, and for the fiscal year
16 ending June 30, 1969, such amounts as may be necessary."

17 SEC. 7. Section 301 of the Act is amended by insert-
18 ing "parts A and B of" before "title II" in the first sentence,
19 by striking out the words "make such apportionment" in the
20 first sentence and inserting in lieu thereof "apportion 80
21 per centum of the funds available for such purposes", and by
22 inserting after the first sentence the following new sentence:
23 "The remaining 20 per centum may be expended by the
24 Secretary of Labor and the Secretary of Health, Education,

1 and Welfare as they find necessary or appropriate to carry
2 out the purposes of title II.”

3 SEC. 8. (a) Section 309 of the Act is repealed.

4 (b) Part B of title II of the Act is amended by adding
5 at the end thereof the following new section:

6 “ANNUAL REPORT

7 “SEC. 233. Prior to April first of each year, the Secre-
8 tary of Health, Education, and Welfare shall make an annual
9 report to Congress. Such report shall contain an evaluation
10 of the programs under section 231, the need for continuing
11 such programs, and recommendations for improvement.
12 The reports shall also contain progress reports on the voca-
13 tional training study which will be conducted under the
14 supervision of the Secretary during 1966 and 1967.”

Passed the House of Representatives September 19, 1966.

Attest:

RALPH R. ROBERTS,

Clerk.

12 MANPOWER DEVELOPMENT AND TRAINING ACT AMENDMENTS

Senator CLARK. This bill passed the House by a voice vote with strong bipartisan support. It now comes before the Senate and the effort will be made to pass it before the Congress adjourns.

It is the understanding of the chairman that the amendments are useful and noncontroversial, and that extensive hearings are therefore unnecessary.

I will ask that a portion of the House report, beginning at the top of page 2 and running down through page 12, be printed in the record at this point in order to give Members of the Senate, and especially of this committee, an understanding of the attitude of the other body.

(The document follows:)

[Extract from House Rept. No. 2017, Manpower Development and Training Amendments of 1966]

BACKGROUND OF THE LEGISLATION

The Manpower Development and Training Act was first passed in 1962. The act has been subsequently amended, in 1963 and in 1965. Throughout the 4 years of the act's life, there has developed a constantly growing degree of support for its principles and its purposes, crossing party lines and encompassing all groups in the labor market. The 1965 amendments originally passed the Senate by a vote of 76 to 8, and were approved in this House by a vote of 392 to 0. Using the congressional reaction to this legislation as an indicator of public opinion, the American people have come to look upon this act as one of the most useful tools by which this Nation can cope with the continuing problems of the new industrial revolution.

At the time the act was passed, many thoughtful Americans looked upon the advent of automation and the other aspects of the new technology as bringing with them inevitable and far-reaching economic dislocation. The debate over automation and its effects was not couched in terms of whether or not the effects would be traumatic, but on how quickly we could recover from them.

In 1966, there is still no question but that automation will continue to proceed apace, and that the techniques and structure of American industry will change even more in years to come than it has changed in years recently past.

If the MDTA program is to remain a useful tool for coping with the changes that we can expect in the near future, if we are to use this device, with others, to alleviate and even escape the economic penalties which technological change customarily exacts, this act must continue to be altered as experience and changing problems dictate. An act which 4 years ago was primarily aimed at the problems of those who had experienced or were facing technological unemployment, is not necessarily, and not without alteration, useful to meet the problems of the disadvantaged and the hard-core unemployed or to deal with critical skill shortages. The 1966 amendments are not simply a weapon in the war against poverty—though they are a weapon in that war. They are not simply a safeguard against the effects of automation—though they are such a safeguard. They are not simply a remedy for industry's problem of growing skill shortages—though they are such a remedy. Rather, these amendments, like the original act and its subsequent amendments, are an attempt to build the foundations upon which a national manpower policy can, as someday it will, be built, so that the Nation's most valuable natural resource—the brains and muscles and ingenuity of its people—can be most effectively utilized in the context of a free economy.

CONSIDERATION BY COMMITTEE

At various times during this Congress, individual Members have introduced bills to amend the Manpower Development and Training Act. In June of this year, the Select Subcommittee on Labor, under the chairmanship of Representative Holland of Pennsylvania, held 4 days of hearings, taking testimony from Members of the House, officials of the Departments of Labor and Health, Education, and

Welfare, and experts, both academic and operational, in the areas covered by the various amendments. On July 29, Mr. Holland introduced H.R. 16715, an omnibus bill embodying the tentative conclusions of the subcommittee, and on August 1, the subcommittee reported the bill to the full committee. On August 25, in executive session, the committee adopted minor amendments and, without dissenting vote, ordered this bill reported to the House with those amendments.

MAJOR PROVISIONS

A. *Selection of trainees.*—The present act, in addition to calling for the Secretary of Labor to provide programs of testing, counseling, and referral to training for unemployed or underemployed persons generally, contains a specific direction that a special program be undertaken for training of young people whose educational background and work preparation have not adequately prepared them to enter the labor force. This bill amends the act by adding language directing the Secretary to formulate a program to meet the special employment needs of workers 45 years of age or more. The testimony in the hearings which immediately gave rise to this bill are filled with statements and direct testimony in support of such legislation. In addition, the Select Labor Subcommittee held, during 1965, 5 days of hearings on the employment problems of older workers, during which substantial testimony was offered to support the need for specific training programs in a broad range of skills to meet the very real employment problems facing such persons.

The "older worker," the worker who is not yet old enough to retire, and yet too old to face unemployment with any real hope of finding a new job, is the victim, not so much of antagonistic prejudices, but of well-meaning, even sympathetic ignorance. On all sides, it is assumed that a worker of 45 or 50 cannot adjust to a new job, that he no longer has the physical strength to perform the same tasks he could undertake when he was 25 or 30, that his health is such that he cannot be depended upon to be a steady worker, and such ideas. There are other problems which prevent the older worker from finding a new job, and some of them may be less based on folklore and more on economic fact than those cited above. This amendment will not be a panacea for the employment problems of older workers. But it will certainly help demonstrate that the older worker is a valuable member of the labor force. In a period of growing demand for labor, the older worker, in many cases, needs but the opportunity to show that he can do a new job in order to have doors now closed begin to open for him. This amendment offers that opportunity.

Your committee would not want to leave the impression that this will do the whole job of solving these problems. Further legislation in this area should be given careful study by this or other appropriate committees of the House. Suggestions for insuring vested pension rights, providing for pension portability, and for barring age discrimination all call for careful study. This bill is only a first step, and while it is true that a long journey begins with the first step, it is also true that it does not end there.

The act now provides not only for skills training, but also for training in basic education needs. A dexterous and intelligent prospective lathe operator may be unemployable or untrainable if he cannot read or write. This bill carries this principle one step further

by providing for referral to training in communications and other employment skills. By this, your committee means to meet the need of the person who is technically literate, but whose environment may well have left him virtually unable to talk the language of the marketplace.

Excellent work is being done at Howard University and at other locations in showing that what may seem to be impenetrable ignorance and near illiteracy in a prospective worker may well be merely the result of having learned to communicate in a substantially different argot than that of the prospective employer or the members of the public with whom the worker may have to deal. The term "employment skills" is intended to include skills and characteristics other than specific occupational skills which may affect an individual's employability; for example, work habits, conformity to expected standards of behavior as an employee, job finding skills, and attitudes conducive to satisfactory occupational adjustment. Your committee also expects that this provision will be carried out imaginatively and that the newest findings of the professionals will be utilized here.

A new subsection is added to section 202 to provide physical examinations and minor medical treatment or prostheses for trainees who cannot afford it or where it is not otherwise available in the community. This amendment is designed to reduce dropouts during training for reasons of health and provide minor correctional services for persons who could not otherwise pass appropriate and necessary company physical examinations after training has been completed. Examples of what is envisaged here would be eyeglasses, hearing aids, and other similar assistance. The committee intends that such medical services shall be furnished through agreements between the Secretary of Labor and the Secretary of Health, Education, and Welfare, that first recourse will be had to such Health, Education, and Welfare programs as the Public Health Service and Vocational Rehabilitation, and that, as a last resort, the Labor Department may procure such services directly where HEW is unable to do the job. Services and appliances under this provision are limited to an aggregate of \$100 per trainee.

B. Upgrading.—One of the most useful roles MDTA can play in meeting skills shortages and in serving to combat hard-core unemployment is in making it possible for employed persons to be trained in skills beyond those utilized in their present jobs, thus enabling them to move to better jobs, and making their present jobs available for persons who have had special difficulty even entering the labor force.

What your committee contemplates is not simply a form of continuing adult education. We intend rather that an experimental program be undertaken which would include training techniques combined with personnel management practices which actively promote upgrading through delineation of skill levels and job relationships, job reengineering, and other methods of effective manpower development and utilization. The Secretary of Labor has full discretion to designate skill shortages and to formulate standards of eligibility for selection and referral to part-time training projects. The Secretary would also establish standards to assure that workers available for full-time training are not referred to part-time training with a concomitant lengthening of the training period.

The bill contains two closely linked provisions which are intended to make this kind of training possible. The first authorizes an experi-

mental program of part-time training, primarily intended for the employed in areas and occupations where there are critical skill shortages.

The second provision authorizes payments not to exceed \$10 per week, in lieu of any other payments under section 203, to persons selected for such training to meet the additional costs incurred in attending training.

Your committee intends the word "area" as used in this provision to be applied geographically as well as to specific skills or trades.

C. *Training allowances.*—Rigidity in the payment of training allowances has in many cases slowed down the selection of trainees, made training less desirable to those who could most profit from it, and in some areas has actually increased the cost of the program. Your committee has sought to make this part of the act easier to administer by several amendments.

First, the present act prevents the payment of training allowances to persons who have not had a least 2 years of gainful employment (with some exceptions which will be mentioned below). But 1 year's work experience seems to the committee an adequate time for a man to learn the basic habits of work, and to find out if his previous training has in fact equipped him for an optimum role in the labor force. This bill, accordingly, reduced the requirement from 2 years to 1.

The major exception to the "labor force attachment" mentioned above involves youths of 17 years or more who have finished or left high school. In the case of high school dropouts, the Secretary is presently required to ascertain that the local school authorities have availed themselves of all their resources, including guidance and counseling, and have concluded that the further presence of the young person in a regular school situation is simply not practicable. The Secretary is further required to wait until the young person has been out of school for an entire year. With the former requirement, your committee is totally in accord. The Manpower Development and Training Act is not and was never intended to be a substitute for the normal institutions of our educational system. It is your committee's firm intent that the Secretary should continue to make every effort to find out if a young person cannot usefully be placed back into that structure before referring him to MDTA training. But at the same time, your committee feels it is unnecessary and perhaps harmful to require a year's wait, in addition to this necessary screening process. There is no good reason to force a young person to wait a year and become habituated to the environment of the street corner or the back alley when he could be receiving skills training and be getting started in a trade.

Section 4(a)(3) of this bill is language which has also been approved by your committee and included in the bill to amend the Economic Opportunity Act. It provides that persons who have completed a program under the Neighborhood Youth Corps may be referred to MDTA training and paid an allowance. To quote from your committee's earlier report an H.R. 15111:

An amendment to section 203(c) of MDTA would facilitate a nexus between the Neighborhood Youth Corps and MDTA programs by removing financial as well as other obstacles that have previously obviated corpsmen participation in MDTA training. Rather than being forced to relinquish

approximately 40 percent of their Youth Corps wages when entering MDTA programs in return for weekly training allowances not in excess of \$20 a week, Youth Corps men who embark upon MDTA programs could receive payments that are comparable to those received by adult MDTA trainees.

Other barriers removed by this amendment which abrogates the application of the requirements of MDTA section 203 (c) and (h) to Youth Corps graduates include the 25-percent limitation on MDTA trainees under 22 and the proviso that receipt of a training allowance under another Federal act within 1 year of enrollment in an MDTA program disqualifies a person from any MDTA training allowance entitlement.

This bill also permits the Secretary to pay a training allowance to a person who is referred to a second course after having left or completed one, without waiting a full year, if he shall determine that there is good cause to do so. Your committee, without wishing to further limit the Secretary's flexibility in making such determinations, would suggest, as examples of this situation, a case in which a training course is completed, only to find that the industry utilizing the skills taught therein has left the area, or that what appeared to be a long-range skill shortage has been met by supply from other sources. Another example would be a case in which training was discontinued before completion for reasons beyond the trainee's control which would not preclude successful training in another type of course. Where the trainee is precluded from using his training for reasons beyond his control, the Secretary should have this authority without being restricted by artificial waiting periods.

In administering this exception, the Secretary shall take precautions to insure against the pyramiding of benefits by a trainee going from one course to another and absorbing training opportunities which should be spread among a greater number of individuals.

The bill takes cognizance of cases in which an unemployed person may be so poverty-stricken that he cannot enter training at all or continue in it until he has received at least some funds to enable him, perhaps, to buy a pair of serviceable shoes, or to meet some other immediately pressing need. The bill provides, in such cases, for a limited advance payment of his training allowance, to be repaid either through deductions from subsequent allowances or through other arrangements.

This provision would remedy the problem of training personnel having to assist trainees by making small loans to meet the cost of such items as carfare, lunches, etc. Such requests have been a source of inconvenience to project personnel, and experience indicates the need of a petty cash fund to meet these small recurring needs.

Procedures under this amendment should be devised to assure that funds are immediately and readily available for such expenses and that without sacrificing flexibility proper controls are instituted to protect the funds.

Under present procedures, a person in receipt of an MDTA training allowance who is receiving, or whose family is receiving public assistance under the Social Security Act, will have such assistance reduced by the amount of the MDTA allowance. This has the dis-

advantage of removing any immediate financial incentive for entrance into training. In some instances, also, there have been situations in which communications at the local level have been faulty, and persons have been paid both MDTA allowances and public assistance benefits.

To meet these problems, the committee proposes that beneficiaries of Social Security Act programs be referred to training without a "training allowance" as such, but that they be given instead a modest \$20 weekly incentive payment, plus expenses directly attributable to training, which shall not be considered as income for social security purposes. This would enable the welfare benefit to be continued uninterrupted, and at the same time serve the purpose of the training allowance provisions of MDTA by making it financially beneficial for persons to enter training and to start on the road to self-support. The Departments of Labor and HEW were consulted on this amendment and have been of assistance in working out this solution to the problem.

This provision does not contemplate incentive payments and expense allowances in an amount greater than any other allowances the individual would otherwise be entitled to if he were not a recipient of benefits under the Social Security Act.

D. *Correctional institutions.*—Section 6 of this bill authorizes the Secretary of Labor to carry out, on an experimental and developmental basis, a program of training for the benefit of inmates of correctional institutions, to be carried out through agreements with Federal, State, and local penal officials, and after consultation with the appropriate area manpower training advisory committees. Your committee has received encouraging reports on the pilot projects already undertaken at the Federal institutions at Lorton and Riker's Island, and is convinced by the evidence submitted by the Department of Labor that such programs may be extremely valuable in reducing recidivism. Your committee is not yet prepared to recommend this as a permanent full-scale program, and the committee feels that great care must be taken to insure that such training does not result in any increase in the production of goods in competition with free labor. Your committee removed the phrase "on-the-job training" from this proposal because we were not prepared to see MDTA finance day labor by prison inmates in competition with free labor.

