1011

90Y4
Ap6/1
L11/1968/pt.1
pt.1

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1968



HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETIETH CONGRESS

FIRST SESSION

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

DANIEL J. FLOOD, Pennsylvania, *Chairman*

WILLIAM H. NATCHER, Kentucky
NEAL SMITH, Iowa
W. R. HULL, Jr., Missouri
BOB CASEY, Texas
MELVIN R. LAIRD, Wisconsin
ROBERT H. MICHEL, Illinois
GARNER E. SHRIVER, Kansas

ROBERT M. MOYER, *Staff Assistant to the Subcommittee*

PART 1

DEPARTMENT OF LABOR
RELATED AGENCIES:

Federal Mediation and Conciliation Service
Federal Radiation Council
Interstate Commission on the Potomac River Basin
National Labor Relations Board
National Mediation Board
National Railroad Adjustment Board
Railroad Retirement Board
United States Soldiers' Home

Printed for the use of the Committee on Appropriations



AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1968

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETIETH CONGRESS

FIRST SESSION

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

DANIEL J. FLOOD, Pennsylvania, *Chairman*

WILLIAM H. NATCHER, Kentucky
NEAL SMITH, Iowa
W. R. HULL, JR., Missouri
BOB CASEY, Texas
MELVIN R. LAIRD, Wisconsin
ROBERT H. MICHEL, Illinois
GARNER E. SHRIVER, Kansas

ROBERT M. MOYER, *Staff Assistant to the Subcommittee*

PART 1

DEPARTMENT OF LABOR

RELATED AGENCIES:

Federal Mediation and Conciliation Service
Federal Radiation Council
Interstate Commission on the Potomac River Basin
National Labor Relations Board
National Mediation Board
National Railroad Adjustment Board
Railroad Retirement Board
United States Soldiers' Home

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE

76-665 WASHINGTON : 1967

COMMITTEE ON APPROPRIATIONS

GEORGE H. MAHON, Texas, *Chairman*

MICHAEL J. KIRWAN, Ohio
JAMIE L. WHITTEN, Mississippi
GEORGE W. ANDREWS, Alabama
JOHN J. ROONEY, New York
ROBERT L. F. SIKES, Florida
OTTO E. PASSMAN, Louisiana
JOE L. EVINS, Tennessee
EDWARD P. BOLAND, Massachusetts
WILLIAM H. NATCHER, Kentucky
DANIEL J. FLOOD, Pennsylvania
TOM STEED, Oklahoma
GEORGE E. SHIPLEY, Illinois
JOHN M. SLACK, JR., West Virginia
JOHN J. FLYNT, JR., Georgia
NEAL SMITH, Iowa
ROBERT N. GIAIMO, Connecticut
JULIA BUTLER HANSEN, Washington
CHARLES S. JOELSON, New Jersey
JOSEPH P. ADDABBO, New York
JOHN J. McFALL, California
W. R. HULL, JR., Missouri
JEFFERY COHELAN, California
THOMAS G. MORRIS, New Mexico
EDWARD J. PATTEN, New Jersey
CLARENCE D. LONG, Maryland
JOHN O. MARSH, JR., Virginia
SIDNEY R. YATES, Illinois
BOB CASEY, Texas
DAVID PRYOR, Arkansas

FRANK T. BOW, Ohio
CHARLES R. JONAS, North Carolina
MELVIN R. LAIRD, Wisconsin
ELFORD A. CEDERBERG, Michigan
GLENARD P. LIPSCOMB, California
JOHN J. RHODES, Arizona
WILLIAM E. MINSHALL, Ohio
ROBERT H. MICHEL, Illinois
SILVIO O. CONTE, Massachusetts
ODIN LANGEN, Minnesota
BEN REIFEL, South Dakota
GLENN R. DAVIS, Wisconsin
HOWARD W. ROBISON, New York
GARNER E. SHRIVER, Kansas
JOSEPH M. McDADE, Pennsylvania
MARK ANDREWS, North Dakota
WILLIAM H. HARRISON, Wyoming
LOUIS C. WYMAN, New Hampshire
BURT L. TALCOTT, California
CHARLOTTE T. REID, Illinois
DONALD W. RIEGLE, JR., Michigan

KENNETH SPRANKLE, *Clerk and Staff Director*
PAUL M. WILSON, *Assistant Clerk and Staff Director*

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1968

WEDNESDAY, MARCH 1, 1967.

DEPARTMENT OF LABOR

WITNESSES

HON. W. WILLARD WIRTZ, SECRETARY OF LABOR
JAMES J. REYNOLDS, UNDER SECRETARY
LEO R. WERTS, ASSISTANT SECRETARY FOR ADMINISTRATION
STANLEY H. RUTTENBERG, ASSISTANT SECRETARY FOR MANPOWER
MRS. ESTHER PETERSON, ASSISTANT SECRETARY FOR LABOR STANDARDS
CHARLES DONAHUE, SOLICITOR
JIM HUDSON, DEPUTY ASSISTANT SECRETARY FOR ADMINISTRATION
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

TESTIMONY OF THE SECRETARY OF LABOR

Mr. FLOOD. The committee will come to order.

TRIBUTE TO JOHN E. FOGARTY

Gentlemen, before we begin I would like the record to show that everyone in this room, and certainly the committee, makes this note on the deep loss we feel in the passing of the greatest chairman this subcommittee ever had and probably ever will have, the distinguished gentleman from Rhode Island, Mr. John E. Fogarty. Not only was it a great loss to the committee, to the Government, and to the House as a great American and a great Representative, but to me, as you all know, a great tragic personal loss. In addition to working together in the House and on this committee for many years, we also spent a considerable amount of time together outside the Capitol and these hearing rooms. It was less than a year ago that we spent all last Easter week together in Ireland. So it was quite a shock to me. Certainly the departments and agencies within the jurisdiction of this subcommittee never had a greater friend. More than any one person in this country he brought these agencies, many of them from obscurity, into preeminence in the Government until now this subcommittee on which we have the privilege of serving handles a budget which is the second biggest in the Government and probably in the years ahead it will go far above what it is today. This I am sure the committee would like to have me note.

Mr. Laird.

Mr. LAIRD. I would like to join you, Mr. Chairman, in paying tribute to John Fogarty as we open these hearings on the 1968 budget. It has been my privilege and pleasure to work with John Fogarty as chairman of this committee for the past 10 years. He was in every sense a great chairman. He will be sorely missed, but I am sure this committee will continue, in the fine tradition he set, when we consider the 1968 budget.

Mr. FLOOD. Mr. Secretary, you may proceed.

STATEMENT OF THE SECRETARY

Secretary WIRTZ. Mr. Chairman and members of the committee, it would be presumptuous of me in this situation to say more about John Fogarty. Perhaps it would be better for me to say on behalf of all members of the Department of Labor how much the service of John Fogarty as chairman of this committee has meant not to us, but to the country in whatever we have been able to do as a result of working with this committee and with him. I only say a little because it would be difficult to say more and it might not seem to be appropriate. We shall miss him very, very greatly.

At the same time, Mr. Chairman, we welcome sincerely the opportunity to work with you as the new chairman and the new members of this committee and to resume our relationship with those returning members who have improved the labor and manpower programs so ably in past years. I think it is the mark of a true democracy that we can pass crises in stride.

It is our purpose to assist you in making the decisions that are your responsibility by sharing with you all information, ideas, and judgments about the programs we administer, on a basis that assumes a strong and workable mutual trust.

I would like to call attention to the fact that I think it is fair to say that this budget is being presented to you with complete confidence. It represents cost consciousness which has put us in an increasingly tight situation. We are a small Department, in size only one-third of the next smallest Department in the Cabinet. We have not been content with things as they have always been. We have continued to search out ways of doing more at less cost and of emphasizing high priority programs while discarding the obsolete. Inefficiency and waste is not tolerated. Concern that the cost of these valuable programs be kept at the absolute minimum, is shared at all levels of administration of the Department. We have kept faith with the purpose of the President and of this committee to achieve improved administration at reduced costs.

THE ESTIMATED 1968 REQUIREMENTS IN GENERAL

Programs have to be reduced to measurable terms. The most common measure is the cost of transacting the business of the programs, and that cost is represented in the budget figures we are here to discuss today.

In those sometimes cold figures then, a total of $1,265,618,000 is requested in the estimates.

This is a net increase over 1967 of $58.6 million—less than 5 percent—of which $36.3 million is to meet mandatory costs required by law

and $22.2 million is for program items that allow some administrative discretion. This latter amount includes $5.6 million to carry out newly enacted legislation.

To finance this increase—$58.6 million—will require $21.1 million in additional authorizations from general funds and $37.5 million in increased trust fund authorizations.

Mr. FLOOD. What trust funds?

Secretary WIRTZ. There is a trust fund under the unemployment insurance program, the Federal-State unemployment insurance program, which is the largest item. Of the total of $1.2 million requested, a single trust fund amounts to about one-half of it.

Mr. FLOOD. I think you will develop that in your statement.

Secretary WIRTZ. Yes.

Mr. FLOOD. What other trust funds?

Mr. HUDSON. There is another so-called trust fund which involves a chargeback to other agencies for Federal Employees Compensation Act benefits. This is authorized by law and we will collect the 1966 costs from the agencies in 1968. That amounts to roughly $36,460,000 for 1968. Those are the two large items.

Secretary WIRTZ. The information presented in attachments 1 through 4 gives more detail on the estimate and may be summarized into these major purposes for which we are justifying funds.

Function	1967 estimate	Percent	1968 estimate	Percent
For training allowances and experimental training projects under MDTA	$411,522,000	34.1	$429,261,400	33.9
For administration of State employment security agencies	524,000,000	43.4	557,107,000	44.1
For unemployment and workmen's compensation benefits payments to covered workers	155,527,000	12.9	157,521,000	12.4
For administration of programs	115,957,278	9.6	121,728,600	9.6
Total	1,207,006,278	100.0	1,265,618,000	100.0

For 1968, a total of 9,494 positions are requested. This represents a net increase of 570 (or slightly over 6 percent) over 1967.

The increases can be accounted for in the following manner:

Newly enacted legislation consists of 250 positions to administer the 1966 amendments to the Fair Labor Standards Act, and 50 positions to carry out the provisions of the 1966 amendments to the Federal Employees Compensation Act.

Other program increases consist of 61 positions to provide much needed safety services to the maritime industry because of expansions arising out of Vietnam activities and increased trade, 130 positions to strengthen and meet the need for expanded and improved collection, analysis and dissemination of economic data, 36 positions for staff resources in the Office of the Secretary (for regional representatives, cost accounting systems, policy planning, program review and analysis and organization and management improvement), 19 positions for civil rights and Federal contract compliance responsibilities, five positions to guide studies and analyses designs to improve U.S. employer relations with local national employees in other countries, and 25 positions are not really new. They represent a change in financing of certain civil defense functions.

So although we will expect and welcome questions on programs in which there is no change, these are programs in which there are changes.

Three other items that are technical in nature, but that have an overall impact on the 1968 budget, are presented at the end of this statement in more detail. They are: appropriation structure; cost of employee pay increases and employee relocation; and costs of within-grade salary increases.

MANPOWER ADMINISTRATION

The several manpower, employment, and training programs of the Department were brought together in 1963 in a Manpower Administration.

I should say in general at this point we are in the process of organizing the Department. Part of it is completed and part is not. There will be a series of three or four administrations.

Mr. FLOOD. There were three before?

Secretary WIRTZ. Yes. But whether we decide there should be a separate administration for statistics, I do not know.

Mr. FLOOD. It is pretty well set up on two?

Secretary WIRTZ. It is pretty well set up on two, that is correct, and very clearly set up on one, which is the Manpower Administration.

Mr. FLOOD. How long have you been after that?

Secretary WIRTZ. Since 1961 or 1962, the movement toward the Administration. Really in 1962, with the enactment of the Manpower Development and Training Act, the desirability became clear. In 1963 we did set up the Manpower Administration.

The Administration was set up in the beginning with the Under Secretary serving as Manpower Administrator. Upon its establishment, the Administration was put under the direction of a full-time Administrator. In 1966, the President designated one of the assistant secretaryships in the Department as being for Manpower. Stanley H. Ruttenberg, who had been serving as Administrator, was appointed Assistant Secretary for Manpower, and is presently serving in both capacities.

The Manpower Administration includes several constituent units within the Department:

The Office of the Manpower Administrator itself exercises general supervisory authority within the Administration and also handles directly certain Manpower Development and Training Act activities.

The Bureau of Employment Security, BES, includes the U.S. Employment Service, USES, the Unemployment Insurance Service, UIS, and the Farm Labor Service, FLS. The Bureau exercises broad responsibility in connection with the administration of the Wagner-Peyser Act of 1933 setting up the Federal-State employment service, the Unemployment Insurance Act of 1935, and the Manpower Development and Training Act—particularly the "institutional training" programs.

INSTITUTIONAL TRAINING

Mr. FLOOD. These bureaucratic terms are not always clear. What is "institutional training"?

Secretary WIRTZ. Under the Manpower Development and Training Act program we approach the training problem principally in two

ways. One is what we call institutional training which involves working with vocational education people in HEW programs to which the individuals will come for periods varying from 16 to 104 weeks. It is institutional in the sense it is not connected with any particular program. In the beginning the manpower training program was almost entirely that. They came to the classrooms and took the training and received allowances.

The other part of this program is what we refer to as on-the-job training, which differs from the first in that we make our training arrangements with an employer, a private employer, and the individual goes to work with him and we work out the training through the employer. This costs only about half of the cost of the institutional training. He will be on a payroll so that in many cases there is not the necessity of a training allowance, and as he completes that training he can move right into a job.

Mr. FLOOD. I was interested in the institutional training.

Secretary WIRTZ. That is the more traditional half. Most of the BES expenditures are financed out of the trust fund, which is now around $600 million, created in the Unemployment Insurance Act, to which all covered employers pay four-tenths of 1 percent of the covered wages of their employees; resulting in total annual payments of over half a billion dollars; with 95 percent of this going to finance the administration of the State programs.

Tht Bureau of Apprenticeship and Training, BAT, which administers responsibilities under the Apprenticeship Act of 1937, and also the on-the-job training programs under the Manpower Development and Training Act.

Mr. FLOOD. Is Mr. Murphy here?

Secretary WIRTZ. He will be here and testify on that program, as Mr. Goodwin will on the one preceding.

PROGRAM DELEGATIONS FROM OEO

The Manpower Administration has also included a unit, the Neighborhood Youth Corps, NYC, set up to exercise responsibility delegated to the Department by the Office of Economic Opportunity, OEO, under the Economic Opportunity Act of 1964. Additional delegations of authority to the Department to operate other work-training programs have made it advisable to establish—in the Manpower Administration—a Bureau of Work Programs. This will include the Neighborhood Youth Corps. For budget purposes, however, the functions of this unit are covered by the OEO and HEW presentations to the committee and therefore do not appear in the Department of Labor presentation.

It will also include the administration of the program which has been identified as the Nelsen-Scheuer program, and the special impact program sometimes called the Kennedy-Javits program. And there are presently conversations underway with the Department of Health, Education, and Welfare about combining with these programs the training programs for our part of title V.

Mr. FLOOD. I think Mr. Laird will ask you about that.

SUMMARY OF BUDGET FOR MANPOWER ITEMS

Secretary WIRTZ. The details of the budgetary items lying in this area will be presented to the committee by Assistant Secretary Ruttenberg, BES Administrator Goodwin, and BAT Administrator Murphy.

I offer only this general summary:

The 1966 appropriation for the Office of the Manpower Administrator—which covers general administrative functions for the Manpower Administration and the experimental, demonstration, and research programs under title I of the Manpower Development and Training Act—was $35,395,800. These experimental, demonstration, and research programs are carried on by the Office of Manpower Policy, Evaluation, and Research (OMPER)—a special unit within the Office of the Manpower Administrator.

The 1967 appropriation for the Office of the Manpower Administrator is $30,900,000.

The requested appropriation for 1968 is $36,779,000—up by $5,879,000 (19 percent) over 1967, and by $1,383,200 over 1966.

There are two major points of new emphasis in the proposed 1968 demonstration and research program.

We are requesting an increase of $5,583,000 for demonstration projects that would seek to develop additional new forms of industry-Government cooperative effort to train and to gain meaningful employment for the severely disadvantaged unemployed and underemployed. Inasmuch as Government resources for training are relatively limited in relation to the total need, and private industry is the central source of employment opportunity, it is crucial that private industry be stimulated and guided into more direct investment of its large-scale resources in the development of needed skills and employment for the disadvantaged.

An increase of $500,000 is requested to initiate a research study concerning the adequacy, extent, and quality of training programs in the United States. This national occupational training study will seek to explain why millions of American workers come through our private and Government sponsored schools and training programs with so little education and useful training that they cannot find jobs even as our economy drops below the 4-percent level of unemployment, and as skill shortages begin to develop.

The manpower development and training activities are also presented as part of the presentation of the Office of the Manpower Administrator itself. A good many of the operational responsibilities involved are exercised by the BES and the BAT. This form of presentation is followed, however, in order to distinguish between the Manpower Development and Training Act programs (which are covered here) and the other programs in the BES and the BAT (which are covered in subsequent sections of this presentation).

In 1966, the Manpower Development and Training Act appropriation (other than that for the Office of the Manpower Administrator; covered in item A, above) was $399,595,000; 273,000 training opportunities were funded; 140,000 individuals completed training; and 110,000 of these were placed in employment.

It is difficult, indeed almost impossible, to relate appropriations for a specific year directly to the results from these specific appropria-

tions because the time for setting up and carrying out the programs extends over more than a year (the training periods themselves, for example, vary in length up to 104 weeks).

In 1967, this appropriation is $390,044,000; 250,000 training opportunities are being funded; 148,000 had been approved as of December 31, 1966.

The request for 1968 is for $401,854,000. This is an increase of $11,810,000 over 1967 (about 3 percent), and is $2,259,000 over 1966. This will cover the funding of 280,000 training opportunities.

The 1968 program will be directed at (i) training the disadvantaged, and (ii) meeting skill shortages.

Even at the unemployment level of less than 4 percent, there still persists a high rate of unemployment among young workers, the uneducated, and the minority groups.

The Manpower Development and Training Act program has been redirected in 1967 toward an individualized approach as the most effective way to reach and help the disadvantaged, by equipping them to be self-supporting. This approach requires increased State employment security agency staff to make sure that adequate services are provided.

The 1966 Amendments to the Manpower Development and Training Act help overcome the deficiencies that have been recognized in the program by expanding the types of programs and services that can be offered to trainees. Approximately 56,000 trainees will be given training under the new part-time training, employment skill training, and prison inmate programs in 1968. Approximately 20,000 individuals will be given training in employment skills such as language skills, work orientation, and basic work habits. This program is designed to assist persons who do not require occupational skill training but are unable to get a job because of some other deficiency.

A pilot program for training 5,000 prison inmates is also proposed for 1968 to equip them with skills to make them employable upon their release from prison.

The program for 1968 proposes to give over 100,000 trainees, or about 35 percent of the total, training in skills where shortages exist or are expected. An estimated 31,000 persons will be given part-time training, a program which will permit persons employed in low skill jobs to be trained for jobs of higher skill levels. Their advancement in turn, leaves their lower level jobs open to persons just entering the labor force or completing training.

The responsibilities of the Bureau of Apprenticeship and Training include both the promotion of traditional apprenticeship programs and the development of on-the-job training programs under the Manpower Development and Training Act.

The BAT appropriation covers staff and promotional work. (The on-the-job training programs costs are covered in the MDTA appropriation; see item B, above.)

The 1966 BAT appropriation was $7,105,000.

The 1967 appropriation is $8,180,000.

The request for 1968 is $8,416,000 (up by $236,000, or 3 percent, from 1967).

The private apprenticeship programs in the skilled trades included 237,000 apprentices in 1966. This number is up this year to about 246,000. It is expected to go in 1968 to 259,000.

About 65,000 new apprentices are registered each year in the private apprenticeship programs, and about 26,000 complete their training. Each of these numbers is now increasing at the rate of about 1,000 a year.

Approximately 73 percent of the proposed BAT budget and 76 percent of its personnel is for apprenticeship promotion programs.

The remainder of the BAT budget is for administration of the on-the-job (OJT) training programs under the Manpower Development and Training Act.

The OJT program has been significantly enlarged this year: 125,000 OJT training opportunities will be created; 80,000 individuals will be enrolled (during the fiscal year).

Approximately 60,000 of these 80,000 will be hired as trained workers after their training period.

During fiscal year 1968, the number of newly created OJT training opportunities will be reduced slightly (to 112,000); but the number of enrollees (including those in programs established in fiscal year 1967) will increase to about 108,000, and the number hired after training is expected to go up to just about 100,000.

The Bureau of Employment Security (BES) authorization is divided into three parts.

By far the largest item is for grants to the States for the administration of the State employment and unemployment insurance programs. This amount comes entirely from the trust fund (referred to above).

In 1966, the authorization for State grants was $492,100,000.

In 1967, it is $524,000,000.

The request for 1968 is $557,107,000. This is an increase of $33,107,000 (or 6.3 percent) over 1967.

The second item is for salaries and expenses for the administration of the BES itself. This comes largely, but not entirely, from the trust fund.

The 1966 authorization for this second item (BES) was $19,466,200.

In 1967, it is $20,672,000.

The request for 1968 is $21,048,000. This is up $376,000 (about 2 percent) from 1967.

The third item in this authorization series is for unemployment compensation for Federal employees and ex-servicemen. Unlike the other two items (which are for administrative salaries and expenses) this item is for the benefits to be paid to Federal employees and ex-servicemen who are unemployed and to workers who are adversely affected by automobile parts trade agreements with Canada. It comes from general funds.

This unemployment compensation appropriation for 1966 was $131 million.

In 1967, the appropriation is $90 million.

The request for 1968 is $65 million. This decrease of $25 million (28 percent) is explained by the fact that unemployment in these areas has been and will be lower than expected when funds were appropriated for 1967.

The scope of the Federal-State employment service activities is suggested by these figures:

Between 10 and 11 million new applicants visit the State employment service offices each year and this number is increasing by several hundred thousand a year.

About 19 million job referrals are made annually.

About 7 million placements are made.

The "clientele" served by the State employment service offices includes, annually, over 4 million youths; over 1½ million older workers; and over 1½ million veterans of military service.

Approximately 3.8 million unemployed persons receive about $1.8 billion in unemployment insurance benefits. (Both of these figures are down substantially from those for 1966—when 4.5 million unemployed received $2 billion in benefits. Next year's estimate is the same as for the current year.)

The Federal-State employment service program, like the apprenticeship program, is now an integral part of the broader manpower program. The functions of the BES, the U.S. Employment Service, and the State Employment Service (like those of the BAT) now include active roles in the carrying out of the Manpower Development and Training Act and other work-training programs. There have been marked changes and expansions of these roles since 1962, and they are being constantly enlarged as responsibility for administering the various work-training programs is centralized in the Department of Labor. This is essential to the effective administration of these programs, and to the avoidance of duplication of functions.

LABOR-MANAGEMENT RELATIONS

Just as the manpower activities of the Department have been brought together in the Manpower Administration, those responsibilities involving the general relationships of employers and employees have been consolidated in a Labor-Management Services Administration (LMSA).

The LMSA is also under the direct supervision of an Assistant Secretary of Labor, with provision being made for an Office of the Administrator as this appears desirable.

Mr. FLOOD. This has not been done?

Secretary WIRTZ. Not now but there is active consideration as to whether that should be done. They are so far combined.

The Labor-Management Services Administration includes the offices charged with responsibility for administering the Welfare and Pension Plans Disclosure Act, the reemployment provisions of the Universal Military Training and Service Act, the Labor-Management Reporting and Disclosure Act. The Department's handling of major labor disputes is also included within the responsibility of the Assistant Secretary for Labor for Labor-Management Affairs. (It should be noted that there has been under consideration for some time, and is currently, the expectation to put the FLSA activities within the third (and final) "Administration" (for Labor Standards) which will be set up to complete the efficient organization of the Department. (At the present time the Wage and Hour and Public Contracts Division is supervised by the Assistant Secretary for Labor-Management Relations.) We are considering moving it to the third Administration for labor standards which we are about to set up.

For purposes of presentation to the committee, the area covered by the Labor-Management Services Administration is divided into two parts: (1) General—including activities under the two reporting and disclosure acts, and under the veterans' reemployment rights

legislation; and (2) the activities of the Wage and Hour and Public Contracts Division—including activities under the Fair Labor Standards Act and the Walsh-Healey Act.

AUTHORITY FOR REORGANIZATION PROGRAM

Mr. FLOOD. In your reorganization program, do you consider that purely within your jurisdiction, in-house, or do you feel there is any reason to bring it to the legislative committee?

Secretary WIRTZ. As far as the basic decision is concerned I do not know what the technicalities are and they have never become important because our policy has been to discuss it with the committee as far as the basic outlines are concerned. I will call attention to some pending questions we have looking toward the future development of the situation, but when I say that has never been a problem, I think probably it has.

We have probably gone beyond the technicality of discussing it with the committee. I, frankly, do not know the technical answer to the question as to the line of authority. We would never, of course, feel free to move moneys from one line item to another line item without coming to the committee for reprograming authorization.

Mr. FLOOD. You have not done very much of that, have you—reprograming?

Mr. HUDSON. The last time I can recall was several years ago.

Mr. FLOOD. If you had served on the Defense Committee as Mr. Laird and I have for some 15 years, reprograming is quite an operation.

Mr. HUDSON. I think at one time we brought it up to Mr. Fogarty and he thought it was a slight misdemeanor.

Mr. FLOOD. A bad habit?

Mr. HUDSON. Yes, sir.

LABOR-MANAGEMENT SERVICES ADMINISTRATION

Secretary WIRTZ. The 1966 appropriation for the Labor-Management Services Administration activities was $8,580,000.

The 1967 appropriation is $8,510,000.

The requested appropriation for 1968 is $8,683,000. This is up $173,000 (or 2 percent) from 1967.

In statistical terms, which tell very little of these activities—

The Office of Labor-Management and Welfare-Pension reports receives each year, under the Welfare and Pension Plans Disclosure Act and the Labor-Management Reporting and Disclosure Act approximately 216,000 reports; and this number is increasing at a rate of about 5,000 a year; and approximately 8,000 investigations are made annually under these two acts.

The Office of Veterans Reemployment Rights receives and processes each year between 1,500 and 2,000 complaints from returning veterans that their reemployment rights have been disregarded or violated.

ROLE IN SETTLEMENT OF LABOR-MANAGEMENT DISPUTES

More generally, and looking to the future so far as the LMSA is concerned, anticipated expirations of collective-bargaining agreements in the coming year may well increase the need for staff assistance to

the Office of the Secretary to facilitate the resolution of critical disputes which fail resolution through customary means. Increased demands for legislative and administrative proposals and serious congressional consideration of alternative approaches to the problems in this area must also be anticipated and staff services provided.

I may interpose there just this point to be sure about correcting the very general misunderstanding. There are in the Department of Labor literally three of us who get into these national disputes about which so much is heard, and one of the heaviest crosses we bear is that there is an impression that the Department of Labor has a very large staff concerned with these disputes.

Mr. FLOOD. Two years ago when you appeared before this committee you had been up all night because of one of these disputes. Do you recall?

Secretary WIRTZ. I recall. It is important to the committee's understanding that only the Secretary and Assistant Secretary and his special assistant get into these matters, with occasionally some staff help as we are able to bootleg it.

Mr. FLOOD. Do you need authorization for these activities?

Mr. HUDSON. We think this is covered under the basic statutory authority.

Secretary WIRTZ. As far as authorization is concerned, there is no question. On the authority the point has occasionally been raised but I think not in a number of years.

DEPARTMENT OF DEFENSE-DEPARTMENT OF LABOR REFERRAL SYSTEM

While there will be some increases in separations from the military services and a substantial increase in the workload resulting from the expanded coverage of the Department of Defense-Department of Labor referral system, revised procedures, paperwork management improvements, and realinement of duties and responsibilities will make it possible for the increased workload to be handled within existing resources.

Mr. FLOOD. What is this Department of Defense-Department of Labor referral system?

Secretary WIRTZ. That has to do with the reemployment rights.

Mr. FLOOD. Of veterans?

Secretary WIRTZ. That is right. We have worked out a system with the Department of Defense so there is almost an automatic referral which assures full protection of the returning veterans reemployment rights.

ACTIVITIES UNDER FAIR LABOR STANDARDS ACT

The central activity of the Wage and Hour and Public Contracts Division is the administration of the Fair Labor Standards Act.

The 1966 appropriation for this function was $21,519,000.

The 1967 appropriation was $22,256,000.

The requested appropriation for 1968 is $25,424,000. This increase of $3,168,000 (14 percent) is required to meet the enlarged administrative responsibilities resulting from the 1966 extension of the coverage of the FLSA to an additional 8 million employees.

These are some of the measurements of the scope and effect of this Division's activities:

About 55,000 investigations of employer payrolls are made this year. This number will have to be increased to at least 59,000 in 1968.

About 25,000 employee complaints are being received and acted on this year. This will increase to 30,000 next year.

About 33,000 employers are being found each year to be in violation of the monetary provisions of the law—most of them having acted inadvertently.

In 1966, some 428,800 employees were found to have been underpaid, by a total amount of $89,900,000. These figures are running slightly lower this year (1967), but will in all probability move up again in 1968 (because of the extension of the law) to about the 1966 level.

Approximately 20,000 cases of children being employed in violation of the child-labor provisions of the law are found each year, with appropriate steps being taken.

Approximately 1,000 new wage determinations, affecting some 200,000 employees, will be issued this year under the Service Contract Act of 1965.

In 1968 the major new efforts under this program will be directed toward carrying out the provisions of the 1966 amendments to the Fair Labor Standards Act.

Beginning February 1, 1967, coverage was extended to more than 8 million additional employees, an increase of 25 percent. The 600,000 establishments added represent a 50-percent increase. Many of these newly covered workers who are employed by laundries, hospitals, hotels and motels, restaurants, retail establishments and in farmwork have traditionally been among the lowest paid workers. All of the 32 million workers covered prior to the amendments became subject to a minimum wage standard of $1.40 an hour effective February 1, 1967, and will be entitled to $1.60 an hour beginning February 1, 1968.