Suggestions for special programs for parolees and probationers were not adopted since there is nothing in the act now which prevents the Secretary from referring a parolee or probationer to training. The bonding provisions of section 105 of the act which this bill extends for an additional year are designed, in part, to assist such persons. Your committee has also taken note of the phenomon in which paroled prisoners have been helped to secure employment only to find that the employer uses his relationship with the parolee and with the parole officer to prevent legitimate union organizational activity. The Secretary of Labor is urged by the committee to make full use of this amendment, but, at the same time, to take great care that such abuses as those mentioned above are not carried out under the protective umbrella of MDTA.

E. *Administrative provisions.*—The present act permits the Secretary of HEW to carry out his responsibility for providing for the setting up of institutional training through agreements with appropriate education agencies, including through agreements with private educa-

tional or training institutions where such institutions can provide equipment or services not available in public institutions, "or where such institutions can, at comparable cost, (1) provide substantially equivalent training, or (2) make possible an expanded use of the individual referral method, or (3) aid in reducing more quickly unemployment or current and prospective manpower shortages."

In reviewing the administration of this section, your committee became convinced that a simpler, more flexible formula should be adopted, preserving the concept of preference for public agencies, but providing specific and unequivocal authority to the Secretary of Health, Education, and Welfare to provide training directly through private institutions as well as through State education agencies.

The bill, in section 5(a), eases the use of private institutions where such use can allow training to begin more quickly or be carried out more economically or more effectively.

The committee has received increasing complaints of the unavailability of training opportunities in given communities, notwithstanding availability of private institutions with established reputation for successful placement of their graduates. It is your committee's intent that the Secretary of HEW make every available use of this provision to accelerate entrance into training of workers desiring training opportunities, as well as to reduce to the greatest extent possible instances of training being denied eligible applicants.

Section 5(b) allows the training cost increment of research and development projects to be allocated without regard to the 10-percent matching requirement which has gone into effect at the beginning of fiscal 1967. The matching requirement, which previous amendments postponed until the beginning of this fiscal year, applied to all training costs. A very small part of the total program is carried on under title I, authorizing experimental, research, and development projects. The training increment of these projects—a small part of this small part—has been financed from the allotments to the several States under title II.

In previous years, this has posed no problem, since the States were not contributing any portion of the direct costs. With the coming into force of the matching requirement, the States will now have a virtual veto power over E. & D. projects, since they would, in the absence of this amendment, be required to contribute 10 percent of the training increment of such projects. Since the projects themselves are designed to benefit the entire program, rather than to meet the immediate manpower needs of the particular State in which they happen to be located, the State's objections would be quite understandable, even though relatively tiny amounts of money would be actually involved.

In order to allow research projects to continue without cutting into the allotment of the States in which they are located, it is proposed, therefore, to exempt the training increment thereof from the normal matching requirements. Your committee feels it appropriate to observe, in this context, that the effective date of the matching provisions, which has been delayed more than once, cannot be further delayed. The matching provisions, which are very liberally conceived, seem an eminently reasonable requirement for State participation, and there was no serious recommendation made to your committee that their effectiveness be further delayed, with the very minor exception provided in this subsection.

Section 7 of the bill amends the apportionment formula, confining its effect to 80 percent of the total funds appropriated in a given year, and leaving the Secretaries of Labor and HEW free to utilize the remaining 20 percent in areas of special need. The present formula, which remains unchanged, takes into account essentially the unemployment rate and the relative size of the labor force in a given State. No cognizance is taken of skills shortages, abrupt changes in the State's industrial pattern, or other criteria which could justify special emphasis in a given State in a given year. The existence of critical skills shortages in States where unemployment is not serious is a question of particular concern to your committee, as, indeed, it is to the economy as a whole. Your committee believes that such situations should receive particular attention by the Secretaries in their allocation of this 20 percent of the funds appropriated.

Section 104 of the act authorizes, on a pilot basis, projects exploring the feasibility of paying relocation expenses, on a grant or loan basis, as a means of reducing unemployment. Section 105 of the act provides experimental and demonstration authority in the area of securing bonds for trainees who require such bonding to obtain employment subsequent to their training. In both cases, the existing authority expires at the end of fiscal year 1967.

Your committee has been favorably impressed by the results of these projects to date, but neither the committee nor the Department of Labor is yet prepared for these experiments to be made permanent, full-scale segments of the MDTA program. In order to continue the experiments, and to make more data available on which to make such a judgment, your committee recommends that H.R. 16715 be amended to provide that the existing authority under both sections be continued for 1 additional year.

Finally, the bill repeals the requirement for an annual report to the Congress by the Secretary of Labor, though continuing this report as it applies to the Secretary of Health, Education, and Welfare. The Secretary of Labor's report, in the opinion of your committee, tends to be duplicative of the President's Manpower Report, which also has its statutory base in this act. Its absence from the "Federal paper-work jungle" should cause no massive unemployment at the Government Printing Office.

The report of the Secretary of Health, Education, and Welfare is in a slightly different case. The President's Manpower Report does not cover the innovations and improved training methods utilized to secure the objectives of this act. The report of the Secretary of HEW can and should do so. Accurate and detailed information on the techniques used under the MDTA program can be beneficial to school administrators throughout the Nation, and, if properly presented, can serve as a guide for updating the curriculum in the vocational education institutions.

In this context, your committee wishes again to emphasize that the duties assigned to the Secretary of HEW under this act are assigned to the Secretary, and they are not intended to be delegated by him to any particular one of the naturally divergent agencies within that Department. The Secretary's duties under MDTA are not duties analogous to those performed by the Office of Education, or any other single component part of that Department. The Secretary, the program, and the public interest will continue to best be served, in your

committee's judgment, by the retention of these responsibilities in the Office of the Secretary.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section provides that the Act may be cited as the "Manpower Development and Training Amendments of 1966".

Section 2. Labor mobility and trainee placement assistance demonstration projects

Subsection (a) of this section (which is added as a committee amendment) amends section 104 of the Manpower Development and Training Act of 1962 (hereinafter in this analysis referred to as "the Act") to extend for 1 additional year—until June 30, 1968—the period during which the Secretary of Labor may develop and carry out labor mobility demonstration projects under section 104.

Subsection (b) of this section amends section 105 of the Act to extend for 1 year—until June 30, 1968—the period during which the Secretary may carry on trainee placement assistance demonstration projects under section 105. It also provides that not more than \$300,000 of the funds appropriated to carry out the Act in a fiscal year may be used for carrying out section 105.

Section 3. Referral for training

Subsection (a) of this section amends section 202 of the Act to require the Secretary of Labor to provide, where appropriate, special programs of testing, counseling, selection, and referral of persons 45 years of age or older for occupational training and further schooling to meet the special problems faced by them in the labor market.

Subsection (b) of this section amends section 202 of the Act to authorize the Secretary, where appropriate, to refer for the attainment of basic education and communication and employment skills, those eligible persons who indicate their intention to and will thereby be able to pursue, subsequently or concurrently, courses of occupational training for which there appears to be a reasonable expectation of employment, or who have not completed or who do not need occupational training but do require such other preparation to render them employable.

This section also adds a provision permitting the Secretary to enter into agreements with the Secretary of Health, Education, and Welfare to facilitate the provision of physical examinations, medical treatment, and prostheses for persons selected, or eligible for selection, for training. The agreement may provide that where the person cannot afford to pay for the services, and he cannot find the services elsewhere without cost, there may be extended not more than \$100 to provide such services for that person. If the Secretary of HEW is unable to arrange for the provision of these services, the Secretary of Labor may expend not more than \$100 to provide them to the person.

Another provision added by this subsection is one which directs the Secretary, in accordance with his regulations, to provide experimental programs for part-time training of persons, including employed persons, to meet skill shortages in areas or occupations in which there are critical skill shortages.

Section 4. Training allowances

Subsection (a) of this section amends section 203(c) of the Act. The first amendment would shorten from 2 years to 1 year the period of experience in gainful employment required as a prerequisite to the receipt of training allowances.

The second amendment provides that a youth who has not completed high school may receive training allowances if he has been out of school for 1 year or if the local authorities have concluded that further school attendance is no longer practicable. Under the present law both these requirements must be met.

The third amendment permits the Secretary to refer individuals for training who have completed a program under part B of title I of the Economic Opportunity Act (commonly referred to as a Neighborhood Youth Corps program). A trainee so referred may be paid a training allowance without regard to any of the requirements of subsection (c) or subsection (h) of the section. These payments will not exceed the average weekly gross unemployment compensation payment (including allowances for dependents) for a week of total unemployment in the State making the payments during the most recent four-calendar-quarter period for which data are available. These trainees will not be counted for purposes of the limitation on the number of youths who may receive training allowances.

Subsection (b) amends section 203(h) of the Act to allow a person to be referred immediately to a second MDTA program with a training allowance if the Secretary determines there is good cause to permit it so that the trainee may be adequately prepared for full-time employment.

Subsection (c) of this section amends section 203 to permit the Secretary to provide advance payments of training allowances to individuals selected for training who, because of immediate financial need for the maintenance of themselves or their dependents, would otherwise be unable to enter or continue training. The advance payments will not exceed 1 week's training allowance, and will be repaid either through deduction from training allowances or through other arrangements with the trainee.

The subsection also provides for the payment of a training allowance not in excess of \$10 to persons referred for part-time training under the new section 202(l).

The new subsection (l) provides that no training allowance will be paid to any person for a period for which a money payment has been made with respect to that person under a State plan approved under the Social Security Act, usually the aid for families of dependent children program. However, the Secretary may pay to such person such sums as he determines are necessary to defray his expenses attributable to training, and a training incentive payment of not more than \$20 a week. Provision is also made to insure that the payments made under this subsection will not be regarded as income or resources in determining entitlements under the applicable titles of the Social Security Act.

Section 5. Provision of training

Subsection (a) of this section directs the Secretary of Health, Education, and Welfare to give preference to training and education provided through State vocational education agencies and other educational agencies. However, where it would permit persons to begin

their training or education within a shorter period of time, or permit the training or education to be provided more economically or effectively, the Secretary may provide the needed training or education by agreement or contract with public or private training or educational facilities or through any other arrangements as he deems necessary to give full effect to the Act.

Subsection (b) of this section amends the provisions of section 231 of the Act, which requires State matching, to provide that the requirement will not apply with respect to programs carried out in conjunction with experimental, demonstration, and pilot projects carried on under section 102(6).

Section 6. Correctional institutions

This section adds a new part D to title II of the Act which directs the Secretary, during the period ending June 30, 1969, to develop and carry experimental and demonstration programs of training and education for persons in correctional institutions who are in need thereof to obtain employment upon release. The arrangements for this education and training will be made by the Secretary of HEW, and the programs will be conducted through agreements with the officials of the correctional institution. These programs may include vocational education, special job development and placement activities, pre-vocational, basic, and secondary education, and counseling. They also may provide supportive and followup services and such other assistance as is deemed necessary.

Section 7. Apportionment

This section amends section 301 of the Act which now requires apportionment of Federal expenditures under the Act among the States according to a set formula. Under the amendment 20 percent of the funds may be expended by the Secretary of Labor and the Secretary of HEW as they find necessary or appropriate to carry out the purposes of title II, without complying with apportionment formulas that will continue to govern the apportionment of the remaining 80 percent of the funds available for title II.

Section 8. Reports

Subsection (a) of this section repeals section 309 of the existing Act which requires a report from the Secretary of Labor and also from the Secretary of HEW. It inserts in lieu thereof a requirement that the Secretary of HEW shall make an annual report evaluating the programs under section 231, the need for continuing the programs, and recommendations for improvement. The reports must also contain progress reports on the vocational training study which will be conducted under the supervision of the Secretary during 1966 and 1967.

Senator CLARK. Our witness this morning is the Honorable Stanley H. Ruttenberg, Assistant Secretary of Labor for Manpower.

Mr. Ruttenberg, we are always happy, indeed, to have you here. I have had an opportunity to read your testimony in chief and note that you have appended to your statement a 12-page memorandum entitled, "Detailed Statement in Support of Each Amendment."

I will ask that each of these documents be printed in the record at this point.

(The documents referred to follow:)

PREPARED STATEMENT OF HON. STANLEY H. RUTTENBERG, ASSISTANT SECRETARY OF LABOR

I appreciate this opportunity to appear for the Department of Labor today in support of H. R. 16715, as passed by the House. This bill would amend the Manpower Development and Training Act of 1962 in several important respects to enable us to take more effective action toward the solution of the Nation's manpower problems.

These amendments have resulted from the constant search by the Department and by Congress for better ways of fulfilling the objectives of this legislation. As a result of this search, the pattern, emphasis, and direction of training under the Act have pioneered new trails in vocational training and education and new pathways to employment. That the Committee supports this flexible and versatile approach is evident by the legislative amendments of 1963 and 1965. The amendments which the Committee is now considering are in that tradition.

Although originally conceived as primarily a measure to combat unemployment, the Act has remained important in a period of high employment as a means of increasing the skills of the workforce, as well as providing the only means available to some who seek to enter the workforce. President Johnson phrased well the goal not only of this Act, but of the Government, in his Manpower Report to Congress when he said, "A manpower policy should lead us to a society in which every person has a full opportunity to develop his—or her—earning powers, where no willing worker lacks a job, and where no useful talent lacks an opportunity."

The accomplishments to date under the Act are encouraging:

1. Over 680,000 persons will have been trained under programs already completed, now in progress, or presently approved.
2. Approximately 75 percent of those completing courses have obtained employment, most of which was training related.
3. An additional 100,000 persons have benefited from special projects tailored to the needs of special groups.
4. Approximately 50 percent of all trainees have been unemployed at least 15 weeks at the time of their enrollment.
5. Approximately 30 percent of the persons enrolled in projects have been from nonwhite groups.

Gratifying as these figures are, they must be viewed against a backdrop of continued buoyant economic growth, marred however by the persistence of severe unemployment affecting sizable segments of the population.

The economy has registered one of the strongest and most sustained improvements over the past several years, spurred by steadily increasing industrial production and vigorous consumer demand. This economic expansion brought average total employment for the year to a record high of over 70 million. Job gains were felt in every major sector of the economy except in agriculture. The most dramatic development, of course, has been the drop in the unemployment rate to less than 4 percent. It is a triumph for our Nation's economy and a tribute to the public and private policies that led to this achievement.

But there is no room for complacency. There are now more jobs in some areas and occupations than there are people to fill them.

In the Great Lakes region, the supply of labor is tight.

There are shortages of machinists for the metal-working industry throughout the country, and shortages of building-trades craftsmen in many areas.

The new education programs could be impeded by a lack of teachers, and medical programs hampered by a lack of medical and nursing personnel.

Yet, while these shortages exist there are:

Pockets of chronic unemployment in many cities, in Appalachia, in the Mississippi Delta, and in other regions of economic distress.

Teenagers entering the labor force in increasingly large numbers, inadequately prepared to meet job requirements and experiencing triple the national unemployment rate.

Older workers, displaced from employment, who face dwindling opportunities for their services and must cope with difficult problems of vocational readjustment.

Nonwhite workers, who constitute 11 percent of our labor force but comprise nearly 25 percent of our long-term unemployed. They suffer the double disadvantage of lower educational attainment and lingering discrimination.

Farm workers, both operators and hired workers, remain the victims of high unemployment and underemployment.

In short, there are certain disadvantaged groups who have not shared fully in the benefits of our unprecedented economic expansion, and have not been able to surmount persistent socio-economic difficulties.