Some 4.7 million workers are entitled to receive wage increases in 1967 as a result of the extension of coverage and higher minimum wage standard established by the 1966 Fair Labor Standards Act Amendments.

An increase of $2,780,000 is requested to administer the new and higher standards provided by the 1966 FLSA Amendments. Another $100,000 is requested to launch an extensive study of the various means of getting better public understanding of the act and increased voluntary compliance.

LABOR STANDARDS RESPONSIBILITIES

It is expected, as has been indicated above, that several of the Department's bureaus will be placed within the proposed Wage and Labor Standards Administration—completing the integrated organization of the Department.

This will include the Wage and Hour and Public Contracts Division, and the following Bureaus: Bureau of Labor Standards (LSB), Women's Bureau (WB), and Bureau of Employees' Compensation (BEC).

The appropriation items for these bureaus are presented separately.

The 1966 appropriation for the Bureau of Labor Standards was $3,281,500.

The 1967 appropriation is $3,389,000.

The requested appropriation for 1968 is $4,645,000. This increase of $1,256,000 (up 37 percent) is principally to permit meeting the need for increased safety training programs to offset the rise in maritime industry accident rates resulting from increased military supply activities and expanded trade, and to meet new demands resulting from the extension of the FLSA.

Few of the activities of this Bureau are susceptible of statistical measurement. They include only illustratively—

The servicing of State labor agencies in connection with legislative and administrative developments.

Enforcement of the safety provisions of the Public Contracts Act—with some 250 violations being found, and corrected, each month.

Over 20,000 maritime safety inspections were made last year. A similar number are being made this year. This should be increased to 35,000 in 1968.

The Federal Government's safety program (Mission Safety–70) is carried on by the Bureau.

Mr. FLOOD. What is an example of a maritime safety inspection?

Secretary WIRTZ. Going on board the ship or at the shipyard to to make investigations to see whether safety rules are being followed.

Mr. FLOOD. American flag only?

Secretary WIRTZ. I think it is American flag only. Yes; I will answer categorically "Yes."

During the past year all of the Department's safety functions were consolidated in this Bureau. As a result of this action, 27 million workers covered by various acts and orders will receive better safety and health protection.

Efforts encouraging Federal agencies to intensify their accident prevention plans are showing results. The rate of work injuries for 1965 was the lowest on record—7.3 disabling injuries per million manhours worked. The resultant avoidance of lost manpower saved $4 to $5 million.

The marked increase in maritime activities arising from the Nation's southeast Asian commitments has resulted in a rising number of accidents to workers in these industries. In the first 9 months of 1966, accidents in shipyards alone rose 13 percent over the same period in 1965. In order to reduce this loss in defense production, transportation, and manpower in maritime operations, an increase of $676,000 is requested for intensified service in 1968.

The 1966 amendments to the Fair Labor Standards Act bring nearly a million new young farmworkers under the act. In order to protect these workers in the coming year, a hazardous-occupations order must be developed in agriculture. Appropriate standards must also be developed to apply to youth in the newly covered nonagricultural industries. An increase of $80,000 is being sought to cover these new responsibilities and the issuance of work permits or certificates so that employers are assured that the boy or girl is of age.

I should call your attention, Mr. Chairman and members of the committee, that there will also come into your record at this point a statement from the President's Committee for Employment of the Handicapped, which we carry for housekeeping purposes in our budget and as part of the Labor Standards Bureau presentation. But we do that

solely for housekeeping purposes, and Mr. Harold Russell will be here to present that.

The 1966 appropriation for the Women's Bureau was $871,000.

The 1967 appropriation was $888,000.

The requested appropriation for 1968 is $912,000. This is an increase of $24,000—3 percent.

Promotional efforts to stimulate more use of the Nation's women to improve their economic status, and to provide information and assistance to women generally are not measured meaningfully, but an indication of the growing interest in this area is that there will be 53 commissions on the status of women established throughout the Nation by the end of 1967.

I should only say this: I have a feeling of futility in describing the work of the Women's Bureau because it cannot be put in a statistical summary. What we are talking about are the standards, working with the States and with private organizations of one kind or another. It comes as close to being the conscience of the whole program as there is, but this computerized age is making it extremely difficult to be persuasive unless there are statistics. The women in the Women's Bureau are a dedicated group doing more than any small group in the country and yet because you cannot measure it you cannot be too detailed about it. Mrs. Peterson and Mary Kyserling will be setting this out in further detail, but I interrupt to say I am always worried when I cannot make a proper presentation because there are not statistics.

The Bureau of Employees Compensation (BEC) consists of two accounts, both of which are aimed primarily at compensating Federal workers injured or the families of those killed on duty.

The larger item is for the actual compensation benefit payments. The greater proportion of the resources is from direct appropriation. A lesser amount is reimbursed by other Federal agencies.

The 1966 total authorization was $75,175,000 ($48,530,000 was appropriated).

The 1967 authorization was $89,196,000 ($44,375,000 already appropriated and $12,196,000 will be requested to pay benefits authorized in the recent FECA amendments).

The requested authorization for 1968 is $92,521,000 (an increase of 4 percent). The direct appropriation request is $56,061,000 (a 1-percent decrease).

The second item is for salaries and expenses for administering the BEC. This is largely direct appropriation.

The 1966 appropriation for this item was $4,617,550.

The 1967 appropriation was $4,772,000.

The request for 1968 is $5,576,000. This is up $804,000 (17 percent) to pay for the costs of administering the recent FECA amendments and to start a study of BEC with a view to improving the organization and its efficiency.

The scope of these activities may be gaged by the fact that almost 135,000 cases were closed last year. This is expected to rise by 10,000 in 1967 and continue into 1968.

Office of the Secretary

The 1966 appropriation for the Office of the Secretary was $3,720,000 In 1967 it was $3,825,000.

The requested appropriation for 1968 is $5,484,000. The increase of $1,659,000 (about 43 percent) is accounted for by two major items. The centralization of departmental audit and accounting systems functions is provided by a $957,000 increase here with comparable reductions in other budgets. Several increases calculated to furnish businesslike guidance and support to the Department's programs cover the balance. The most notable of these are: $175,000 to provide for seven additional regional representatives and clerical assistance to assist me and other officials to direct departmental programs in the field. This augments a 2-year experiment that has proved most valuable; $175,000 would provide much-needed advice on policy and planning goals, program and budget evaluation, and organization and management services.

The Department's share of costs of Civil Service Commission Interagency Boards of Examiners is estimated at $75,000.

I suggest only a general outline here of the total of somewhat over $100 million for administration of the Department. About $5 million of it is for the Office of the Secretary, and that includes the administrative management services, but I will return to that shortly.

Mr. Laird. That is forty-three one-hundredths of 1 percent?

Secretary Wirtz. That is a typographical error on page 24 which I can only regret. I wish it were that way.

Mr. Flood. I struck the decimal point last night.

Secretary Wirtz. That should be struck. I wish it were right.

Bureau of Labor Statistics

That takes us to the Bureau of Labor Statistics which, as you know, is the oldest part of the Department of Labor, going clear back to 1884. I think it is and still remains an exceedingly significant part of the Department. Mr. Ross, the Commissioner, will make his presentation.

The 1966 appropriation for the Bureau of Labor Statistics (BLS) was $19,968,000.

The 1967 appropriation was $20,350,000.

The 1968 requested appropriation is $23,054,000. The increase requested—$2,704,000—is about 13 percent.

In 1968 the major focus of this increase is directed toward getting more precise information about the employment and related problems facing those who live in central city slums; improving the measurement of price changes, including more accurate adjustments for quality in the Consumer Price Index; assessing the competitiveness of U.S. products in international trade; and improving our knowledge of employee wages and benefits.

To help solve the difficult and persistent problems of poverty that continue in our major cities, much more precise information is needed—not only on the characteristics of the people, and the conditions in which they find themselves, but also on the impact of the many-sided effort being made to raise living standards in these areas.

Therefore, a series of surveys (at a cost of $1 million) in the poverty sections of 10 to 15 major areas is proposed.

Great public reliance is placed on the Consumer Price Index. Additional work is needed for investigation of survey methods which will be utilized in the next revision of the index: to extend and improve the industry-sector price indexes by adding 75 additional industries to those now included; and by substituting the more accurate transaction prices for list prices; $704,000 of the increase applies to this item.

BLS is already undertaking developmental work to measure the competitiveness of U.S. products in international trade, and we are now proposing to expand this activity in two directions at a cost of $120,000 to provide essential information to business firms, exporters, and others concerned with expanding markets for U.S. goods. Funds are requested to compare both the absolute level and the trend over time of U.S. commodities important in international trade with those originating in other countries.

As Chairman of the President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs, I have become acutely aware of special needs for more precise information about private pension plans. We are requesting funds in the amount of $150,000 for expanding our programs to study both the provisions and the operations of the numerous benefit plans, including their financial aspects and their role in the Nation's economic security system. Business, labor unions, and pension plan administrators will all benefit from these studies.

Finally there is a proposal involving additional costs of $200,000 to secure much greater detail than is now available on the general wage changes which are made in nonmanufacturing industries. Development of these statistics will be useful to management and union negotiators and will make possible a more meaningful assessment of the behavior of wages in the economy, their impact on prices, and their relation to changes in income and employment.

INTERNATIONAL LABOR AFFAIRS

The Bureau of International Labor Affairs has responsibility for two requests.

The first account is for salaries and expenses of the Bureau.

The 1966 appropriation was $1,219,000.

The 1967 appropriation was $1,230,000.

The 1968 request is for $1,463,000, an increase of $233,000 (about 19 percent). The transfer of the administrative costs of some trade functions from BES at $100,000 is almost one-half the increase. The functions of this Bureau are not susceptible of statistical counting. The Assistant Secretary, Mr. Weaver, will describe them in more depth.

Another $100,000 is proposed to launch a program on a modest scale in an area of some concern. All too frequently any problem in labor-management relations of U.S. employers overseas have been seized upon by anti-U.S. elements. This despite the fact that the record of labor-management relations of U.S. firms overseas is exceptionally good. The initial request will be used primarily for study to develop information and knowledge on how to initiate a program

of education. This small investment would result in large dividends through the improvement of the American image in the developing countries.

DIVISION OF FUNCTION BETWEEN DEPARTMENTS OF STATE AND LABOR

Mr. FLOOD. Would that be your job or State's?

Secretary WIRTZ. We have talked with the Department of State about it. You will find in the discussion with Assistant Secretary Weaver that that question is very pertinent with respect to almost everything we do, as illustrated, for example, by the fact that the labor attachés are part of the Department of State. However, we participate very actively in the enrollment and enlistment and the lining up of labor attachés and the training and servicing of the labor attachés.

Mr. FLOOD. The labor attachés are employees of the Department of State?

Secretary WIRTZ. That is correct. They are part of the Department of State, but the relationship is such that a very substantial part of their training and their service is done through the Department of Labor.

I should be less than frank if I did not tell you, Mr. Chairman, this has been a matter and continues to be a matter of less than completely clear division of function. I think there is a recognition on both sides, the Department of State and our side, of the mutuality of interest and relatively good working division of that interest. But I do not mean to suggest for a moment that there are not points of some difference, and there would be a question with respect to this particular point. I would be glad, when we get to that point, to go into it in detail, but you are completely right.

Mr. FLOOD. Knowing some of these operations, I am wondering if the impact to achieve your goal in foreign countries might be better coming from State than from you fellows.

Secretary WIRTZ. This would all be done through the labor attachés who are members of the Foreign Service and would all be done through those channels. There is always the question——

Mr. FLOOD. You are not spreading your wings, then?

Secretary WIRTZ. I do not think so. Again, I do not mean to mislead you. I think some people in the Department of State would feel this could better be carried on there, and it is a matter that we ought to talk about in detail when we come to it.

Just to summarize the rest of the point, we are talking about U.S. employers' labor relations. In this country it is the Department of Labor which would be familiar with those relations and would be the anchor end of this. This warrants your further attention. In my judgment, it is the most important single point in this foreign program.

Mr. FLOOD. You may proceed.

CONFERENCE OF LABOR ATTACHÉS

Secretary WIRTZ. The second item is a special foreign currency appropriation to finance conferences of labor offices overseas.

The 1967 appropriation—the first year for this account—was $75,000.

The request for 1968 is $75,000—no change from 1967.

The conference held in New Delhi, India, the one planned this year in Tel Aviv, Israel, and future conferences are a valuable way of keeping those labor officers stationed overseas informed of current policies and their implications.

Mr. FLOOD. Why would not the State Department pay for that?

Secretary WIRTZ. It comes out of the bloc funds, Mr. Chairman.

Mr. FLOOD. It is not dollars?

Secretary WIRTZ. That is right. It would not make much difference. I should like to add only that the New Delhi conference was a privilege to attend.

Mr. FLOOD. I heard some very good things about it.

Secretary WIRTZ. It is my impression that where we both may have wondered in advance how much sense it made to go half-way around the world to talk to about 30 or 40 people, I came to the realization we were talking to 30 or 40 who were real outposts of democracy in this world.

Mr. FLOOD. You had a great international press on it.

OFFICE OF THE SOLICITOR

Secretary WIRTZ. The 1966 appropriation for the Office of the Solicitor was $5,608,000.

In 1967, $5,591,000 was appropriated.

The 1968 appropriation request is $5,885,000. This is an increase of $294,000—about 5 percent.

Legal activities are not given to meaningful statistical counts, however, some measure may be taken by realizing that almost 1,900 cases were instituted in 1966 under the various laws for which the Department is responsible. The caseload is expected to increase.

The request includes only one program increase, for an additional $140,000 to meet the responsibilities in interpreting and litigating questions arising under the 1966 amendments to the Fair Labor Standards Act.

CONTRACT COMPLIANCE AND CIVIL RIGHTS

The 1966 appropriation for the Federal contract compliance and civil rights program was $451,000 for that part of the year in which the organization existed.

The 1967 appropriation was $1,103,000.

In 1968 the request is for $1,355,000, an increase of $252,000—about 23 percent.

This is the group which administers the Executive order provisions requiring that on Government contracts there be no discrimination on the basis of race.

The 1968 increase is to meet the heavier work demands in securing equal opportunity compliance from Government contractors and to operate more thoroughly in securing compliance with title VI of the 1964 Civil Rights Act.

PLANS FOR PROGRESS

In this account funds are included for the Plans for Progress. This activity is in the Department of Labor only for housekeeping purposes. Mr. Sylvester, who will present the estimate, is not re-

sponsible for the program but is completely familiar with it. The present director has been on the job for only a few weeks.

Indicative statistical measures of these programs show:

Almost 160,000 facilities and sites will be subject to contractor compliance activities in 1967. This will grow to 220,000 in 1968.

Complaints of discrimination under title VI of the Civil Rights Act are expected to reach 600 in 1967 and rise to 750 in 1968.

The development and implementation of policies and programs to insure that Government contractors and subcontractors in fact provide equal employment opportunity commensurate with the abilities of applicants and employees is among our most important national objectives. We must meet our obligations as coverage expands and provide fair and equal treatment to employers and employees alike.

Programs or activities receiving Federal financial assistance cannot, under title VI of the Civil Rights Act, deny participation or benefit to any person on the ground of race, color, or national origin. This prohibition covers all of the manpower training and benefit programs of the Department discussed earlier. As these programs grow, and as individuals become aware of their rights, more and more individuals are expected to complain of discrimination. In approximately 85 percent of the cases where a complaint has been investigated, there has indeed been found evidence of discrimination.

Mr. FLOOD. I am always startled by these phrases such as "plans for progress." It sounds like the second act of a bad play.

Secretary WIRTZ. I think it is the first act of a good one, Mr. Chairman. It reflects that movement which was started by American management in 1961, a program in which now 350 of the largest companies in the country have come together to develop a voluntary program. It started when President Johnson was Vice President. He developed this program or got it started. It would have been in late 1961 or early 1962.

Mr. FLOOD. Will Mr. Sylvester develop this?

Secretary WIRTZ. No. I remember now, it started with President Kennedy.

Mr. FLOOD. Will Mr. Sylvester talk about this?

Secretary WIRTZ. Yes, he will. It is essentially a program conducted by 350 companies for voluntary compliance with civil rights, and the administration is essentially one carried on by five volunteers.

Mr. FLOOD. This is not costing us anything?

Secretary WIRTZ. It is not costing much.

Mr. FLOOD. It must be good.

Secretary WIRTZ. It is very good. The cost is very low, although not negligible. That will be developed.

Mr. FLOOD. Will there be any discussion of discrimination because of sex or age?

Secretary WIRTZ. Yes, by Mr. Sylvester. That will come up various places. As you know, Mr. Chairman, that is a fairly mixed up picture, because title VII of the Civil Rights Act covers it. The act covers sex as well as race. The Executive order does not cover the matter of sex. Neither of them covers the matter of age. We now have before the Congress an administration recommendation on that, and I would welcome an opportunity sometime to develop the parallel or lack of parallel between those.

In answer to your specific question, Mr. Sylvester's statement will cover only the racial discrimination.

I should also note in the Department's Budget there will be an item for the President's Committee on Consumer Interests. Mrs. Peterson will speak to that. We carry it in our budget, again, only for housekeeping purposes. So I only note it in this statement.

That covers my general statement, Mr. Chairman. I would face now the question of whether you want to question on this general statement, or whether you would like me also to make my short statement about the Office of the Secretary itself.

Office of the Secretary, Salaries and Expenses

Object classification

[In thousands of dollars]

		1966 actual	1968 estimate	168 estimate
	Personnel compensation:			
11.1	Permanent positions	3,245	3,492	3,893
11.3	Positions other than permanent	43	34	34
11.5	Other personnel compensation	28	27	27
	Total personnel compensation	3,316	3,553	3,954
12.0	Personnel benefits	235	256	290
21.0	Travel and transportation of persons	199	196	238
22.0	Transportation of things	11	5	10
23.0	Rent, communications, and utilities	172	180	219
24.0	Printing and reproduction	175	170	185
25.1	Other services	508	355	409
26.0	Supplies and materials	90	95	104
31.0	Equipment	64	49	75
99.0	Total obligations	4,769	4,860	5,484

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	328	330	372
Full-time equivalent of other positions	10	7	7
Average number of all employees	316	320	348
Average GS grade	9.9	9.9	10.0
Average GS salary	$10,428	$10,824	$11,044

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Executive direction	1,028	1,110	1,400
	2. Management and central services	3,604	3,612	3,942
	3. Appeals from determination of Federal employee claims	137	138	142
10	Total program costs, funded—Obligations	4,769	4,860	5,484
	Financing:			
	Receipts and reimbursements from:			
11	Administrative budget accounts for emergency preparedness functions	−102	−83	
13	Trust fund account: Unemployment Trust Fund (Annual appropriation act)	−140	−140	−538
16	Comparative transfer from other accounts	−1,328	−957	
25	Unobligated balance-lapsing	168		
	New obligational authority	3,368	3,680	4,946
	New obligational authority:			
40	Appropriation	3,545	3,685	4,946
41	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (79 Stat. 531, 80 Stat. 674)	−212	−5	
42	Transferred from "Unemployment compensation for Federal employees and ex-servicemen" (Public Law 89-426)	35		
43	Appropriation (adjusted)	3,368	3,680	4,946
	Relation of obligations to expenditures:			
10	Total obligations	4,769	4,860	5,484
70	Receipts and other offsets (items 11-17)	−1,570	−1,180	−538
71	Obligations affecting expenditures	3,199	3,680	4,946
72	Obligated balance, start of year	300	313	372
74	Obligated balance, end of year	−313	−372	−1,178
77	Adjustments in expired accounts	−34		
90	Expenditures	3,152	3,621	4,140

Mr. Flood. Suppose we go ahead with your statement on the salaries and expenses for your Office.

Office of the Secretary, Salaries and Expenses

Statement by W. Willard Wirtz, Secretary of Labor, Office of the Secretary, Salaries and Expenses

Mr. Chairman, and members of the committee, so far as the budget items for the Office of the Secretary are concerned, probably only a little needs to be added to my opening statement—to provide a basis for whatever questions you may have.

The requested appropriation is $5,484,000.

This is $1,659,000 above the 1967 figure. The largest part of this increase ($957,000) reflects the centralizing in the Office of the Secretary of certain auditing functions which have previously been in various offices. This part of the increase is offset by reductions in the comparable items in the budgets covering those other offices.

Other proposed changes add up to an increase of 42 positions, and $702,000.

No changes (except for mandatory costs as noted below) are proposed so far as a number of units in the Office are concerned: the executive staff itself; the information, publications, and reports unit; the legislative affairs unit; the Employees Compensation Appeals Board; the personnel office; and the library. But I would welcome any questions you may have about these units.

These are the proposed changes:

1. I am requesting an appropriation to permit my establishing *Regional Representatives* in seven regional offices—in the pattern already tried, and I think proven sound, in the San Francisco office. Such representatives greatly facilitate the welding of the Department, at the critical level of field operations, into a cohesive,

effective agency. This change would involve setting up 14 new positions, and a cost of $175,000.

2. The *Policy Planning and Research* unit in the Office of the Secretary has been kept deliberately small (presently including ten people) because quite a bit of this kind of work is done in the various bureaus. But we have overdone this to the point of false economy, and I find myself crippled in trying to develop new ideas (and in checking and containing others) that don't fit into any established department pattern. The appropriation request here is for seven new positions, and $87,000.

Most of the other requested changes are in the Office of the Assistant Secretary for Administration (OASA) which is part of Office of the Secretary. It is through OASA, headed up by Assistant Secretary Leo R. Werts, that the Department is "managed"—in a very broad sense of the term.

It isn't just "housekeeping," but rather the establishing and maintaining of operational efficiency, and economy—but as a means, not an end in itself.

3. The change in organization of the *auditing* function has already been mentioned. We are probably doing too little auditing. We can do more, without an increase in personnel, by bringing the several auditing groups presently assigned to separate Department programs together. This involves a *shift* of 59 positions and $860,000. (What is proposed here is what the Committee authorized two years ago for the Department of Health, Education, and Welfare.)

4. We have been deficient, and slow—to the point of being criticized by the House Government Operations and the General Accounting Office—in setting up *program costs accounting systems*. Leaving this too much to the various bureaus has resulted in its being done inadequately or in some cases hardly at all. We still lack a number of accounting systems which are in fact required to accord with standards and criteria issued by the General Accounting Office.

The Department has made a commitment to the Bureau of the Budget, General Accounting Office and the interested committees in Congress that a series of industrial type cost accounting systems for all its programs will be developed and in effect by December 31, 1968.

Effective implementation of the Department's Management System and its eventual extension to all levels within the Department, including State agencies and major continuing projects financed by Federal funds made available through the Department of Labor make mandatory the early complete installation of an integrated financial accounting and reporting system.

The 1967 budget provides for consolidation of 8 positions in the accounting systems development staff, and for $97,000. We are asking that this be increased by 7 positions and $87,000.

5. The Department has been a pioneer, however, in the development of an *integrated Management System*, including procedures for appraising performance, effectiveness, and efficiency in both the planning of operational programs and in the achievement of established goals and objectives. This development work is done in the Office of Organization and Management (which is in the Office of Assistant Secretary for Administration).

A number of new programs have been added to the Department's responsibilities: We also propose to extend the integrated Management System to State Employment Service agencies so far as this is practicable. We are at the point where a management information system, including a management information center, can be set up to develop, assemble and distribute management information relative to the various programs administered by the Department.

We are requesting an additional four positions, and $44,000 to develop further this integrated Management System program. (The 1967 appropriation is for 17 positions, and $236,100.)

6. The Office of Program and Budget Review (also in the Office of the Assistant Secretary for Administration) is a staff facility that provides objective information and evaluation of program and budget performance and effectiveness for the use of Departmental officials responsible for policy development, program planning, and program operation. This Office is responsible for the continuous independent monitoring of program activities, the timely notification of appropriate officials of identified or incipient difficulties or shortfalls in program performance, the review and evaluation of program directors' quarterly progress reports with appropriate recommendations, and for supplying assistance in the planning, programming, budgeting and production scheduling processes.

As the integrated Management System has become more fully developed, and the number of Departmental programs has expanded, the need for these services—and for cost effectiveness analysis, work measurement, and program evaluation review—has grown rapidly.

The 1967 appropriation for the Office of Program and Budget Review is $274,800, providing for 19 posisions. The requested appropriation for 1968 adds $44,000 and four positions to this.

I have set out these last three items (accounting systems development; integrated management system development, and program review) in what may be confusing detail. The three items together involve requested increased appropriations totalling $175,000 and 15 positions. The approval of these requests will result, in my judgment, in the repayment of this cost many times over in the better administration which they will permit.

7. We have been absorbing the Department's share of the costs of the Civil Service Commission Board of Examiners. This cost has increased materially over the past two years, and our general situation has become tighter and tighter. We are requesting $75,000 to cover this item.

8. About $115,000 is requested for pay increase costs, within-grade promotions and the cost of relocation expenses of transferred employees. This is partially offset by decreases of $16,000 in non-recurring costs.

9. Funds for civil defense and defense mobilization functions previously financed by the Office of Emergency Planning, in the amount of $91,000, are requested to be provided in this appropriation.

10. One thousand dollars ($1,000) is requested to provide the Department of Labor's share of the costs of the Conference on Developing Institutions to acquaint college officials with Federal programs designed to provide financial support to educational institutions.

Mr. Chairman, that concludes my statement. I shall be happy to answer any questions you might have.

Secretary WIRTZ. With respect to my own Office, the Office of the Secretary itself, probably only a little needs to be added to provide a basis for questions you may have.

The requested appropriation is $5,484,000. That is $1,659,000 above the 1967 figure. The largest part of this increase, $957,000, reflects the centralizing in the Office of the Secretary of certain auditing functions and certain functions related to accounting systems which have previously been in various offices. Part of this increase is offset in the comparable items in the budget covering those other offices.

The other proposed changes add up to an increase of 42 positions, and some $702,000.

No changes, except for mandatory costs which are noted below, are proposed so far as a number of the units of the Office are concerned: the executive staff itself; the information, publications, and reports unit; the legislative affairs unit; the Employees Compensation Appeals Board; the personnel office; and the library. But, of course, I would welcome any questions you have, even though there is no change and, therefore, I have not gone into it in detail.

I have listed the proposed changes which are involved here.

REGIONAL REPRESENTATIVES OF THE SECRETARY

First, I am requesting an appropriation to permit my establishing regional representatives in seven regional offices, in the pattern already tried, and I think proven sound, in the San Francisco office.

Mr. FLOOD. What in the world do you want with those fellows now, under all the circumstances in this year of our Lord 1967. Why now?

Secretary WIRTZ. I would like to come back with a direct answer to that after taking a slight, momentary detour to make note of this fact: I will also in the course of these discussions, Mr. Chairman raise with you the question whether there should be in the manpower area some kind of regional bringing together of the various offices. If it should be the judgment that those programs should be brought to-

gether to some extent at the regional level, I will withdraw this suggestion. I hope there will be a full opportunity to discuss this.

Mr. FLOOD. How much money is involved?

Secretary WIRTZ. As far as these seven are concerned it would be $175,000, which would cover seven professional and seven clerical jobs. The general issue, Mr. Chairman and members of the committee, is the extent to which an officer of the Government can be responsible for a network——

Mr. FLOOD. We are not questioning your knowledge of what you are doing. I just say, why now?

Secretary WIRTZ. Principally because the manpower program——

Mr. FLOOD. Do you not realize we have a problem?

Secretary WIRTZ. Yes, sir. I think that problem includes the orderly administration of the whole manpower program for the Federal Government and the States, and the central point involved here is the necessity of pulling together——

Mr. FLOOD. That was not my point.

Secretary WIRTZ. I understand your point is the necessity of economizing in every way, if I understood your point——

Mr. FLOOD. That is right.

Secretary WIRTZ (continuing). And making the fullest possible use of the funds which are appropriated by Congress.

I think there are elements of coordination in the manpower program particularly remaining of such a nature that any expenditure along this line of pulling them together and coordinating them would repay us many times over.

Mr. FLOOD. You had better be prepared to go to the jury on this point.

Secretary WIRTZ. I should like to, very much. I think the point at which we can best do it is the point when there is before the committee the Manpower Administration. I said that in response to your question about the regional representatives, but I should say to you very frankly, if there is the development of a well-organized Manpower Administration, then I think the answer is I would not need——

Mr. FLOOD. You will have your day in court.

POLICY PLANNING AND RESEARCH

Secretary WIRTZ. The second point involves the Policy Planning and Research unit in the Office of the Secretary. That is a very small unit. It has been kept deliberately small, presently with 10 people, because quite a bit of that kind of work of policy planning, research, and so forth, is done in the various bureaus. I think we have overdone that to the point of false economy. I find myself, frankly, crippled in trying to develop new ideas and in checking some of the others that I have that are wrong, that do not fit into any established Department pattern.

We are asking for seven new positions here, and $87,000. That is the group, Mr. Chairman and members of the committee, to which I turn when some idea appears worth developing, sometimes requiring quite intensive development. It is a unit to which I will refer ideas that come up from the various departments. I could not possibly prove that case statistically. I can only say that in the development

of the recent program, I have found it seriously undermanned, and feel that I need very much that kind of expansion.

Mr. FLOOD. How much money are you talking about?

Secretary WIRTZ. $87,000, seven new positions.

Most of the other requested changes are in the Office of the Assistant Secretary for Administration, part of Office of the Secretary, headed up, as I have indicated earlier, by Assistant Secretary Leo R. Werts. The Department is managed—and I mean that in a very strong sense of the term—by this Office. Everything that I am proud of as far as the efficient and economical management of the Department is traceable to them.

Mr. FLOOD. Are you proud of them?

Secretary WIRTZ. I certainly am, Mr. Chairman. If he were not here, I would say a good deal more about the manner in which Leo Werts has administered the Department, We have done a job for which we have never gotten any credit because we do not spend very much money. I do not mean to answer impetuously, but it sometimes irks us that the very large departments of Government which spend huge amounts of money can show huge savings when on a percentage basis our poor little operation saves much more rigorously.