Faced with an apparent economic paradox—occupational shortages and persistent unemployment—we have had to re-examine our program emphasis and direction. This re-examination was undertaken as part of the National-State Manpower Development Planning System, which we recently installed to facilitate systematic planning of manpower training programs.

The continuing downward trend in the rate of unemployment and the analysis of the characteristics of trainees heretofore enrolled in MDTA projects, both indicate the necessity for a substantial redirection of the training program. Manpower training must be brought to focus on two problems: the emergence of some selected skill shortages that accompany declining unemployment, and the residual pockets of hard-core unemployment among fairly well-defined disadvantaged groups even at low gross unemployment levels.

Our training program for fiscal year 1967, therefore, has been shaped to meet these two problems:

a. Approximately 65% of our training effort is being directed to the reclamation of disadvantaged workers, reflecting our determination to give greater service to groups such as youth, older workers, minority groups, persons with low academic achievement, the long-term unemployed, and the rural poor. For this group of workers, a person-oriented approach to training is required—that is, starting with the individual, assessing his needs and aspirations and then tailoring MDTA training, accordingly. The objective of this total preparation for work concept is the development of the individual as an employable member of the labor force.

b. Approximately 35% of the remaining training effort is being directed to less disadvantaged or regular adults to meet emerging skill shortages in those occupations susceptible to MDTA training. This portion of the program will be job-oriented, focusing on the need for more and better trained personnel in vital occupational categories.

Closely allied to the planned redirection of our training effort, although broader in scope, is the action we have already initiated to achieve improved coordination of manpower programs at the local level. On the recommendation of the President's Committee on Manpower, three-man teams were assigned to approximately 30 major metropolitan centers to assist local groups in utilizing the resources available to the community under Federal legislation. Each team, which includes a representative from HEW, Labor, and OEO, were directed to do everything possible to see that maximum benefits result from the taxpayer's dollar, that it is spent as prudently as possible, and that overlapping and duplication is eliminated. The important role that the MDTA program will play in the work of the inter-agency teams is another example of its responsiveness to job market conditions as an essential vehicle for economic development.

Another important change in program emphasis has been the expansion of on-the-job training under MDTA. Recognizing that the most practicable and effective approach to reducing occupational shortages was through this type of training, we simplified the procedures, redoubled our efforts, and launched a vigorous campaign to enlist the cooperation of private industry. As a result, we have significantly increased the number of on-the-job training projects under MDTA. The projects cover a broad spectrum of occupations among a wide variety of employers and industries, ranging from aerospace facilities to hospitals and auto repair shops. About a third of this effort is directed at upgrading the skills of under-utilized employees. Since nearly all training is conducted at the job-site under the supervision of the employer who pays the trainees wages, the more than 6,000 participating employers are the mainstay of the on-the-job training effort.

To a considerable extent, the administration of the program owes its success and vitality to the amendments of 1965 which extended the Act's horizon. The

entire Act was given permanence and fiscal stability as well as a mandate for greater administrative flexibility to meet the challenges and needs of the Nation's everchanging manpower profile. Without this strong legislative base, much of the program's planning and implementation could not have been effected. For example, operating research in the form of experimental, demonstration, and pilot projects, authorized in Title I of the Act, has stimulated the development and testing of new methods for meeting manpower, employment, and training problems, particularly of disadvantaged groups. The liberalization of the training allowance payments has made it possible for many of our low income groups to enroll in and complete their training. The merging of the training provisions of the former Area Redevelopment Act with those of MDTA has eliminated the previous duplication of effort and resulted in a more coordinated approach to manpower problems in redevelopment areas.

One of the more significant of the 1965 amendments was addressed to job development as an important aspect of manpower training. This provision gave further support to the job development program in the service industries initiated just two months earlier by President Johnson. Under this mandate, the Federal Government has acted as a catalyst for the development of jobs in the private sector to fill the growing but as yet not fully tapped service-type needs on both the demand and supply sides of the job market. Business and industry, labor, community organizations, and similar groups have been involved in this governmental promotional effort to explore and develop needed jobs and services as well as to develop a stable and skilled labor force in a work area of emerging and expanding need. In identifying job vacancies going begging in an economy whose prime focus is on advancing technology, the program has brought new opportunities to many who do not possess the skills required in jobs at the upper end of the occupational ladder.

With the foregoing as a frame of reference, administration of the Act to date measures the distance that has been traveled toward the achievement of a manpower policy that seeks a useful place in society for each citizen.

Once again, the time has come to further strengthen the MDTA program, to improve it in the light of experience, and to give it sufficient administrative flexibility so that it may adapt readily to the changing demands of a dynamic economy.

I am confident that the Committee will respond to the challenge which confronts it as it did so effectively when the amendments of 1965 were presented.

The indicated redirection of our training effort in behalf of disadvantaged workers will be firmly buttressed by several of the amendments now before the Committee. The provision of physical examinations, treatment, or prosthesis to trainees (section 3b) will make it possible to advance their training or placement. These health services, when not available from any other resource in the community, will correct minor physical problems which might otherwise force a trainee to give up his course or deny him employment in his new occupation because he cannot pass company physical examinations. In Bluefield, West Virginia, one half of a group screened out because they could not read were found to be in need of eye glasses. In a New York City project 60 percent of those processed in a year were found to have physical defects or mental imbalances, most of which were discovered for the first time in the screening process, and many of which were serious enough to affect the employment or career future if not properly treated.

The proposal to provide interest-free small loans to persons who would otherwise be unable to enter or continue training (section 4c) is also a timely and desirable move. The fact is that some individuals selected for or enrolled in MDTA training cannot proceed without some immediate financial assistance pending receipt of their allowances.

A closely related group of essential services are the proposed manpower development services, other than skill training, to increase the employability of applicants (section 3b). These persons are primarily in need of basic education and communication skills or improved work habits, attitudes or social appearance. Overcoming these inadequacies would enrich our concept of manpower development while enhancing the individual's potential.

The move to furnish special services to workers over 45 years of age (section 3c) will provide us with another weapon for combatting the problems of this group. Since the inception of MDTA, only about 10 percent of all trainees have been in this age category. During the same years, workers 45 and older have made up between 25 percent and 30 percent of the unemployed and a substantially higher proportion of those unemployed 15 weeks or more. While this

amendment cannot be expected to provide direct solutions to the difficulties facing older workers, its special programs should provide a useful base from which such solutions can evolve.

The amendments would continue the Labor Mobility Demonstration Projects and the Trainee Placement Assistance Demonstration Projects through fiscal year 1968 (section 2). Approximately 20 projects are now underway which will involve the relocation of 5,000 families within the next nine months. While the complex factors necessary for successful relocation are still under careful study by the Department, sufficient experience has been gained to be able to state that it does appear feasible to help unemployed persons who could not find employment in their own area move to find jobs in other areas.

The experimental program to obtain bonds for trainees to assist in their placement is now underway in six selected locations throughout the United States. Difficulties in working out the financial arrangements for the bonding program delayed its start until approximately three months ago, and an additional year will be necessary in order to determine the effectiveness of this program.

The proposed extension of the Act to inmates of correctional institutions (section 6a) fits logically into the redirection being given to the MDTA program on behalf of the hard-core unemployed. As a group, the more than 100,000 inmates released annually from Federal and State institutions are poorly educated and lack marketable job skills. Failure to find and keep a full-time job is doubtless an important factor in high rates of recidivism.

A recurring theme in correctional objectives, as they have been developed in recent years, is to remove inmates from the isolation from which they have traditionally suffered and begin the process of re-integration with the community while they are still confined. In this connection, correctional officers are concerned because the training they are able to offer frequently is not taught by qualified instructors, and is not in activities and skills that are in demand outside the prison walls.

The Department is already conducting experimental and demonstration projects in correctional institutions which have proved the value of this type of a program and provided experience in the special problems involved. In Springfield, Massachusetts, Goodwill Industries is in the second year of a program which employs 75 institutionalized youths and has made progress in overcoming the reluctance of employers to employ youth enrolled in the program, following their release from the institution. In Lorton, Virginia, the National Committee for Children and Youth is conducting a program of counselling, testing, and training for institutionalized youth and assists such youths in obtaining licenses and clearances following release. Experience also has been gained through a program of training and counselling operated by the Alabama State Board of Correction at Elmore, Alabama, for 110 inmates.

The bill also contains provisions which assure that no payments under the Act to individuals may be considered as income of that individual for the purpose of determining entitlement to benefits under welfare programs financed through Titles I, IV, X, XIV, and XVI of the Social Security Act. This amendment is needed to prevent the purpose of payments under the Act from being nullified by offsetting deductions by State welfare agencies.

Several of the amendments would provide greater administrative flexibility by relaxing existing requirements which experience has shown to be unnecessarily rigid. Easing the eligibility requirement of two year's attachment to the labor force (section 4a) would enable persons with limited prior work experience, particularly married women and mothers, and youths who are heads of households, to qualify for adult allowances. The removal, under certain conditions, of the one-year restriction against providing training with allowances within one year after completion of a course (section 4b) would also confer needed discretionary authority. There are cases when the prior training has failed to serve its purpose, and the remedy is to equip the individual for suitable full-time employment through further training. The providing of a program for part-time training in order to assist in providing qualified workers in areas or in occupations in which there are critical skill shortages (section 3b) provides additional needed flexibility.

Finally, I should like to state the Department's endorsement of the two amendments which would strengthen and underpin executive authority, and facilitate proper and effective administration of the Act. One would clearly direct and authorize the Secretary of HEW to furnish training when he determined it would permit persons to begin their training or education within a shorter period of time, or would provide services more effectively or economically (section 5a). The Secretary would thus be able to overcome more readily any inefficiency or

prejudice that may exist within a State vocational education agency or any State legal impediments that may exist with respect to the program.

The other amendment would provide more flexibility in the apportionment of Federal funds among the States in the interest of program focus on urgent national manpower problems (section 7). Thus, the training funds could be allotted to meet the manpower development needs of some of the more explosive, or potentially explosive, areas of hard-core unemployment and economic distress which are not necessarily confined to States with high unemployment rates.

While I have referred only briefly to the various amendments before the Committee, I am inserting for the record a more detailed description of each amendment and the need therefor.

In the final analysis, any training activity must be centered on the people involved—their aptitudes, skills, interests and attitudes. At the same time, the training must be designed to equip unemployed persons with marketable skills for new or expanding job opportunities. With the help of the Committee, the MDTA program can achieve a sound balance between people and jobs, thereby affecting better utilization of the Nation's human resources.

Thank you.

DETAILED STATEMENT IN SUPPORT OF EACH AMENDMENT

Sec. 104(a) of the MDTA, sec. 2(a) of H.R. 16715

Substance of amendment: Extends authority another year—until June 30, 1968—for conducting, on a pilot basis, projects exploring the feasibility of paying relocation expenses, on a grant or loan basis, as a means of reducing unemployment.

Sec. 105 of the MDTA, sec. 2(b) of H.R. 16715

Substance of amendment: Extends for another year—until June 30, 1968—experimental and demonstration authority in the area of securing bonds for trainees who require bonding to obtain employment subsequent to their training and are unable to meet the requirements for regular commercial bonds.

Justification for the amendments: The results of the pilot relocation projects conducted to date have been gratifying and, more importantly, are providing insights which are enabling us to iron out difficulties and improve administration of the program. Experience thus far under the bonding program has been too limited to afford even preliminary conclusions. Extension of existing authority under both sections for one additional year is highly desirable since it will afford additional data upon which to make a sound assessment of these experimental approaches to manpower services.

Sec. 202(c) of the MDTA, sec. 3(b) of H.R. 16715

Substance of amendment: Directs, where appropriate, establishment of special programs of testing, counseling, selection and referral of persons 45 years or older for occupational training and further schooling designed to meet the special problems faced by such persons.

Justification for the amendment: Since the inception of MDTA, only about 10 percent of all trainees have been in the age category of 45 and older, which, however, includes between 25 and 30 percent of the unemployed and a substantially higher proportion of those unemployed 15 weeks or longer. This disproportion between employment needs of older workers and their involvement in MDTA programs reflects special problems in serving the older members of the labor force: reaching them, motivating them for training, and placing them in suitable employment upon completion of training. The special programs of this proposed amendment should provide a useful base from which solutions to such problems can evolve.

Sec. 202(j) of the MDTA, sec. 3(b) of H.R. 16715

Substance of amendment: Broadens basic education authority by extending use of MDTA funds to improve work habits, communication skills, etc., in order to increase employability of persons who lack employability primarily because of reasons other than lack of specific occupational skills.

Justification for the amendment: This amendment promises to be an excellent investment in the development of human resources. Experience has shown that there are many individuals who possess the necessary occupational skills for employment and, therefore, are not in need of specific vocational training, but who cannot be placed in jobs because of other deficiencies, such as unsatisfactory work habits, inappropriate job attitudes, unrealistic expectations, poor appearance, inability properly to fill out an application or to take employment tests, difficulty

in undertaking an effective job search or in presenting their qualifications to prospective employers, etc. These persons are usually ineligible to participate in MDTA training programs because they lack employability due to factors other than apparent lack of occupational skills. Such individuals are in need of training, but not necessarily in need of "occupational training" in the strict sense of the term. They need the kinds of services that will, for example, improve their educational level, increase their oral and written communication skills, give them greater understanding and acceptance of realistic work requirements, assist them in entering the job market with more genuine self-assurance, help them to become more responsible as employees. The kinds of training and services needed by these jobseekers can be and have been provided in MDTA programs for persons who not only need these kinds of training and services but also occupational training or retraining. This proposed amendment envisions that persons needing only specialized training and services of the kind described, rather than occupational training, would be referred to appropriate phases or portions of MDTA programs, particularly programs designed to meet the needs of the disadvantaged. Enrollment would be made only after a determination that the usual services which are otherwise available could not provide the needed developmental services. Persons provided this service under MDTA who are found to need further skill training will be provided such training. This proposed amendment, if enacted, will increase the flexibility of MDTA in meeting the needs of jobseekers.

Sec. 202(k) of the MDTA, sec. 3(b) of H.R. 16715

Substance of the amendment: Authorizes the Secretary of Labor, where possible through agreement with the Secretary of Health, Education, and Welfare, to provide physical examinations and certain health services to MDTA trainees when necessary. The cost of such services would be limited to \$100 for any one person.

Justification for the amendment: Under the present Act, physical examinations can be given only in certain special circumstances and there is no provision for minor treatment or prosthesis. Physical examinations will permit an evaluation of a trainee's health and physical capacities before MDTA training funds are committed and will thus prevent training in occupations that are not suitable physically for the trainee. Minor medical services will tend to reduce dropouts from training programs for health reasons and will be of material assistance to disadvantaged trainees in particular, because the poor are more likely to have unmet health needs. Based on past experience, approximately 16,500 trainees can be expected to drop out of training next year because of physical problems, if health services are not provided; the effects of this bill should about halve this number of potential dropouts. In addition, the number of trainees who complete training but subsequently cannot pass pre-employment physical examinations should be reduced. Health services will be made only if they cannot be provided by the trainee or through community health resources and only when it is determined that they will increase the individual's trainability or employability. The extent to which medical services should be provided and the methods for providing them are now being worked out with HEW.

Sec. 202(l) of the MDTA, sec. 3(b) of H.R. 16715

Substance of the amendment: Authorizes the Secretary of Labor to provide experimental programs of part-time training for workers in areas or in occupations in which there are critical skill shortages.

Justification for the amendment: This amendment is primarily intended to facilitate training of workers while employed in order to upgrade their skills. Full-time training is impractical for many employed persons but provision for training to upgrade skills is becoming of increasing importance because of its contribution to the solution of manpower problems. Part-time training through institutional training facilities to upgrade the skills of employed workers extends advantages not only to the trainee and the employer but also to disadvantaged unemployed individuals who may be able to fill the job vacated by the upgraded workers. Training to upgrade workers will thus serve not only to provide skilled workers but also to make available entry jobs at semiskilled levels.

Sec. 203(c)(1) of the MDTA, sec. 4(a) of H.R. 16715

Substance of amendment: Reduces to one year the two-year attachment to the labor force requirement for eligibility for MDTA training allowances.

Justification for the amendment: This amendment is highly desirable because it will enable persons with limited work experience to qualify for adult training allowances. Under present provisions of the Act, a number of women who must

assume responsibilities for family support, including widows with minor children and youth who are heads of households are ineligible for regular MDTA training allowances because they have had less than a two-year attachment to the labor force. Frequently, such individuals cannot undertake training or have to withdraw from training because they lack the financial assistance of regular training allowances. The youth allowance for which some may be eligible is not sufficient for their responsibilities. Although MDTA allowance costs will be increased by this amendment, it is anticipated that expenditures for welfare services to the recipients of training and their dependents will be reduced.

Sec. 203(c)(2) of the MDTA, sec. 4(a) of H.R. 16715

Substance of amendment: Relaxes the prohibition against payment of youth allowances to youths who have been out of school less than one year.

Justification for the amendment: The Department of Labor favors this proposed amendment, which provides that a youth who has not completed high school may receive allowances if he has been out of school for one year or if the local authorities have concluded that further school attendance is no longer practicable. Under existing eligibility requirements, both of these conditions must be met. Under the amendment, it is our intent to continue to make every effort to find out if a young person can be induced to complete his education. Where this cannot be done, we feel it inadvisable to require a year's wait when he could be receiving skills training and getting started in a trade.

Sec. 203(c)(3) of the MDTA, sec. 4(a) of H.R. 16715

Substance of amendment: Makes it possible for persons who have completed a program under Part B of Title I of the Economic Opportunity Act of 1964 to be referred to MDTA training and receive a regular MDTA training allowance.

Justification for the amendment: Under the present Act, NYC youth enrolling in MDTA training programs suffer a sharp reduction in financial assistance because of the \$20 ceiling on youth allowances. This amendment would facilitate the completion of the youth's employment rehabilitation by removing this financial as well as other obstacles that have previously obviated corpsmen participation in MDTA training.

Sec. 203(h) of the MDTA, sec. 4(b) of H.R. 16715

Substance of amendment: Removes the restriction against providing training allowances to an individual referred to further training within one year after his completion or other termination (for other than good cause) of an occupational training program in connection with which he received a training allowance, or unemployment compensation payments were reimbursed, under the MDTA or any other Federal Act when the Secretary determines that there is good cause to permit an individual referred to further training to receive training allowances so that he may be prepared adequately for full-time employment.

Justification for the amendment: In some instances, the present provision of section 203(h) of the Act has created a hardship and the proposed amendment would give the Secretary of Labor a limited discretion to allow reentry in training within one year, when the circumstances warrant. It is the Department's intent to apply the discretionary provision in a narrow range of situations. When for example, a training program has not served its purpose for an individual trainee and he is unable to obtain permanent, suitable, full-time employment or when unforeseen changes in labor demand or occupational requirements occur during or immediately after training and prevent suitable employment, it would be unfortunate if a limitation in the Act stood in the way of remedial action and of needed additional training.

Sec. 203(j) of the MDTA, sec. 4(c) of H.R. 16715

Substance of the amendment: Permits the Secretary of Labor to authorize advance payment of training allowances to individuals selected for training, who because of immediate financial need for the maintenance of themselves or their dependents, would otherwise be unable to enter or continue training.

Justification for the amendment: Many individuals encounter temporary emergency situations which, without immediate financial assistance, may require them to decline or withdraw from training. By providing for the establishment of emergency financial assistance to individuals who are eligible for training allowances, we can expect that the dropout and nonreporting-for-training rates will be lower and the rates for completion of training will be higher.

Sec. 203(k) of the MDTA, sec. 4(c) of H.R. 16715

Substance of the amendment: Provides for the payment of a training allowance not in excess of \$10 to persons referred to part-time training under the new section 202(1).

Justification for the amendment: This amendment, authorizing payments in lieu of any other payments under section 203 to persons selected for part-time training to meet the additional costs incurred in attending training is closely linked to section 202(1), and together the two provisions are intended to make part-time training possible.

Sec. 203(l) of the MDTA, sec. 4(c) of H.R. 16715

Substance of the amendment: Provides that no training allowance be paid to persons who, or whose families, are in receipt of public assistance, and in lieu thereof, authorizes the Secretary of Labor to provide a modest \$20 weekly incentive payment for such trainees, in addition to expenses incurred by reason of training. These payments would not be counted against family income for the purposes of public assistance computation, thus permitting welfare payments to the family to be continued without regard to payments made under the Act.

Justification for the amendment: This amendment is expected to attract to MDTA training persons receiving public assistance who could, through the training provided, be made capable of supporting themselves and their families and who have been deterred up to now because of the knowledge that training allowances would be offset by corresponding decreases in welfare payments.

Sec. 231 of the MDTA, sec. 5 of H.R. 16715

Substance of the amendment: This amendment gives the Secretary of the Department of Health, Education, and Welfare broader authority to provide training directly through public or private institutions while retaining the preference for providing the training through State vocational education agencies. Subsection (b) of this section provides that State matching of funds is not required with respect to programs carried out in conjunction with experimental and demonstration projects.

Justification for the amendment: The first subsection is highly desirable because it provides the Secretary of the Department of Health, Education, and Welfare with improved means of implementing MDTA training. As the MDTA program is now administered, institutional training is almost invariably arranged through State vocational education agencies and is therefore, subject to any limitations that may occur within the agency and to any State legal impediments that may exist. Although present language of the Act makes some provision for the Secretary to arrange training directly, this amendment provides the Secretary with considerable freedom of action in the use of private institutions where such use can allow training to begin more quickly or be carried out more economically or effectively.

The elimination of the matching requirement for training costs incident to experimental projects is also highly desirable since these projects are designed to benefit the entire MDTA program rather than to meet the immediate manpower needs of the particular State in which they are located. The States would understandably be reluctant to contribute 10% of the training costs of these projects.

Sec. 251 of the MDTA, sec. 6 of H.R. 16715

Substance of the amendment: Amends Title II by adding a new Part D authorizing experimental programs of training and education for inmates of correctional institutions who need such programs to obtain employment upon release.

Justification for the amendment: It is anticipated that a successful program of this kind will reduce recidivism and will salvage a significant manpower resource, with consequent benefits to the individual trainees, their families, and to society as a whole. As many as 100,000 offenders are released from confinement in correctional institutions each year. As a group, prison inmates are poorly educated. Many of them are young. According to the 1960 census, sixty percent of those in Federal and State institutions were less than 35 years of age and more than a fourth were under age 25. Extensive data on the post-release employment experience of ex-prisoners are not available but several studies suggest high unemployment rates and low income. The serious handicaps that former prison inmates have in seeking jobs emphasize the need for realistic vocational training during the period of incarceration and job placement assistance upon release.

32 MANPOWER DEVELOPMENT AND TRAINING ACT AMENDMENTS

Sec. 301 of the MDTA, sec. 7 of H.R. 16715

Substance of the amendment: Amends the formula for apportionment of funds among the States by making it applicable to only 80% of the appropriated funds, allowing the Secretary of Labor and the Secretary of HEW to use the other 20% to meet special needs.

Justification for the amendment: The present apportionment formula under section 301 of the Act imposes a pattern of funding among the States which may not accord with relative needs as indicated by the incidence of unemployment among disadvantaged populations, existing or potential employment opportunities, and other emerging or changing manpower problems peculiar to a State, region, or group. It would be possible to meet such needs under the discretionary authority granted by the proposed amendment. The National-State Manpower Development Planning System, which has just been established, could be more effectively carried out if the present apportionment limitations were less restrictive.

Under present provisions of the Act, the Secretaries may from time to time reapportion MDTA funds that are not fully obligated, but such reapportionment occurs too late in the fiscal year and is too unpredictable as to the funds available therefrom to permit the meeting of unforeseeable major manpower problems.

The proposed amendment would permit program direction and emphasis on a broader base than is now possible.

Sec. 309 of the MDTA, sec. 8 of H.R. 16715

Substance of the amendment: Eliminates the section and the requirement for an annual report by the Secretary of Labor, but provides in new section 233 that the Secretary of HEW shall make annual reports on programs provided under section 231 concurrent with the vocational training studies now underway in that Department.

Justification for the amendment: The Secretary of Labor's report tends to be duplicative of the President's Manpower Report which also has its statutory base in this Act. The report of the Secretary of HEW will be useful in reporting innovations and improved training methods utilized to secure the objectives of the Act.

Senator CLARK. Mr. Ruttenberg, is there anything you care to add to your prepared statement?

STATEMENT OF HON. STANLEY H. RUTTENBERG, ASSISTANT SECRETARY OF LABOR FOR MANPOWER; ACCOMPANIED BY DR. CURTIS C. ALLER, DIRECTOR, OFFICE OF MANPOWER POLICY EVALUATION AND RESEARCH; SAMUEL MERRICK, SPECIAL ASSISTANT TO THE SECRETARY FOR LEGISLATIVE AFFAIRS; ROBERT W. JETT, MANPOWER ADMINISTRATION; AND CHARLES P. RIPPEY, OFFICE OF THE SOLICITOR

Mr. RUTTENBERG. I think, Mr. Chairman, the prepared statement pretty much speaks for itself. We detail the history of the Manpower Development and Training Act and its development and the fact that on two occasions since its passage in 1962 there have been amendments to it; namely, in 1963 and in 1965. On both occasions those amendments were improving amendments designed to strengthen the program, to make it more flexible, and to make it more adaptable to developing conditions. These amendments of 1966 do exactly the same thing. They are designed to improve the operations of the act and make it more applicable to the conditions that we confront today.

Senator CLARK. Would you agree that there is nothing controversial in these amendments which should cause any particular delay in the committee meeting and marking up the bill and reporting it to the floor?

Mr. RUTTENBERG. No; I think, Mr. Chairman, there are really no controversial matters in the amendments. As you have already indi-

cated, the other body has considered the bill, and by voice vote has approved it.

Senator CLARK. Do any of your colleagues desire to be heard?

If none of these gentlemen desire to be heard we will close the hearing. I will ask the staff to communicate to other members of the subcommittee in writing, briefly, a summary of the testimony and the statement of the chairman, and to make arrangements either by polling the committee or by a prompt executive session for reporting the bill to the full committee. Thank you, gentlemen.

Mr. RUTTENBERG. Thank you, Mr. Chairman.

Senator CLARK. Without objection, I order inserted in the record at this point statements, communications, and other material on hand that has been received by the subcommittee on this bill.

(The material referred to follows:)

PREPARED STATEMENT OF HON. KIKA DE LA GARZA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. Chairman, Members of the Subcommittee. Thank you for your kindness in accepting my testimony on H.R. 16715, the 1966 amendments to the Manpower Development and Training Act. I am not seeking a specific amendment to the Act, but I do want to request the Committee to consider one problem that has arisen in my Congressional district which can, I believe, be answered by language in the Committee report or on the Senate floor. In the House the question at issue was the subject of an exchange between the gentleman from Michigan (Mr. O'Hara) and myself during the floor debate on this bill. This testimony is in accordance with that colloquy.

Section 202(c) of the Act—which will be redesignated as Section 202(d) if H.R. 16715 passes—now reads as follows:

“(c) Although priority in referral for training shall be extended to unemployed persons, the Secretary of Labor shall, to the maximum extent possible, also refer other persons qualified for training programs which will enable them to acquire needed skills. Priority in referral for training shall also be extended to persons to be trained for skills needed within, first, the labor market area in which they reside and, second, within the State of their residence.”

It would seem to be perfectly apparent that this language is merely meant to establish the two top priorities, and not to ban the training of workers for jobs in other areas than their immediate area of residence and their State. In fact, the very existence of Section 104, authorizing labor mobility demonstration projects and relocation assistance to trainees, clearly suggests that such is the case. However, some officials of the Texas Employment Commission feel that establishing a training project, which would utilize trained employees outside of Texas, is outside the purposes of this Act.

The California Packing Company, which has a plant in Crystal City in my district, has expressed considerable interest in training residents of that area for permanent work in their plants. However, some of the plants in which the trained workers are needed are outside Texas. At this point, the plans seem to be breaking down. Because of the language which I have cited, officials of the Texas Employment Commission feel that they are unable to approve a Crystal City-based project if the ultimate area of employment would be outside of Texas.

If I sound as if I am trying to intrude into your area—and believe me, Gentlemen, this is the farthest thing from my mind—I hope you will bear with me. However, both my constituents in Crystal City and I would be most appreciative if your Committee could, to the extent appropriate, either in the Committee report or during the debate on the floor on this bill, highlight the fact, as I understand it and as Congressman O'Hara sees it, that the statement of priorities in the Act is in no sense meant as a barrier against training for employment in other areas. I do not seek an amendment to the Act because I do not believe one is necessary, but I do respectfully ask your aid in clarifying the intent of the Congress with respect to this provision.

Thank you.

[From the Congressional Record, Sept. 19, 1966]

Mr. DE LA GARZA. Mr. Speaker, I would like to ask a question of the gentleman from Michigan [Mr. O'Hara].

Mr. Speaker, in my area of Texas we have a difficult situation concerning an excess of unemployed people and an excess of what we call migrant labor. There are areas where they could possibly be trained, but jobs are not available in the immediate area or even in the State. For example, I have a situation where a canning company is willing to train individuals, but of necessity they would have to be hired without the State.

I want to ask my colleague, the gentleman from Michigan [Mr. O'Hara], if a situation like this is covered in the legislation.

Mr. O'HARA of Michigan. If the gentleman will yield to me in order to respond, the present act provides a priority for training for job opportunities within the local labor market. It provides a second priority for training for job opportunities within the State. However, the committee, when inserting this language in the original legislation, did not intend to say that you could not train persons under this act for a job that might be outside of the State. It simply recognized one of the facts of life, which was that there would naturally be a good deal more interest in training people for jobs in the locality first and in the State second. However, there is certainly no prohibition—express, implied, or intended—against training people for jobs that might be outside of the State. It is possible under the original Manpower Development and Training Act legislation and it is possible today to train persons for jobs that might be situated outside of the State.

Mr. DE LA GARZA. I thank the gentleman for that answer very much, for I certainly feel that there should be a way to help these people, and where they might find a job, should not be a restriction to their receiving training in order to better themselves. Again, I thank my colleague.

UNITED BUSINESS SCHOOLS ASSOCIATION,
OFFICE OF THE EXECUTIVE DIRECTOR,
Washington, D.C., September 27, 1966.

HON. JOSEPH S. CLARK,
Chairman, Subcommittee on Employment, Manpower and Poverty, Senate Committee on Labor and Public Welfare, New Senate Office Building, Washington, D.C.
(Attention of Mr. Arnold Nemore).

DEAR SENATOR CLARK: With this letter I include my prepared statement in support of the MDTA Amendments of 1966 [H.R. 16715; particularly Section 5(a)].