AUDIT AND ACCOUNTING SYSTEMS

The change in organization of the auditing function is one which already has been mentioned. We are probably doing too little auditing in the Department of Labor, I do not think there is much question about that on balance. I think as a result of tightening up and strictures of the kind to which you have referred, we are dangerously close to the edge on what we should be doing without further auditing checkups. Instead of asking for more money for this, we are suggesting that we take the auditing functions which are now spread through several different bureaus and bring them into the Secretary's Office, Mr. Werts' office.

Mr. FLOOD. Why are you putting that under your shop?

Secretary WIRTZ. I believe by pulling three or four units together it will be possible to accomplish more, and more effectively, than with the groups spread around. I rather think we are in the area of the extent to which it is well to try to integrate and tie together and centralize functions of the Department. If so, I would be glad to cover that along with the other. This is a little broader matter.

Mr. FLOOD. I am advised by Mr. Moyer that HEW did precisely this thing a few years ago, and for the same reason.

Secretary WIRTZ. Yes. The committee took it up with HEW and approved it. It is separate from the other problem. I think this is much more than a matter of mechanical efficiency. There is a more complex point as far as the development of program costs accounting systems are concerned. We have been, frankly, deficient. We have been slow. We in the Department of Labor have been criticized by this committee, we have been criticized by the House Government Operations Committee, we have been criticized by the General Accounting Office for not developing our cost accounting systems.

Mr. FLOOD. "Criticized" is an understatement.

Secretary WIRTZ. Yes; it is. I do not argue with the criticism. I simply say to you that is the explanation of our asking for a slight

enlargement here. We are asking for an increase of seven positions and $87,000 in this area on the basis of trying to get our cost accounting systems in line by 1968. We think we can do it on that basis. The request is for the seven positions and the $87,000 for that purpose.

INTEGRATED MANAGEMENT SYSTEM

While we have fallen behind in that particular area, we have been away out in front as far as the development of the integrated management system is concerned.

I say this, not as a matter of self-pride, but within the administration of the Government. The work has been done in the Department of Labor in putting complex programs on a basis where there is some kind of control function exercised as far as their administration is concerned. Here we are quite far out in front. We are at the point now where we have developed a system which we frankly——

Mr. FLOOD. Do you know about this yourself as the Secretary?

Secretary WIRTZ. Do I know about the system or about the results of it?

Mr. FLOOD. The system.

Secretary WIRTZ. I do know about the system through Leo Werts, and so forth. It has not been easy. The reason I know about it is because other people who are here, frankly, fight me because this attempt is to put these programs on a basis which I as a lawyer am not professionally disposed toward. I have gotten into it quite far because there is that feeling.

Mr. FLOOD. I would never be able to understand it. I was just wondering how you would.

Secretary WIRTZ. The understanding is based to a considerable degree on personal confidence, but it includes active participation in it to be sure you do not put programs of the kind we have on a PPBS basis without having all kinds of difficulty. We have done it more than anyplace else, except the Department of Defense, strange as that may seem. It has meant some friction.

I think there is a gradual adjustment of all of us to the harness that we have been put into.

At the beginning, I said I testified on this with confidence, and that is partly because I know what we are doing. We are asking for the addition of another four positions to make that program work even better. I would be glad to have you inquire of the various units as to whether this is satisfactory. We think we have done it on a basis which makes it not an end in itself, but only a means to a more efficient program.

There are people in this room who would have some question about whether that is true.

Then, there are two sets of four position requests on that. What it all comes down to, Mr. Chairman and gentlemen, is three items: the accounting systems development program, the integrated management system development, and the program review. I have referred to them in what may be some confusion of detail. They add up to the fact that we are asking for 15 positions and $175,000 to handle the rugged, rigorous part of our self-administration cost accounting. In my judgment, that $175,000 will repay itself many times over.

Just a few other minor items.

We have been absorbing the Department's share of the cost of the Civil Service Commission Board of Examiners. That has gone up over the last 2 years. Our situation is getting tighter and tighter.

We are asking this year for $75,000, which is the cost.

Mr. FLOOD. That is the Joint Board?

Secretary WIRTZ. That is correct.

Then there is $116,000 for pay increase costs, within-grade promotions, and the cost of relocation expenses of transferred employees. There is an offset of $16,000. That is the so-called mandatory,

For "Civil defense and defense mobilization" functions, previously financed by OEP, Office of Emergency Planning, the amount of $91,000 is requested to be provided in this appropriation,

Then $1,000 to provide the Department's share of the cost of the Conference on Developing Institutions.

That is a summary of the statement for my Office. I look forward to the opportunity to answer questions about it.

Mr. FLOOD. Thank you very much, Mr. Secretary.

Secretary WIRTZ. Thank you, Mr. Chairman.

Mr. FLOOD. We will place the various tables and other material that are appended to your formal statement in the record at this point.

(The material referred to follows:)

Comparison of 1967 Appropriations With 1968 Estimates

Appropriation	Fiscal year 1967							
	(1) Enacted		(2) Supplementals [1]		(3) Comparative transfers and reserves		(4) Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Manpower development and training activities	168	[2] $392,589,538					168	$392,589,538
District of Columbia Employment Service Center	25						25	
Office of Manpower Administrator	421	[3] 31,920,740		+$97,000	−11	−$185,000	410	31,832,740
Bureau of Apprenticeship and Training	686	8,180,000		+79,000		−14,000	686	8,245,000
Grants to States	(290)	(524,000,000)					(290)	(524,000,000)
Unemployment compensation for Federal employees and ex-servicemen		[4] 91,331,000		−13,561,000		[5] −11,439,000		66,331,000
Bureau of Employment Security, salaries and expenses	216	2,750,000			−9	−128,000	207	2,622,000
(Trust)	(1,414)	(17,922,000)		(+245,000)	(−24)	(−398,000)	(1,390)	(17,769,000)
Labor-Management Services Administration	673	8,510,000		+68,000		−18,000	673	8,560,000
Wage and Hour Division	1,827	22,256,000		+481,000	−23	−426,000	1,804	22,311,000
Bureau of Labor Standards	266	3,389,000		+45,000	+23	+388,000	289	3,822,000
Women's Bureau	76	888,000		+23,000		−3,000	76	908,000
Bureau of Employees' Compensation:								
Compensation fund		44,375,000		+12,196,000				56,571,000
Chargeback costs		(32,625,000)						(32,625,000)
Salaries and expenses	524	4,707,000		+161,000		−8,000	524	4,860,000
(Trust)	(7)	(65,000)		(+2,000)			(7)	(67,000)
Bureau of Labor Statistics	1,387	20,350,000		+243,000		−52,000	1,387	20,541,000
Bureau of International Labor Affairs	85	1,230,000		+20,000	+8	+91,000	93	1,341,000
Excess foreign currency		75,000						75,000
Office of the Solicitor	479	5,451,000		+148,000		−16,000	479	5,583,000
(Trust)		(140,000)		(+4,000)				(144,000)
Office of the Secretary	263	3 685,000			+43	+559,000	306	4,244,000
(Trust)		(140,000)			(+24)	(+398,000)	(24)	(538,000)
Office of Federal Contract Compliance	67	1,103,000				−3,000	67	1,100,000
President's Committee on Consumer Interests	19	327,000					19	327,000
Total, general funds	7,182	643,117,278			[6] −31	−11,254,000	7,213	631,863,278
Total, trust and other funds	(1,711)	(574,892,000)		(+251,000)			(1,711)	(575,143,000)
Grand total	8,893	1,218,009,278		(+251,000)	[6] +31	[7] −11,254,000	8,924	1,207,006,278

Appropriation	1968		Difference (col. 5-col. 4)					
	(5) Estimate		(6) Mandatory		(7) Program		(8) Total	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Manpower development and training activities	168	$401,854,000		−$47,000		+$9,311,462		+$9,264,462
District of Columbia Employment Service Center	25							
Office of Manpower Administrator	410	36,779,000		+45,381		+4,900,879		+4,946,260
Bureau of Apprenticeship and Training	688	8,416,000		+103,200	+2	+67,800	+2	+171,000
Grants to States	(290)	(557,107,000)		(+32,932,000)		(+175,000)		(+33,107,000)
Unemployment compensation for Federal employees and ex-servicemen		65,000,000		−1,331,000				−1,331,000
Bureau of Employment Security, salaries and expenses	207	2,720,000		+101,800		−3,800		+98,000
(Trust)	(1,399)	(18,328,000)		(+431,200	(+9)	(+127,800)	(+9)	(+559,000)
Labor-Management Services Administration	667	8,683,000	−6	+123,000			−6	+123,000
Wage and Hour Division	2,040	25,424,000		+190,000	+236	+2,923,000	+236	+3,113,000
Bureau of Labor Standards	356	4,645,000		+68,800	+67	+754,200	+67	+823,000
Women's Bureau	76	912,000		+4,000				+4,000
Bureau of Employees' Compensation:								
Compensation fund		56,061,000		−510,000				−510,000
Chargeback costs		(36,460,000)		(+3,835,000)				(+3,835,000)
Salaries and expenses	574	5,508,000		−10,688	+50	+658,688	+50	+648,000
(Trust)	(7)	(68,000)		(+1,000)				(+1,000)
Bureau of Labor Statistics	1,522	23,054,000		+281,000	+135	+2,232,000	+135	+2,513,000
Bureau of International Labor Affairs	98	1,463,000		+31,000	+5	+91,000	+5	+122,000
Excess of foreign currency		75,000						
Office of the Solicitor	490	5,741,000		+18,000	+11	+140,000	+11	+158,000
(Trust)		(144,000)						
Office of the Secretary	348	4,946,000		+99,500	+42	+602,500	+42	+702,000
(Trust)	(24)	(538,000)						
Office of Federal Contract Compliance	86	1,355,000		−42,192	+19	+297,192	+19	+255,000
President's Committee on Consumer Interests	19	337,000		+10,000				+10,000
Total, general funds	7,774	652,973,000	−6	−865,199	+567	+21,974,921	561	+21,109,722
Total, trust and other funds	(1,720)	(612,645,000)		(+37,199,200)	(+9)	(+302,800)	(+9)	(+37,502,000)
Grand total	9,494	1,265,618,000	−6	+36,334,001	+576	+22,277,721	+570	+58,611,722

[1] Represents supplementals for cost of pay increases and relocation of employees and Bureau of Employees' Compensation Fund supplemental.
[2] Includes $2,545,538 carryover balance.
[3] Includes $1,020,740 carryover balance.
[4] Includes $1,331,000 carryover balance.
[5] Reserved by Bureau of the Budget—base budget reduced for comparative purposes.
[6] Represents 12 positions comparatively transferred from OEO and 19 positions from WCF for centralized audit functions.
[7] Includes $185,000 comparatively transferred from OEO to OSEC.

Analysis of Program Changes—Fiscal Year 1968

Account	Increases									Decreases				Net change	
	New programs		Expansion of existing programs		Transfer of OEP financing		Full year costs of 1967 authorizations	Total		Nonrecurring equipment	Nonrecurring prior year balances	Other	Total		
	Positions	Amount	Positions	Amount	Positions	Amount		Positions	Amount					Positions	Amount
Manpower development and training activities	------	[1] $2,000,000	------	$9,857,000	------	----------	----------	------	$11,857,000	--------	$2,545,538	----------	$2,545,538	------	+$9,311,462
Office of Manpower Administrator	------	----------	------	6,083,000	------	----------	$54,519	------	6,137,519	$15,900	1,020,740	$200,000	1,236,640	------	+4,900,879
Bureau of Apprenticeship and Training	------	----------	------	----------	2	$24,000	77,200	2	101,200	33,400	----------	----------	33,400	+2	+67,800
Grants to States	------	----------	------	----------	------	(175,000)	----------	------	(175,000)	--------	----------	----------	----------	------	+(175,000)
Bureau of Employment Security:															
Salaries and expenses	------	----------	------	----------	------	----------	----------	------	----------	3,800	----------	----------	3,800	------	−3,800
Trust fund	------	----------	------	----------	(9)	(138,000)	----------	(9)	(138,000)	(10,200)	----------	----------	(10,200)	(+9)	(+127,800)
Wage and Hour Division	233	[2] 2,880,000	------	----------	3	43,000	----------	236	2,923,000	--------	----------	----------	----------	+236	+2,923,000
Bureau of Labor Standards	6	[3] 80,000	61	676,000	------	----------	----------	67	756,000	1,800	----------	----------	1,800	+67	+754,200
Bureau of Employees' Compensation, Salaries, and Expenses	50	[4] 650,000	------	----------	------	----------	13,500	50	663,500	4,812	----------	----------	4,812	+50	+658,688
Bureau of Labor Statistics	39	400,000	91	1,774,000	5	58,000	----------	135	2,232,000	--------	----------	----------	----------	+135	+2,232,000
Bureau of International Labor Affairs	5	100,000	------	----------	------	----------	----------	5	100,000	9,000	----------	----------	9,000	+5	+91,000
Office of the Solicitor	11	[5] 140,000	------	----------	------	----------	----------	11	140,000	--------	----------	----------	----------	+11	+140,000
Office of the Secretary	------	76,000	36	437,000	6	91,000	----------	42	604,000	1,500	----------	----------	1,500	+42	+602,500
Office of Federal Contract Compliance	------	----------	19	275,000	------	----------	33,192	19	308,192	11,000	----------	----------	11,000	+19	+297,192
Total, general funds	344	[5] 6,326,000	207	19,102,000	16	216,000	178,411	567	25,822,411	81,212	3,566,278	200,000	3,847,490	+567	+21,974,921
Total, trust funds	------	----------	------	----------	(9)	(313,000)	----------	(9)	(313,000)	(10,200)	----------	----------	(10,200)	+(9)	+(302,800)
Total	344	6,326,000	207	19,102,000	25	529,000	178,411	576	26,135,411	91,412	3,566,278	200,000	3,857,690	+576	+22,277,721

[1] Reflects effect of 1966 amendments to the Manpower Development and Training Act to provide health services for trainees.
[2] Includes 233 positions and $2,780,000 to carry out 1966 amendments to FLSA.
[3] To carry out 1966 amendments to FLSA.
[4] To carry out 1966 amendments to FECA.
[5] Includes 300 positions and $5,650,000 arising from newly enacted legislation.

Analysis of Mandatory Changes, Fiscal Year 1968

Appropriation	Increases						
	Restoration of 1967 pay costs absorption	Full-year cost of 1967 WIG's	1968 cost of 1968 WIG's	Increased payments for FECA	Full-year cost of 1967 space	Other	Total
Manpower development and training activities							
Office of Manpower Administrator		$44,300	$55,400				$99,700
Bureau of Apprenticeship and Training	$125,000				$9,300		134,300
Grants to States						($34,213,000)	(34,213,000)
Unemployment compensation for Federal employees and ex-servicemen						2,600,000	2,600,000
Bureau of Employment Security, salaries and expenses	90,000	23,300	20,400				133,700
(Trust)	(200,000)	(162,900)	(126,500)				(489,400)
Labor-Management Services Administration	150,000	(1)		$900			150,900
Wage and Hour Division	125,000	70,000	59,600	7,100	21,400		283,100
Bureau of Labor Standards	40,000	12,500	27,800				80,300
Women's Bureau		3,950	2,750				6,700
Bureau of Employees' Compensation:							
Compensation fund							
Chargeback costs						(3,835,000)	(3,835,000)
Salaries and expenses		1,333	2,253	6,572			10,158
(Trust)		(1,002)	(233)				(1,235)
Bureau of Labor Statistics	189,000		51,000	9,230		88,000	337,230
Bureau of International Labor Affairs	15,000	11,200	8,900				35,100
Office of the Solicitor		10,105	11,105			23,000	44,210
Office of the Secretary	85,000	11,067	15,098			4,500	115,665
Office of Federal Contract Compliance	24,000						24,000
President's Committee on Consumer Interests	7,400	1,700	1,900				11,000
Total, general funds	850,400	189,455	256,206	23,802	30,700	2,715,500	4,066,063
Total, trust and other funds	(200,000)	(163,902)	(126,733)			(38,048,000)	(38,538,635)
Grand total	1,050,400	353,357	382,939	23,802	30,700	40,763,500	42,604,698

[1] Absorption of these costs will require the reduction of 6 positions.

Appropriation	Decreases					Net mandatory costs
	Nonrecurring extra day of pay	Nonrecurring rental costs	Decrease payments for FECA	Other	Total	
Manpower development and training activities	$7,000	$40,000			$47,000	−$47,000
Office of Manpower Administrator	19,700	34,619			54,319	+45,381
Bureau of Apprenticeship and Training	27,800	3,300			31,100	+103,200
Grants to States				($1,281,000)	(1,281,000)	(+32,932,000)
Unemployment compensation for Federal employees and ex-servicemen				3,931,000	3,931,000	−1,331,000
Bureau of Employment Security, salaries and expenses	7,700	24,200			31,900	+101,800
(Trust)	(58,200)				(58,200)	(+431,200)
Labor-Management Services Administration	27,900				27,900	+123,000
Wage and Hour Division	71,700	21,400			93,100	+190,000
Bureau of Labor Standard	10,200		$1,300		11,500	+68,800
Women's Bureau	2,700				2,700	+4,000
Bureau of Employees' Comnensation:						
Compensation fund				510,000	510,000	−510,000
Chargeback costs						(+3,835,000)
Salaries and Expenses	14,758	6,088			20,846	−10,688
(Trust)	(235)				(235)	(+1,000)
Bureau of Labor Statistics	51,600	4,630			56,230	+281,000
Bureau of International Labor Affairs	4,100				4,100	+31,000
Office of the Solicitor	19,396	3,786	3,028		26,210	+18,000
Office of the Secretary	11,300	4,865			16,165	+99,500
Office of Federal Contract Compliance	2,936	63,256			66,192	−42,192
President's Committee on Consumer Interests	1,000				1,000	+10,000
Total, general funds	279,790	206,144	4,328	4,441,000	4,931,262	−865,199
Total, trust and other funds	(58,435)			(1,281,000)	(1,339,435)	(+37,199,200)
Grand total	338,225	206,144	4,328	5,722,000	6,270,697	+36,334,001

Estimated Funds Available 1958 Through 1968

Appropriation	1958		1959		1960		1961		1962		1963	
	Position	Amount	Position	Amount	Position	Amount	Position	Amount	Position	Amount	Position	Amount
Manpower development and training activities											542	[1] $70,957,700
Office of Manpower Administrator										$14,000,000	45	11,060,000
Area redevelopment activities											12	100,000
Trade adjustment assistance											555	5,212,200
Bureau of Apprenticeship and Training	491	$3,746,004	500	$4,008,700	493	$4,047,000	492	$4,329,000	544	4,976,000		
Bureau of Employment Security:												
Salaries and expenses	753	6,209,900	841	7,120,700	829	7,262,000						
Trust							979	9,000,000	1,098	10,500,000	1,164	11,935,860

Farm labor contractor registration activities												
Special study on discrimination in employment because of age												
Mexican farm labor program	333	2,334,700	317	2,191,200	315	2,209,700	353	2,664,800	360	2,668,000	377	3,434,750
Labor-Management Services Administration												
Bureau of Veterans' Reemployment Rights	65	562,750	64	585,700	64	592,000	64	632,300	64	633,000	65	652,000
Office of Welfare Pension Plans											189	[2] 1,351,300
Bureau of Labor-Management Reports					620	2,000,000	532	5,011,200	561	5,775,000	550	[2] 5,923,900
Wage and Hour Division	1,439	11,015,890	1,358	11,371,100	1,344	11,489,000	1,342	12,261,000	1,818	17,307,000	1,818	18,273,600
Bureau of Labor Standards	111	1,022,000	271	1,728,800	283	2,488,000	290	2,522,000	354	3,258,000	317	3,335,250
Women's Bureau	61	480,418	61	503,800	61	509,000	61	553,900	71	668,000	93	930,050
Bureau of Employees' Compensation, salaries and expenses	455	2,952,334	466	3,054,700	462	3,080,000	479	3,431,800	522	3,834,000	532	3,981,800
Bureau of Labor Statistics	953	7,463,382	958	7,989,800	1,114	10,519,500	1,114	11,118,000	1,205	12,667,000	1,312	14,590,250
Revision of Consumer Price Index					31	230,000	116	1,322,000	190	2,100,000	157	1,364,350
Bureau of International Labor Affairs							36	[3] 378,360	50	500,000	73	808,750
Excess foreign currency												
Office of the Solicitor	319	2,414,950	333	2,632,400	331	2,695,000	382	3,325,700	474	4,116,000	495	4,486,550
Trust												
Office of the Secretary	180	1,539,111	187	1,596,800	180	1,611,000	166	1,582,840	191	1,796,000	199	2,229,250
Trust												
Federal contract compliance program												
President's Committee on Consumer Interests												
Total, administrative items	5,160	39,741,439	5,356	42,783,700	6,127	48,732,200	6,406	58,132,900	7,502	84,798,000	8,495	160,627,560
Grants to States	134	292,814,000	146	325,600,000	167	315,819,000	213	378,924,000	217	405,000,000	217	400,000,000
Advances to employment services												
Advances to Employment Security Administration account, unemployment trust fund								268,000,000		20,000,000		
Unemployment compensation for veterans, payments		76,800,000		[4] 160,800,000		131,000,000		177,000,000		147,000,000		151,000,000
Unemployment compensation for Federal employees, payments		54,400,000										
Temporary unemployment compensation	60	665,700,000	60	617,928,315				500,000,000		340,000,000		
Employees' compensation fund		59,589,635		69,253,906		61,200,000		63,000,000		64,000,000		65,221,000
Employees' compensation—vocational rehabilitation	7	47,400	7	51,090	7	51,700	7	55,000	7	55,000	7	57,860
Working capital fund	118		129		134		161		245		363	
Grand total	5,479	1,189,092,474	5,698	1,216,417,011	6,435	556,802,900	6,787	1,445,111,900	7,971	1,060,853,000	9,082	776,906,420

Appropriation	1964		1965		1966		1967 [5]		1968 estimate	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Manpower development and training activities	611	$130,000,000	205	$388,549,296	188	$399,595,000	[6] 193	$392,589,538	[6] 193	$401,854,000
Office of Manpower Administrator			370	8,381,416	390	35,395,800	410	31,832,740	410	36,779,000
Area redevelopment activities	62	8,500,000	62	8,500,000						
Trade adjustment assistance	25	150,000	4	44,000		1,000,000				
Bureau of Apprenticeship and Training	540	5,460,000	575	6,283,300	619	7,105,000	686	8,245,000	688	8,416,000
Bureau of Employment Security:										
Salaries and expenses			160	2,063,700	355	[7] 4,749,000	207	2,622,000	207	2,720,000
Trust	1,141	12,400,000	1,228	14,187,400	1,238	15,640,100	1,390	17,769,000	1,399	18,328,000
Farm labor contractor registration activities			34	[8] 350,000						
Special study on discrimination in employment because of age				100,000						
Mexican farm labor program	324	2,600,000	324	1,600,000						
Labor-Management Services Administration	660	7,450,000	714	8,564,000	690	8,580,000	673	8,560,000	667	8,683,000
Bureau of Veterans' Reemployment Rights	76	784,000								
Office of Welfare Pension Plans										
Bureau of Labor-Management Reports										
Wage and Hour Division	1,839	19,300,000	1,866	20,952,000	1,818	21,519,000	1,804	22,311,000	2,040	25,424,000
Bureau of Labor Standards	281	3,470,000	282	3,344,700	281	3,281,500	289	3,822,000	356	4,645,000
Women's Bureau	84	785,000	75	799,200	76	871,000	76	908,000	76	912,000
Bureau of Employees Compensation, salaries and expenses	532	4,275,000	521	4,430,050	507	4,553,000	524	4,860,000	574	5,508,000
Bureau of Labor Statistics	1,299	16,345,000	1,331	18,542,000	1,363	19,968,000	1,387	20,541,000	1,522	23,054,000
Revision of Consumer Price Index	120	1,320,000								
Bureau of International Labor Affairs	73	842,000	92	1,181,500	85	1,219,000	93	1,341,000	98	1,463,000
Excess foreign currency								75,000		75,000
Office of the Solicitor	500	4,547,000	475	5,183,000	495	5,469,000	479	5,583,000	490	5,741,000
Trust						139,000		144,000		144,000
Office of the Secretary	229	2,407,000	227	3,294,150	261	3,580,000	306	4,244,000	348	4,946,000
Trust						140,000	24	538,000	24	538,000
Federal contract compliance program					36	451,000	67	1,100,000	86	1,355,000
President's Committee on Consumer Interests					19	319,000	19	327,000	19	337,000
Total, administrative items	8,396	220,635,000	8,545	496,349,712	8,421	533,574,400	8,627	527,412,278	9,197	550,922,000
Grants to States	212	425,000,000	215	455,636,000	290	492,100,000	290	524,000,000	290	557,107,000
Advances to employment services						10,000,000				
Advances to Employment Security Administration account, unemployment trust fund										
Unemployment compensation for veterans, payments		152,000,000		138,053,000		131,000,000		66,331,000		65,000,000
Unemployment compensation for Federal employees, payments										

Temporary unemployment compensation										
Employees' compensation fund		58,838,000		52,650,000		48,530,000		56,571,000		56,061,000
Employees' compensation, vocational rehabilitation	7	60,000	7	62,100	7	64,550	7	67,000	7	68,000
Working capital fund	400		406		490		507		507	
Grand total	9,015	856,533,000	9,173	1,142,750,812	9,208	1,215,268,950	9,431	1,174,381,278	10,001	1,229,158,000

[1] Includes $811,000 comparatively transferred from the Office of Automation and Manpower.

[2] These activities combined in fiscal year 1964 into the Labor-Management Services Administration.

[3] Included in the Office of the Secretary's appropriation in prior years.

[4] In fiscal year 1959, benefit payments for veterans and Federal employees are combined into 1 appropriation.

[5] Includes supplementals, comparative transfers, and carryover of available prior year funds.

[6] Includes 25 positions for District of Columbia-USES.

[7] Includes 67 positions and $922,000 for activities relating to admission and employment in agriculture of nonimmigrant aliens.

[8] Included in Bureau of Employment Security, salaries and expenses, in 1966.

1967 Comparative Transfers

Transfer from—	Transfer to—						Total	
	LSB [1]		BILA [2]		SECY [3]			
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Office of Manpower Administrator	------	----------	------	----------	11	$185,000	11	$185,000
Neighborhood Youth Corps	------	----------	------	----------	12	185,000	12	185,000
Bureau of Apprenticeship and Training	------	----------	------	----------	------	14,000	------	14,000
Bureau of Employment Security	------	----------	8	$100,000	25	426,000	33	526,000
Labor-Management Services Administration	------	----------	------	----------	------	18,000	------	18,000
Bureau of Labor Standards	------	----------	------	----------	------	11,000	------	11,000
Women's Bureau	------	----------	------	----------	------	3,000	------	3,000
Bureau of Employees' Compensation	------	----------	------	----------	------	8,000	------	8,000
Wage and Hour Division	23	$399,000	------	----------	------	27,000	23	426,000
Bureau of Labor Statistics	------	----------	------	----------	------	52,000	------	52,000
Bureau of International Labor Affairs	------	----------	------	----------	------	9,000	------	9,000
Office of the Solicitor	------	----------	------	----------	------	16,000	------	16,000
Office of Federal Contract Compliance	------	----------	------	----------	------	3,000	------	3,000
Working capital fund	------	----------	------	----------	19	----------	19	----------
Total	23	399,000	8	100,000	67	957,000	98	1,456,000

[1] For safety functions.
[2] For Canadian auto parts program.
[3] To centralize audit and systems accounting.