Subsequent to the preparation of my formal statement I have had the opportunity to read the expression of legislative intent by the Honorable James G. O'Hara, a member of the House Committee, concerning Section 5(a). This commentary, part of the floor debate prior to passage, appears at page 22004 of the Congressional Record of September 19, 1966, a copy of which I attach.

Congressman O'Hara's analysis is fair, objective and succinct. We wholeheartedly endorse and support it without reservation.

Therefore, I respectfully request that this letter and Congressman O'Hara's analysis of Section 5(a) be inserted into the record of these hearings along with and preceding my prepared statement.

Respectfully submitted.

C. A. PHILLIPS,
President, United Business Schools Association.

Attachment.

[From the Congressional Record, Sept. 19, 1966]

Mr. O'HARA of Michigan. * * *

Section 5(a) of the bill rewrites the last sentence of section 231 of the act, and deals primarily with the relationship between the Secretary of Health, Education, and Welfare and the State vocational education agencies. This amendment is more in the nature of a re-emphasis of a previous decision of the Congress than an amendment. In the basic act, the Secretary of HEW is directed to make the actual arrangement for training with the States. It is visualized that the States, through their educational agencies will set up training courses, but that the Secretary can, where necessary or desirable, make contracts directly with other agencies or organizations for the provision of such training.

The existing law, in the committee's opinion, has in some cases been interpreted with excessive rigidity and strictness by both State agencies and the General Accounting Office. While there is a preference, as a matter of policy, for working directly through State public education agencies, the talents and resources of the private training institutions, and of private nonprofit agencies, should not be ignored. There is so much to do in this area that we cannot afford to have bureaucratic jealousies slow down the provision of training. In order to re-emphasize our feeling on this matter, the committee has amended section 231. For the first time, we have spelled out the preference that is meant to be accorded to the public agencies. But we have also directed that the Secretary of HEW may make contracts for the providing of training with public or private training or educational institutions or agencies whenever it will speed up the provision of training, or permit the training to be given more economically, or more effectively.

The intent of your committee at this point, Mr. Speaker, is to give the Secretary of HEW whatever flexibility he needs to get on with the job, and to get people into training. Your committee is not interested in taking sides in the competition between public vocational education agencies and private training schools. This competition, to the extent that it makes both perform better, is a good thing. But neither type of institution has any area carved out for it in this act. Neither has any area of fenced-in range, which they can develop at their leisure because their competitor cannot get into it. That, Mr. Speaker, is the intention of the committee, and, I trust, of the House and of the entire Congress. On behalf of my colleagues on the committee, I ask that those responsible for the administration of this program take special note of this part of these remarks. Our subcommittee intends to carry out a continuing review of this program, and the interpretation of this section shall be central to our review.

PREPARED STATEMENT OF CLARENCE A. PHILLIPS, CHAIRMAN OF THE BOARD, HEALD'S COLLEGE, SAN FRANCISCO, CALIF., PRESIDENT, UNITED BUSINESS SCHOOLS ASSOCIATION, WASHINGTON, D.C.

Mr. Chairman and Members of the Subcommittee, my name is Clarence A. Phillips. I am Chairman of the Board of Heald's College, San Francisco, California. For more than forty-five years I have been associated with business education.

Also, I am President of the United Business Schools Association to which belong nearly 500 of the quality post-secondary independent business schools and junior colleges of business. UBSA itself was founded in 1912 but many member institutions, including Heald's College, have been serving students for more than 100 years.

UBSA itself is an affiliate of the *American Council on Education*. At least one administrator in every UBSA school is a member of the *American Vocational Association*.

STATEMENT OF POSITION

We endorse and urge favorable consideration of H.R. 16715 which would amend Section 231 of the MDTA. This measure would provide, in our opinion, the Secretary of HEW with normal administrative authority to effectively implement on a broad scale the total objectives of the Manpower Development and Training Act.

President Lyndon B. Johnson in his 1966 Manpower Message to Congress said: "We must accelerate the growth of public and *private training programs* and make them available to all." (Emphasis added.)

It is our position that enactment of H.R. 16715 will substantially contribute to the successful achievement of this Presidential goal.

MDTA NOT FULLY IMPLEMENTED IN SOME STATES

The MDTA, in those states where it has been fully implemented, has been a very effective and rewarding piece of legislation. Some knowledgeable people, in characterizing the MDTA approach, have likened it unto that of a rifle instead of a shotgun. The targets can be selected with precision and the ammunition is singular rather than scattershot.

One of the most effective cartridges in the arsenal are the private educational institutions, the services of which can be utilized "under contract" to carry out MDTA programs.

In those states where the MDTA has been fully implemented there are many rewarding examples of effective, expeditious, and economical MDTA programs

in private schools. One such example is in the State of Michigan where a stenographic program of thirty-six weeks was carried out "under contract" in the Detroit Institute of Commerce, a private business school.

Twenty-six trainees were enrolled and twenty-six completed the program. Five of the trainees were Caucasian and twenty-one were Negroes. The report summarizing the success of this program is attached and made a part of this statement as Exhibit "A".

Placement of the graduates was most successful. Within weeks after finishing the program it was determined that twenty-two of the twenty-six trainees were employed. These women who had been waitresses and housekeepers were now white-collar office workers. Their income tax for the first year of employment, through which they would "repay" the cost of their training, amounted to an estimated \$416 annually per trainee. This program is an example of how MDTA can be a vehicle for upward vocational mobility.

It is long recognized that minority and disadvantaged groups are disproportionately affected by non-employment problems. In the Department of Labor publication *Occupational Outlook Quarterly* of May 1966 this problem was summed up by the Honorable Arthur M. Ross, Commissioner, Bureau of Labor Statistics, when he said:

"For example, Negro workers are disproportionately concentrated in occupations that are not expected to grow as rapidly as the more skilled occupations. If they do not gain access to white-collar jobs and skilled jobs at a faster rate than they have in recent years, they will continue to have more serious unemployment problems than white workers." (Page 22, "Counseling and the World of Work in the 1970's.")

Unhappily it appears that not all states are meeting the needs of all people through full implementation of the MDTA. It is interesting to note that according to the Director of the Booker T. Washington Business College of Birmingham, Alabama, that they have had "more than 250 requests for stenographers and clerical workers." (Attached as Exhibit "B"-1 is letter dated April 26, 1966, to Richard A. Fulton from Mrs. M. L. Gaston.) In attempting to respond to this expressed need, Mrs. Gaston wrote the Vocational Division of the Alabama State Department of Education on May 11, 1966, requesting an opportunity to implement an MDTA program. (See letter of May 11, 1966, to J. F. Ingram from Mrs. M. L. Gaston attached as Exhibit "B"-2.) Mr. Ingram's reply of May 16, 1966, to Mrs. Gaston (attached as Exhibit "B"-3) seems to indicate no "awareness of any shortage of qualified workers since none had been certified by the State Employment Service."!!!

It would seem that in the State of Alabama there is a distinct difference of opinion between the Employment Service people combined with the State Department of Education which administers the MDTA program and the facts and numerous employment requests, numbering over 250, coming to the Director of the Booker T. Washington Business College. While I am not familiar with the procedures utilized by Alabama officials in determining "shortages of qualified workers in specific occupations" and whether or not they should "initiate any training programs" I am very much aware of the many contributions that the Booker T. Washington Business College has made to providing business training for white-collar employment to young Negroes in Alabama.

In her 1965 testimony before the House Select Subcommittee on Education concerning H.R. 6468, Mrs. Gaston supplied a "partial list" of where she has placed her graduates with the Federal Government as well as business corporations in office jobs (see pages 104-107 inclusive of Hearings H.R. 6468, April 5, 6, & 7, 1965, Select Subcommittee on Education, 89th Congress, First Session). Mrs. Gaston also was an official delegate to the 1965 "White House Conference on Education."

We feel that enactment of this measure H.R. 16715 would substantially contribute to a more successful implementation of the MDTA in the many states where it is not fully utilized to carry out the goals set forth in President Johnson's Manpower report to the Congress.

ANOTHER REWARDING EXAMPLE

Fortunately there are some areas of the country in which the MDTA program has been fully implemented. Another such example is in the State of Iowa. Here a cooperative attitude between the State Employment Service, the State Department of Public Instruction, and a private business school permits successful programs of MDTA to be carried out. (Please see Exhibit "C" "Partnership in Training" reprinted from the *Employment Service Review*, May 1966, page 61.)

Unfortunately the attitudes of some state authorities to utilize the concept of "under contract training" with private institutions varies widely. In some states no programs are conducted. In others such as California, Illinois, and Michigan it is used extensively. See *Fourth Annual Report of the Department of HEW to Congress on MDTA*, March 31, 1966, page 14. Similar favorable references urging the states to utilize private institutions "under contract" will be found in the *1966 Report of the Secretary of Labor on MDTA*. See pages 58, 62, 157, 161, 162, and 170.

H.R. 16715 can help the Department of Labor and the Department of HEW carry out the Presidential mandate!

VOCATIONAL REHABILITATION ADMINISTRATION PROGRAMS

One of the oldest and one of the most successful programs of training people for jobs has been carried out for more than forty years under the Vocational Rehabilitation Administration. The ease and the lack of red tape with which this program for the physically handicapped is conducted should be an example for the implementation of the MDTA and the Vocational Education Act of 1963.

Attached as Exhibit "D" is a story of a forty year old mother of four who, upon referral by the Florida State Employment Service and counseling by the Vocational Rehabilitation Administration, was sent to Bixby Business College for training. Today she is a happy and well-adjusted and job-holding member of society.

Strange indeed is the fact that for more than forty years these programs of vocational rehabilitation have been successfully carried out with a minimum of delay. Yet, the newer programs such as MDTA and the Vocational Education Act of 1963 which are funded in a similar manner with similar legislative authority are not fully implemented to carry out the mandate of the Congress or of the Administration.

This contretemps was perceptively noted in a major speech by Dr. Willard B. Spalding, Director of the California Coordinating Council for Higher Education. Dr. Spalding's speech at a conference on Federal programs of education held March 21-23, 1966, at Portland State College, Oregon, was inserted into the *Congressional Record* by the Honorable Edith Green. It appears at pages A1871 through A1873.

In noting the problems of administering the various Federal programs of education, Dr. Spalding said at page A1872:

"A third instance involves the Vocational Education Act of 1963 and the Vocational Rehabilitation Act of 1965; both deal in some aspects with similar problems, yet one is administered by the Office of Education, the other by the Vocational Rehabilitation Administration. While it is understandably necessary in some cases for acts to be separately administered by different agencies, this situation sometimes creates conflicting interpretations of the law, and places the States in the position of not knowing which interpretation it should use."

We feel that Dr. Spalding's remarks are equally applicable in some states to the conduct and implementation of the MDTA program. Enactment of H.R. 16715 would make the mandate of the Congress absolutely clear and would implement in full the goals outlined in the 1966 Presidential Manpower Message.

ECONOMICALLY HANDICAPPED HAVE SAME NEEDS AS PHYSICALLY HANDICAPPED

The MDTA can do for the unemployed, underemployed, and the culturally disadvantaged exactly what has been done successfully for more than forty years for the physically handicapped under programs of Vocational Rehabilitation. Unfortunately, the possibilities and potentialities of the new programs such as MDTA are not always fully exploited because some administrators are too bound up in long-established practices to the point that they fail to perceive the broader horizons. Innovation in education is needed in all states. H.R. 16715 can provoke this needed innovation!

The Secretary of Health, Education, and Welfare, the Honorable John W. Gardner, knowledgeably pointed to this problem of organizational arrangements and the necessity for constant revision in his 1960 book, *Goals for Americans*, where he said at page 88:

"All the organizational arrangements, all the methods and procedures that characterize American education today were originally devised to help us accomplish our purposes. If they no longer help us, we must revise them. The arrangements and methods must serve us and not control us."

Enactment of H.R. 16715 would be a large step in achieving full implementation of the MDTA.

AN ADDITIONAL SUGGESTION

We also feel that Sec. 202(i) concerning "referral for the attainment of basic education skills" should be amended to include referral for the attainment of "high school equivalency." This could be easily accomplished by adding the words "high school equivalency" after the word "skills" in Sec. 202(i) so that the first sentence would read:

"(i) Whenever appropriate, the Secretary of Labor may also refer for the attainment of basic education skills and high school equivalency those eligible persons who indicate their intention to, and will thereby be able to, pursue courses of occupational training of a type for which there appears to be reasonable expectation of employment."

Vocational education programs often are of such a technical nature that high school equivalency is necessary. Occupational objectives should be broad enough to prepare the individual to respond effectively to job obsolescence.

CONCLUSION

We sincerely urge the Committee to consider favorably enactment of H.R. 16715. Enactment would:

1. Insure a broader implementation of the MDTA program in many states.
2. Enable particularly disadvantaged groups to gain ready access to vocational training and mobility.
3. Precipitate the innovations in vocational education which are so necessary.
4. Permit the necessary regulatory procedures to be the *servant* instead of the *master* of the program.
5. Accelerate the growth and availability of MDTA programs as called for by the President.

We also urge amendment of Section 202(i) to provide for access to "high school equivalency" as well as basic education skills.

We thank the Committee for this opportunity to express our views in support of H.R. 16715.

EXHIBIT A

REPORT OF MANPOWER DEVELOPMENT TRAINING CLASS

We began this program on April 12, 1965 and concluded it on December 17, 1965. The program was scheduled for 36 weeks.

The Michigan Employment Security Commission used the following selection criteria:

- Age----- 18 to 50.
- Sex----- Male or female.
- Education----- 10th-grade minimum.
- Skills, experience, and knowledge----- Some typing experience and shorthand experience preferred.

SATB, B 215 as guide: G-95; P-100; Q-100; K-100. Twenty-six started the class—twenty-six completed it. There were five drops during the period, but they were immediately replaced. All were female. Five members of the total number enrolled were Caucasian, the others, Negro.

Classes were held from 8:30 to 4:20 Monday through Friday, 1260 clock hours per student. These hours were divided into:

- 60 hours: Economic Education and Human Relations.
- 720 hours: Stenographic Skills (Shorthand, Typing, Transcription).
- 180 hours: English and Vocabulary.
- 120 hours: Computational Skills.
- 120 hours: Clerical Procedures (including Charm and Personal Improvement).
- 60 hours: Transcribing and Duplicating Machines.

This was a group of older women, who had been out of high school for several years. Ages ranged from 18 to 47, with the average age being 28.1 years. A breakdown of ages is:

Age	Number of students	Age	Number of students
18	1	28	2
19	1	29	1
20	2	30	1
21	1	31	1
22	2	32	1
23	1	35	1
24	3	36	2
25	1	37	3
27	1	47	1

One enrolled had finished high school within the past year. Others ranged up to 29 years since high school graduation or attendance. Five students had passed G E D Tests. A breakdown of the number of years since high school graduation or passing G E D Test shows:

Number of years	Number of students	Number of years	Number of students
Last year	1	13	1
1	1	14	1
2	3	17	2
4	1	18	1
5	4	19	2
8	1	21	1
10	4	29	1
11	2		

The majority of these students had attended Detroit High Schools. Most of the students received a training allowance ranging from bus fare (for all) to a high of \$68.00 per week.

Before the students completed their work, the school administered the following tests:

Wonderlic; Otis; Minnesota; General Clerical.

Scores on Wonderlic ranged from 16 to 31. Using 22 as a cut-off score, only four fell below that score. (25 took the test). Otis Test scores ranged from 32 to 62. Three fell below the score of 42. (22 took the test). Minnesota Test numbers section ranged from a high score of 174 to a low of 71; the name section a high score of 184 to a low of 71. (21 were tested). The General Clerical Test is scored in three sections: Clerical, Numerical, and Verbal, then a total of the three. Fifteen of the 21 that took this test made scores of 190 to 131.

It is interesting to study these test scores and to note the correlation. For example, one student scored 29 on Wonderlic, 49 on Otis, 174 on Minnesota numbers, 169 on Minnesota names, and a total of 190 on the General Clerical Test.

Their skills showed great improvement. Five students could recall very little of their Gregg Shorthand and were placed in a beginning abc Shorthand class. Their dictation speed at the end of the course was 80 (lowest) to 120 words per minute with a transcription rate of 25 to 40 words per minute.

Typewriting did not reach the same standards as shorthand. However, considering the speed at which the students started, the bad habits that they had developed in typing, the fact that they were older (and fingers not quite so nimble), most of them did very well, some did excellent. On the final test, using electric typewriters, the net words on a 5-minute test were 71 to 33, with the average being 53.5. Eight students typed above 60 words per minute; ten typed between 50 and 60; eight typed below 50.

Placement

Helping the student find gainful employment is always a great concern to us and we worked closely with MESC on placement of these students. Our own placement department receives more calls than we are able to fill. The MDT students were given the same courtesy of placement as all other students.

As a result of these joint efforts, 22 of the 26 (as of this date) who finished are employed; all on jobs using their skills. Of the four not employed, one is not interested in working at this time; one declined to go on an interview at Ford Motor Company because of the distance from her home (she has passed tests at several other firms) two others have been referred to jobs but did not pass tests.

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They have been given the privilege of continuing their skill classes at no cost, until they are employed.

Ten of the employed are with Civil Service, three are with the City with average weekly earnings of \$95.55; seven are with the State with average weekly earnings of \$82.40. Others are employed at:

Tom Cleveland Associates.....	\$70.00
Schulze Burgess Co.....	65.00
City Bank.....	67.50
Dikar Tool Co.....	90.00
Society for the Prevention of Blindness.....	76.92
Board of education.....	87.00
United Auto Workers.....	75.00
Wayne, Witten Paper Co.....	70.00
Associate Consumer Finance Co.....	62.50
Democratic State Central Committee.....	103.80
Honeywell, Inc. (2).....	95.00

The total weekly earnings of these 22 people is \$1,821.17—averaging \$82.78. All have opportunities for salary increases after their probationary period. My personal evaluation is that they will all merit permanent status and increases. They are mature women, who *need* to work and who *want* to work. Many of them feel that this is their last chance and they *must* make good. We consider this placement record excellent. Most of these women had work experience only as waitresses, housekeepers, factory workers, salesgirls, etc. Few had previous office experience.

If their earnings remain at the present level, it means an annual income of \$21,854.04. Assuming two dependents for each, in income taxes alone (based on the \$82.78 average), they "repay" for their training, \$416.00, annually.

This will leave an average of \$3,888.56 per person from which they can save and purchase durable as well as non-durable goods.

It was a pleasure to work with these students. They were a challenge. Each staff member gave his or her best to help them wherever help was needed. They worked beyond the hours designated and beyond the prescribed class schedules.

We thank the State Department of Public Instruction for selecting us as the institution privileged to work with these young women. We thank MECS for their fine selection, counseling, follow-up, and cooperation.

EXHIBIT B-1

BOOKER T. WASHINGTON BUSINESS COLLEGE,
Birmingham, Ala., April 26, 1966.

Mr. R. A. FULTON,
*Executive Director,
United Business Schools Association,
Washington, D.C.*

DEAR MR. FULTON: Thank you very much for your letter of April 22. It is always interesting to hear from you.

I enjoyed the meeting in Charleston very much. I thought that you gave quite an interesting and workable program. It is good to know that the loan program will be in effect in September, as there is a great need for it here.

Yes, we do have more than 250 requests for stenographers and clerical workers, but they are not all locally. We have requests from the following colleges who are in need of more secretaries to complete their staffs for present expansion: Alabama A & M, Tuskegee Institute, Alabama State, Bethune-Cookman of Florida, Rust College of Mississippi, Mississippi State Vocational College, and Philander Smith of Arkansas.

Blue Cross-Blue Shield has been chosen to administer the Medicare Program in Alabama, and they have asked that we recommend applicants to fulfill their needs. Tennessee Coal and Iron (U.S. Steel), U.S. Pipe, Federal Reserve Bank, Reynolds Metals Company are also seeking applicants for future employment.

The Federal Bureau of Investigation; Small Business Administration; Department of Commerce, Washington; U.S. Agriculture, Montgomery have asked for as many as we can recommend. We have already transferred several young ladies to night classes who have already been called for employment with the federal agencies; others are being security checked.

Again, thanks for everything and please keep us in mind.

Sincerely yours,

(Mrs.) M. L. GASTON, *Director.*

EXHIBIT B-2

MAY 11, 1966.

Mr. J. F. INGRAM,
*State Director, Vocational Division,
 State Department of Education,
 Montgomery, Ala.*

DEAR MR. INGRAM: The Booker T. Washington Business College is an accredited two-year business school offering courses in Business Administration, Secretarial Training, Advanced Secretarial Training, Advanced Accounting, and IBM Electrical Machine Accounting. We have been in operation in this city for the past twenty-six years. Our graduates are employed nation-wide, and we are proud of the progress they have made.

We are desirous of making a contract for a training program under the Manpower Training Act. We are making this second request, as there is a need for educational trained and skilled personnel at this time. We are receiving many requests for trained office workers, and we have a back log of students who would like to attend school but cannot because of lack of finance.

Please let us know if a contract can be worked out. We feel that we can render the service, for we have the equipment and the trained personnel to do an excellent program.

Yours very truly,

(Mrs.) M. L. GASTON, *Director.*

EXHIBIT B-3

STATE OF ALABAMA,
 DEPARTMENT OF EDUCATION,
Montgomery, May 16, 1966.

Mrs. M. L. GASTON,
*Director, Booker T. Washington Business College,
 Birmingham, Ala.*

DEAR MRS. GASTON: As you know, the State Department of Education does not, under the Manpower Act, initiate any training programs until the State Employment Service certifies to us shortages of qualified workers in specific occupations and that there are eligible applicants for training available. At that point we quickly survey the facilities we already have. Naturally, if we have the facilities already it is more reasonable and economical to do the training ourselves. If we do not already have facilities we survey the area for public and/or private facilities that may be available. In the final analysis we either do the training with our own facilities or contract for the training with a private agency if that is more economical and feasible.

I assure you that I hold your school in high regard and will recommend a contract with you if the above conditions prevail.

Yours very truly,

J. F. INGRAM,
Director, Vocational Education.

EXHIBIT C

[From Employment Service Review, May 1966]

PARTNERSHIP IN TRAINING

(By A. Lauren Rhude)

On the morning of June 17, 1963, more than 1,000 employees of the Armour & Co. Packing Plant in Sioux City were out of work. Sioux City had lost its largest, most solidly entrenched employer.

During the 3 years since that closing, a crisis in local unemployment turned into a success story. Sioux City met the crisis and now is experiencing an employment level higher than before the Armour closing.

Part of that success story is written in outstanding Manpower Development and Training Act programs, several of which were conducted at Nettleton Business Training College, a private business school.

Through the cooperation of the Iowa State Employment Service office in Sioux City and the State Department of Public Instruction, Sioux City plant employees were among the first to benefit from the start by retraining available under MDTA.

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At the time of the Armour closing, a citizens' committee was formed to find ways and means of retraining many of the plant employees and placing them in other occupations. Serving on this committee were the Manager of the Sioux City Employment Service office and the President of NBT College.

TRAINING STARTS

After testing and consultation with many of the Armour employees, various training programs were developed in Sioux City under MDTA. The first program conducted at NBT College for Armour employees started in August 1963, with 15 of the former plant personnel enrolled in a stenographic class. The College already had some experience with MDTA trainees by that time, however, as the first such students had enrolled in February 1963.

Since that first class, approximately 200 students have been trained by NBT College in stenographic, general office clerk, and bookkeeping skills.

Screened by the employment office, the students in these group training programs have compiled impressive records. In addition, there have been a number of individuals referrals to programs at NBT College under the plan for less than full class training referrals.

ACCEPTED BY CLASSMATES

One of the reasons the MDTA programs have been so successful is the acceptance and cooperation MDTA students have received from their classmates at NBT. For, in addition to training the unemployed for various skills, MDTA is designed to provide opportunities for personal development to improve employability and job prospects.

The enrollment at the college is approximately 300, providing the MDTA students with an opportunity to integrate into various classes and courses available at the 2-year school of business. Some of the specific courses available, such as the finishing course for girls and the grooming and development course for the boys, have helped these students greatly in developing self-confidence and in meeting personal and social obligations. MDTA trainees have also participated in school-sponsored extra-curricular activities and have achieved positions of honor and responsibility.

The great majority of MDTA students have been serious minded and conscientious. Placement of most of these students has been in the fields for which they were trained, and many of them now are holding very responsible jobs in private business.

The Iowa State Employment Service in Sioux City has an outstanding record of placing MDTA students in a variety of programs. The experience of this school has been that not only have highly marketable skills been attained by MDTA students, but also they have been given an opportunity for personal development to achieve complete acceptance in the field of business.

EXHIBIT D

[From the St. Petersburg Times, May 5, 1966]

For Mrs. Pennewill, vocational aid

THE CLIMB TO REHABILITATION

(By Nancy Osgood)

A swindle, crushing defeat and a woman with intestinal fortitude.

These strange bedfellows unite in a melancholy tale with a surprise ending.

Seven years ago, a prospering Pennsylvania builder uprooted his wife and four children to come to St. Petersburg. He'd been talked into a contracting partnership by a family friend.

Six months later, the "friend" took all they had. There was not even enough left to sue him. Bills piled high. Creditors demanded payment. Gloom stalked the family.

In desperation the mother decided to seek employment. But the story is Juanita (Mrs. A. L.) Pennewill's to tell.

"That was when I found out I couldn't do very much. After high school, I'd had some training in interior decoration. That ended my education. At 17 I developed agonizing back trouble. After months of specialized treatment, I was

given a spinal fusion with one in a thousand chances of ever being able to walk again. But I did recover.

"A year after the operation—at 21—I was married and have been able to give normal birth to our four children. I worked a short while after marriage. But when our problems began, I'd been a stay-at-home housewife and mother for 19 years.

"When I sought work through the Florida State Employment Service (FSES), I was limited by much more than inexperience. Because of my unstable back, aggravated by a tendency to overweight, I could not take a job that required standing, stooping or bending.

"I also had dermatitis of the hands. For 10 years they had cracked open, I lost nails, had to use medication and wear gloves constantly. That eliminated any job having to do with food. Besides, I'd lived so long on cortisone for allergies, I'd become a cortisone cripple—thought I couldn't live without it."

Here was an impasse—a desperate need to earn, by a person immediately unemployable.

The turning point came when FSES referred 40-year-old Mrs. Pennewill for help to the Division of Vocational Training (DVR), State Department of Education. This agency's purpose is the development of those individuals whose mental or physical disabilities cause limitations of activity, which in themselves are a vocational handicap.

All persons of working age (16 and over) who fall within this category, are entitled (without regard to income) to three services: counseling, training in any vocation, and selective placement. Also available to those in economic need (others are expected to pay) are medical and surgical services, prosthetic appliances, training supplies and (if need be) maintenance during training.

These DVR functions were explained by senior counselor Marcus N. Cobb, whose client Mrs. Pennewill became. General procedures follow the course he outlined for Juanita.

"First we sent her for a complete medical diagnosis." (Based on her special needs, she saw an orthopedist, a dermatologist, and internist and a psychiatrist. The thorough testing over a six-week period cost DVR \$115.)

"Aptitude testing (at FSES) came next. Mrs. Pennewill showed superior intelligence and manual dexterity—proved superior across the board. When her abilities were narrowed down to bookkeeping and accounting, we sent her to Bixby Business College for a year (January–December, 1965)."

Cobb spoke in glowing terms of Juanita's progress. "In the first three months of training she lost 17 pounds of her own volition, her dermatitis cleared up and she made better than average grades all through school." (She also withdrew from cortisone.)

Juanita does not take full credit for her achievements. "I was rich in friends. At *Bixby* I wasn't just a student. Everyone there—as well as Mr. Cobb—seemed to take an interest in me as a person. It was wonderful."

Counselor Cobb said that within a week of completing her training, his client was engaged as full-time bookkeeper by the Pinellas Seafood Co. She'd been recommended by the owner's daughter, Barbara Kinney, a fellow student at *Bixby*.

Happily situated in a permanent job, Juanita Pennewill can look forward to an end to bills and to helping put her children through college. (Richard, 19, is a junior college student; Ann, 17, is in high school; and David, 12, and Jimmy, 7, respectively are in the sixth and second grades.) A happy sidelight is that his mother's job will enable David, a straight-A student, to join fellow safety patrol captains, when on Friday, May 13, they leave for a four-day tour of Washington, D.C.

Among Mrs. Pennewill's staunchest supporters is John I. (Jack) Goddard, president of *Bixby Business College*, where many DVR clients are trained. "She's doing brilliantly," he boasted.

The opportunities available to those who qualify for vocational rehabilitation, were summed up by counselor Cobb:

"From July 1, 1965 to Feb. 28, we had 217 persons in training; in the same period, 87 persons were in some form of physical restoration for the removal or diminishment of disabilities; 23 were in some phase of training plus medical treatments; and 245 cases were closed as 'successfully employed'.

"There is nothing we can't do if it makes sense . . . There is no limitation through age alone . . . Service rendered by the Division of Vocational Rehabilitation is not welfare. It's a business proposition. If we can put people to work, we keep them off welfare and make taxpayers of them."

The Division of Vocational Rehabilitation, State Department of Education, Max Hofmeister, director, has offices at 3820 Central Ave. Telephone 896-4177.

EXTRACTS FROM HEARING ON MDTA AMENDMENTS OF 1966 BEFORE SELECT COMMITTEE ON LABOR OF THE HOUSE COMMITTEE ON EDUCATION AND LABOR

NARRATIVE ON HOW TO IMPLEMENT H.R. 14341

Upon our appearance before the House Select Committee on Labor on June 2, 1966, the Honorable Sam Gibbons, a member of the Committee, suggested that we prepare a narrative concerning implementation of H.R. No. 14341.

The bill has been amended to include community based programs of probation and parole. The Committee members were concerned about aid to county prisons and jails as well as state correctional institutions. We believe jails and county institutions for short-term offenders are covered under the language of H.R. No. 14341. (See page 2, line 4, ". . . and local correctional institutions".)

We, the undersigned, do not propose any changes in present laws restricting the sale of prison made goods. Neither do we propose or advocate that present state or Federal programs for maintenance of institutions, or the manufacture of commodities for use of our governmental agencies, be eliminated or materially changed.

The record should show that for some prisoners the development of work habits is a constructive change, irrespective of the acquisition of a trade or skill.

Neither do we propose or advocate that every prisoner be assigned to an educational program, regardless of his ability to learn.

What we do propose is this:

1. That the provisions of H.R. 14341 defining the area of correctional institutions and probation and parole agencies assure that Federal funds be earmarked for use by these agencies.