Analysis of Within-Grade Promotion Costs, Fiscal Year 1968

Account	1968 cost of within-grades	Savings due to—			Net cost in budget
		Lapse	Turn-over	Further absorp-tion	
Office of Manpower Administrator	$118,017	−$3,495	−$14,822		$99,700
Bureau of Apprenticeship and Training	132,380	−4,480	−40,000	−$87,900	
Bureau of Employment Security	367,377	−9,377	−24,900		333,100
Labor-Management Services Administration	125,452	−4,203	−46,949	−74,300	
Wage and Hour Division	325,440	−11,240	−42,500	−142,100	129,600
Bureau of Labor Standards	44,042	−1,438	−2,304		40,300
Women's Bureau	15,207	−507		−8,000	6,700
Bureau of Employees' Compensation	70,334	−2,289	−28,725	−34,499	4,821
Bureau of Labor Statistics	222,041	−1,041		−170,000	51,000
Bureau of International Labor Affairs	26,184	−784		−5,300	20,100
Office of the Solicitor	91,745	−3,013	−11,522	−56,000	21,210
Office of the Secretary	54,931	−1,880	−14,886	−12,000	26,165
Office of Federal Contract Compliance	11,000	−380		10,620	
President's Committee on Consumer Interests	3,984	−384			3,600
Total	1,608,134	−44,511	−226,608	−600,719	736,296

History of 1968 Budget Requests

Appropriation	1967 Appropriation (a)	1968			Difference (col. (c) from col. (b)) (e)	Difference (col. (d) from col. (c)) (f)
		Estimate to Department (b)	Department estimate to Budget Bureau (c)	President's budget (d)		
Manpower development and training activities	$390,044,000	$588,939,400	$588,939,400	$401,854,000		−$187,085,400
Office of Manpower Administrator	30,997,000	49,703,381	49,703,381	36,779,000		−12,924,381
Bureau of Apprenticeship and Training	8,259,000	12,119,000	12,119,000	8,416,000		−3,703,000
Grants to States:						
General fund		84,661,000	84,661,000			−84,661,000
(Trust)	(524,000,000)	(558,302,000)	(558,302,000)	(557,107,000)		(−1,195,000)
Unemployment conpensation for Federal employees and ex-servicemen	90,000,000	65,000,000	65,000,000	65,000,000		
Bureau of Employment Security, Salaries, and Expenses	2,750,000	3,944,800	3,944,800	2,720,000		−1,224,800
(Trust)	(18,167,000)	(27,082,200)	(27,082,200)	(18,328,000)		(−8,754,200)
Labor-Management Services Administration	8,578,000	9,567,000	9,567,000	8,683,000		−884,000
Wage and Hour Division	22,737,000	28,548,900	28,548,900	25,424,000		−3,124,900
Bureau of Labor Standards	3,434,000	7,395,000	7,395,000	4,645,000		−2,750,000
Women's Bureau	911,000	1,331,000	1,331,000	912,000		−419,000
Bureau of Employees' Compensation:						
Compensation fund	56,571,000	57,061,000	57,061,000	56,061,000		−1,000,000
Chargeback costs	(32,625,000)	(36,460,000)	(36,460,000)	(36,460,000)		(——————)
Salaries and expenses	4,868,000	6,414,000	6,414,000	5,508,000		−906,000
(Trust)	(67,000)	(68,000)	(68,000)	(68,000)		(——————)
Bureau of Labor statistics	20,593,000	31,189,000	31,189,000	23,054,000		−8,135,000
Bureau of International Labor Affairs	1,250,000	1,987,000	1,987,000	1,463,000		−524,000
Special foreign currency	75,000	75,000	75,000	75,000		
Office of the Solicitor	5,599,000	6,212,000	6,212,000	5,741,000		−471,000
(Trust)	(144,000)	(144,000)	(144,000)	(144,000)		(——————)
Office of the Secretary	3,685,000	4,930,000	4,930,000	4,946,000		+16,000
(Trust)	(140,000)	(538,000)	(538,000)	(538,000)		(——————)
Office of Federal Contract Compliance	1,103,000	1,594,000	1,594,000	1,355,000		−239,000
President's Committee on Consumer Interests	327,000	337,000	337,000	337,000		
Total, general funds	651,781,000	961,008,481	961,008,481	652,973,000		−308,035,481
Total, trust and other funds	(575,143,000)	(622,594,200)	(622,594,200)	(612,645,000)		−9,949,200
Grand total	1,226,924,000	1,583,602,681	1,583-602-681	1,265,618,000		−317,984,681

Mr. FLOOD. Mr. Secretary, in view of the fact that these people of yours are so good and that we will examine them very extensively on the budget structure, the budget itself and the details, I intend just to ask you some very broad, sweeping questions dealing mostly with policy. You can answer as you see fit.

Secretary WIRTZ. All right, sir.

Mr. FLOOD. These other men are so technically competent there is no sense in burdening you with this, except for perhaps a few questions about your own shop.

Secretary WIRTZ. Surely.

MERGER OF DEPARTMENTS OF LABOR AND COMMERCE

Mr. FLOOD. How are you making out in selling the President's idea of merging the Departments of Labor and Commerce? I notice you were in Florida doing your best recently.

Secretary WIRTZ. The situation is this: There was the proposal in the state of the Union message. There has not been a subsequent statement except for passing reference in the economic message to this subject by the President.

What is happening right now is that a committee, which includes some of the top people in the Bureau of the Budget, Under Secretary Reynolds, Assistant Secretary Werts from the Department of Labor, and two of the assistant secretaries from the Department of Commerce are meeting daily to develop the details of that plan. Upon their completion of this task it will be my expectation that the President would be transmitting to the Congress a proposal in more detail.

Mr. FLOOD. Are you serious?

Secretary WIRTZ. Yes, sir.

Mr. FLOOD. How far do you think you will get?

Secretary WIRTZ. I think that will depend on whether the proposal stays in the pattern in which it has been placed in common discussion; namely, a merger of the two departments. I think in complete candor that if that is the form in which the issue is presented the result will be a negative action on the part of the country and Congress. Therefore, it seems to me the answer to your question depends on whether it is possible for us to make clear that this is a good deal different from simply a merging of two departments.

There will be savings, very real savings just from the fact of merger, but beyond that, Mr. Chairman——

Mr. FLOOD. We have never seen that before.

Secretary WIRTZ. I can point quite specifically to these items. I would mention three. One would be that with respect to the statistical programs, two statistical programs conducted now by the Department of Labor and the Department of Commerce are becoming increasingly close by necessity because of the increasing sophistication of those figures.

Now when we come out with any one of these final reports of ours, two, or three of the components have come from across the street. Similarly, it would be in the combination of those two functions, or those functions of the two departments, that the potential for economy would be largest. It is similarly true that in the foreign field we both conduct programs in every case relating to those conducted by the Department of State, but in almost every case over-

lapping as far as the two, the Department of Labor and the Department of Commerce interests, are concerned. We are literally at the point where on a number of these foreign conferences of one kind or another we have started taking turns between the Department of Labor and the Department of Commerce.

Mr. FLOOD. Is there any timetable about when the President might submit a bill to the Congress?

Secretary WIRTZ. It is not a specific timetable. Respecting what is necessarily the limitation on the proprieties of my being specific about that, I think that the work of the staff group is now pretty well completed. The preparation of the transmittal is in progress and I do not know, Mr. Chairman, whether it is 2 weeks or 3 or 4. If I could take a plus or minus on that, it would indicate the area.

Mr. FLOOD. It is that proximate?

Secretary WIRTZ. Yes, sir. I would like to complete that point about the difference between the merger, which I do not think will be a saleable item, and the development of a new department which I think will, if it can be expressed in adequate terms, I use one illustration here. With respect to the manpower program which has been the subject of discussion here, the bringing together not just of the manpower elements, components in the Department of Labor and the Department of Commerce but also those which are in the other departments, there will be a very significant strengthening of that program.

Mr. FLOOD. I first went to the Appropriations Committee during the war. I was on what is known as State, Justice, and Commerce. I had the impression then and still do have that whenever Congress created an agency and did not know where to put it, we put it in the Department of Commerce. I never saw such a collection of cats and dogs in my life. It is pretty much the same way now.

It is impossible to run the place. Nobody wants to be Secretary of Commerce.

Secretary WIRTZ. I know what you mean. I do not think it is limited just to the Department of Commerce.

Mr. FLOOD. What independent agencies may be included in this new department?

Secretary WIRTZ. I can give you a list of those agencies which are the subject of discussion. There has not been a final Presidential decision on this. It is a fairly extensive list. This is the list of those agencies which may or may not be, but with whom conversations are presently being conducted. It would include such things as the Small Business Administration, Federal Mediation and Conciliation Service, National Mediation Board, and some of the commercial functions of the Export-Import Bank might or might not be.

Mr. FLOOD. You are not going to create another many-headed hydra? Not the same thing we did with Commerce?

Secretary WIRTZ. I can assure you this, Mr. Chairman. If there should develop as a result of one set of pressures or another simply a bringing under one roof of presently completely disparate functions, I should add my voice in opposition to the proposal. That would make no sense.

STUDY OF MANPOWER PROGRAMS

Mr. FLOOD. Aside from that, there has been a lot of talk even here today about combining manpower programs that are spread around

the Government with HEW and Shriver's people having by far the biggest chunks.

I would like to yield at this point to Mr. Laird on that question because he and Mr. Fogarty gave birth to the idea of a special committee to study this thing. I do not know if I advised you that Mr. Fogarty, before he passed away, told me that he was unhappy about it. I have the impression Mr. Laird is, and since I have raised it at this point, I would rather defer to him at this point.

Mr. LAIRD. Thank you, Mr. Chairman.

Mr. Secretary, you are familiar, I think, with the language in our conference report on the Labor-HEW appropriation bill for the fiscal year 1967, in which the conferees made available $150,000 to the Department of Health, Education, and Welfare. This was for the purpose of financing, partially or wholly, a comprehensive study of the many manpower training programs. The conferees stated:

> The conferees do not intend that this study include training programs that agencies operate for their own employees or training of professional personnel but rather training under such programs as Vocational Education, institutional, and on-the-job training under the Manpower Development Training Act, apprenticeship and training programs, Job Corps, specialized training programs under Title II of the Economic Opportunity Act, work experience programs, work-study programs, Neighborhood Youth Corps, et cetera.
>
> This study is to have as its principal purpose to determine if there is waste and inefficiency administering these programs as many individual programs and if this determination is in the affirmative, to make recommendations for correction. The study is to be made by a committee of experts in the field, none of whom are to be Federal Government employees, to be appointed by the Secretary of Health, Education, and Welfare after consultation with the Secretary of Labor and Director of Office of Economic Opportunity. It is the opinion of the conferees that it would be preferable if the committee's staff was also selected from outside of the Federal Government.

Mr. LAIRD. Mr. Secretary, have you been contacted about this?

Secretary WIRTZ. Yes, I have.

Mr. LAIRD. What has happened to the study?

Secretary WIRTZ. I would be subject to correction on it, but I think the conversations are still, as far as I know, at the point of consideration of who should be retained to do that job. It has not been carried out.

Mr. LAIRD. The study is just being studied now?

Secretary WIRTZ. You will appreciate that it is under the chairmanship of HEW. I do not mean to answer in a way that might seem to incriminate anybody else. I do not think that project has been carried very far yet.

COMBINING OPERATIONAL ASPECTS OF MANPOWER PROGRAMS

Mr. LAIRD. The problem we have, Mr. Secretary, is that spread throughout this budget there are a few billion dollars of appropriations for training programs. Even the Department of Defense is in this to a very large extent. I know that you are trying to combine these programs in your Department under the proposed reorganization.

Secretary WIRTZ. Operational aspects.

Mr. LAIRD. Operational aspects of these programs. You have not completed the work as far as combining the operational aspects of these programs as yet?

Secretary WIRTZ. No; but I think we have made extraordinary strides.

RELATIONSHIP OF MDTA AND VOCATIONAL EDUCATION

Mr. LAIRD. In your discussion with the chairman a minute or two ago you indicated that this new department might have as one of its purposes the work being done by the Office of Education in vocational training?

Secretary WIRTZ. I do not believe that my statement covered that. I would recognize clearly the relationship between a manpower training program and the vocational education program and would feel that the proper articulation of those two programs would be a proper responsibility of the Government and should be done, should be carried further.

Mr. LAIRD. Mr. Secretary, in the budget that we have before us right now, the manpower training funds are about on the same program level of fiscal year 1967.

Secretary WIRTZ. That is correct.

Mr. LAIRD. The vocational training funds are reduced as compared with fiscal year 1967.

Mr. FLOOD. What would be a ball park figure?

Mr. LAIRD. It is down about $10 million, I believe. The work-study program is cut to nothing. That is the biggest cut.

Secretary WIRTZ. You mean work experience?

Mr. FLOOD. Work study.

Mr. LAIRD. The work-study program was $25 million in 1966, cut back to $10 million in 1967, nothing in 1968.

Secretary WIRTZ. Yes, sir.

Mr. LAIRD. Our committee really felt that it was most necessary for us to find out where we were going in this program.

Secretary WIRTZ. I agree.

Mr. LAIRD. With the vast amounts of money being expended and with the various communities making applications sometimes to more than one agency—there have been cases where vocational schools and centers in my area have had to put in three and four separate applications to different agencies covering the same program—manpower training, vocational education, Bureau of Apprenticeship—what is your recommendation?

Secretary WIRTZ. And vocational rehabilitation.

Mr. LAIRD. Yes. I intend to develop later on the tie-in between vocational rehabilitation and the manpower training program. In the medical service aspect of the manpower training program you would do exactly the same things that are being done in vocational rehabilitation. Yet, you come in for a $2 million appropriation there.

But let's stay on vocational education for the present. What is your recommendation?

Secretary WIRTZ. I will make the answer as short as you would like. I apologize if it becomes too long. It is a completely basic question here.

Let me simply sketch out my answer and then go into whatever detail you feel desirable.

Mr. Laird, I think the right answer to that question over a long range must involve our facing up to what will be some fairly substan-

tial reorganization at the Federal level and also at the State level. I would guide that reorganization in my own figure on the principle that there are two well marked out functions and then there is an area in between but we have let the area in between become much too large. Those two functions are the educational function, into which it seems to me quite important that there be added in this country those elements of, call it vocational education or whatever you will which are directed at those children who are not going to college.

To pause for a moment, one out of six children in this country complete college. About two million kids started out together about 21 years ago. Those that graduate this year from college will be 500,000. That is one out of six. We take care of them beyond what any other country in the world does.

We have one effective bridge from education to work in this country and that is college. The rest of them swim to an extent not paralleled in many other countries. In the other countries with which we like to compare ourselves there has been built into the general educational pattern an alternative step of training possibilties which are devised to meet the needs of those who do not go to college.

I think that should become an important part of the educational program in this country. I am sure there is no difference between my position on this and that of Secretary Gardner.

So, it would be one of the key elements in the clear thinking about the future that the regular educational program would include these alternative vocational elements in the regular educational pattern.

The other clear function, it seems to me, not of government except as it reflects the needs of the community, is that training which is done in connection with work vacancies, work needs on the part of those who are already in the work force, who come out of it because they are replaced by a machine or something like that, training which is much more directly related to a particular employment opportunity. I would identify a long-range program in which the first part of the program is recognized as being part of the general education program, and then I would recognize a second function which is related to the actual employment in one way or another. In terms of present organizational structure, I would see the first part of that as being the responsibility at the Federal level of the Department of Health, Education, and Welfare, and at the State level of the boards of education, and so forth. I would see the second part as being at the Federal level properly administered by the Department of Labor, and at the State level through the employment service agencies.

In between, there is a gray area which I think has become too broad and has been permitted to expand too much, which is not clearly enough identified at either the Federal or the State level. We think of that problem in terms of the difficulty of innovation at the Federal level. There is no problem that I know of which could not be resolved in 10 minutes at the Federal level if it were not for the necessity and the desirability of taking into account the State organizations as well. There are three Federal agencies. There are at the State level the board of education, the vocational education board, the employment service, the vocational rehabilitation agencies, and often several others.

So, we have a complex problem of tying them together. It is not just a Federal problem.

Just to summarize—I am afraid I have spoken too briefly to be persuasive on it—I think the answer to that part of your question has to lie in the long-range recognition of two poles or at least two separate areas of responsibility, and then dividing as many of these things as possible into one or the other of those.

Mr. LAIRD. I think your answer highlights the need for a study right now.

Secretary WIRTZ. I do not mean to question the desirability of a study.

Mr. LAIRD. I think your answer makes it all the more clear that we need such a study.

Secretary WIRTZ. Except as a study postpones our doing now what we know needs to be done.

Mr. FLOOD. You, Mr. Secretary are not the culprit, but why hasn't something been done?

CURRENT COOPERATION OF AGENCIES WITH TRAINING PROGRAMS

Secretary WIRTZ. It has, Mr. Chairman. We have been moving in this direction at a very real rate in the last 12 months with a high degree of cooperation among the agencies and with very real results which are only illustrated by the arrangements which have been made, not in a loose fashion, Mr. Chairman, but in written agreements, for example, between the Office of Economic Opportunity and the Department of Labor with respect to the Neighborhood Youth Corps, which was cleared up 2-years ago, now with respect to the administration of what we think of as the Nelson-Scheuer program authorized by the Congress last year, an adult work training program, with respect to the special impact program, sometimes referred to as the Kennedy-Javits program, with respect to the programs under title V of the Economic Opportunity Act which placed that responsibility in HEW, and with respect to the community work training program under section 409 of the Social Security Act.

The last two have not been completed, but they are well along.

So, the concentration of the operational responsibility for the manpower program has moved along very markedly.

As one other illustration—perhaps there will be reference to it in Mr. Ruttenberg's testimony—there is operating now a President's Committee on Manpower which is not a piece of paper. It is 30 three-man teams, one from OEO, HEW, and the Department of Labor. These teams for about 9 or 10 months now have been going out into the communities to find out what the problems are, and have worked with the local community groups. Mr. Laird's description of the confusion was an understatement of some of what they found. They have come back in and we have worked out with them joint funding programs where Federal funds are involved.

This group has gone out again and reported back in. I am talking about a working, functioning organization.

I do not mean by my answer to suggest that the problem has been completely overcome. I do mean to suggest that I think two things: First, I think the developments of the last 1 or 2 years are very tangible evidence of what can be done and is being done here

and, second, that we have the elements of understanding and knowledge. I would welcome the opportunity to discuss those with whatever study group is set up under the direction of the committee, but I have the feeling personally that we have a good deal of the know-how at our command presently.

Mr. FLOOD. Why hasn't somebody given birth to this committee?

Secretary WIRTZ. I am simply not in a position to answer that. It was set up under the HEW, and I do not mean by not answering to imply there has been any dereliction. I do not know.

Mr. FLOOD. Then you are not the man.

Secretary WIRTZ. I do know there has been consultation where it was discussed. I do know there have been discussions of who should do it, and I think the matter has not gone beyond that at this point.

BUREAU OF LABOR STATISTICS

Mr. FLOOD. I remember 2 years ago Mr. Fogarty commented, as you might recall, that your budget looked like a business budget instead of labor because the BLS had the only increase of any consequence at all, you remember, and the results of its activities probably would be generally thought to be more in the area of business than of labor.

Now let us take a look at this one and see what has happened to you. If you leave out the Wage and Hour Division, which has the new law to administer that Congress put in your lap, it looks to me as though I have pretty much the same position this year that Fogarty had two years ago. Would you like to say something about that?

Secretary WIRTZ. I did not think it was a fair characterization, Mr. Chairman, and would not feel it is now. I would go on to point out that the changes that have been made are in net very small. The whole budget is not much more than it was before.

If you approach it on a percentage basis, I think you will find that the percentage increases are in such parallel that you could well suggest to me that what I have done is simply to go through and make a kind of average adjustment here, there, and elsewhere, which is very close to the fact. The suggested increases are largely in those units which have the large——

Mr. FLOOD. Then you deny the allegation and defy the allegator, is that it?

Secretary WIRTZ. No, I would do neither. I would say I would not think the characterization of its being a business budget reflects my own understanding of it, but I have the fullest respect for both the forum in which it was put and the person who put it.

RESERVES FOR SAVINGS

Mr. FLOOD. The President has talked a great deal about his cost reduction program. I do not know where they got that language in the White House. I suspect it was from McNamara with his new "cost effectiveness" phrases.

In going through your budget, I do not notice any reserves for savings in the 1967 column as there are in HEW. Why didn't you cooperate with the President?

Secretary WIRTZ. We did.

Mr. FLOOD. Where?

Secretary WIRTZ. The answer lies in the necessity of taking account both of the function which is being performed and of the number of people who are doing it. I would like to add to the record, unless somebody has it offhand, the personnel total in the Department under the requested appropriation, which is a little over 9,000, and the number which we had 6 years ago. You will find, Mr. Chairman, almost no significant increase in personnel.

Then put beside that the additional programs which we are now administering. It is an extraordinary assumption of increased responsibility with a very small increase in the personnel involved in it.

Mr. FLOOD. I know, but the HEW people have specific reserves—of course, you do not look at their budget.

Secretary WIRTZ. I know about it.

Mr. FLOOD. You do? They specifically have set up these reserves, and you have not.

Secretary WIRTZ. No, sir. We are living right next to the edge. I do not mean that in a bad sense.

Mr. FLOOD. Now you sound like the admirals.

Secretary WIRTZ. Except they have six more ciphers in their figures.

PERSONNEL CEILINGS

Mr. FLOOD. Yes, that is true.

Would you comment on the personnel ceilings that were imposed on your Department and what effects they are having in 1967? At the same time, has any further imposition been made? Have you been told what the ceilings are for 1968?

Secretary WIRTZ. There is a good deal of discussion about that, some of it quite specific and formal, some of it more general.

Mr. FLOOD. Who are these faceless people who tell you these things?

Secretary WIRTZ. The Bureau of the Budget.

Mr. FLOOD. I have been trying to abolish that place for 15 years, you know.

Secretary WIRTZ. After consultation, and although you well know I have yelled like a stuck pig on a good many occasions in those discussions, it is not just a matter of form that I assume the responsibility with them. There has been no concession which I have felt should not be made.

Just to give you the flavor of the situation, those ceilings would operate with different impact on different units here. You have been discussing particularly the manpower program. I should say to you quite candidly, I am at the point right now that I must go to the Bureau of the Budget and say, "I have to get some easing upon this personnel ceiling because I am faced, with Mr. Ruttenberg, with this choice or coming very close to it: Should we go ahead and use the time of the people we have on developing these new programs, or should we stop and take the look that we ought to be taking at those which are already in effect?"

This is a matter of duscussion within the last 10 days. My only responsible resolution of it at this point is to go to the Bureau of the Budget and say, "I have a choice to make between two things. I cannot do both." That is the way it works.

Mr. FLOOD. Just how do you go about making your appeal to the Bureau?

Secretary WIRTZ. I mean it sincerely when I say there is no occasion, I suppose, in which I have not first yelled very loudly and, second, come to an arrangement which takes account of the various factors. I will feel sufficiently confident in the history of that approach that if I go now and say, "I have gone too far on this, and I have to have it eased up," I will expect to see it eased up and will insist that it be.

ABSORPTION OF PAY COSTS

Mr. FLOOD. I notice that you are requesting funds for 1968 in several places to restore pay costs that you absorbed in 1967. You made quite a point of your power of absorption, and now you want funds to erase this absorption. You want it both ways.

Secretary WIRTZ. I am not sure that I understand the question. There are several places——

Mr. FLOOD. If you could absorb part of these costs in 1967, why could you not absorb them in 1968? What is peculiar about 1967?

Secretary WIRTZ. It is a cumulative development. It involves the taking on——

Mr. FLOOD. You mean it has caught up to you?

Secretary WIRTZ. Yes, that is exactly right.

Mr. FLOOD. It could be.

Secretary WIRTZ. You are perfectly right that those things have crept up on us. You are very right that we have been under very real pressure from the Bureau of the Budget and from the President.

Mr. FLOOD. I think you have been pretty good overall.

Mr. HUDSON. Mr. Chairman——

Mr. FLOOD. Do you want to volunteer?

Mr. HUDSON. Yes, I will volunteer.

Mr. FLOOD. Go ahead.

Mr. HUDSON. One of the problems we have here is the fact of the lateness of getting the appropriations and operating under the budgetary ceiling. We did not staff up, but to whatever extent we were able to save money, the Bureau of the Budget is applying that against this year's budget.

Mr. FLOOD. We cannot appropriate until we have the authorization.

Mr. HUDSON. I am talking about appropriation based on the existing authorizations.

Secretary WIRTZ. May I interrupt to say we are not calling foul at all.

Mr. FLOOD. If I may interrupt, if we are talking about authorized programs, the House passed the Labor-HEW bill last year on May 5, but it wasn't until September 28 that it passed the Senate. I do not know whether you know that, but you know it, Mr. Hudson.

Secretary WIRTZ. Set beside that what is the almost fantastic record of cooperation between the legislative and executive departments in something like the Manpower Development and Training Act, where we have come back each year with suggestions for the improvement of the program, and it has been done each year. We hope that can be improved further.

Mr. FLOOD. Would you put in a list of those requests at this point?
Mr. HUDSON. Yes, sir.
(The requested information follows:)

Analyses of 1967 pay costs, proposed supplementals, absorptions, and 1968 restoration of 1967 absorptions

	1967 pay costs	1967 supplemental	1967 absorption	1968 restoration, 1967 absorption	Continued absorption
Manpower development and training activities	$55,000		$55,000		−$55,000
Office of Manpower Administrator	145,000	$97,000	48,000		−48,000
Bureau of Apprenticeship and Training	204,000	79,000	125,000	$125,000	
Bureau of Employment Security, salaries and expenses	90,000		90,000	90,000	
Trust	(445,000)	(245,000)	(200,000)	(200,000)	
Labor-Management Services Administration	218,000	68,000	150,000	150,000	
Wage and Hour Division	606,000	481,000	125,000	125,000	
Bureau of Labor Standards	85,000	45,000	40,000	40,000	
Women's Bureau	23,000	23,000			
Bureau of Employees' Compensation, salaries and expenses	144,200	141,000	3,200		−3,200
Trust	(2,000)	(2,000)			
Bureau of Labor Statistics	449,000	243,000	206,000	189,000	−17,000
Bureau of International Labor Affairs	32,000	20,000	12,000	15,000	[1]+3,000
Office of the Solicitor, salaries and expenses	140,000	140,000			
Trust	(4,000)	(4,000)			
Office of the Secretary	85,000		85,000		−85,000
Office of Federal Contract Compliance	24,000		24,000		−24,000
President's Committee on Consumer Interests	7,400		7,400		−7,400
Total, general funds	2,307,600	1,337,000	970,600	734,000	−236,600
Total, trust funds	(451,000)	(251,000)	(200,000)	(200,000)	
Total	2,758,600	1,588,000	1,170,600	934,000	−236,600

[1] Due to comparative transfer from BES for TAA in 1967, this additional amount required in 1968 to finance pay increase costs included in transfer.

EMERGENCY PLANNING ACTIVITIES

Mr. FLOOD. I notice you are requesting funds for emergency planning activities. You know perfectly well and everybody in your outfit knows that this committee as a matter of policy, for years and years has been insisting that all these activities be financed at one place through the Office of Emergency Planning. Here you are back again. You know we do not like this. Why this persistence? What is the point?

Secretary WIRTZ. It is the administration's approach. I would only burden the record by suggesting that there are additional considerations. I would point out in response to your question that the consideration of a new department takes account of the relationship of those activities to some of these that we have been carrying out. I do not mean to answer cryptically.

Mr. FLOOD. Will you give me a list of the appropriations that you requested for these activities?

Secretary WIRTZ. Yes, sir.

(The requested information follows:)

Transfer of proposed funding of U.S. Department of Labor emergency preparedness functions from Office of Emergency Planning, fiscal year 1968

Appropriation	Positions	Amount
Bureau of Apprenticeship and Training	2	$24,000
Grants		(175,000)
Bureau of Employment Security salaries and expenses	9	(138,000)
Wage and Hour Division	3	43,000
Bureau of Labor Statistics	5	58,000
Office of the Secretary	6	91,000
Total, trust funds		(313,000)
Total, general funds	25	216,000
Total	25	529,000

IMPORTATION OF FOREIGN LABOR

Mr. FLOOD. Mr. Hull, I might turn this over to you.

Mr. Secretary, you have taken a very personal interest in holding the importation of foreign labor down to a point where it will not replace available domestic labor. You have put on a very good show on this, especially last year. I thought you were doing a pretty good job. I made a speech about you, as a matter of fact, to a chamber of commerce once on this.

Now out of a clear blue sky I noticed a complaint in the AFL–CIO News last December when I was home. The American Nursing Association sent you a protest, so they tell me. What about that?

Secretary WIRTZ. Mr. Chairman, we are talking about two programs. The remarks of your own to which you refer and my own activity of a year or two ago involved the administration of Public Law 78. That was the one which covered particularly the importation of agricultural labor, called the bracero program. It was that in which Mr. Hull is interested.

To put the the thing in its broadest context, some of your remarks just now relate to our administration of the amended Immigration Act, the amendments to the Immigration Act as a whole.

Mr. FLOOD. That is a different thing.

Secretary WIRTZ. And the Nurses Board and the one to which you refer generally falls into a secondary category. There are two different sets of considerations. I will be glad to speak to either or both of them, as you wish.

Mr. FLOOD. You are not responsible for what we do, of course, but the whole business brings in foreign labor.

Secretary WIRTZ. Let us separate it.

With respect to the bracero program, involving both Public Law 78 which the Congress repealed, and Public Law 414, which is part of the general immigration law—I am talking about the first part which involves the agricultural labor. Just to put that problem in the framework for discussion, as of fiscal year 1964 there were over 200,000 agricultural workers brought in on a temporary basis, most of them from Mexico, some of them from the British West Indies.

In fiscal year 1964 there were over 200,000 brought in. In fiscal year 1966, about 20,000 were brought in. It is down to less than 10 percent. Although there will be problems about this which I will be

glad to discuss, I think it fair to say that the bulk of that problem is behind us.

In distinction to that, there are the 1965 amendments to the Immigration and Nationality Act, amendments in 1965, the immigration law as a whole now, which removed the national quota provisions and replaced them with protective provisions which involved the question of whether there is a job for the person coming in.

Mr. FLOOD. Mr. Secretary, if you come from a district like mine, you know the immigration law. You would have to.

Secretary WIRTZ. Yes. I did not mean to imply you were unfamiliar with the law.

The problem to which the nurses refer grows out of that development. When I say to you the first problem is, in my judgment, substantially behind us, I say to you equally that this other problem is still very actively before us.

Just illustratively, we are now in the process of issuing general orders—we have issued some and will issue others—which permit the easier immigration of these people in various occupations.

Mr. FLOOD. I believe New York City, or the State, blanketed in a whole batch in the last 30 days. How do they do that?

Secretary WIRTZ. Whenever we face that problem, we are caught always and inevitably in a vise. On the one hand there are those interests, such as the AFL–CIO, that frequently want us not to issue general relaxing orders; and then there are the users of that labor who want us to issue those orders.

I think the problem is improving rapidly. It meant that in calendar 1966 there was a smaller amount of immigration from, for example, Ireland and other countries, than there had been before because the occupational orders were administratively acting in a way that slowed up that. I recognize your own understanding of it, and it would be larger than mine, but mine, too, would be larger than that of the individuals involved who find the new administrative regulations difficult to comply with, and there has been a slowing up.

In the last 4 to 5 months, there has been a rapid acceleration back toward the previous level of immigration from those areas. There is an administrative period here which has had something of a restrictive effect which has led to complaints of one kind or another and, on the other side, the complaints of the nurses and the AFL.

BRACERO PROGRAM

Mr. FLOOD. Do you want to pursue that, Mr. Hull, at this point?

Mr. HULL. Of course, I want to use our own labor if we can get it, but you cannot get a white person to do this so-called stoop labor. Back home we operate a tobacco market, and we cannot get people to work in the warehouse. Boys come over from Fort Leavenworth when they get some time off. The farmers themselves help unload tobacco. It creates a problem for us since no one wants to do that kind of work.

Secretary WIRTZ. Did you invite my comment on that?

Mr. HULL. Yes; I wanted to give you the reason for our position in the bracero program.

Secretary WIRTZ. Your situation in Missouri is very much like ours in Illinois on that in this respect: I got frequent complaints about

that until last year from people in Illinois, but you know neither Missouri nor Illinois had used Mexicans for a number of years.

Mr. HULL. I am not saying that. I am just referring to the problem of getting people to work. I am not talking about Mexicans or that part of it.

Secretary WIRTZ. If I may digress for just a moment on that——

Mr. HULL. We never used that kind of labor.

Secretary WIRTZ. Not to make a long statement, Mr. Chairman, Mr. Hull, and gentlemen, we would be less than realistic if we did not take account of the broad implications of the fact that these last 5 years have been years of tremendous upheaval in the labor supply and demand situation. We have technology going on, on the one hand. We have increased education going on, on the other. You have a civil rights revolution and the development of new appetites for certain kinds of jobs and new rejections of old kinds of jobs.

There is surely right now, an incomplete mix which includes, among other things, the decision of an awful lot of people in this country not to do the kind of work their fathers did.

It would be awfully foolish for us to disregard that. It is reflected in the agricultural labor, in the domestic servants, and in unskilled labor to a considerable extent.

SIGNIFICANCE OF INTERNAL RIFT IN AFL–CIO

Mr. FLOOD. Mr. Secretary, speaking of the AFL–CIO, what about this internal rift that we have been reading about? You have just come from the front. Might the general economy of this Nation get some fallout, so to speak, from this thing if it gets worse, or is it something only the pros in organized labor itself should worry about?

Secretary WIRTZ. I do not think it will affect the manpower situation of this country at all. I do not think it will affect the public interest in the collective-bargaining situation. I think there are possible implications in terms of a hastening of the public debate or dialog within the labor movement which could have a spillover effect as far as general debate in the country and perhaps politics are concerned, but I do not think there will be institutional developments, Mr. Chairman.

I think they will be rather in this area of debate, and so forth. I do not mean to minimize that possibility, but in terms of identifiable institutional effects, effects on the manpower supply of the country, effects on the level of labor disputes, the number of labor disputes, I would not expect that.

Mr. FLOOD. Most probably not would be the answer.

Secretary WIRTZ. That would be the short answer; yes, sir.

CURRENT STRIKE OUTLOOK

Mr. FLOOD. What is the current strike outlook? Less than 2 months ago Under Secretary Reynolds was quoted as saying a disaster could be in the making. Are you aware of that startling phrase?

Secretary WIRTZ. I will go with you but in the context in which you put it now I would have to assume it is a different context from the one he put it in. I do not think either of us would describe the situation as being of disaster prospect. If we are talking about the

local possibilities, this much is true. There are several very important collective-bargaining negotiations ahead of us, more, for example, than last year. That picture is pretty specific. I can give it to you quite quickly and shortly. The statement that some of those cases have the potential of very serious broad implications is correct. That leaves the question of evaluation of whether that is more or less likely to happen.

I would summarize it very quickly and shortly this way—first, by enumerating, because it is easy. Starting as of January 1, there was a possibility of an industrywide oil refinery negotiation. That has been settled. There was, second, the prospect of a railroad nationwide negotiation. That has been settled except with respect to the shop crafts which are presently before the Presidential Emergency Board with the 60-day statutory period running. I cannot tell you how that is going to come out. The recommendations of the Board are just made or about to be made. That means a 30-day period of negotiation.

I do not mean to minimize that question. The country is presently very much concerned about the trucking negotiations. Those negotiations are affected by the pending proceedings involving Mr. Hoffa personally. The expiration date is the 30th of March or 31st of March. What will happen to that I do not know. It will be a mistake to put on the record any specific prediction about it. I should be glad to say something off the record.

(Discussion off the record.)

Secretary WIRTZ. There is coming up in the succeeding 5 months, April, May, June, July, and August, the pulp and paper negotiations on the west coast, the rubber industry negotiations, the meatpacking negotiations, the nonferrous metals negotiations as being four industrywide possibilities. My hope on that and expectation will be that those will be worked out on a private basis and OAS basis.

That brings the situation down to the fall which is characterized particularly by the automobile and the farm implement negotiations. I know nothing about that which is not a matter of public knowledge. There is obviously a major bellwether in that industry developing under circumstances that I think will be affected by the state of the economy at that point. We are talking about one of the two or three most mature and responsible private bargaining relationships in the country. Again I would expect to see some answer develop there without a national crisis. I leave out along the line the possibility of a New York newspaper strike at the end of March. Those contracts expire on March 30. There are negotiations going on now with some difficulty. There is some difficulty being reflected.

That adds up, Mr. Chairman and members of the committee, to a series of nationwide bargaining negotiations which certainly have the elements of possible serious difficulty. Not as a matter of being Pollyannish or whatever, I think we are going to find our way through those.

I should make it perfectly clear it is an agenda of significant bargaining cases, some of which might have national effect. I should only add, Mr. Chairman, that our experience would indicate that it is always one that we do not expect that is likely to blow up to large proportions.

I omitted one. There is a pending strike in the west coast shipyards which has been going on now for several months and which give us

immediate concern and which offers no immediate promise of settlement. It is a case in which there has been settlement by all the unions involved except for the electricians. That is a difficult situation and may require quite quick attention of some sort.

WAGE AND PRICE GUIDELINES

Mr. FLOOD. What are the current wage and price guidelines?

Secretary WIRTZ. Two answers to that. As far as the principle?

Mr. FLOOD. Yes.

Secretary WIRTZ. Yes. They are exactly the same as they were before; namely, that every effort should be made by the Government, by the private parties, by the country making its voice as effective as possible to achieve the end that there will not be wage increases except as there are increases in productivity and that there will be no price increases except as productivity requires and that there will be price decreases as increasing productivity permits. Those principles are not changed. They are not really subject to change. They are affected in their present application by the fact that the cost of living did go up, where the guideposts assumed in theory it would not, with the result that where the guideposts assumed there would be increased real earnings in line with productivity that has not worked out. So far as the factory worker is concerned last year, although his productivity went up 2.7 or 2.8 percent, he got no increase in real earnings because the cost of living consumed the increases that he got.

Your question would also be properly referrable to a specific decimal point rule on wages. In the Council of Economic Advisers' report issued in January of this year there was not the advancing of a specific decimal point figure on wages as there had been before. So we are at present proceeding on the basis of an attempt to apply the rule and the principle as strongly as before, with no attempt to translate it into a specific decimal point figure on wages.

Mr. FLOOD. That makes sense.

Secretary WIRTZ. I think so.

STRIKE LEGISLATION

Mr. FLOOD. When you put down a number and another number and decimal, you have lost your mobility. At least I think so.

The President has indicated he thinks that we need legislation to give us better control over strikes in certain situations where they would have a strongly adverse effect on the general welfare of the public.

Is anything being developed along this line? Has anything been done lately?

Secretary WIRTZ. The report to which you referred takes the form of a state of the Union message in 1965, which message appeared as a coincidence in the context of the New York transit strike. The statement of the message was to the effect that there would be some proposals forthcoming with respect to cases involving the possibility of "irreparable damage to the national interest." It was, in any event, broader language than that included in the Taft-Hartley Act as far as the industry is concerned. There has been no subsequent

Presidential statement with respect to the matter. This inquiry frankly puts me in a fairly difficult position because it is——

Mr. FLOOD. How?

Secretary WIRTZ. I do not know what the President's position on this matter will be. In answer to your question, there is continuing active consideration of the possibility of such a proposal coming forward. There has been informal discussion of one kind or another. I say to you quite candidly, I do not know whether there will be a specific proposal or not.

Mr. FLOOD. You are very fertile in your operations. Could you suggest any other legislative proposals that you are working on. I do not mean some of your staff but you, the Secretary. Any special proposals that you have?

Secretary WIRTZ. Yes, I have been working on legislative possibilities of one kind or another. The context of that answer has got to be, Mr. Chairman, that has always been true for about 5 years. You may remember President Kennedy made a similar statement in 1961, again in 1963. There was the legislative action in the railroad case in 1963 and there was the congressional consideration of the matter last summer in the airlines case. As a result of that all the way through there has been serious attention in the Department and in my office to the question of what kind of legislation, if any, would meet this kind of situation. There is a variety about that that is so broad it almost negatives the value of the answer. There is one piece of it which I make no bones about. I am personally opposed to any legislation which would provide for seizure or compulsory arbitration. That blocks out a large part of this area.

BUREAU FOR THE AGING

Mr. FLOOD. I have a single industry economy, or did have, in my hard coal mines in northeastern Pennsylvania. When I first came down here during the War Between the States I had 35,000 miners working in my mines. Now I have 3,500. It is shocking. The average age in my congressional district is higher than the average age in the country, for obvious reasons. I am interested in this business of bills being introduced to set up a bureau for older workers in the Department. I have not done that myself. If I were a politician instead of a statesman, I would.

Are you doing anything where you plan to improve the lot of the older worker insofar as a separate bureau is concerned? A bureau for the older worker.

Secretary WIRTZ. I would like to identify my own reaction with yours to this extent. I suppose if I were a good bureaucrat I would be going out and trying to sell for the Department of Labor a new bureau for older workers. I am not. The situation on that is at the request of the Congress I filed a report with the Congress in June of 1965 making specific recommendations.

Mr. FLOOD. I know about that.

Secretary WIRTZ. One of those has materialized in the administration's proposal for legislation prohibiting discrimination in employment on the basis of age, covering the area between 45 and 65 with that age limit subject to extension by the Secretary of Labor. That

would be administered under that legislation in the Department of Labor.

In addition to that, there are proposals which involve the expansion of the activities of the HEW Office of the Aging, Office of Administration on the Aging, and there is a legislative proposal for the expansion of the activities of that group.

There are other bills introduced not by the Administration but on both sides of the House bearing on this same area, too. The answer to the specific point of whether there is a formal recommendation to you for a bureau on aging workers as far as the Department of Labor is concerned, seems to me properly answered in the negative. I am in favor of an expansion and identifiable expansion of the role of the Bureau of Employment Security and the USES and the State employment services in those areas. But as far as specific and separate bureau; no.

NEW BUILDING FOR DEPARTMENT OF LABOR

Mr. FLOOD. How are you doing with your new building?

Secretary WIRTZ. GSA is responsible for constructing buildings to house Federal departments and agencies. They have had funds and have arranged for the site and have designed a building. Congress has also appropriated funds for the foundation of the new building. Ground breaking should take place in the summer of 1967. The construction of this building is going ahead, where others are not, because the foundation of the building must be constructed concurrently with the freeway which will pass under the building.

PERSONNEL LEVEL

Mr. FLOOD. Mr. Laird.

Mr. LAIRD. Mr. Secretary, evidently we overappropriated for your Department in the 1967 budget. That is particularly true as far as personnel are concerned. How many more positions did we give you than you will use?

Secretary WIRTZ. Than we will use?

Mr. LAIRD. Yes.

Secretary WIRTZ. I do not know yet for sure about that because it will involve, for example, the question of what reaction I get to a request to lift these not official figures but quite formal personnel ceilings. I cannot tell you how many positions would be affected by those ceilings.

Mr. LAIRD. How many are affected now?

Mr. HUDSON. We have been authorized in the budget, in the direct appropriations in the budget, 8,924 positions. At the end of December we had 8,159 filled.

Mr. LAIRD. That is a total of how many unfilled?

Mr. HUDSON. Let me make this clear. While we were authorized 8,924 positions, we could only finance, because of normal lapses, 8,325 man-years. In terms of filling positions, as we work it, at the end of December we were about 166 under what we could finance.

Mr. LAIRD. How many don't you have filled?

Mr. HUDSON. In terms of what we could finance, 166 less at the end of this December, direct appropriated money.

Mr. LAIRD. That is because you absorbed some salary increases though.

Secretary WIRTZ. The figure would be about 700.

Mr. LAIRD. We actually overappropriated for 700 jobs that are not going to be filled or not filled as of this time?

Secretary WIRTZ. That would be the figure. My own description of what it would be is in different form.

Mr. LAIRD. How would you describe it?

Secretary WIRTZ. In an attempt to run this Department on the tightest possible basis and in an attempt to economize as fully as possible, we have done it on the basis of that lesser number of people than we indicated here.

Mr. LAIRD. We always assume that that is the way you are going to administer this Department. You are not going to fill jobs on an unnecessary basis. I would assume that that is the way you administered this Department ever since you have been Secretary.

Secretary WIRTZ. Subject to fairly being human. By that I mean, yes, I have thought that. I have felt each time that the pressures by the President, by the Bureau of the Budget, had pushed me just as far as I could go and I have found each time when I came back that much more pressure let me go that much further.

Mr. LAIRD. You are asking for a total personnel level in this budget of what? What is the final figure?

Secretary WIRTZ. About $1.270 billion and on the salaries and expenses it is about 110.

Mr. HUDSON. 7,774 jobs.

Mr. LAIRD. 7,774 permanent full-time jobs; you are asking for an increase of what in current employment as of the end of December?

Mr. HUDSON. Fifty-eight.

Mr. LAIRD. Fifty-eight jobs?

Mr. HUDSON. Yes, sir.

Mr. LAIRD. You are coming in with a request that is a lower personnel level than the 1967 request; there must be something wrong with that figure of 7,774.

Secretary WIRTZ. 9,494 positions.

Mr. HUDSON. That includes the trust fund.

Secretary WIRTZ. That is correct.

Mr. HUDSON. That also includes positions we financed for HEW; 168 of those; 315 jobs for the U.S. Employment Service District of Columbia center.

Mr. LAIRD. We are getting apples, oranges, bananas, and everything else.

Secretary WIRTZ. Mr. Laird, the situation is that the budget request, including all of these funds, some of them covered by the trust fund, some of them on the basis which involves their being administered by HEW is for 9,494 positions. That is 570 above last year's and——

Mr. LAIRD. Last year's funded positions?

Secretary WIRTZ. Last year's authorized positions.

Mr. LAIRD. Authorized?

Secretary WIRTZ. That is correct. That figure in turn is about 700 above authorized positions for 1967 as compared to the personnel use in the Department as of December 31. There are a good many refinements to this but in terms of new legislation and things of that kind, those are the figures——

Mr. LAIRD. You are then up over 1,000 new jobs?

Secretary WIRTZ. 570 over 1967 authorized positions. I would like to answer you now in terms of apples as against apples. My answer is apples and apples. The 9,494 figure does compare with the figure 570 less than that. If you add to that number by which as a result of these economy measures we dropped below that, those economy measures include two things; namely, the fact that we did absorb a number of these things, and also that we have been subjected and have subjected ourselves to the personnel limits. Then that total spread to which you refer is correct.

Mr. LAIRD. 1,200?

Secretary WIRTZ. Right.

Mr. LAIRD. That is a fairly good growth for 1 year, Mr. Secretary. One thousand two hundred add-on as far as the Department is concerned. That is an increase in personnel of better than 10 percent.

Secretary WIRTZ. I would not ask you, Mr. Laird, or this committee for one single one of them that I do not feel completely competent to talk about on its merits and on a case-by-case basis.

No crocodile tears.

Mr. LAIRD. We are not going to give you these jobs, Mr. Secretary, and then have action by the executive branch once again in a very dramatic fashion announcing that Congress gave you too much, that we overappropriated. We are in a time of war right now. The conditions are no better now than they were when these last job freezes were put on. As a matter of fact, if anything, they are a little worse as far as expenditures are concerned. I think that the legislative branch needs to protect itself somewhat here. After all, the appropriation function is one vested in the Congress.

It looks to me like you are getting ready for another big job freeze.

Secretary WIRTZ. No, Mr. Laird. Nothing personal about this. I long ago learned that I am supposed to do two things: One, act like a prizefighter. And the other, act like a punching bag. So there is no protest against this. I should think that taking a different approach somewhat from yours, it would be in the public's eye a very good thing if you turn the screws on me every time I come up here, and if the executive also does. I take my licking from behind, from these people behind, and it is not easy. There is not a day but what somebody represented by the various bureaus and the administrations is complaining bitterly and I think with justification, and as I suggested earlier, sometimes with what seems to me, no good answer. But rather than seeming as an affront to the relationship of the legislative and the executive process, I find the fullest cooperation in a situation in which I come up here, and we come up here, and you press us as hard as we can be pressed down.

I never objected to that, almost never. Then we go back and find in the course of the day-to-day administration additional Executive pressures. We push on those. I know that when I do that that makes my coming up here the next time harder is for the very legitimate reason you raise. I do not believe it is an affront to the public or to the Congress in this regard, for even after we get an allocation and appropriation, to try harder to save that money. I realize that when we do, it makes it that much more difficult to come up here. I respect your point, but press mine.

(NOTE.—The following detail concerning the personnel matters discussed in the foregoing was submitted later:)

Analysis of employment compared with 1967 budgeted positions and financeable man-years

Appropriation	Budgeted positions (1)	Financeable man-years (2)	Dec. 31, 1966, actual employment (3)	Fiscal year 1967 average employment (4)	Difference, cols. (3) and (2) (5)	Difference, cols. (4) and (2) (6)	Difference, cols. (3) and (1) (7)	Difference, cols. (4) and (1) (8)
Manpower development and training activities	168	156	136	133	−20	−23	−32	−35
District of Columbia Employment Service Center	25	23	9	9	−14	−14	−16	−16
Office of Manpower Administrator	410	383	378	376	−5	−7	−32	−34
Bureau of Apprenticeship and Training	686	646	609	614	−37	−32	−77	−72
Grants to States	(290)	(272)	(279)	(288)	(+7)	(+16)	(−11)	(−2)
Bureau of Employment Security, salaries and expenses	207	184	194	190	+10	+6	−13	−17
Trust	(1,390)	(1,246)	(1,273)	(1,292)	(+27)	(+46)	(−117)	(−98)
Labor-Management Services Administration	673	650	620	610	−30	−40	−53	−63
Wage and Hour Division	1,804	1,738	1,709	1,706	−29	−32	−95	−98
Bureau of Labor Standards	289	274	264	260	−10	−14	−25	−29
Women's Bureau	76	72	74	72	+2	----	−2	−4
Bureau of Employees' Compensation	524	498	491	492	−7	−6	−33	−32
Trust	(7)	(7)	(7)	(7)	----	----	----	----
Bureau of Labor Statistics	1,387	1,258	1,243	1,274	−15	+16	−144	−113
Bureau of International Labor Affairs	93	83	76	75	−7	−8	−17	−18
Office of the Solicitor	479	444	437	440	−7	−4	−42	−39
Office of the Secretary	306	290	281	256	−9	−34	−25	−50
Trust	(24)	(23)	(23)	(4)	----	(−19)	(−1)	(−20)
Office of Federal Contract Compliance	67	61	37	37	−24	−24	−30	−30
President's Committee on Consumer Interests	19	17	19	18	+2	+1	----	−1
Total, general funds	7,213	6,777	6,577	6,562	−200	−215	−636	−651
Total, trust and other funds	(1,711)	(1,548)	(1,582)	(1,591)	(+34)	(+43)	(−129)	(−120)
Grand total	8,924	8,325	8,159	8,153	−166	−172	−765	−771

NOTE.—Man-years absorbed due to disallowance of supplementals:

Wage and Hour Division (Fair Labor Standards Act)	100
Bureau of Labor Standards (Fair Labor Standards Act)	1
Bureau of Employees' Compensation (Federal Employees' Compensation Act)	68
Office of the Solicitor (Fair Labor Standards Act)	7
Total	176

PRESIDENT'S SAVING PROGRAM

Mr. LAIRD. Mr. Secretary, the President got a lot of publicity about his $3 billion saving program. It is pretty hard to find this $3 billion as you go through all the agencies of the Government, but I have been reading an awful lot about it. There have been different statements made and tables prepared on the details but in one of these I noticed the appropriation for unemployment compensation of Federal employees, and I find that you have made a great savings there.

This is about the phoniest kind of item that you could possibly list as a saving of money. There was no reduction that you made in benefits payments; the estimate was wrong on the number of claims you were going to have. There was no great savings brought about by some magic or some curtailment on the part of the executive branch of our Government. This is the only big saving you have in your budget, is that not correct?

Secretary WIRTZ. The only reduction in this budget?

Mr. LAIRD. Yes.

Secretary WIRTZ. Yes, sir.

Mr. LAIRD. It is the biggest contribution you made to this $3 billion figure in 1967.

Secretary WIRTZ. Again, I come back to the point we are talking about in a particular program which I think is so tight. Let me put it the other way. I know no place else except by actual reduction in the—I do not mean to argue the obvious—but there is not much other room in this budget and that is about the only point in which there is any question of that kind at all. I think it would be a valid point.

Mr. LAIRD. We always assume you would not spend any more than you need, anyway.

Secretary WIRTZ. Yes.

Mr. LAIRD. It is just as if we knocked $30 million off that appropriation item; we could show a nice saving, but it does not mean anything. If your estimate is right, we have to come back and finance that in a supplemental at a later time, When I went through the departments, department by department, and saw that with the exception of some personnel savings the only savings that were listed for the Department of Labor had to do with this unemployment compensation for Federal employees, I did not think that that took any great deal of economizing on the part of anyone.

Secretary WIRTZ. I never boasted or claimed, Mr. Laird, that there are large reduction or savings this year in the Department of Labor budget compared with the other. In fact, I answered to the contrary whenever there have been questions, that except for that one point this budget is not a reduced budget below last year's. It gets sort of torn in between the two claims, not yours. No point in developing that. I do not purport to show here larger reductions compared. In fact, none on net except for that one.

WAGE NEGOTIATIONS IN 1967

Mr. LAIRD. In answer to the chairman's question, you indicated that you did not feel that this year of 1967 necessarily would contain many great labor-management disputes that might end up in real

difficulty. Your position is somewhat different from the Assistant Secretary of Labor, Mr. Reynolds, when he referred to the situation for this next year. It could very well be a "real disaster." What does he mean by a "real disaster"?

Secretary WIRTZ. I would like to get the context of that whole statement and talk about it in those terms. The reconciliation——

Mr. LAIRD. I think it would be better to do that.

Secretary WIRTZ. I think so.

Mr. LAIRD. I have not seen the whole statement.

Secretary WIRTZ. First, we are talking about a phrase without the context. I do not say it is inconsistent with the context but without the context.

Mr. LAIRD. Maybe we could put this in the record.

Secretary WIRTZ. This is a statement that a "real disaster" could be in the making. If we are arguing logic that is certainly true. It is in the context of the U.S. News & World Report. That is the context here. What the context of that statement was, I do not know. I think you will find that in the——

Mr. LAIRD. There is no difference in your statement?

Secretary WIRTZ. Not a bit. Furthermore, we are completely committed to giving you the fairest, fullest statement in a discussion basis that we can give you. I do not blame Mr. Reynolds' description.

I want to make it clear that it would be smart for me to say, gentlemen, this is going to be an awful year, and I am going to look awfully good.

Mr. FLOOD. I was, frankly, using a long needle deliberately.

Secretary WIRTZ. I don't mind a bit. The only important point is that I am sure that Mr. Reynolds' view and my view of it expressed to this committee, with the opportunity for discussion, cannot vary a bit, because we spend about 2 or 3 hours a day together on it.

Mr. LAIRD. I think that is fine, but from reading that article and then listening to your discussion with the chairman, I felt it sounded a little different.

Secretary WIRTZ. I have a little trouble with your paraphrase of mine, Mr. Laird. I did not say I thought the year would go through without there being major trouble. I said I would hope and would expect that each of these cases as it comes along will present us with some answer, but I emphasized the fact that there are dynamite possibilities.

(The article referred to follows (see also p. 430):)

[From U.S. News & World Report, Jan. 9, 1967]

LABOR WEEK: WILL 1967 BE THE YEAR OF THE BIG STRIKES?

(With an expected squeeze on profits in the new year * * *.

(Employers are facing bitter struggles with unions over growing demands. Crippling strikes are threatened in crucial industries. There is even talk of "real disaster" in labor relations.)

As the new year started, there seemed little doubt that 1967 is to be a year of labor strife, with big wage demands, big settlements and some big strikes.

This prospect comes about because contracts are due to expire in many key industries and because unions are setting their sights on a larger and larger share of industry dollars.

Demands of the size now being mentioned are sure to meet strong resistance from employers in a year that is expected to bring a tightening squeeze on profits. On a collision course of this kind, strikes usually are inevitable.

The situation is such that James J. Reynolds, Assistant Secretary of Labor, was moved to suggest that "a real disaster" could be in the making. He predicted one of the "most difficult years" for labor-industry relations.

Out of it all there are sure to come demands in Congress for more-effective legislation against strikes.

THE STORM SIGNALS

The warnings of impending troubles are easy to detect:

Contracts will expire in such important industries as autos, trucking, railroads, nonferrous metals, farm machinery, rubber tires, apparel and meat packing.

Altogether, contracts covering more than 3 million workers will have to be renegotiated—double the number in 1966.

Union leaders are demanding wage increases of at least 5 per cent a year, plus many "fringes." Walter Reuther insists that the Auto Workers be paid annual salaries instead of hourly wages.

A number of industries granted increases of 5 per cent or more during 1966, and unions in many cases will be holding out for more than this in 1967, against growing reluctance of companies.

Union demands also will be influenced by deferred wage boosts coming due in 1967 under long-term contracts. These deferred increases, averaging 8.8 cents an hour, are the largest in a decade.

The rise in living costs—up 3.6 per cent in the past year—will be used as an argument for big settlements. Unions contend that the Government's guidepost on wage increases—recently pegged at 3.2 per cent annually—should be raised to cover the higher cost of living as well as gains in productivity.

Those are some of the reasons being offered for predictions of a strike-happy year.

The struggles between unions and employers start on January 17, when the Teamsters Union—the nation's largest—opens negotiations for a national trucking contract covering 450,000 workers.

The union's demands are expected to run 5 per cent or more a year, with cost-of-living adjustments and improvements in pensions, vacations and other fringe benefits.

One complication for 1967 is the threat of a prison term hanging over James R. Hoffa, the Teamsters' president and the union's chief negotiator. The Supreme Court upheld Mr. Hoffa's conviction on jury-tampering charges, but Mr. Hoffa has until mid-February to seek a reheating or make other moves. The trucking contracts expire March 31, and those close to the problem say negotiations probably will take several weeks.

The railroad industry, too, is threatened with labor troubles in coming weeks. Three rail unions have accepted an offer from the industry for wage increases of 5 per cent, but 13 other unions are balking at that offer.

With demands ranging up to 20 per cent, the rail unions are moving through the lengthy procedures of the Railway Labor Act. Contracts of various rail unions expire in January, but mediation efforts are likely to continue for some time beyond that deadline.

Pay raises of 20 per cent also are demanded by the International Ladies' Garment Workers Union in talks with five associations of dressmaking firms. The contract, covering 80,000 workers, expires January 31.

In March, in addition to the trucking contract, an agreement will expire in the pulp-and-paper industry of the West Coast. The Association of Western Pulp and Paper Workers will bargain for 21,500 employees.

AT MIDYEAR: AUTOS

Early in July, the United Auto Workers Union is expected to open negotiations with General Motors, Ford and Chrysler, whose labor contracts expire September 6.

One promised showdown will be over the issue of salaries for factory workers—a major goal of the union.

The aim is to guarantee production workers, year-round employment. As it is, hourly-paid workers can be laid off when business slackens. Mr. Reuther has made it clear he wants steady employment for his members. Some compromise, with stronger guarantees of jobs, may be worked out—short of changing from hourly rates to salaries.

One sticky problem facing Mr. Reuther, and some other unions that will be negotiating in 1967, is the skilled worker. The UAW's skilled members, such as tool-and-die workers, electricians and machinists, say they will insist on bigger raises than those provided for production workers.

Unless skilled workers get the extra raises, many auto-industry sources expect them to veto the wage agreement that Mr. Reuther finally negotiates. The result could be strikes at individual plants if not nationwide.

Because of pressure from the skilled workers, UAW's convention last May agreed to allow the skilled group to have the final say on new wage agreements. Thus, these skilled men can delay the auto settlements until satisfied with their own increases.

Skilled members of UAW used their veto power recently in a Detroit strike, and forced a bigger raise for themselves.

American Motors' contract with UAW expires on September 16. Each of the auto makers negotiates separately with the union, but, in the past, the Big Three have made similar offers. UAW usually selects one of the big firms as its prime target, wins a settlement, then forces similar terms on the others.

ANOTHER "SALARY" ISSUE

Turning wage earners into salaried workers also is the goal of the United Rubber Workers, whose contracts with each of the Big Four tire manufacturers are to expire on April 20. The rubber union's new president, Peter Bommarito, has stated that the union in 1967 "will make every effort to eliminate the cruelties of employment by the hour and bring a measure of added security and dignity to the hourly-wage worker."

Skilled workers in the tire plants were told that the union will seek to bring their wages closer to wages paid for similar skills in the building trades.

The nonferrous-metals industry also is due for contract talks in 1967. Major contracts expire June 30. Prior to that time, the Mine, Mill and Smelter Workers Union is scheduled to become part of the Steelworkers Union. Both have nonferrous contracts, and merger is expected to result in a tougher bargaining position for labor.

THE BIG "IF"

As these and other industries go to the bargaining tables in 1967, the outcomes will rest heavily on the state of business at the time. Union leaders intend to point to "high profits" of corporations in 1966, and they will seek a bigger piece of the income pie.

But, if business slackens in the months ahead, as many expect, employers will be unwilling—or unable—to give the big raises the unions demand.

The resulting impasse could lead to long strikes in major industries. There is evidence that union members have increased their pressure on union leaders for bigger and bigger settlements.

On the other hand, if workers have been subjected to layoffs in a business decline, the unions might hesitate to add to the income losses through strikes.

The 1967 outlook, therefore, now appears to be for a year of labor strife in many big industries—and possibly a strike record exceeding that of any recent period.

WHEN STRIKES COULD OCCUR IN 1967

Major union contracts expire or reopen in these months:

January:
- Railroad unions—Nation's railroads.
- Ladies' Garment Workers—Dress manufacturers.
- Shoe Workers—Massachusetts shoe manufacturers.
- Communications Workers—Long-lines department, AT&T.