2. That we recognize that there is a shortage of qualified teachers and vocational instructors which would make full-time day programs all but impossible to implement. Therefore we propose that educational and vocational evening or leisure-time programs be inaugurated and made available to prisoners in confinement and to probationers and parolees. Teachers and vocational instructors are available on a part-time basis for such programs. Prisoners and probationers and parolees who are *motivated* in self-improvement will then have the same opportunity as those persons in our communities who hold full-time positions but attend evening academic or trade-training courses. The emphasis will be on opportunity, provided for in H.R. 14341, and self-motivation to prepare for the many manpower needs, determined by the Department of Labor.

3. To implement the foregoing, funds should be made available to existing agencies, such as the Bureau of Vocational Rehabilitation and the Department of Public Instruction, with a definite percentage established for use of correctional institutions and probation and parole agencies. Where community programs are already in existence, community based programs such as probation and parole could easily join in. We, however, need the provisions of H.R. No. 14341 to assure that parolees and probationers may share the equal opportunity enjoyed by those who are not under authoritative control.

4. That funds be made available for the purchase of modern equipment in job training programs for such skills and trades that are in short supply, with emphasis on job training that will equip prisoners, probationers and parolees with skills they can use in the area where they are, or will be, residing.

We, the undersigned, submit the foregoing simple, but effective, method to implement the provisions of H.R. No. 14341.

Submitted by:

Harold V. Langlois, president, American Correctional Association; Warden, Adult Correctional Institutions, Rhode Island.

Vernon L. Pepersack, commissioner, Department of Correction, Maryland; Member, board of directors, American Correctional Association.

Parker L. Hancock, warden, New Hampshire State Prison; vice president, American Correctional Association.

Paul J. Gernert, chairman, Pennsylvania Board of Parole, representing Association of Paroling Authorities; member, board of directors, American Correctional Association.

PREPARED STATEMENT OF DR. CHARLES G. HURST, JR., HOWARD UNIVERSITY

With today's increasing opportunities, the time may not be too distant when all Americans can participate fully in the nation's life and economy. Racial barriers are falling at an unprecedented rate, poverty is being attacked on all fronts, improved education experiences are being provided for more people than ever before, and fields of employment heretofore closed to members of certain ethnic and racial groups are opening slowly but certainly. If all of the generally known barriers to equal employment should be eliminated overnight, however, many of those whose learning and socialization opportunities have been limited would still not be able to enjoy the benefits of full citizenship and economic independence.

One major reason for this is the problem of communication as it exists for native-born Americans hindered by in-group dialects and generally poor speech and language skills. These are persons primarily who have had an entirely different way of living from that which has existed for most middle and upper class persons in the United States. The time has now come, however, when we cannot afford to tolerate this paradox of the large number of native-born Americans who cannot communicate effectively outside their own in-group although English is their only tongue.

Essential, therefore in any legislative action taken (1) to ameliorate the need for skilled and semi-skilled manpower in the United States, (2) to train large numbers of persons with unmarketable skills, and (3) to improve the employability of educationally deprived minority groups is a program of speech and language remediation which is coordinated with other aspects of the training program.

The scope of this dilemma is evidenced not only by its widespread prevalence in many areas of the South and among inhabitants of the Appalachian and Ozark mountains, but also in every one of our large cities and in most smaller ones.

Studies conducted during recent years at Howard University, the Ohio State University, Brown University, the University of Michigan, and other major universities have reaffirmed the existence of large numbers of persons in the United States, particularly Negroes, citizens of Spanish speaking origins, and residents of poverty areas generally who speak English in a way that often makes them incomprehensible to other native speakers of the same language. It is an old problem, but the significance of its handicapping influence has long been unrecognized. Its present status as a crucial issue prevails because of the recently developing vistas of new opportunity for the underprivileged. It is important to emphasize, however, that for large numbers the new opportunities for training and employment will remain unattainable goals because of their poor oral skills. The need to eliminate the handicaps imposed by limited speaking skills and patterns of dialect frequently associated with slovenliness, ignorance, and racial inferiority, has thus become an important part of the war on poverty as well as of the fight for equality and justice for all Americans.

The constituents of the problem can be defined in very simple terms. These people speak unacceptable, substandard and non-standard patterns of English. They lack the ability to express their thoughts with clarity and precision, are unable under many conditions to speak extemporaneously, and generally have poor command of proper linguistic usage. Most important, when outside of their personal speech community they often find it extremely difficult to make themselves understood. The practical implications of such a problem are obvious. These individuals are nothing short of being verbally impaired and face insurmountable problems in trying to cope with demands imposed by the social and economic mainstream of everyday life in the United States.

Although the condition in question is most evident among uneducated adults and high school dropouts, its incidence among minority group college students and even for many college graduates has been found to be significantly high. As a result, many graduates who are otherwise well qualified are denied certain job opportunities because of speech patterns which disqualify them or awaken negative stereotypes in the minds of listeners. Some of them who individually gain a college degree from institutions with low standards then go into education where as classroom teachers they perpetuate the problem by serving as undesirable models for their students. But for most of these high school graduates and dropouts prohibitive price attaches to a condition which can, with systematic assistance, be modified significantly, if not eliminated altogether.

The problem about which we need to know still more begins to manifest itself early in life. Studies have indicated that minority group children deprived of

certain experiences in early life are already seriously handicapped at the time of admission to elementary school. Their scores on standardized tests of intelligence are depressed and their speech and language skills are viewed as deviant and as representing a prototype of lower class communication patterns. And since the speech and language patterns of instructional programs at all levels are geared to middle class standards of usage, students having limited experience with these patterns are handicapped from the very start in their attempts to understand the information being imparted. In addition, of course, the teacher, himself, with his unfamiliarity with the communication patterns of the student, is handicapped in his efforts to teach. This deficiency in communication applies not only in spoken language but in reading and writing as well.

The drive to provide equality of opportunity for all persons without respect for race, color, or religion must include in the new programs provision for coping with the natural resistance of individuals to attempts to change linguistic styles that they have lived with all their lives.

In an effort to meet an extremely critical need, a series of systematic pilot researches on the entire question of non-standard and sub-standard speech patterns was completed at Howard University. As an outgrowth of a series of pilot studies, a full-scale investigation was launched in 1963 which led to the formulation in the fall of 1964 of some new approaches to remediation. These innovations which have excited the interest of teachers and researchers in all parts of the country are basically the techniques used for so many years in teaching foreign languages to American students and English to the foreign born and are adaptable for use in manpower development programs of all kinds as part of the total program, incorporating the technical aspects.

The procedures, instruments, and materials of the second language approach have now for the most part been adapted to teach as a second language standard English grammar, syntax, vocabulary, and phonology on a large scale to speakers for whom non-standard English was the first language. Added to these are some self-instructional concepts developed through earlier studies, a textbook utilizing inter-racial multi-ethnic and inter cultural photographs and a series of screening and classroom devices and tests especially developed for use with the population in question. It has also been found that such a format as described here could be used effectively with young adult as well as older adult populations.

I should like at this time to reiterate with all possible emphasis my belief that more direct attention is needed if this problem is to be overcome with any degree of finality. I say this with the further belief that it is not enough to give them a job and then take it for granted that they will be alright, because getting a job, holding a job, and advancing on a job are all different dimensions of the total process of economic survival. And the matter of effective communication skills, capable of dealing with the wide range of demands typical of each, are indispensably vital. I concur unreservedly, therefore, with the following statement by researchers at Temple University, who have also worked with this problem: "The development of language skills can unlock the potentials and energies of young people and put them in full communication with the dynamic society that surrounds them."

Dr. HURST. I think that what we are concerned with is a basic deficiency in our educational system, and as I listened to the previous speakers on the previous question, I became even further concerned about overemphasis on the development of specific skills with a possibility of not enough concern with such a basic educational element as communications skills.

I think that one of the primary purposes of education is to help an individual develop the ability to adjust to the various kinds of situations in our rapidly changing society.

Occupational obsolescence is becoming the order of the day and the potential for occupational mobility is a must for all citizens. When we do not equip them with the basic skills of communication, we do not provide them with the necessary ability to be mobile in their job aspirations. I think that in some of the legislative activity that has taken place during the past several years, the poverty program and some others, there has been a failure to recognize the need for direct attention to communications skills.

Unfortunately, in many instances, the individual leaves the program unable to present himself in a way that will cause the prospective employer to take a favorable outlook. As a result, you find him reverting to his previous condition. Again he finds himself frustrated—the same kind of frustration that he had before he went into a particular program, the same kind of frustration that he had when he left the school system as a dropout, as is so often the case.

And what I am talking about is not, as many people would term it, a simple dialect problem in terms of the usually applied definitions. I am not talking about simply mispronunciation of words. I am talking about inability to reach into vocabulary repository and pull out the word that has the desired meaning and to convey an idea or position with maximum effectiveness.

I am also talking about a large group of people, and this group of people is made up of many minority groups. And when I say minority groups, I also mean teenagers. But I am talking about the group of people for whom slang is the language they use primarily, the language that they practice.

I like to call it the negative practice that they engage in from early in life to the point of rehabilitation, for example, when we take them into a Job Corps program.

We make an awful lot of assumptions about the ability of this group to understand us, and our own ability to understand them. We are beginning to find that these assumptions are not valid.

We are beginning to find that the reasons for much of the antisocial behavior in our society—and when I say “antisocial behavior,” I don’t mean simply criminal behavior, I mean that behavior that might result in termination of the individual’s employment—is a direct outgrowth of a faulty communications system; a direct outgrowth of the individual’s possession of a limited set of communications symbols—linguistic symbols that vary significantly from the linguistic symbols that are used by the employer, or by the supervisor.

I would like to emphasize also that I am not only talking about the ability to speak, I am talking about the ability to read, the ability to write, and the ability to receive verbal symbols, and the ability to listen.

We have a large population of persons in this country whose auditory systems are organically intact, but who at the same time are unable to receive auditory signals with any degree of efficiency. I might cite the story which is told about the three deaf women, where one asked, “What time is it?” and another replied, “Why, it is Thursday,” and the third said, “I am, too. Let’s go get a drink.”

I might also cite the case of the nearsighted Mr. Magoo who is constantly responding to his environment in the way that he sees things, or does not see things. Though similarities might exist, however, in these two instances we are talking about organically intact systems where we discuss the underprivileged population.

But for so many Americans today, because of the nature of the environment in which they have grown up, a defective auditory system also exists—in fact, they have a defective communications system, and they are just as incapable of accurate reception of verbal symbols or any kind of auditory stimuli as is the person who has a neurological, physiological, or anatomical deficiency of one kind or another.

What I have tried to do in my previously prepared remarks is to emphasize the seriousness of the problem for large numbers of persons, and I am saying that it is not enough to simply consider qualifying him for entry into the job market.

We have to be concerned with what are fundamental questions in this society: The ability to survive in the job after having been given the initial opportunity; the ability to meet basic aspirations, if you will; the ability to move twih some kind of facility from one job situation to another, when the initial job evaporates.

In many of the rehabilitation programs, no consideration is given to large opportunity areas such as retail sales, where the primary skill required is communications skill, if we can take this as a single entity.

And if we can develop that one skill, we have, then, a reservoir of persons that are really urgently needed in this Nation today. Sales is an area where many opportunities exist, retail and otherwise.

But I think that there has been some reticence to give attention to opportunities in this area; and I have noticed this reticence in all of the poverty agencies, and other agencies devoted to the rehabilitation of the deprived.

Areas requiring high level communications skills are the most difficult in which to accomplish any success. It is much easier to take something like an occupational skill, an auto mechanic, if you will, and be able to point with pride to what has been accomplished in this area, than it is to teach someone how to read, write, and speak—to handle the language in a way that will earn him the respect of his fellow men.

But I think that the time is coming when we must address ourselves to this kind of problem. In the past many people have not even recognized that a problem existed; and I might say that many Negroes, in speaking about Negro dialect, have

not recognized what kind of problem existed. This has been too bad, because the price paid by so many has been very great.

I propose that these various agencies need to make themselves familiar with what actually represents the communications deficiencies of the persons with whom they are attempting to work, and then that they structure programs, or support the structuring of programs that can make direct and successful attacks.

Let me give you an example of what I mean. An individual, through all of his life, is using such terminology as, "He be done gone to de sto." In the setting in which he has grown up, this mode of expression is very easily understood. On the other hand, for the employer who is evaluating, the thought is: "She is going to answer the telephone for me tomorrow. Well, I think I had better not hire that person."

I can cite a very concrete case. From an administrator in the Department of Labor came a call representing an appeal for us to do something to help her secretary, whom she would have to terminate within the next few weeks unless something could be done about her speech and language skills.

She said that she had discussed the problem very frankly with the young lady, and indicated the irrevocable nature of the ultimatum that was imperative, and had indicated also that she was very willing to try to find assistance for the secretary.

Because of some of the recent publicity that has been given to programs at Howard University, she decided to contact me. Of course, we are very willing to help in these cases. We receive many such calls.

We have the results of surveys made among employers, and we are finding, in addition to the reality factor of communication deficiencies, that a sort of latent bias tends to exist among many persons who are making every effort to be liberal in their outlooks, but when they hear an individual speaking in a given way they associate him with a stereotype that is pretty much ingrained and they find it pretty difficult to repress such negative attitudes toward persons they see.

So there are many reasons, as I see it, for supporting a program designed to make a specific attack on communications skills, and I think that any program is remiss that does not give direct attention to some kind of joint approach to the rehabilitation of the individual, that is to say, vocationally and basic education.

I would like to cite one further example of the problem, as I see it. When you visit one of the Job Corps camps, they immediately wheel out their vocational program. They immediately take you to their new machines, that they don't know what to do with. They really don't. Their hardware, as they call it in the trade.

Then they tell you about the basic education program, and they don't really show it to you. They tell you that they have a person who is going to go to college, they have a person whose reading has improved from the third grade level to the ninth grade level.

But then, when you really pin them down and start asking them questions, specific questions, you find that they are really not too happy with what they are able to do in these kinds of programs.

You find that they, too, are appealing for support from educational institutions such as ours, in the form of basic and applied research outcomes that will give them some sort of nucleus around which an effective program can be built.

It is bad enough in that situation, but when we find situations—and I have found this to be true with MDTA—where they actually give no consideration at all to the basic education factor in terms of the communications skills component, then I think that something certainly needs to be done about it.

PREPARED STATEMENT BY JUANITA M. KREPS, ASSOCIATE PROFESSOR OF
ECONOMICS, DUKE UNIVERSITY

I. INTRODUCTION

Evidence of the older worker's need for special counseling and training was presented by the Secretary of Labor a year ago. In his report to Congress under Section 715 of the Civil Rights Act he discussed age discrimination in employment but he also noted that "It is equally important to recognize the force of certain circumstances which unquestionably affect older workers more strongly, as a group, than they do younger workers." Specifically, he called attention to age-related differences in health and education, and to the greater vulnerability of

older workers to technological displacement. He estimated that a million more years of productive time per year are lost because of unemployment of older workers, and even greater losses are suffered because of forced retirements.

It is well to call attention to the potential gain in output that would be forthcoming with any given reduction in unemployment, since this unrealized output is the true cost of permitting resources to remain idle. When the Studebaker plant closing in South Bend displaced several thousand workers, a disproportionate number of whom were in their fifties, the threat of permanent unemployment for these older men was a real one. If two thousand men "retire" ten years prematurely it costs the economy 20,000 man-years of productive labor which is enough labor, someone pointed out, to build a pyramid. South Bend happened not to need a pyramid that year, but the need for schools, hospitals, and other goods and services did exist, and does still. The primary function of counseling and training is to provide a labor force of the quality necessary to produce these goods, the assumption being that the need for goods (and hence for labor) is implemented through proper monetary and fiscal measures.

II. OLDER WORKERS IN FULLY EMPLOYED ECONOMIES

During the past year the level of unemployment has inched down significantly under the impact of expanded military spending. Quite suddenly, labor shortages are a major problem. The fact that such shortages appear when the overall unemployment rate is still near four percent underscores the magnitude of our training needs. It indicates also the possibility that the United States may come to rely on retraining as a means of obtaining needed labor (as have the Western European economies during the postwar period), and not merely as a device for solving unemployment.

In fully employed economies the attention given to the particular problems of older workers is but one aspect of the nation's need to utilize efficiently all manpower resources. OECD has in recent years devoted a great deal of study to techniques and programs for improving older workers' performances in the member countries. In general, these programs have been aimed at three goals: increasing the total quantity of working time offered, improving the quality of the manpower resource, and achieving a better allocation of manpower among geographical areas and industries. The first of these goals is exemplified by an increase in worklife span and the second by retraining. The third goal has been implemented primarily by providing relocation allowances and significant wage differentials in expanding industrial sectors. Although such programs have been widely used, their extent has nevertheless been too limited to effect the kinds of transformations often necessary. For the most part, policy has centered on putting the unemployed worker in training or a job; too little attention has been given to improving the performance of the aggregate labor force, including the employed, by shifts of workers among industries and locations in accordance with differential rates of growth in industry sectors.

Knowledge and job experience tend to provide a certain job security to the older worker in a fully employed economy, despite his relatively disadvantaged educational status. The problems of retraining and relocation persist, however, since job skills do become obsolete and sectoral economic shifts do occur. The fact that an older worker remains at work *at some job* does not mean that his labor is being optimally utilized; a shift in occupation or location might increase his own income as well as raise aggregate output.

The comparatively low occupational and geographical mobility of older workers makes their position in a rapidly growing economy somewhat vulnerable. There is a tendency for older workers to remain in declining industries, the result being that they are overrepresented in these sectors and underrepresented in expanding ones. In extreme cases, plant closures or shifts leave the older worker jobless for some period, possibly till his time of retirement. Ideally, job training and replacement efforts would offset this tendency. But in reality the problems inherent in shifting a man of 50 from one job (and location) to another are greater than those involved in a similar movement for a young man, and the benefits gained over the remaining lifespan are smaller.

The benefits of retraining for older workers are nevertheless greater than the costs, as Gerald G. Somers and others have demonstrated. The extent of the margin of benefits over cost is largely a function of the labor market, but rarely would there not be a margin unless the worker is close to retirement age. Moreover, variation in individual capacities at a given age is sufficiently wide to suggest that trainability and age are not closely related. In summary, then, the tasks of

upgrading the skills and arranging the shifts in older workers that are required in a dynamic economy are more difficult than are similar services for younger workers. But manpower policy that fails to encompass these tasks falls considerably short of the goal of maximum labor force utilization.

III. UNEMPLOYMENT AND THE OLDER WORKER

The older worker's position in an economy suffering a substantial amount of unemployment is of course markedly different from the one described above, and the policy implications are therefore different. Businesses feel the pressure to retire workers early in order to make way for younger employees; governments are confronted with unemployment of workers of all ages, the highest percentages usually being among young, unskilled workers, but the duration of unemployment being longest among the older: income maintenance programs are inadequate to cope with job losses of all age groups.

In the United States two types of policies for meeting the problem of unemployment have evolved: one, fiscal policies aimed at stimulating demand, exemplified by the tax cut of 1963; and two, policies designed to restrict the supply of labor. The latter attempts have operated primarily on either the labor force participation of older workers, by offering incentives to retire early, or on the amount of labor offered by each worker in a week or year, by seeking to lower the workweek or by negotiating increased vacation time in such instances as the "sabbatical" plan of the steel workers. Operating on a "lump of labor" theory, these policies are designed to spread the available work to as many employees as possible, or to allocate existing jobs to certain groups of workers (young and middle-aged) and away from other groups (those nearing retirement age).

The fact that policies meant to stimulate aggregate demand for goods and hence for jobs have not yet achieved full employment would seem to argue for—even to compel the adoption of—measures that spread the work, or allocate it in some agreed-on fashion. Hence, the argument that "as long as there is unemployment, the workweek is too long," has often been heard in recent years, as have been pleas for early retirement. Unfortunately, recent actions taken to spread work seem to have done little to increase the number of workers employed, though such action has doubtless slowed the rate of disemployment of workers. The precise effect of the steelworkers' negotiated sabbatical plan is difficult to estimate, but it is clear that the number of workers has not increased by the predicted 20 percent. As for statutory reductions in weekly hours, Senate hearings were recently filled with protests that such action would increase pay, not jobs, and that increases in labor costs would inevitably slow growth and the overall demand for jobs.

It is too soon to know what effect the UAW's early retirement option will have since it is still uncertain (1) how many of the workers will opt for early retirement and (2) to what extent these withdrawals from the labor force will result in the hiring of other men, and to what extent they will simply slow the pace of job displacement through automation. But the question at issue has to do with matters of much broader scope than just the automobile workers and the maintenance of their jobs. The relevant consideration is whether such policy is appropriate for workers throughout the economy—and whether the effects of such a policy on output, employment, and standards of living would be desirable.

A. The Problem of Job Creation.—It is a commonplace that men often remain idle while vast needs for goods and services go unmet. *Need and demand* have no necessary relation; widespread poverty can coexist alongside idle resources for as long as private business finds it unprofitable to put these resources to work and public policy does not generate sufficient additional demand to absorb them.

In the United States, stimulation of demand for private-sector goods through further tax cuts may occur, once a peacetime economy is again ours. There is obviously a great deal of potential demand that could be realized from an increase in disposable income and the short-run effects, at least, can be extremely beneficial to growth and employment levels. It is equally important, however, to consider the need for public-sector goods, and the alternative of public rather than private spending. The basic question of resource allocation is always before us. If, on consideration, the nation's more critical needs are thought to be in the areas of education, health, slum clearance, etc., then a diversion of resources into these areas takes priority over increased private spending. Moreover, resources now idle can be called into use by increases in demand in either the public or the private sector.

In an economy as highly developed as that of the United States the level of consumption of private-sector goods is very high, despite persistent unemployment and large pockets of poverty. The major explanation for high standards of living can be found in technological advances which have rapidly raised productivity and output. This increase in productivity raises the potential not only for producing more automobiles and household appliances, but for bringing about improvements in education and health as well. But whereas the market mechanism can be relied upon to call forth an ever-increasing output of goods for private consumption, no comparable mechanism operates in the public sector. Only public spending generates a demand for better education and health facilities, and an accompanying growth in employment in these sectors. Thus, higher and higher money incomes may lead to greatly increased consumption of private-sector goods, while public needs go unmet.

Further stimulation of aggregate demand in the American economy may bring important changes in the composition of demand as well. For several reasons this shift in demand composition is likely to be in the direction of public sector goods: one, the magnitude of the educational challenge alone is sufficient to bring about massive expenditures during the coming decade; two, the adoption of medical care for the aged will of necessity lead to large expenditures for health facilities and services; three, public concern with retraining and relocation of workers will grow as the pace of technology quickens.

Reluctance to spend additional funds for public services can at present be explained partly by a fear of inflation and partly by an inability to move more rapidly in initiating acceptable public projects. There is further the difficulty of staffing even those public programs already approved in areas of education and training, medical care, and welfare. In the meanwhile, total spending (public and private) remains inadequate to create enough jobs for all who seek work. And as long as there are more job seekers than there are jobs, some system of priorities must prevail; jobs come to be rationed on the basis of some criteria—educational level, race, sex, age.

B. The Position of the Older Worker.—Garth Mangum recently pointed out that "Neither education nor skill determines the level of employment. What they do determine is who gets employed. It is useful to conceive of the labor market as a gigantic shape-up with members of the labor force lined up in order of their relative attractiveness to employers. In a sense, machines are in the same queue as workers, competing for the employer's favor. The individual's place in line is dependent, among other things, upon his education, skill, experience, sex, age, and race. The extent to which employers approach the rear of the line in recruiting employees is determined by the number of jobs they have to fill."¹

The question of giving priorities to old or young workers is a question of whether there are advantages in deliberately rearranging the order of workers in the queue, assuming that for the time being, at least, employers will not approach the rear of the line. Such a rearrangement would be feasible only when programs could be initiated that would make certain workers (but not all of them) more attractive than formerly, or when alternatives to employment could be offered some workers, thereby inducing them to leave their places in line. In a sense, most training programs in the United States have tended to make younger workers more desirable to the employer; old workers are much less often included in retraining classes. The move toward early retirement produces the second effect by offering older workers incentives to withdraw early from the labor force.

Justification for permanent reductions in labor force size is difficult, if not impossible, given the need for additional output. Increasing the options for balancing leisure and income would surely improve the worker's total satisfactions, but only if the alternative of continued work remains. On the other hand, postponed entry to the labor force (or temporary exit from it) can constitute an investment in education or training that repays its cost several times in the lifetime of the worker. Cost-benefit analysis has shown the advantages of retraining, and recent studies of investment in human capital have suggested that returns here are often higher than in other forms of capital. Both in the case of job retraining and that of basic education, lifetime return is greater the longer the remaining worklife span; hence the tendency to emphasize programs for youth.

If priorities for jobs are to be established by temporary reductions in labor force size, it would seem preferable to draw young, unskilled workers out of jobs (or postpone their entering the labor force), as opposed to inducing older workers to withdraw before retirement age. The long-run improvements in labor force

¹ "Economic Growth and Unemployment," a paper prepared for a seminar on Automation. Manpower and Retirement Policy, the National Council on the Aging, October 26, 1965.

quality are particularly important, but even in the short run the skill and experience of older workers would seem to make their continued labor force participation more valuable than that of the young.

Assigning such rough priorities, however, obscures the basic problem arising from the heterogeneous nature of the older work force. It is often the older man's comparatively poor education, rather than his age, that places him toward the rear of the line. Or his skills may be limited to one industry, and that a declining one. He may have no geographical mobility. In such instances, the older worker's double handicap makes it virtually impossible for him to compete for a job once he is unemployed, unless unemployment is reduced far below the present level in the United States. It becomes extremely important that such workers, particularly when they are nearing retirement age, be considered separately, and that special programs be developed for meeting their employment needs.

One possible arrangement is simply to pension off those workers who, once unemployed, are unlikely to find other jobs before retirement age. In Germany such action is now possible under the social security scheme. Alternatively, sheltered workshop arrangements may provide a means for employment of men who cannot compete for jobs in private industry, but whose contribution to total output is nevertheless significant. Clearly, the latter policy is preferable in most cases, since the cost of putting the unemployed to work is likely to be less than the value of the goods they produce. The choice between providing these additional goods or affording older workers additional leisure can be resolved only in terms of individual preferences.

C. The Distribution of Leisure.—The extent to which workers will choose leisure over goods is dependent, among other things, on the forms and temporal distribution of the nonworking time. It is only a slight exaggeration to say that most of the postwar increase nonworking time for American workers has taken the least desirable forms, unemployment and retirement. Increased annual vacations and paid holidays have, by contrast, improved the worker's lot and offset some of the growing pressure of faster-paced jobs, longer commuting time, etc.

In the drift toward early retirement there is some tendency to relegate leisure to the role of balancing labor force size with labor force requirements. One of the major gains of technological advance—time free of work—thus becomes a dubious blessing, particularly when the leisure thus conferred often carries with it incomes far below the poverty level. By contrast, the distribution of an equal amount of non-working time during the worklife span would increase satisfactions markedly; consider, for example, the advantages of one additional week's vacation to a man who works fifty weeks out of fifty-two. If society is to continue taking a significant proportion of its economic progress in the form of free time, the question of the form and temporal distribution of this free time needs to be reexamined. Curiously enough, Americans, who guard zealously their right of free choice in the market place for goods, have raised little protest when their right to consume leisure as they see fit is distorted by institutional arrangements.

The explanation for the growth in free time at the end of the lifespan is found primarily in the ease with which economic arrangements can accommodate such free time. Compulsory retirement has rarely been defended except on the basis of ease of administration. The implicit assumption is that reductions in working time in some other form are more difficult to arrange. Yet if time freed by compulsory or early retirement confers much less utility than time freed in some other form, the leisure gains from improved productivity are being diminished by the manner in which this leisure is being apportioned.

The question of assigning priorities for jobs is but the reverse of the question of who gets the leisure made possible by greater productivity. If it can be supposed that every worker has a claim against a certain amount of leisure during his lifetime, the question then becomes one of when he would prefer to have his free time—during his worklife span, or at the beginning in the form of increased education, or at the end of the form of retirement. The advantages to society of channeling more and more leisure into better education before labor force entry and frequent retraining during working life are well documented. Social policy which diverts a large proportion of the fruits of technical progress into education and training greatly improves the economy's long-run growth potential. In the short run, such policy has the effect of giving job priority to older workers.

IV. SUMMARY

In fully employed economies the question of priorities for jobs seldom occurs. Rather, the problem is one of providing enough workers to meet the economy's demand, and to maintain a labor force quality whose education, skill, and mobility enable it to staff a rapidly growing industrial complex. Western European nations, in dealing with manpower shortages, have relied heavily on retraining and relocation programs as the means of improving labor force utilization. If high rates of economic growth continue to exert pressure on short labor supplies, it may become necessary for these nations to offer additional incentives to retain older workers in the labor force, to insure a sufficiently rapid movement of workers from declining to expanding industries and from one geographical area to another. Possibly, the greatest expansion in labor supply may come from shifting workers from less productive to more productive industries; increased income differentials may speed these shifts and minimize underemployment.

Economies confronted with substantial levels of unemployment despite obvious economic needs can create additional jobs only by increased spending, public or private. The recognized areas of public needs require public spending, and attempts to meet these needs will produce significant changes first, in demand composition and second, in the types of jobs created. The position of the older worker in an economy suffering unemployment is dictated largely by the kinds of priorities society establishes for young versus older persons in the labor force. Viewed from another perspective, job priorities are but the reverse of the decision on which group enjoys leisure (or at least nonworking) time, and in what form. As long as greater productivity continues to confer on a nation more free time, along with more goods and services, the priority-leisure issue continues to need examination. For reasons of both long-run growth potential and short-run production, there are obvious advantages in taking an increasing portion of our technological progress in the form of higher levels of education. In so doing it will be necessary to postpone entry and provide temporary exits from the labor force; speeding permanent withdrawal would appear much less advantageous. Yet in the absence of special attention to the retraining and counseling needs of older workers, such withdrawal will very likely occur.

(Whereupon, at 9:45 a.m., the subcommittee adjourned subject to call of the Chair.)



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The first part of the report deals with the general situation of the country during the year 1900. It shows that the country has made considerable progress in various directions. The population has increased, and the country has become more densely populated. The agricultural production has also increased, and the country has become more self-sufficient. The industrial production has also increased, and the country has become more developed. The country has also made considerable progress in the field of education and public health. The schools have been improved, and the public health has been better maintained. The country has also made considerable progress in the field of science and technology. The country has become more advanced, and the people have become more educated. The country has also made considerable progress in the field of art and literature. The country has become more cultured, and the people have become more refined. 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