March:
- Teamsters—Nation's trucking industry.
- Western Pulp and Paper Workers—Pacific Coast pulp, paper mills.

April:
- Rubber Workers—Tire manufacturers.
- Maritime Union—Atlantic, Gulf shipping lines.

May: Ladies' Garment Workers—Apparel manufacturers.

August: Packinghouse Workers, Butchers—Meat-packing firms.

September: Auto Workers—Auto and farm-implement companies.

Source: U.S. Department of Labor.

GUIDELINES

Mr. LAIRD. Do you think not having a fixed guideline or guidepost for labor and for management will add to the problem or make it less likely that we will have a problem?

Secretary WIRTZ. I think it will not add to the collective-bargaining problem, and I think it will not add to the price of settlements.

Mr. LAIRD. The President's economic message called for restraints on the part of both labor and management. I assume that is the position of the Department of Labor.

Secretary WIRTZ. Surely.

Mr. LAIRD. I have no further questions, Mr. Chairman.

Mr. FLOOD. Mr. Natcher.

TOTAL PERSONNEL REQUESTED

Mr. NATCHER. Mr. Secretary, going back again just for a moment to the total personnel requested in your statement of 9,494 positions for the fiscal year 1968, what is the total number of vacancies existing at the present time in the Department?

Secretary WIRTZ. I think it compares, Mr. Natcher, with the total authorization or the total funded.

Mr. NATCHER. The total authorization?

Secretary WIRTZ. Around 700, plus or minus a few.

SAVINGS FROM REORGANIZATION

Mr. NATCHER. Mr. Secretary, if the Department of Labor and the Department of Commerce were consolidated, would there be a savings?

Secretary WIRTZ. Yes, sir; there would.

Mr. NATCHER. Of any size, Mr. Secretary?

Secretary WIRTZ. I frankly cannot answer that at this point. That is being analyzed now on an intensive staffing-out basis. I do not know. I have no doubt with respect to certain units. If these other units are brought in, the independent agencies, I do not know how it will all add up. I am sure on a total basis, given the present functions, there will be quite a substantial savings in both money and personnel. I can identify some of the areas in which that would be so.

Mr. NATCHER. I know from time to time, Mr. Secretary, in the different departments in the Government, reorganizat on certainly is very much in order, I think. Three of us on this subcommittee serve on the Subcommittee on Agriculture Appropriations. When I was first elected a member, and we took our bill to the floor it was like a Fourth of July parade. We had no difficulty. Now we have extreme difficulty every year. Sometimes, Mr. Secretary, not so much from the standpoint of saving money in regard to the Department of Agriculture, but from the standpoint of getting over to the American people just where this money is being spent and what benefit the consumer receives, the change of the name of this particular Department from the Department of Agriculture to the Department of Food and Fiber would probably be justified if the people could be shown that over 50 percent of the money in that bill goes directly to the American consumer.

76-665—67—pt. 1——5

I know from time to time reorganizations in our departments are very much in order. I am just wondering about the saving of any money as far as the consolidation of these two departments. That is the reason I wanted to ask you that question.

ILLEGALLY EMPLOYED MINORS

In your statement you point out certain violations in regard to children, some 20,000 cases a year, I believe you stated. Where do we find these violations, mainly? In what line of work or industry generally?

Secretary WIRTZ. That will be Mr. Lundquist's testimony specifically. I do not know if we have the answer available here.

Mr. HUDSON. I have it only in terms of totals.

Mr. NATCHER. Insert a statement on this.

Mr. HUDSON. Violations under the Fair Labor Standards Act.

Mr. NATCHER. If there is no objection, I will ask that that be done.

Mr. FLOOD. Yes, and will you notify Mr. Lundquist that he should be ready, that Mr. Natcher is interested in it.

(The requested information follows:)

WAGE AND HOUR AND PUBLIC CONTRACTS DIVISION

Minors found illegally employed under the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act during fiscal year 1966

Total minors found illegally employed	18,550
By act:	
Fair Labor Standards Act	18,456
Walsh-Healey Public Contracts Act	94
By industry:	
Agriculture	5,487
Nonagriculture:[2]	[1] 13,063
Agricultural services	[2] 319
Mining	432
Contract construction	1,404
Manufacturing	4,391
Transportation and public utilities	611
Wholesale trade	1,986
Retail trade	2,902
Finance, insurance and real estate	90
Services	864
Other	64
Total	13,063

[1] During the period July 1966 to January 1967 a total of 9,061 nonagriculture violations were disclosed. Agriculture violations are tabulated annually.
[2] Includes employment in nonexempt agricultural processing activities.

EXPANDED COVERAGE OF INDUSTRIAL SECTOR PRICE PROGRAM

Mr. NATCHER. Mr. Secretary, I want to direct your attention to another statement that you made to the committee concerning the Consumer Price Index. You go on to state that some 75 additional industries would be added. For instance, what industries? Not all of them, but name a few.

Secretary WIRTZ. I am afraid, again, I will have to defer on that question to Commissioner Ross. I do not know the names of the industries. I will see that that is provided.

Mr. NATCHER. Not the name, but what type or kind of industry?

Secretary WIRTZ. The general situation is that that index started with the heavy manufacturing industries and with the large unit industries. The expansion has followed the definite pattern of including those industries which are in smaller units.

I will be glad to provide specifics.

(The requested information follows:)

TABLE A.—*Industrial sector price program 75 industries proposed for expanded coverage in fiscal year 1968*

Description	*1963 census code*
Mineral industries:	
Iron ores	E 1011
Natural gas liquids	1321
Food and kindred products:	
Sausages and other prepared meat products	2013
Cheese, natural and processed	2022
Ice cream and frozen desserts	2024
Frozen fruits, vegetables	2037
Flour grain mills	2041
Prepared feeds, for animals and fowls	2042
Bread and bakery products, excluding biscuits, crackers, and pretzels	2051
Bottled and canned soft drinks and carbonated waters	2086
Roasted and concentrated coffee	2095
Textile Mill Products:	
Broad-woven fabric mills, cotton	E 2211
Broad-woven fabric mills, man-made fiber and silk	E 2221
Knit outerwear mills	C 2253
Yarn spinning mills, cotton, man-made fibers and silk	2281
Apparel and other finished products: Suits, skirts and coats, except fur coats and raincoats	2337
Lumber and wood products:	
Logging camps and contractors	E 2411
Sawmills and planing mills, general	E 2421
Veneer and plywood plants	2432
Furniture and fixtures: Wood household furniture, except upholstered	2511
Paper and allied products:	
Pulp mills	E 2611
Paper mills, except building paper mills	E 2621
Paperboard mills	E 2631
Sanitary paper products	2647
Corrugated and solid fiber boxes	2653
Chemicals and allied products:	
Organic chemicals, not elsewhere classified	2818
Plastic materials and resins	2821
Pharmaceutical preparations	E 2834
Soap and other detergents	2841
Toilet preparations	C 2844
Paints and allied products	2851
Rubber and miscellaneous plastic products:	
Tires and inner tubes	E 3011
Rubber products, not elsewhere classified	E 3069
Plastic products, not elsewhere classified	E 3079
Leather and leather products: Shoes, except rubber	3141
Stone, clay, and glass products: Abrasive products	C 3291
Primary metal industries:	
Gray iron foundries	3321
Primary copper	3331
Secondary nonferrous metals	3341
Aluminum rolling and drawing	3352

Description	1963 census code
Fabricated metal products:	
Heating equipment, except electric	3433
Fabricated structural steel	3441
Sheet metal work	C 3444
Bolts, nuts, rivets, and washers	E 3452
Metal stampings	CE 3461
Valves and pipe fittings	3494
Machinery, except electrical:	
Steam engines and turbines	CE 3511
Farm machinery and equipment	CE 3522
Construction machinery	C 3531
Metal-cutting machine tools	CE 3541
Special dies and tools	CE 3544
Machine tool accessories	E 3545
Metalworking machinery, not elsewhere classified	CE 3548
Textile machinery	CE 3552
Special industry machinery, not elsewhere classified	E 3559
Ball and roller bearings	CE 3562
Power transmission equipment	E 3566
Computing and related machines	E 3571
Typewriters	E 3572
Electrical machinery, equipment, and supplies:	
Motors and generators	E 3621
Household refrigerators	E 3632
Household laundry equipment	E 3633
Electric housewares and fans	E 3634
Lighting fixtures	CE 3642
Radio and TV receiving sets	E 3651
Radio, TV communication equipment	E 3662
Electron tubes, receiving type	3671
Semi-conductor	E 3674
Engine electrical equipment	E 3694
Transportation equipment:	
Motor vehicles and parts	CE 3717
Aircraft	E 3721
Shipbuilding and repairing	E 3731
Railroad and street cars	E 3742
Miscellaneous manufacturing industries:	
Games and toys	E 3941
Sporting and athletic goods	CE 3949
16 industries adequately covered as of January 1967: [1]	
Canned fruits, vegetables, etc	2033
Refined cane sugar and byproducts	[1]2062
Beet sugar	[1]2063
Malt	[1]2083
Grease and tallow	2094
Woven carpets and rugs	[1]2271
Hardwood dimension and flooring mills	2426
Mattresses and bedsprings	[1]2515
Folding paperboard boxes	2651
Sanitary food containers	2654
Industrial leather belting and packing	3121
Primary production of aluminum	3334
Internal combustion engines	E 3519
Power, distribution, and specialty transformer	E 3612
Switchgear and switchboard apparatus	E 3613
Electric lamps	E 3641

[1] The list of 16 adequately covered industries includes 5 which were not originally scheduled for expanded coverage.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Smith.

LOANING OF PERSONNEL WITHIN THE DEPARTMENT

Mr. SMITH. How much loaning of personnel is there between bureaus or functions of the Department, Mr. Secretary?

Secretary WIRTZ. First, within the Department?

Mr. SMITH. Yes. In other words, you have line items for personnel. How much flexibility is there?

Secretary WIRTZ. We can give it to you. It is a point which has been raised before. In round figures, it would be in the neighborhood of 30. It was that many. There was pressure on this, and we worked down from a list which was about 50 or 60.

May I answer, subject to correction, 30.

Mr. SMITH. To what extent do you feel free to loan personnel from one line item to cover some other function?

Secretary WIRTZ. Almost exclusively in those situations where there is some immediate, almost crisis kind of demand.

For example, if we face some problem of needing information quickly from the field, our available field staff is largely the Wage and Hour staff, and there have been circumstances in which we have asked for a loan of 2 or 3 weeks of a number of people. That would be the typical situation. There would be few beyond that.

Mr. SMITH. It would be on a crisis basis, rather than intentionally doing it for 6 months or a year?

Secretary WIRTZ. Yes, it would. If there is a single case of that kind which in any way affects the distribution of the programing as it was presented to this committee a year ago, I do not know it, and I will make a special check to see whether there is any such. We will file a report whether it is significant or not.

Mr. SMITH. I am being a little philosophical.

Mr. FLOOD. We all are, really.

Mr. SMITH. And I am seeking information, but I am thinking of possibilities.

Suppose, for example, using arbitrary figures, this committee thought that the employment level should be 8,200, and outlined the personnel. That would leave out something over 1,000 that you requested. Suppose that there was also a provision that of those line items, for each two personnel you could reduce you could add one that you did not receive. Would this help the administration to come out at the end of the year with maximum benefit from personnel?

Secretary WIRTZ. I do not think that is a good trade, from my standpoint. You mean if you were going to cut it, would it help us to increase our flexibility?

Mr. SMITH. Are there times when you could trade two for one and come out better?

Secretary WIRTZ. We are awfully close to the line. I do not mean to be bawling like a crocodile. We are so close that I would be less than responsible if I were to answer that question easily.

Of course, if a lower limit were to be set, then to give us some more flexibility would probably help some. But we are just so tight that I cannot say to you that would make a whale of a lot of difference.

I do not mean that we have exhausted every possibility, but I do not know where the remaining possibilities are. Therefore, I think the value of that would be very slight.

Mr. SMITH. Of course, at the time a budget is made up, there can be a difference of opinion between you and the committees of Con-

gress on how many personnel there should be available for various programs; but after the budget is already completed and the money appropriated, then during the course of the year in the administration of the program, demands may change.

To what extent would some flexibility be helpful? I am not talking about increasing the number of grade 14's or 16's or 5's, but changing personnel at the same level from one function to another? To what extent would that be helpful?

Secretary WIRTZ. Not very much. The Department of Labor now is made up in its administration, of a group of people, including myself, who have been working together for 5 or 6 years, almost all of us. We have been over these things so many times that discussion now gets down to whether there are to be four more on accounting systems or four more on the auditing function. That is how far down we have gotten in this.

So, our suggestions to you here for changes are down in the less than 10 category. That reflects a continued working relationship between this group of administrators, and I do not believe there is much flexibility of that kind left.

Let me illustrate the point this way: Being pressed always internally within the administration to make this as low as possible, I am at the point now where I have to say to the Congress or the Bureau of the Budget, as far as I know, if there is to be any more cutting here, I have no choice but to say cut the manpower development and training program money, because I have gone as far as I can go on salaries and expenses.

We are at that point.

I say illustratively we are at the point in Manpower Administration that we are not talking generalities; we are talking about whether to take 15 people and put them on a review of the programs we already have in effect, or 15 people to go ahead putting new programs out. It is a small unit, and the Administration is now on a basis of sufficient experience that our arguments within the department are in terms of 4, 6, 8, 10, 15 people.

I simply illustrate the point by saying that in discussions with the Bureau of the Budget, if they said to me, "Where are you going to cut next?" I would say, "I have gone as far as I can go."

Mr. SMITH. I assume your answer is based partly on the assumption that you can have an annual supplemental in which you could change things.

Secretary WIRTZ. We have almost none of that except with respect to new legislation.

Mr. HUDSON. Only for new legislation.

Secretary WIRTZ. I do not believe we have come up with a supplemental. I am not telling you this Department is administered perfectly. I am saying to you it is administered now on the scale where we are down to that point. I do not think we have come up with a single supplemental.

Mr. SMITH. In other words, these changes do not come about often enough that 12 months makes much difference.

Secretary WIRTZ. No, sir. We are internally administratively, as well as here, the victim of being a small unit which does not have enough room left.

Mr. SMITH. Even on a tight ship, you can have situations arise where shifting one person from one function to another function might help in the total operation.

Secretary WIRTZ. I am reminded there is another answer to that which is relevant and ties back to my statement of yesterday. We have leaned way over backward in coming to this committee on any reprograming which has come up, far beyond what the law has required. I suppose we have really enjoyed, to whatever extent there is room for enjoyment, the kind of flexibility to which you have referred.

Mr. SMITH. Rather than supplementals, it is really reprograming that you do.

Secretary WIRTZ. On the reprograming, we have come up here and have been well received, because there has been the tradition of acceptance of that. On the supplementals, we have not done it except where there is new legislation.

REDTAPE UNDER MINIMUM WAGE LAW

Mr. SMITH. We have a new expansion of the minimum wage law. I was on the subcommittee that developed one in 1961, and I very well remember the experience we went through the next year or two after that one was put into operation. I know you now have the best opportunity you are going to have for several years to do what I am talking about. What is most needed with regard to this law is to get rid of some of the redtape.

Mention was made here about some people who are not capable of doing a full day's work, either due to age or otherwise.

Under the law, there are ways to pay them less than the going minimum wage. But it is so complicated and so much redtape is involved, some small businessmen just throw up their hands and don't hire the person who can't do a man's regular work.

Mr. Casey and Mr. Hull both mentioned a while ago some of these problems of young people getting jobs. There would be a lot of jobs available if it were not so difficult for the druggist to get a certification for a 14-year-old boy to do light work that no one would object to.

Have you given any attention to trying to get this worked out so it is less complicated for an ordinary small businessman?

Secretary WIRTZ. To answer you directly, yes, we are looking at it. Let me give you two illustrations of why this is going to be a very rough year on that. That extended coverage presents illustratively these two sets of problems. One, what do we do about the not-for-profit corporation, a hospital covered now for the first time, a not-for-profit hospital which comes in to us, as they are coming in now, and says, "We have a fellow who will donate half of his time to take care of the furnace in this hospital"? Always before we have laughed at that kind of suggestion because, in a for-profit operation, it did not seem to be the kind of thing we could handle administratively. We cannot shove that aside that easily now.

Illustratively, too, there came to me the first of January the report that the 17 Middle and Southern States are using 16- and 17-year-olds as schoolbus drivers, approximately 50,000 of them. It is a very large number.

My first reaction was to think I am against 16- and 17-year-olds driving schoolbuses, but I found on looking into it that that had been the practice for a very long time, and that it means the difference between going to school and not going to school for quite a number of those boys and girls. A lot of girls.

We have put off the final decision on this until the end of this school year, but we face a very real problem.

The third illustration is the one you put. This act also now covers a good deal more small business, presenting the difficulty of administering in connection with a small business. I do not mean it as a soft answer to say that problem is on us now in a way that is exceedingly real, and neither do I mean it as a soft suggestion that I will ask Mr. Lundquist, in addition to whatever can be taken up here at the hearing, to call upon each member of the committee. We know this is a very real matter, Mr. Chairman. It is more real than it has been before.

Mr. FLOOD. The size of the figure is astounding, 50,000.

Secretary WIRTZ. There are 9,200 schoolbuses in North Carolina, of which about 8,600 are driven by 16- and 17-year-olds. The problem is in 17 States. I am not sure of the total, but that is the reality of the situation.

Mr. LAIRD. Do you have their safety record?

Secretary WIRTZ. There is an argument about the safety record. Their presentation to us so far is that their safety record is better than the adult drivers. We are looking into that and holding hearings.

Mr. SMITH. This is no disrespect for the people who have been administering the law, but I went through this period after the other law was enacted, and I believe this is a problem which must be handled at your level. After they have been there about 20 years, administrators tend to get into the routine of administering laws in certain ways and assume that everybody can comply with regulations as amended from page so-and-so as amended from page so-and-so. You lost some of these small businessmen as employers of boys for light work several years ago. They just are not going to fool around trying to get one of those certificates.

REVIEW OF WAGE-HOUR FORMS

Secretary WIRTZ. Both Mr. Lundquist and I would welcome any suggestions from this committee that there be a complete review of the forms that are used in connection with the administration of the minimum wage law. I say that and mean it, because any kind of suggestion coming from here gives us an easier basis for working with the people.

Mr. SMITH. I have not discussed it with any member of the committee, but I feel confident they will agree.

Mr. FLOOD. Why don't you make the request? That was an invitation.

Mr. SMITH. I do make the request. That is all I have, Mr. Chairman.

Mr. FLOOD. Mr. Hull.

Mr. HULL. No questions.

Mr. FLOOD. Mr. Casey.

Mr. CASEY. I have no questions.

Mr. LAIRD. May I ask one question, Mr. Chairman.

STUDY ON JOB AVAILABILITY STATISTICS

Mr. Secretary, what happened to the study that was going to be made of the job availability statistics that were being gathered?

Secretary WIRTZ. The appropriation item was denied last year. We have in the meantime gone ahead on a very active basis to try to make fuller use of the statistics which we have. We have been moderately successful, to the point that we now put out a periodic report on job vacancy information in general, which is assembled jointly by the Bureau of Labor Statistics, the Manpower Administration, particularly the USES, and the State employment services. We put it out once every month.

I would be glad to send you on a personal basis a copy of that.

Mr. LAIRD. Does this satisfy you?

Secretary WIRTZ. No; it does not. I do not think it is done in a sufficiently complete manner yet.

Mr. LAIRD. There is no request this year that I can see in the justifications, for this.

Secretary WIRTZ. No; there is not.

Mr. LAIRD. I wondered if you were satisfied with the type of reporting you were able to get.

Secretary WIRTZ. No. This is another case which involves, again, the expression of a repeated point of view. We have this year acquiesced in this to the extent we did not bring the request up again.

Mr. LAIRD. You know what our problem was last year. We had a problem with the AFL–CIO in regard to this. I do not know whether they were right or wrong. It seems to me we do not have very good information. They seem to think, though, that in some cases it would hurt the regular hiring procedures. I do not think that was the purpose for which you were seeking this information. It was to help you with your training programs, was it not?

Secretary WIRTZ. Mr. Chairman, I would like to retract my answer, because I did not know what you were referring to.

Mr. LAIRD. That was our problem.

Secretary WIRTZ. It is only for the purpose of administering the program that we seek this information, particularly because we could get it on a localized basis where we do not have it on that basis, and it is necessary for operating purposes.

Mr. LAIRD. I personally think there is some need for this, and I would like to look over the kind of material you are getting out now and see if it serves the purpose, because even if it were just within-shop information, I would think there would be some real merit in having the information available so we would know.

Secretary WIRTZ. I should add, in summary, the situation on that is that we do not make that request this year. We have been able to put together more information than a year ago. I suspect we have gone through the most difficult and important period as far as learning about job vacancies. We have had to learn our way through a period of very fast change.

Finally, I would still think our information should be more complete.

Mr. LAIRD. I should think in a country which has made the progress that we have, we should know what job availabilities there are, by class and in order to direct our training programs properly.

(The information referred to follows:)

We have also intiated a quarterly report on unfilled job openings at public employment service offices. These reports will provide additional information on the nature of job openings in each of 77 major metropolitan areas, particularly openings that have been available for a month or more and the reasons they are hard-to-fill. Our experimental job vacancy surveys have indicated that unfilled Employment Service job openings may account for about one-third of all job vacancies, and that these Employment Service openings are reasonably representative of hard-to-fill job vacancies in most occupational categories. I am pleased to provide the Committee with copies of a recent summary of these data.

Unfilled job openings in local public employment offices for selected occupations, United States, July 1 and Apr. 1, 1966

Occupation	Total unfilled openings		Percent change from April 1	Percent unfilled 30 days or more	
	July 1	April 1		July 1	April 1
All occupations	441,700	408,500	+8.1	53.5	43.9
Professional, technical, and managerial, total	74,100	71,600	+3.5	78.5	73.5
Teachers, principals, and professors, total	13,903	12,313	+12.9	86.6	76.6
Elementary school teachers	5,065	5,181	−2.2	84.7	76.4
Secondary school teachers and principals	7,117	4,942	+44.0	88.5	74.6
College presidents, professors, and instructors	310	568	−45.4	80.0	86.8
Teachers and instructors, not elsewhere classified	1,411	1,652	−13.0	85.7	79.8
Engineers, total	9,360	10,560	−11.4	82.5	83.0
Mechanical	3,742	3,852	−2.9	85.5	81.2
Electrical	2,259	2,678	−15.6	79.2	83.7
Industrial	1,567	1,556	+.7	78.8	87.7
Civil	1,162	1,749	−33.6	84.2	80.4
Chemical	482	573	−15.9	85.1	88.5
Metallurgical and mining	148	152	−2.6	75.7	79.6
Social and welfare workers	6,936	6,607	+5.0	86.1	79.4
Draftsmen	6,827	6,950	−1.8	75.2	75.1
Trained nurses	5,193	4,383	+18.5	84.8	79.2
Medical service occupations, not elsewhere classified	3,191	2,774	+15.0	86.6	78.0
Laboratory technicians and assistants	2,873	2,540	+13.1	67.0	58.4
Accountants and auditors	2,066	2,099	−1.6	62.2	59.9
Semiprofessional occupations, including systems engineer	1,824	1,904	−4.2	82.7	67.8
Technicians, engineering, and physical science	1,843	2,556	−27.9	83.6	80.0
Social scientists	1,767	1,656	+6.7	82.1	77.8
Librarians	1,181	1,054	+12.0	84.4	86.1
Chemists	598	673	−11.1	67.4	63.9
Natural scientists	532	519	+2.5	84.0	59.7
Clerical and sales, total	94,100	90,400	+4.1	39.7	35.9
Stenographers and typists	16,367	16,297	+.4	34.4	32.0
Sales persons	7,781	8,077	−3.7	46.2	35.7
Bookkeepers and cashiers, except bank cashiers	7,591	6,992	+8.6	25.4	25.4
General office clerk	5,864	5,162	+13.6	29.5	26.9
Salesmen and sales agents, except to consumers	4,771	4,879	−2.2	62.8	58.8
Secretaries	4,705	4,180	+12.6	31.2	31.8
General clerks	4,683	2,477	+89.1	14.1	25.4
Insurance salesmen	4,307	4,725	−8.8	78.2	73.5
Office machine operator	4,036	3,456	+16.8	43.4	35.6
General industry clerks	3,476	3,698	−6.0	34.1	23.7
Service, total	87,000	79,900	+8.9	39.8	25.9
Waiters and waitresses	15,781	15,163	+4.1	45.7	29.0
General maids	8,963	8,119	+10.4	36.2	25.1
Cooks, except private family	6,612	5,049	+31.0	38.7	25.9
Attendants, hospitals and other institutions	3,770	2,553	+47.7	54.6	35.1
Skilled, total	72,700	60,300	+20.5	68.3	59.7
Mechanics and repairmen, not elsewhere classified	9,693	8,513	+13.9	62.1	55.1
Machinists	7,217	6,317	+14.2	75.1	68.5
Mechanics and repairmen, motor vehicle	5,666	4,489	+26.2	58.3	49.1
Machine shop and related occupations	5,113	4,923	+3.9	83.2	73.0
Welders and flamecutters	4,808	4,220	+13.9	64.2	66.0
Pattern and model makers	4,314	2,331	+85.1	93.9	94.1
Toolmakers, diesinkers, and setters	3,500	2,860	+22.4	88.2	83.1
Occupations in the building of aircraft, not elsewhere classified	1,890	655	+188.5	78.1	53.6
Tailors and tailoresses	1,725	1,601	+7.7	75.6	75.2

Unfilled job openings in local public employment offices for selected occupations, United States, July 1 and Apr. 1, 1966—Continued

Occupation	Total unfilled openings		Percent change from April 1	Percent unfilled 30 days or more	
	July 1	April 1		July 1	April 1
Semiskilled, total	67,900	63,200	+7.4	54.2	41.4
Occupations in fabrication of textile products, not elsewhere classified	11,686	9,389	+24.5	57.7	47.2
Chauffeurs and drivers, bus, taxi, and truck	7,299	6,802	+7.3	42.9	27.6
Machine shop and related occupations	6,630	6,140	+8.0	70.2	55.6
Occupations in building aircraft	3,153	3,819	−17.4	80.1	71.2
Occupations in manufacture of radios and phonographs	3,017	3,514	−14.1	40.2	45.6
Unskilled, total	45,900	43,000	+6.6	43.1	26.0
Warehousing, storekeeping, handling, and loading	7,175	5,646	+27.1	30.4	18.9
Construction occupations	6,211	5,749	+8.0	39.0	16.2
Packing, filling, labeling	1,763	1,505	+17.1	38.4	20.7
Machine shop and related occupations	1,720	1,808	−4.9	61.9	20.6
Occupations in manufacture of electrical equipment	1,543	906	+70.1	42.2	35.7

Mr. FLOOD. Mr. Michel.

COMPARISON OF MANDATORY AND ADMINISTRATIVE DISCRETION INCREASES

Mr. MICHEL. Mr. Secretary, you speak of the $58.6 million increase. Would it be too much to ask for a breakdown of the mandatory costs and the administrative discretion items?

Secretary WIRTZ. I would be glad to supply those.

Mr. HUDSON. That is contained in the Secretary's statement.

Mr. FLOOD. Where does that appear?

Mr. HUDSON. Attachments 2 and 3.

(See pages 29 and 30.)

NEWLY ENACTED LEGISLATION

Mr. MICHEL. What is the newly enacted legislation which requires the $5.6 million?

Secretary WIRTZ. It is in various parts. The largest piece of it is the extension of the Fair Labor Standards Act and its coverage to an additional 8 million people, and in another year it will be 9 million. That accounts for 250 positions among the 570 new ones, and it accounts for approximately $3 million, I think, as far as funds are concerned.

There are changes in the 1966 amendments to the Federal Employees Compensation Act which are reflected in a change in terms of 50 positions. Those are the two things.

EFFECT OF 5-PERCENT BUDGET REDUCTION

Mr. MICHEL. You are aware that the President has asked for a 6-percent surtax. I am wondering, if this committee can do as good a job on individual items in your budget which would result in a 5-percent reduction across the board. If we did that universally with all the departments maybe we would not have to face that horrible music later in the year—a vote for a tax increase. How would that affect your operation, if we just took a 5-percent swipe?

Secretary WIRTZ. It would affect it in these ways: These are the big items, and it would mean there is less effective administration. I do not mean to go on down that list but more specifically on the new Fair Labor Standards Act it would mean that there would be simply that number of reduced compliance investigations conducted. I mention those in illustration. If the question is as to whether it could be done as far as the other salary and expenses are concerned, I do not know where it could be done. I think the answer to the question is it would simply mean that much less effective administration of the program.

It would probably mean we would have to stop these attempts to put the administrative management business on a cost-accounting basis and things of that kind. It is a considered answer.

Mr. MICHEL. As far as actual programs are concerned, would it not affect more those newly conceived, newly enacted rather than long-term programs?

Secretary WIRTZ. No; I do not believe it would. I do not believe we could make that distinction.

Mr. MICHEL. Then we have to be selective again?

Secretary WIRTZ. If there is to be discretion of that kind, I would hope very much it would be on a selective basis.

EMPLOYMENT LEVEL

Mr. MICHEL. You have mentioned any number of times this increase of 570 positions. I kind of have difficulty reconciling this or squaring that with the President's Executive order of last year asking everyone to hold the employment level. I suspect maybe you have probably discussed this adequately enough heretofore

Secretary WIRTZ. I do not mean to pass it over again.

It is specifically 570, the extension of the FLSA, 250 or so in the employment, 50 on employees compensation and other are set out on page 4 of my statement; 130 is on the economic data material. That is the other big one; 61 on the safety and maritime industry; 25 are not really new. They pick up the civil defense functions and others are less than that.

Mr. MICHEL. On that "maritime industry" item, how many employees are presently involved in providing safety services?

Secretary WIRTZ. We will provide it for the record.

Mr. MICHEL. How many now and a year ago?

Secretary WIRTZ. Yes, sir.

(The information follows:)

Positions involved in maritime safety services

1966	113
1967	113
1968	174

Mr. MICHEL. Could you provide some specific examples of the economic data you plan to come up with due to the increase of 130?

Secretary WIRTZ. That will be set out specifically in Mr. Ross' testimony.

Mr. MICHEL. Fine.

INCREASE FOR CIVIL RIGHTS ACTIVITIES

You are increasing your civil rights effort by bringing in more employees. Why can't the Civil Rights Commission handle this activity?

Secretary WIRTZ. The responsibility involved here is principally with respect to two things. One of them is the compliance with the civil rights provisions in the Executive order covering Government contracts, which is not under the Commission's jurisdiction. Secondly, the administration of title VI of the Civil Rights Act, which is that provision which requires that we prevent or avoid violations of the civil rights provisions in the State employment services, for example.

These are entirely in those two areas, neither of which is under the jurisdiction of that Commission.

Mr. MICHEL. Do you have liaison with the Commission?

Secretary WIRTZ. Very close. Yes, sir.

CIVIL DEFENSE FUNCTIONS

Mr. MICHEL. You indicate that 25 positions are not really new but represent a change in financing of certain civil defense functions.

Secretary WIRTZ. Correct.

Mr. MICHEL. What ones are you referring to?

Secretary WIRTZ. Office of Emergency Planning. That is the problem which we have discussed with the committee in previous years.

Mr. MICHEL. What change in financing do you have in mind?

Secretary WIRTZ. We have asked before for financing of that and the committee has indicated its unwillingness to give us that item.

PERCENTAGE OF NEGROES IN MANPOWER TRAINING PROGRAMS

Mr. MICHEL. Maybe this more properly is a question for Mr. Ruttenberg on pages 10, 12, 13 of the justifications. Roughly one-third of those in manpower training development are Negroes. Is that a good percentage?

Mr. RUTTENBERG. In the institutional training program, 37 percent of the trainees currently are nonwhite; in the on-the-job training program 17 percent are nonwhite, making the overall total 33 percent.

Mr. MICHEL. With a higher rate of unemployment among Negroes do you think you are doing as much as you can?

Mr. RUTTENBERG. When one thinks of the Negro population 11 percent of the total unemployed 20, 22 percent, we are at 33 percent in our training. We have considered both of those.

Mr. MICHEL. I expected that kind of response.

Mr. RUTTENBERG. You must say this does show considerable improvement if one looks at the participation of nonwhites in the program from the beginning. You see a historical improvement in that percentage of nonwhites.

PARTICIPATION SALES CERTIFICATES

Mr. MICHEL. We have had considerable talk about participation sales certificates and their relationship to trust funds in several of the other departments. How about the unemployment insurance trust

fund; does that get involved at all in the sale of participation certificates?

Mr. HUDSON. Yes.

Secretary WIRTZ. I think it does. I will check to be sure.

Mr. MICHEL. I would like to have that set out in the record.

Secretary WIRTZ. Yes, sir.

(The information requested follows:)

EXPLANATION OF PARTICIPATION SALES ACT OF 1966, PUBLIC LAW 89-429, AND THE PURCHASE OF CERTIFICATES OF PARTICIPATION BY THE UNEMPLOYMENT TRUST FUND

The Participation Sales Act of 1966 empowers several Federal Departments and Agencies; e.g., the Departments of Agriculture, Health, Education, and Welfare, Housing and Urban Development, Veterans' Administration, and the Small Business Administration, to pool direct loans made by these agencies. The Federal National Mortgage Association is empowered as trustee, to sell guaranteed participation in such loans. The act provides for an indefinite appropriation to cover any difference between principal and interest payments received on the pooled loans and the contractual services owed to holders of participation certificates. It also requires the approval of the Secretary of the Treasury of all other sales of financial assets.

The Unemployment Trust Fund will buy in FY 1967 participation certificates in the assets of these departments and agencies in the amount of $100 million. The purchase of these certificates is a capital outlay and will increase the investment assets of the fund by $100 million while reducing the U.S. securities balance by the same amount. No change in the overall assets of the fund is involved.

Mr. MICHEL. Down at Agriculture they are going to be doing something where the picture looks like $600 million better via this mechanism. I would like to have it set out for this Department. I intend to pursue that for each department, to get a little better idea of what we are talking about.

DEPARTMENT RELATIONSHIP WITH JOB CORPS

Mr. MICHEL. Does the Department have anything to do with the Job Corps?

Secretary WIRTZ. No, sir; except the recruitment. I should change that answer. As far as the running, administration of the Job Corps is concerned, the answer is no. We do have, however, an arrangement between the Employment Service and the Job Corps for the recruitment of Job Corps trainees and also for their placement after they are through.

Mr. MICHEL. Does the Employment Service handle all the recruitment for the Job Corps?

Secretary WIRTZ. I think most of it.

Mr. RUTTENBERG. We handle about 85 to 90 percent of the males and none of the females. Female recruitment is done through a private organization.

Mr. MICHEL. Would you say that the Department of Labor would take a more strict attitude with respect to recruitment than would the Office of Economic Opportunity?

Mr. RUTTENBERG. Criteria for the selection are determined and given to us by the Job Corps. The Employment Service are following specifics of the kind of things they want to do, given to them by the Director of the Job Corps.

Mr. MICHEL. I have had several cases where boys were not the best, did not have the cleanest records, but who, in my opinion, could have

been rehabilitated. When we have Mr. Shriver up here we get the pitch that one of the reasons the Job Corps costs so much is, "We are not talking about ordinary kids but the real bad ones."

When I tried to get a couple bad ones into this program they did not qualify. They are too bad. They still are not as bad as some of those they purport to be taking into the program as a means for justification of an increase in that whole program. We will get to the people responsible in that respect later.

BUDGET CHANGES DUE TO TRANSFERS OF FUNCTION WITHIN THE DEPARTMENT

Could you provide for the record a list of changes which occur in your budget due to bureau shifts or agency shifts within the Department?

Mr. HUDSON. Yes, sir.

Mr. MICHEL. Are there significant ones this year?

Mr. HUDSON. No, sir. Basically we are transferring some safety functions, which have been in the Wage-Hour Division to the Bureau of Labor Standards so that all the safety functions are together. We are also transferring on a centralized basis, audit functions from the variety of bureaus. That is spelled out on attachment No. 5.

Mr. FLOOD. Are those the audit functions that you transferred to the Office of the Secretary?

Mr. HUDSON. Yes, sir; it is an illustration of that.

UNEMPLOYMENT AMONG YOUTH, THE UNEDUCATED, AND MINORITY GROUPS

Mr. MICHEL. Apologizing for my not being here for your entire presentation, Mr. Secretary, if it has been covered, do we have in the record a detailed picture of the extent of unemployment among our young people, uneducated and minority groups?

Secretary WIRTZ. No, we do not. I can give you the general outline of that and the figures are about these:

Nationwide unemployment is 3.7 percent. Unemployment among the 16- to 19-year-olds is in the range of 11 to 12 percent. Within that 11 or 12 percent the rate for the minority groups is roughly twice that for the white groups. There is an easy rule of thumb.

We used to call it two times two. Now it is two times three or three and two. You can almost always in every situation get the youth unemployment rate by multiplying the general unemployment rate by three. Then you can get the nonwhite unemployment rate for any area almost by multiplying the youth rate by two. If you start with about 4 percent, under 4 percent in general today, you multiply it by three and get if for youth. Multiply it by two and you get it for nonwhite. It works time after time.

Mr. MICHEL. That has been a kind of historical pattern.

Secretary WIRTZ. Yes, sir.

Mr. MICHEL. With all these programs and emphasis on correcting apparent deficiencies, don't you expect that formula to change sometime if these programs are really effective?

Secretary WIRTZ. Yes, sir. I do expect it to change.

Mr. MICHEL. There has not been a significant change yet?

Secretary WIRTZ. It all depends on what the basis of comparison is. Do you mean there has been a change if nothing had been done? I expect there would have been a tremendous change.

If you measured it in terms of the absolute comparison, without taking account of some other things, there is not. I do not mean to be opaque about it. The trouble as far as youth are concerned is that machines have come in and taken over the things that high school dropouts used to be able to do. That is oversimplification but it is the guts of it. So we have made some slight gains. The percentage rate has gone down some as far as youth are concerned but they are the ones getting caught by the machines. They are coming in with a high school education and work for much less and are doing most of the things, except for some of these domestic service jobs, and some pretty unattractive work.

Those kids were doing these things before. I say that is an oversimplification but that is the reason for the situation. Then as far as the nonwhite situation is concerned, the hard facts of that are that we are at the point now where the problem is going to be one of training disadvantaged and the training is going to take time. More than that, it is a matter of economic unemployment.

CENTRALIZING TRAINING PROGRAMS

Mr. MICHEL. What would you think of the proposition of bringing all the training programs together under one roof in the Department of Labor rather than leaving them scattered, some in the Office of Economic Opportunity, et cetera?

Secretary WIRTZ. If you mean the operational aspects of the program, I support it and we are moving quite strongly in that direction as witnessed by what is being done with the Neighborhood Youth Corps, special impact training program. The present consideration is with the HEW of title V of the EOA program and the section 409 community work training program.

I would add to that that I still respect greatly the very real importance of an OEO function as has been stated before in a good many places with respect to the overall development of the equality program.

MERGER OF LABOR AND COMMERCE

Mr. MICHEL. Have you made any estimate of what it costs to combine the Department of Labor with the Department of Commerce?

Secretary WIRTZ. No, I have not. The reason that it is hard to answer that question is as follows: If it were simply a matter of pulling the two Departments together in their present jurisdictions, that figure could be fairly easily arrived at. The discussion is much more in terms of a new department which, for example, in the manpower area would bring together some of these things presently in other areas. I have taken advantage of your question because I do not know the answer to it in the specific terms in which you are asking.

Mr. MICHEL. We could not expect that argument would be made that we are going to save money?

Secretary WIRTZ. Yes, sir. That argument will be made and it will be spelled out in detail. I am taking too much advantage of your earlier answers. There is a five-man Bureau of the Budget, Department of Commerce, Labor Committee working on the very specific details of this. The cost analysis is included.

Mr. MICHEL. You say if this would ever come about, and you were chosen as the one to head that kind of a department, that you could still press the two divergent points of view that are obviously manifested through the two individual departments today? How could you harmonize in your own mind, going to bat for the business community and at the same time be touting labor's aims and industry's aims at the same time?

Secretary WIRTZ. Mr. Chairman, Mr. Michel, I will be very grateful if I can answer that question entirely in impersonal terms. If I speak to that question in personal terms, the possibility of what I think is a major advance as to the Government is simply diminished by that. To answer in impersonal terms, and I do, I think that there would be no question about the possibility of the effective administration of that department substantially beyond the possibility of an effective administration of either of the departments right now.

I will give you one specific illustration. I am sure that the matter of reconciling those two points of view within the Department will be difficult. It is as nothing compared with the disadvantage of administering either the Department of Labor or the Department of Commerce with everybody in the room, everybody in the country, everybody engaged in any way on any issue thinking you are a special interest representative when you are not. That is the hardest administrative problem I face in my present position and it is a very real one.

It contributed substantially to the Congress decision, shared by the administration, to distribute the manpower program among a number of different agencies. It is a very proper concern about the Department of Labor being considered a special interest agency. Any difficulty that the secretary of that new department might encounter in connection with what you are talking about is as nothing compared with the difficulties which the Secretary of Labor, the Secretary of Commerce face today in effective participation in the policies of development of this country. For today that policy development is by the Secretary of the Treasury. This is as far as recommendations of the department are concerned, by the Secretary of the Treasury. It is by the Director of the Bureau of the Budget. It is by the Chairman of the Council of Economic Advisers. It is by the Federal Reserve Board Chairman with the Department of Commerce and the Department of Labor not really qualified because they are identified as special interest agencies.

I would grant all of the problems that would arise in connection with having to be awfully careful whenever you make a speech that is not misunderstood by two people. That is really the problem, now all of those other things. Yet we would feel that a tremendous burden was lifted from the administrative head of that agency compared with the burdens which are carried today by the administrators of what are thought of as special interest agencies.

Mr. MICHEL. Do you think the big labor unions will be persuaded by this argument?

Secretary WIRTZ. I do not know.

Mr. MICHEL. Have they expressed to you up to this point serious objections to combining the two Departments?

Secretary WIRTZ. Their position is that they will want to look at this on the basis of the more specific presentation of it which has been indicated will be forthcoming as far as the administration is concerned. They have reserved judgment on this. I certainly think that is a correct answer. I have nothing but what is common knowledge when I say to you, Mr. Michel, there are a number of union leaders who have indicated no reservation about this proposal in its present form. I mean in its present stage. It has no present form.

Mr. MICHEL. Is there any kind of prior or any discussions——

Secretary WIRTZ. I did not mean to duck your question. You asked me if I talked to them about it. I have talked to them about it.

Mr. MICHEL. Have there been any discussions that have led up to this proposition? Have there been any talks at all of changing the complexion or the function of the NLRB in this new department if it should be established?

Secretary WIRTZ. Yes, there have been discussions, and the tentative conclusions at a staff level, the matter not having been presented to the President in this form, is the National Labor Relations Board should not be included in any department.

Mr. LAIRD. Would the gentleman yield?

Mr. MICHEL. Just a minute.

It would remain an independent agency?

Secretary WIRTZ. That is correct.

Mr. LAIRD. Really, there is no form to this proposal?

Secretary WIRTZ. There is not.

Mr. LAIRD. It is the same form as the President's recommendation for emergency strike legislation in the 1965 state of the Union message?

Secretary WIRTZ. I do not believe so. There is this difference. It is similar in that the President has indicated an approach to the matter and has not come forward with a specific proposal. It is different in that I think there is no question at all about whether there will be a presentation of a specific proposal as far as the new department is concerned. I am thinking in terms of this session.

Mr. LAIRD. This session?

Secretary WIRTZ. Yes, sir. I cannot answer that categorically on the emergency disputes.

Mr. LAIRD. He indicated he would send up proposals on that, too, but it has not come yet.

Secretary WIRTZ. You asked me my understanding of it. There is a difference. I answered only within the limits of my own proprieties that I see a larger degree of certainty with respect to this one.

Mr. FLOOD. You indicated to me, perhaps a matter of weeks.

Secretary WIRTZ. Yes, sir.

Mr. MICHEL. Mr. Secretary, does the Department's budget reflect the cost of proposed or pending legislation?

Secretary WIRTZ. I do not believe there is any.

Mr. HUDSON. Not new legislation.

Secretary WIRTZ. We have no large program legislation before us. I guess the answer is practically "No."

Mr. HUDSON. This is all for authorized legislation.

APPROPRIATIONS AND EXPENDITURES FOR FISCAL YEAR 1967

Mr. MICHEL. Could we have supplied for the record the total cost for running your Department in this current fiscal year on an expenditure basis and an appropriation basis?

Secretary WIRTZ. Surely.

(The information follows:)

Analysis of 1967 appropriations and expenditures

Administration, Bureau, or Office	Appropriation [1]	Estimated expenditures
Manpower development and training activities	$392, 589, 538	$275, 668, 000
Office of Manpower Administrator	32, 017, 740	25, 000, 000
Bureau of Apprenticeship and Training	8, 259, 000	8, 180, 000
Grants to States	(524, 000, 000)	(524, 000, 000)
Unemployment compensation for Federal employees and ex-servicemen	66, 331, 000	65, 000, 000
Bureau of Employment Security, salaries and expenses	2, 750, 000	3, 731, 000
(Trust)	(18, 167, 000)	(18, 167, 000)
Labor-Management Services Administration	8, 578, 000	8, 200, 000
Wage and Hour Division	22, 737, 000	22, 133, 000
Bureau of Labor Standards	3, 434, 000	3, 040, 000
Women's Bureau	911, 000	885, 000
Bureau of Employees' Compensation, compensation fund	44, 375, 000	43, 634, 000
Chargeback costs	(32, 625, 000)	(32, 625, 000)
Proposed supplemental	12, 196, 000	12, 000, 000
Bureau of Employees' Compensation, salaries and expenses	4, 848, 000	4, 846, 000
(Trust)	(67, 000)	(67, 000)
Proposed supplemental	20, 000	20, 000
Bureau of Labor Statistics	20, 593, 000	19, 730, 000
Bureau of International Labor affairs	1, 250, 000	1, 239, 000
Excess foreign currency	75, 000	72, 000
Office of the Solicitor, salaries and expenses	5, 591, 000	5, 587, 000
(Trust)	(144, 000)	(144, 000)
Proposed Supplemental	8, 000	7, 000
Office of the Secretary, salaries and expenses	3, 685, 000	3, 621, 000
(Trust)	(140, 000)	(140, 000)
Office of Federal Contract Compliance	1, 103, 000	1, 030, 000
President's Committee on Consumer Interests	327, 000	293, 000
Miscellaneous expenditures from advances and reimbursements, expired accounts, etc		(−)3, 939, 000
Total, general funds	631, 678, 278	499, 977, 000
Total, trust funds	(575, 143, 000)	(575, 143, 000)
Total	1, 206, 821, 278	1, 075, 120, 000

[1] Includes proposed supplementals and Bureau of the Budget reserve; excludes comparative transfers.

1967 SUPPLEMENTAL REQUEST

Mr. MICHEL. Do you plan to submit a supplemental request in this current fiscal year 1967?

Secretary WIRTZ. Absent new legislation, no. If there should be new legislation, our previous practice has been to come up on supplementals only when there is new legislation. I have no present basis for anticipating anything different from that.

Mr. HUDSON. We have a supplemental for new legislation authorized by the Federal Employees' Compensation Act.

Secretary WIRTZ. Perhaps I misunderstood your question. I thought your question was whether we are thinking in terms of coming up with a supplemental for 1968.

Mr. MICHEL. No, for 1967.

Secretary WIRTZ. There will be a supplemental coming up.

Mr. MICHEL. That will be for how much?

Mr. HUDSON. $12,196,000

Mr. MICHEL. For what?

Mr. HUDSON. The Federal Employees' Compensation Act, authorized under the last session, for benefit payments, plus a possible supplemental for pay act costs.

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

OFFICE OF THE SECRETARY, SALARIES AND EXPENSES

Mr. FLOOD. Just a few questions, Mr. Secretary, on your own shop.

Secretary WIRTZ. Yes, sir.

Mr. FLOOD. The adjusted appropriation for 1967 is $4,782,000, for the Office of the Secretary?

Secretary WIRTZ. Yes, sir.

Mr. FLOOD. The request for 1968 is $5,484,000.

If this is true, this is most unusual as far as I am concerned. I just cannot believe these figures are correct. Did the Bureau of the Budget increase the request that you sent to them?

Secretary WIRTZ. No. I am afraid there is some misunderstanding of it.

COMPARISON OF FIGURES IN BUDGET ESTIMATE AND REQUEST TO CONGRESS

Mr. FLOOD. According to this table, your request to the Bureau of the Budget was $5,468,000. The budget estimate is $5,484,000. that is a raise?

Secretary WIRTZ. I am sorry, I misunderstood your point.

That is page 2, Office of the Secretary.

Mr. FLOOD. What did you do, mesmerize them, or what?

Mr. CARLSON. There is a footnote that indicates that is the trust fund.

Mr. FLOOD. That applies to both, not one. Your footnote is on both of them. It would not shatter the economy but it is just the fact.

Secretary WIRTZ. You have got me.

Mr. FLOOD. You do not believe it yourself.

Secretary WIRTZ. I will have to check on that.

Mr. FLOOD. Do not check too hard.

(The committee was subsequently advised that the increase was due to the addition of funds for emergency planning.)

SHARE OF COST FOR INTERAGENCY BOARD OF EXAMINERS

Mr. FLOOD. You have an increase of $75,000 for the share of the cost of the Civil Service Commission, Interagency Board of Examiners?

Secretary WIRTZ. Yes, sir.

Mr. FLOOD. This appears at several places in the President's budget. I never saw anything like that before.

Secretary WIRTZ. It has not been in the budget before, Mr. Chairman. We have absorbed that cost. The cost has been going up and our belt has been getting tighter.

Mr. FLOOD. You are not just trying to throw a shield around the Civil Service Commission so they don't have to go to the Independent Offices Subcommittee on Appropriations; are you?

Secretary WIRTZ. No, sir. I know of no color to this point at all.

Mr. FLOOD. The Irish are born conspirators, you can see. The first thing I thought of was that this was a conspiracy. I know these civil service people. They are not beyond going around shopping with you fellows. They would not have to present the full picture to the Independent Offices Subcommittee if they shop around with half a dozen of you fellows and get you to help them with a few thousand dollars here and there.

Secretary WIRTZ. I should like to inquire, Mr. Werts, whether there is anything in this I do not know about.

Mr. FLOOD. Is there a conspiracy?

Mr. WERTS. Just one additional point. The Department was performing certain examining functions for the Civil Service Commission.

As the Secretary has indicated, we have paid this out of our own funds. Now they are transferring these functions back.

Mr. FLOOD. How long has that been going on? Did they ask you you to do this?

Mr. WERTS. Yes. Now they are transferring it back to the Civil Service Commission.

Mr. FLOOD. I did not know that.

Mr. WERTS. They want the money to go with it, you see.

Mr. FLOOD. I never heard of that before.

OFFICE OF POLICY PLANNING AND RESEARCH

You have an increase of $87,000 for seven additional positions in the Office of Policy Planning and Research. How many people do you have in that office now, Mr. Secretary?

Secretary WIRTZ. I think it is 10.

Mr. FLOOD. I would like a couple of specific examples of the jobs they do for you or, to put it the way I am really thinking, the jobs that you would like done that they cannot do for you because they do not have the staff.

Secretary WIRTZ. I will give you two or three illustrations. One goes back several years now when it was a matter of considerable attention. There came to our notice the fact that a high percentage of draftees were being rejected for military service because of mental and physical handicaps. These were mostly published figures. In fact, almost all of them were published figures.

Mr. FLOOD. It went beyond 50 percent.

Secretary WIRTZ. That is right. It was a spectacular thing. It might have been possible to fit that into the Manpower Development and Training Act program, but they were busy mounting new programs. It could have gone into the BLS, but they were operating on specific items that we had worked out.

I put this group on that. They went into it, I think, with remarkable contributions to the country, and it was pretty hard to get together all that information.

Another one which was a matter of considerable attention and of substantial accomplishment and some complication, was the attention

which was given in this unit to the Negro family structure as an element in the deteriorating position of the Negro. It was identified in public as the Moynihan report.

Mr. FLOOD. Yes, a fellow from New York.

Secretary WIRTZ. That is right. In my judgment, there were complications about that, and some awkwardness, but it did bring a light to bear on a subject that needed to be spotlighted.

Now most recently, on June 17 when the new Manpower Administrator, Mr. Ruttenberg, was sworn in at the White House, the President said to me in his statement, "I am not satisfied about this situation in which the country is being told that there are a lot of people unemployed and there are also a lot of job shortages. I wish we could get behind these overall figures and find out what it is that explains this dilemma," which we have talked about a little at this session.

Mr. FLOOD. That is a good question.

Secretary WIRTZ. Yes. I had a problem there whether to turn to the Bureau of Employment Security, the Manpower Administration, for that answer, or to turn to the BLS for the answer. Again, I encountered two things. One is, everybody is very busy. The other is, just to be perfectly frank, there are inertial forces that come into the thinking of any group. It was very helpful for me to have a very small group here which I could ask to look at that situation and to work with the BLS and the Manpower Administration.

Mr. FLOOD. How many did you say you have in that office?

Secretary WIRTZ. Seven professional and three clerical.

A fourth illustration. There will be public discussions before the next 10 days are out about concentrating some of these employment programs on the slum areas in the cities where the concentration is worst.

Mr. FLOOD. I am getting a little bored with this idea of concentrating everything on the big cities. It is getting in my mustache a little bit. The slum areas of the city are not America. The heartland of America is cities like mine, and where most of these people come from, the towns of 10,000 to 100,000. I am getting a little bit tired of this ghetto business.

Secretary WIRTZ. I said slums, and there was a deliberate distinction. I would have to say, Mr. Chairman, I think we have not at this point proportioned our attack to the degree of the concentration of the problem. I think there has been a disproportionate and underattention to the areas of concentration.

Mr. FLOOD. Let's don't forget nine-tenths of the United States of America.

Secretary WIRTZ. It would be the worst mistake in the world if we did. Here again was a point at which it was essential to try to get some fairly fast staffing out of this kind of proposition. It finally took the form of this group. Then working with the BLS and the Employment Service, in November we went in and made surveys of 10 slum areas, which——

Mr. FLOOD. Frankly, that is a much better answer than I thought you could possibly come up with.

Secretary WIRTZ (continuing). Which this group has pulled together. I have been thinking a lot since yesterday morning when you mentioned it. Except by illustration, which you have been so kind to

give me the opportunity to give, I cannot statistically prove out this point. I can only say I have quite an agenda with this group right now of things I wish they would go into further.

One other illustration, if I may.

Mr. FLOOD. These are the men you have to convince, sitting here.

Secretary WIRTZ. This came from them, not from me. They were working up some material for a speech. I have forgotten where it was. Not writing the text, but getting me the materials for it. They came up with this idea which has caught hold with me and which I mentioned earlier today, that the worst feature of the youth unemployment situation in this country today is that we do not have bridges between education and work as they have in other countries, except for college.

They began driving this home to me in one way or another. I went for 2 days to Sweden, and found out more than I had known before what they meant by this. As far as I am concerned, it is the most important thing I have inside me right now. That came up from this group.

Mr. FLOOD. You are doing much better than I thought you would do with this.

Secretary WIRTZ. Thank you. I could multiply this. I thought of bringing back here today a list of items, and it is a fairly long list. I am asking, instead of seven and three, there be seven more added—four more professionals and three more clerical. I realize I cannot translate problems of this kind or prospects of this kind into specifics. That is just the best stab I can make at how many people will do what there is to do in this function.

Mr. FLOOD. There is the record. Put a few more things in there, if you feel this deeply about this thing. I thought this was a rather superficial thing. Apparently it is not. I have told you, you would have your day in court. You are doing very well.

Secretary WIRTZ. May I add one other thing?

We had an Assistant Secretary for Policy Planning. We sacrificed that Assistant Secretary spot to permit us to have an Assistant Secretary for Manpower. That is simply a reflection of the importance which we attach to this. I do not propose another assistant secretaryship. I am only pointing out that we cut that back some.

Mr. FLOOD. I had no idea you felt that deeply about this.

(The requested information follows:)

OFFICE OF POLICY PLANNING AND RESEARCH

The design of policies and programs that will promote the welfare of the wage earner and sound manpower institutions becomes increasingly difficult with the growth in size and complexity of our labor force and employment needs, and the institutions that bring them together. Furthermore, as the economy changes, the traditional solutions are found wanting in resolving some of our most difficult problems. Accordingly, I have an ever-increasing need for in-depth analyses of significant policy issues or social and economic conditions. They will be initiated and carried out in various places in the Department and in this Office, which will assure that my interests and priorities are understood on studies. This Office will be responsible for transmitting study results and proposing their implementation. Illustrative of current program requirements are—

Development of procedures for guiding and monitoring research as a means of program and policy formulation.

Analyses of the problems of knowing and understanding the slums and slum areas across the country in relation to manpower programs.

Continuous examination and analysis of the linkages between school and work as well as the relationship of educational requirements for jobs and training for jobs.

Development of policies and programs that will meet significant needs of American wage earners and manpower institutions and promote their welfare.

The present policy planning and research resources have been inadequate for these important tasks and have been unable to engage in the full range of activities which I consider essential and for which capability does not exist elsewhere in the Department.

INDUSTRIAL-TYPE COST ACCOUNTING

Mr. FLOOD. Here is one that you had better be good at, the remaining increase is $87,000 for "Systems accounting." The justifications say that your earlier planning "did not include consideration of the development of any industrial-type cost accounting systems for management use."

This is easy to understand. You are not an industrial operation. Why should you? What in the world do you want with it? Who thought this up? Is this a program of guaranteed full employment for broken-down accountants on the third floor of your building? Did somebody sell you this some bad morning, or what? What do you want with this?

Secretary WIRTZ. Let me answer by way of illustration.

You know from early discussion and certain parallels in our thinking and our professions that it is hard for me to come to a conclusion that the job I am doing now can be put into an accounting system of this kind. Parts of it, Mr. Chairman, cannot be. I am fully persuaded, however, when it comes to such things as the investigative program under the Fair Labor Standards Act, when it comes to the processing of a good many details of the training programs, there are functions which are repetitive and which can be translated into a system of this sort.

Mr. FLOOD. Are you repeating something that these bright boys told you? You do not know this, do you? Weren't you sold a package at some conference table by some accountants? You are not an industry. What do you want with an industrial type of cost accounting?

Secretary WIRTZ. There will be those in this room who will be smiling, but it is because they well know, Mr. Chairman, that selling me on this has been an exceedingly difficult job.

Mr. FLOOD. I am sure of that; yes.

Secretary WIRTZ. I present it to you only to the extent that I satisfied myself that, in what is essentially a human operation, this much of it does make sense.

I should add that I welcome your inquiry into this, as you probably will anyway——

Mr. FLOOD. Yes.

Secretary WIRTZ (continuing). As will the other administrators who come up here. I mention this because I should like to say to you my conviction now goes substantially beyond that of a number of them. You will find resistance in the various operating units of the Department, as I have, to the ability to do this. So, I can say to you it is a matter of persuasion.

Mr. FLOOD. What do you win? What do you have to gain by setting up such a system as this? What do we gain on this side of the table?

Secretary WIRTZ. Doing a job, which right now is pressing us just beyond capacity, in a more efficient way so we can do with the people we have and the money we have, a job of the dimensions that this one now assumes.

I mean that quite sincerely. Unless I can find a more effective administrative way of doing this, I will come back and ask for more people instead.

Mr. FLOOD. I really thought we would trap you on this one.

Secretary WIRTZ. I am clear, although some of the people to whom you refer——

Mr. FLOOD. I still think you are wrong.

Secretary WIRTZ. I am agreeing with you temporarily, at least, when it comes to something like research programs and that sort of thing, but when we are talking about administering a program that now involves a somewhat repetitive investigatory function, contracting function, audit function, and that kind of thing, which includes quite a number of people whose jobs are simply to work with these computers and on financial processing, such as writing checks—those things are susceptible to this approach.

Mr. Leo Werts and the others will advise you that this art goes far beyond what I understand. I am recommending to you its application only to that part of my job which I am now satisfied does lend itself to that, a fairly small part of it.

I would add only one other thing. This is related to the matter referred to yesterday, the complaint of the General Accounting Office and of the Congress and various committees that we have not done enough of this kind of thing. We are under fairly sharp attention on that from several points.

Mr. FLOOD. You have a pretty tight shop, and it is awfully hard to trip you. This is very inviting. I thought, really, this would be a good one.

Of course, if you get down to the GAO people, you are dealing with accountants and nothing else. They are pros.

Secretary WIRTZ. This act was passed 17 years ago.

Mr. FLOOD. I thought this was a cabal of accountants who came in to you some Saturday morning when you were tired, to guarantee full employment for broken down accountants.

Secretary WIRTZ. Mr. Chairman, I have to refer to the Budget and Accounting Procedures Act of 1950, which they tell me I am still not living up to, 17 years later, just in terms of specific statutorily prescribed procedures, although I do not mean the statute goes into detail. It does not. It gives the General Accounting Office the authority to establish criteria. I know the accounting system of ours does not satisfy the criteria.

Mr. FLOOD. I do not think you expected this frontal attack. Will you add to the record on this. I want to read your answer on this.

Secretary WIRTZ. Surely. I shall be very glad to.

(The requested information follows:)

SYSTEMS ACCOUNTANTS

Under the provisions of the Budget and Accounting Procedures Act of 1950, Federal departments and agencies are required to institute for all their programs accounting systems, which in addition to meeting the standards and requirements issued by the General Accounting Office must be approved by the General Accounting Office. The Department of Labor does not have all the requisite systems either instituted or approved, and has been severely criticized by both the General Accounting Office and the House Government Operations Committee for its slow rate of progress in developing and installing the required systems, particularly the required cost accounting.

The Department's earlier planning for accounting systems grossly underestimated what would be required and did not include consideration of the development of an industrial type cost accounting system for management use. We now have reevaluated our needs and established that with present authorized staff, it would take at least five additional years to complete the necessary work. However, in view of the intense interest expressed by the President, Bureau of the Budget, General Accounting Office and Congressional committees in what is being done throughout the Federal Government to satisfy both statutory and regulatory requirements for accounting systems at the earliest possible date, it is now imperative that our efforts be accelerated. The Department has accordingly made a commitment to the Bureau of the Budget, General Accounting Office and to the interested committees in Congress that accounting systems for all its programs will be developed and in effect by December 31, 1968, subject to immediately obtaining needed additional resources. The resources required to accomplish the objectives are estimated to be six professional Systems Accountants and one clerical support position costing $87,000 in 1968, as set forth more fully in the detailed budget justifications.

TRANSFER OF FUNDS TO CIVIL SERVICE COMMISSION

Mr. FLOOD. Any questions about the Secretary's Office?

Mr. SMITH. I have just one.

In effect, the Civil Service Commission just bills you for this $75,000 for services rendered. Is that correct?

Mr. WERTS. I would say it a little differently. We were performing functions which are delegated by the Civil Service Commission. They have now centralized those functions and the people working on that went back to the Civil Service Commission.

Since this came out of our original hide, so to speak, we think we ought to have money to give to the Civil Service Commission.

Mr. SMITH. Does this change the number of positions you have for this kind of function?

Mr. WERTS. No. This money goes to the Civil Service Commission, and the people who have been doing this kind of work.

Mr. SMITH. Then there is no reduction in your budget to offset the $75,000?

Mr. WERTS. No.

Mr. SMITH. But there is a change of function, though. The Civil Service Commission is going to do some work that you were doing?

Secretary WIRTZ. If they go ahead with this, that is correct, and then they will insist that we pay for it.

Mr. SMITH. You still will be doing some work that you were doing?

Secretary WIRTZ. That is right, but we have been absorbing it from other accounts or from various accounts.

Mr. SMITH. So, the total cost overall of doing this work is going to be more?

Secretary WIRTZ. Yes, sir, that is right. The only justification for it is simply on the tightness with which we now operate. I do not mean it as a self-serving statement.

We have been absorbing such things as this.

Mr. SMITH. What would happen if we just did not approve this?

Secretary WIRTZ. That is a question I never know the answer to.

Mr. WERTS. We would have to pay the Civil Service Commission.

Mr. SMITH. Out of some other amount?

Secretary WIRTZ. That is right. I thought you meant where did it come from.

FIELD REPRESENTATIVES

Mr. FLOOD. Mr. Secretary, does any other member of the Cabinet have field representatives such as those you are requesting funds to hire? I think you should tell us a little more about this proposition.

Secretary WIRTZ. As I indicated yesterday, I think this point may come into sharper focus when there has been discussion of the whole Manpower Administration and Mr. Goodwin's and Mr. Murphy's testimony has been heard. It relates especially to that point and the one which Mr. Laird raised about there being, among other things, a number of State agencies with which various contracts and arrangements have to be made. They do not know who the Department of Labor is in Chicago. It is a number of different agencies, and there are a number of different lines.

The necessity of being able to answer directly a question, from whomever it comes, as to with whom shall we deal on these programs is a very real one. To tell them, "Let's see, if you have in mind something like what the Bureau of Apprenticeship and Training is doing, go here. If you have something in mind under this program, go there. If it is under the Neighborhood Youth Corps program, go there," is a very unsatisfactory answer.

I would like to have a focal point to which everybody could come, and then be sure that he gets to the right bureau within this whole program. It is a complicated structure.

Mr. FLOOD. Then I come back to my other question. Why now?

Secretary WIRTZ. Because in the last 4 years there has been the development of quite an arsenal of programs of various kinds—as far as we are concerned, the Manpower Training Act, the Neighborhood Youth Corps, the new work training programs, and other things.

Furthermore, we are at the point where we are consolidating, as among the various agencies, these manpower functions in the Department of Labor, and I mean now. The two arrangements with the OEO have been within the last 60 days. There probably will be others worked out. In one way or another, in differing degrees—I have made no bones about it within the Department—in one way or another there is a recognition that we have to have a system which does not expose us properly to the charge that our various agencies, that each of our arms does not know what the other is doing.

There is a coordinating function within the Department of Labor which I have expressed here in terms of the manpower program, but which is also related to the other programs in the Department, some of them coming quite close but still being on the outside.

You say why now? I know part of what you mean. In the last 2 years we have raised related questions with this committee. There

has been sometimes difficult discussion about them. There is no question that this is a continuation of our efforts to try to pull these things together more tightly.

I suggested yesterday that this problem can be discussed particularly in the Manpower Administration context or in the Secretary's Office context. Frankly, the suggestion that this be done through the Secretary's representatives emerged from a meeting with the Manpower Administration people, with Mr. Murphy and Mr. Goodwin and Mr. Ruttenberg, a suggestion that perhaps the best way to approach this was through representatives of the Secretary's Office rather than through some other pattern.

I will be glad to consider further, either with the committee or, as I expect to, with the various people involved here, what kind of regional individual can do this best without disrupting the line responsibility which we now have. There is a working relationship between the State agencies and the Bureau of Employment Security which I would be a fool to disrupt.

Mr. FLOOD. The fact remains nobody else has anything like this.

Secretary WIRTZ. I do not know how many people have the same problems. If they do not have the same problems, then there is obviously a difference in point of view. If they do and are not doing anything about it, they are partly responsible for the impression the country has of the Federal Government as being a great big, sprawling government. We get together at Washington, but until we get our field operations working together, the public properly says, "How many people are you?"

It is an effort, Mr. Chairman, in one way or another to meet at the field level a problem of coordination, which comes closest to describing it, although I have gotten tired of that word because it means both too much and too little. It involves an effort to tie together these functions in a way which does not disrupt line responsibilities, and still gives us the benefit of somebody who is looking at the whole picture.

I think everybody would agree it has worked remarkably well in our San Francisco office. I do not believe any of our units in the San Francisco office feel that Mr. Robertson has disrupted their pattern at all. I think there is a function that can be developed.

I do urge in general terms the recognition of the desirability of in one way or another interrelating our field operations so we do not at least seem to be sprawling all over when in fact we are not.

INCREASED TRAVEL AND EQUIPMENT COSTS FOR 1968

Mr. MICHEL. In section 5, item 21, "Travel and transportation," I see about a 20-percent increase. Why that amount of a $41,800 increase?

Mr. CARLSON. More people than we had before.

Secretary WIRTZ. Frankly, this has not come to my attention, and I would like to prepare a statement for the record on it.

Mr. MICHEL. All right. It is a significant increase.

And item 31, equipment, a 50-percent increase, $25,000. Is that a big computer, or what?

Secretary WIRTZ. Unless there is a short answer to that, let us supply it for the record.

Mr. HUDSON. Thirty-six new positions.

(The requested information follows:)

SALARIES AND EXPENSES

Increased travel costs estimated for fiscal year 1968

	Estimate
Regional representative of the Secretary	$19,200

It has been estimated that the seven additional Regional Representatives will incur average travel costs of approximately $2,700 per year in carrying out their assignments for the Secretary in the various States of their respective regions. These trips will involve meeting with Regional staff committees, officials of components of the Department of Labor, Governors and State officials as required by the Secretary, the Under Secretary and the Assistant Secretaries. In some instances these representatives will cover more than one regional center.

Emergency preparedness functions	21,600

There was a new item in the Department of Labor budget request for fiscal year 1968 to cover emergency preparedness functions. In 1967 and previous fiscal years, this item was in the Office of Emergency Planning budget, and the Department of Labor received its funds for emergency preparedness as a delegate agency. We are advised that this practice will be followed again for fiscal year 1968 and that the emergency preparedness requests in the Department of Labor's fiscal year 1968 budget request will be withdrawn and submitted to the Independent Office Appropriation Subcommittee.

The request for travel funds for 1968 consists of the following:

Travel of central coordination staff, $2,600;

Travel of members of the National Labor-Management Manpower Policy Committee, $4,000;

Travel of Executive Reservists, $15,000.

The Office of Emergency Planning has instituted a program for regional and Nation-wide meetings for training of the National Defense Executive Reservists. The Department of Labor must participate in this program along with other agencies. In addition, the Office of Emergency Planning has a Government-wide program for increasing the number of Executive Reservists, which, of course, increases the cost of travel for training sessions. As a result, we have substantial obligation for travel expenses for which we must now budget.

The Department of Labor now has 102 Executive Reservists. All agencies have been requested to increase their Executive Reserve cadre by at least 20% this fiscal year.

The Office of Emergency Planning plans a national conference of Executive Reservists in Washington, D.C., on October 23 and 24, 1967. With a much smaller cadre of Executive Reservists, we expended $12,987.36 for the National Defense Executive Reserve Conference which was held in Washington, D.C., in October 1965. At that time, we had not budgeted separately for such a conference and this was taken out of a much larger budget allocated to the manpower function that year. Since that time, OEP has decided that there should be training conferences every year, either in the regions or in Washington, for Executive Reservists. With an increase of at least 20% in the number of Executive Reservists, we will need at least $15,000 for their travel to training sessions in fiscal 1968.

The $2,600 for travel of the staff of the Office of Mobilization Planning and Coordination includes attendance at the regional training conferences of the Executive Reservists and necessary travel in connection with all other aspects of emergency preparedness.

The National Labor-Management Manpower Policy Committee is co-chaired by the Office of Emergency Planning and the Department of Labor. The Executive Secretary is in the Labor Department, and the Committee is serviced from this Department. The travel costs of members for two meetings of the Committee will amount to $4,000 in fiscal year 1968.

Office of Program and Budget Review	1,000

Travel of program analysts to selected field installations for review of program plans.

Estimated equipment needs for new positions in fiscal year 1968

13 clerical positions:	
13 desks at $95 each	$1,235
13 chairs at $45 each	585
13 desk lamps at $15 each	195
13 waste baskets at $5 each	65
26 desk trays at $2.50 each	65
13 side tables at $30.75 each	400
5 costumers at $10 each	50
13 typewriters at $465	6,045
Total clerical positions	8,640
23 professional positions:	
10 desks at $150 each	1,500
13 desks at $105 each	1,365
10 desk chairs at $110 each	1,100
13 desk chairs at $45 each	585
23 desk lamps at $15 each	345
23 waste baskets at $5 each	115
23 side chairs at $15 each	345
23 bookcases at $55 each	1,265
23 file cabinets at $65 each	1,495
46 desk trays at $5 each	230
16 costumers at $35 each	560
10 conference tables at $150 each	1,500
40 conference table chairs at $35 each	1,400
6 adding machines at $350 each	2,100
3 calculators at $985 each	2,955
Total professional positions	16,860
Total equipment increase	25,500

NOTE.—While the budget shows 42 new positions, 6 of these are under the emergency preparedness program and require no additional equipment.

ENTERTAINMENT ALLOWANCE

Mr. MICHEL. One final question. I think back in the general provisions we have the item which has to do with your office representation allowance. What is it this year?

Mr. HUDSON. $7,500.

Mr. MICHEL. Is that any different from what you had last year?

Mr. HUDSON. It was $5,000. This is an increase of $2,500.

Mr. MICHEL. My original question was, was it $5,000 this year? The request was $5,000, but it was raised in the Senate, and now your are asking for what you actually had in appropriated funds during the current fiscal year.

Mr. HUDSON. That is correct.

Mr. FLOOD. Thank you, Mr. Secretary. It is a pleasure to have you. You certainly handle the subject well. I hope you stay in the position a long, long time. It will give me great comfort if I am going to be in this chair a long, long time.

Secretary WIRTZ. Thank you very much, Mr. Chairman.

JUSTIFICATION MATERIAL

Office of the Secretary, Salaries and Expenses

Amounts available for obligation

	1967	1968
Appropriation or estimate	[1] $3,825,000	[2] $5,484,000
Comparative transfer from other accounts for centralized audit and systems functions [3]	957,000	
Appropriation or estimate, revised	4,782,000	5,484,000

[1] Includes $140,000 to be derived from the Employment Security Administration account, unemployment trust fund.
[2] Includes $538,000 to be derived from the Employment Security Administration account, unemployment trust fund.
[3] Comparative transfers from—

	Positions	Amount
Office of the Manpower Administrator, salaries and expenses	11	$185,000
Office of Economic Opportunity, economic opportunity program	12	185,000
Bureau of Apprenticeship and Training, salaries and expenses		14,000
Bureau of Employment Security, salaries and expenses	25	426,000
Labor-Management Services Administration, salaries and expenses		18,000
Wage and Hour Division, salaries and expenses		27,000
Bureau of Labor Standards, salaries and expenses		11,000
Women's Bureau, salaries and expenses		3,000
Bureau of Employees' Compensation, salaries and expenses		8,000
Bureau of Labor Statistics, salaries and expenses		52,000
Bureau of International Labor Affairs, salaries and expenses		9,000
Office of the Solicitor, salaries and expenses		16,000
Office of Federal Contract Compliance		3,000
Working capital fund	19	
Total	67	957,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Executive direction	51	$1,026,800	78	$1,400,400	+27	+$373,600
2. Office of Information	22	314,000	22	323,300		+9,300
3. Office of Assistant Secretary for Administration:						
(a) Immediate office	5	133,000	5	129,400		−3,600
(b) Office of Management Services	6	79,500	6	81,800		+2,300
(c) Office of Financial Systems and Audit	67	957,000	74	1,044,000	+7	+87,000
(d) Personnel operations	80	1,094,800	80	1,204,800		+110,000
(e) Library	35	344,100	35	353,700		+9,600
(f) Office of Program and Budget Review and Organization and Management	36	510,900	44	615,600	+8	+104,700
(g) Field administration	19	183,900	19	189,300		+5,400
4. Appeals from determinations of claims under the Federal Employees' Compensation Act	9	138,000	9	141,700		+3,700
Total obligations	330	4,782,000	372	5,484,000	+42	+702,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	330	372	+42
Positions other than permanent	7	7	
Average number of all employees	320	348	+28
11 Personnel compensation	$3,553,350	$3,954,375	+$401,025
12 Personnel benefits	256,500	289,715	+33,215
21 Travel and transportation of persons	196,200	238,000	+41,800
22 Transportation of things	5,200	9,700	+4,500
23 Rent, communications, and utilities	184,700	219,065	+34,365
24 Printing and reproduction	169,600	185,210	+15,610
25 Other services	272,450	409,215	+136,765
26 Supplies and materials	94,800	104,020	+9,220
31 Equipment	49,200	74,700	+25,500
Total obligations	4,782,000	5,484,000	+702,000
Working capital fund items included above	(345,100)	(388,300)	(+43,200)

Summary of changes

	Direct appropriation	Trust fund	Total available
1967 enacted appropriation	$3,685,000	$140,000	$3,825,000
Comparative transfer from other accounts for centralized audit and systems functions [1]	559,000	398,000	957,000
1967 appropriation, revised	4,244,000	538,000	4,782,000
1968 estimate	4,946,000	538,000	5,484,000
Total change	+702,000		+702,000

[1] Comparative transfers from—

	Positions	Amount
Office of the Manpower Administrator, salaries ane expenses	11	$185,000
Office of Economic Opportunity, economic opportunity program	12	185,000
Bureau of Apprenticeship and Training, salaries and expenses		14,000
Bureau of Employment Security, salaries and expenses	25	426,000
Labor-Management Services Administration, salaries and expenses		18,000
Wage and Hour Division, salaries and expenses		27,000
Bureau of Labor Standards, salaries and expenses		11,000
Women's Bureau, salaries and expenses		3,000
Bureau of Employees' Compensation, salaries and expenses		8,000
Bureau of Labor Statistics, salaries and expenses		52,000
Bureau of International Labor Affairs, salaries and expenses		9,000
Office of the Solicitor, salaries and expenses		16,000
Office of Federal Contract Compliance		3,000
Working capital fund	19	
Total	67	957,000

MANDATORY ITEMS

Increases:	
Net additional cost to restore pay costs absorbed in 1967	+$85,000
Net additional costs of within-grade promotions effective for part of year in 1967	+11,067
Net cost of within-grade promotions becoming effective in 1968	+15,098
Increased cost of movement of household goods and relocation expenses of transferred employees	+4,500
Decreases:	
Nonrecurring rental costs	−4,865
Nonrecurring extra day of pay for current year staff	−11,300
Subtotal, mandatory items	+99,500

PROGRAM ITEMS

Increases:	
To provide regional representatives and secretaries to assist the Secretary and other officials with operating responsibilities to coordinate department programs in the field (14 positions, $118,700 personnel costs; $56,300 nonlabor)	+$175,000
Funding of civil defense functions formerly financed by the Office of Emergency Planning (6 positions, $60,900 personnel services; $30,100 nonlabor)	+91,000
For share of costs of the Conference on Developing Institutions to acquaint college officials with Federal programs designed to provide financial support to educational institutions	+1,000
To provide for additional staff in the Office of Policy Planning and Research to give the Secretary staff advice on policy and planning goals including evaluation of alternative courses of action (7 positions, $68,450 personnel costs; $18,550 nonlabor)	+87,000
To establish required accounting systems, including cost accounting systems, at all levels throughout the Department and its constituent organizations in accordance with the Budget and Procedures Act of 1950, as amended (7 positions, $68,450 personnel costs; $18,550 nonlabor)	+87,000
For share of costs of Civil Service Commission interagency boards of examiners	+75,000
To increase the staff of the Office of Program and Budget Review for greater emphasis on evaluation of current policies and programs (4 positions, $32,400 personnel costs; $11,600 nonlabor)	+44,000
To provide for a coordinated departmental management information system to allow for more knowledgeable decision-making by the Office of the Secretary and to develop implementation of the program planning and budgeting system on a Department-wide basis and to extend the program planning and budgeting system to field operations (4 positions, $33,400 personnel costs; $10,600 nonlabor)	+44,000
Subtotal, increases	+604,000
Decreases:	
Nonrecurring equipment costs for new positions in 1967	−1,500
Subtotal, program items	+602,500
Total change	+702,000

Activity 1. Executive direction

1967 (51 positions)	$1,026,800
1968 (78 positions)	1,400,400

NARRATIVE DESCRIPTION OF PROGRAM

This activity covers the executive functions of the top staff involved in the formulation of governmental policy in the field of labor and in the direction of all programs and functions assigned to the Department.

Included here are provisions for the Secretary and his staff, the Under Secretary and his staff, the Assistant Secretary for Labor-Management Relations, the Assistant Secretary for Labor Standards, the Assistant Secretary for Manpower, the Office of Policy Planning and Research, and the Office of Legislative Liaison.

Each Assistant Secretary has a small support staff to assist him and his program managers in policy formulation, research and analysis, and administration of the program operations functionally assigned him. In addition, there is the Office of Policy Planning and Research, which has over-all responsibility for evaluating programs and providing direction in terms of the Department's policy objectives, for review of new proposals coming to the Secretary from various sources, and for exploratory studies looking toward ways to meet emerging problems and developing opportunities within the area of the Department's responsibility.

Office of Legislative Liaison

This Office coordinates, analyzes, and supervises all legislative activities of the Department and is charged with maintaining an amicable working relationship with the Congress. Each year an assessment is made of the political factors which will affect the scheduling and passage of the Department's legislative program. This involves consulting with interested citizens' groups, ascertaining the tactical situation in Congress, and coordinating the Department's program with the White House and other Departments. The Office assists in the preparation of the legislative program and is responsible for its presentation to Congress and continuing to work for its successful enactment.

Changes for 1968

Mandatory changes amount to $20, 350

Program changes.—

Regional representatives

1967 (2 positions) $38, 700
1968 (16 positions) 213, 700

With the new and expanded programs of the Department over the past several years a need has arisen for the establishment of regional representatives of the Secretary.

In some instances these representatives will cover more than one regional center. They will be responsible for seeing that the Bureau staffs in the field operate in the best interest not only of the Bureaus but of the Department. They will insure that the policies of the secretary are carried out, serve as an observer and appraiser of operations for the Secretary so that the Secretary will be in a better position to make necessary changes in organization or operations to insure that the public is adequately served. Another principal function will be to serve as liaison with the public, the Governors and other State and Federal administrators. They will also recommend changes in policies and operations to better meet the needs of the public.

A regional representative of the Secretary has been serving in San Francisco on an experimental basis since the fall of 1964. Based on his success in performing the above described duties it is requested that provision be made for seven additional regional representatives and secretarial assistance to permit coverage of the following regions: Boston, New York, Chicago, Atlanta, Dallas, Kansas City and Chambersburg, Pa.

TYPICAL DESCRIPTION OF ACTIVITIES OF THE SECRETARY'S REGIONAL REPRESENTATIVE IN SAN FRANCISCO

The single Secretary's Regional Representative thus far appointed by the Secretary of Labor has been operating in that capacity in San Francisco since September 1964. His area of jurisdiction is roughly the ten western states corresponding to the jurisdiction of the Department's Regional Staff Committees in San Francisco and Seattle. During this period, which is slightly more than two years, the Secretary's Regional Representative has functioned primarily in departmental programs in the same general program area which involve interbureau activity within the Department of Labor. Actions taken by the Secretary's Representative have consisted of continuing and special assignments from the Secretary of Labor personally, from the Under Secretary and from all four Assistant Secretaries who have program and bureau supervisory responsibilities. Set forth below are examples of each of the types of activity in which the Secretary's Representative has engaged.

1. *Secretary of Labor.*—Beginning in early 1965, the Secretary of Labor entered into a full-scale personalized effort to effectuate the transition from reliance on the foreign worker farm labor work force to a substantially complete reliance on domestic farm workers. The Secretary's Representative accompanied the Secretary and Under Secretary on a tour of California agricultural areas in March 1965 and not only assisted in the arrangements and the conduct of that tour, but consulted with the Secretary in connection with his summation of the tour and his general recommendations to effectuate greater reliance on the domestic work force.

The Secretary gave his representative in San Francisco a general assignment to work with all officials of the Labor Department's traditional bureaus who had any activity in the foreign worker field, as well as officials of State agencies and, in the case of the San Francisco office, the Governor's office of the State of Cali-

fornia. Somewhat later in 1965 (April) the Secretary appointed a three-man Farm Labor Panel for California and designated his representative as the executive secretary of the Panel. For a concentrated period, beginning in April and extending to the end of December of 1965, the Secretary's Representative devoted probably 75% of his time to this activity. It included frequent meetings with the Panel, assistance to the Panel in serving in a liaison capacity with members of the Senate and House of Representatives, with all State government officials, with farm employer organizations and with organized labor, which had an interest in the subject. This heavy activity, which also included the Secretary's representative acting for the Panel in a half dozen formal hearings held throughout the State, culminated in a reduction of the foreign labor program in California from a peak of 110,000 Mexican braceros who were used in that State in 1964 to a mere 20,000 who were used statewide in 1965. From a manhours standpoint, as disc d from total numbers of foreign workers, the reduction was in excess of 95%.

The Secretary's Representative also engaged in activity in Arizona in connection with initial attempts of Arizona growers to obtain approval for foreign workers in that State during 1965. The transition in Arizona was even more successful than in California. Approximately 20,000 foreign workers were employed in agriculture in Arizona in 1964, and none were employed in 1965.

In 1966 the Secretary of Labor did not have the benefit of a Farm Labor Panel for California, and for that reason the functions of his representative were perhaps even more intensive than they had been in 1965 in relation to the further reduction of reliance on foreign labor in California agriculture. As against approximately 20,000 braceros used in California in 1965, less than 9,000 were used in the State in 1966. Again, in Arizona there were no foreign workers employed in that State in agriculture in 1966.

The Secretary of Labor's Representative also performs quite a number of ceremonial functions, although important from a public relations standpoint, in speaking engagements, participation in community affairs, such as the Career/Trade Opportunities Show in Los Angeles, resulting finally in a public presentation of a Secretary's Award of Merit in the Council Chambers of the Los Angeles City Council. Following racial riots in San Francisco in September 1966, the Secretary's Representative was designated as a member of the President's Task Force for San Francisco, which achieved short-term results in heavily increased federal employment and is continuing to function on more long-range subjects.

2. *Under Secretary.*—The Secretary's Representative has acted for the Under Secretary in matters involving the Regional Staff Committees and the Field Staff Committees in both San Francisco and Seattle. He has also performed specific assignments for the Under Secretary in connection with policy and program matters involving apprenticeship, including the departmental regulations covering equal opportunity in apprenticeship. The Secretary's Representative has participated, at the Under Secretary's request, in two meetings of the Advisory Committee on Equal Opportunity in Apprenticeship and Training.

The Secretary's Representative has also acted on behalf of the Under Secretary's general area of responsibility in participating in the work of the Federal Executive Boards in San Francisco, Los Angeles, Seattle and Honolulu, with particular emphasis on civil rights matters and currently on critical problems of urban areas. These latter activities have involved meetings with a number of mayors and other city, county and state officials in achieving better inter-agency and inter-governmental cooperation and coordination in all Government programs.

3. *Assistant Secretary for Manpower.*—The Secretary's Representative has performed many special and a number of continuing responsibilities at the request of the Assistant Secretary of Labor for Manpower. These activities include representation of the Manpower Administrator in connection with manpower activities in so-called selected cities in this region during a period prior to the establishment of the coordinating teams under the aegis of the President's Committee on Manpower. The Secretary's Representative has also dealt with these committees, both in San Francisco and Los Angeles, as a spokesman for all of the manpower bureaus of the Department of Labor at meetings and in other connections, where it was not feasible for all of the bureaus to have individual representation. Special assignments performed for the Assistant Secretary for Manpower have also included special discussions with the Director of the California Department of Employment on broad matters involving all of the activities of the Department of Labor in the whole field of Manpower Development and Training Act activities, both in program direction and federal financing. The Secretary's Representative, at the request of the Assistant Secretary for Man-

power, has attended most of the meetings of the Regional Advisory Manpower Committees established under the Manpower Development and Training Act and, by his participation, has been able to reflect top departmental interest in the work of these regional boards.

4. *Assistant Secretary for Labor Standards.*—The Secretary's Representative has assisted the Assistant Secretary for Labor Standards in connection with meetings with the Governors of Arizona and Utah and in a continuing capacity in connection with the clearance of names of proposed nominees to national committees, involving liaison both with the organized labor movement and with management.

5. *Assistant Secretary for Labor Management Relations.*—The Secretary's Representative has handled a number of general assignments for the Assistant Secretary for Labor Management Relations in connection with policy matters involving the work of the Department under the Landrum-Griffin Act (LMRDA), as well as consultation on the selection of representatives to national bodies dealing with this subject.

6. *Assistant Secretary for International Affairs.*—The Secretary's Representative has handled a number of special assignments for the Assistant Secretary for International Affairs in connection with problems relating primarily to Japanese and Filipino programs involving temporary admissions and exchange programs. One such assignment involved a trip to the Territory of Guam, where a special survey was conducted in relation to the importation of Filipinos to that Territory. This involed meetings with the Governor of Guam and other territorial officials, together with industry and labor groups in the Territory.

7. *National and State Legislative Hearings.*—At the designation of the Secretary of Labor, the Secretary's Representative assisted the Senate Subcommittee on Migratory Labor (of the Senate Committee on Labor and Public Welfare) during a series of hearings in California in Sacramento, Visalia and Delano on March 14, 15 and 16, 1966. The Secretary's Representative arranged for a departmental photographer to accompany the Committee and make a photographic record of the hearings. The Secretary's Representative also consulted with Chairman Harrison Williams and his staff throughout the series of hearings and arranged for special information and data to be provided for the use of the subcommittee.

In July 1966 the Secretary's Representative gave testimony on behalf of the Secretary of Labor before the California State Senate Fact-Finding Committee on Agriculture, which was taking testimony in Delano in connection with proposed state legislation which would help resolve farm labor disputes in California. In his testimony before the State Senate Committee the Secretary's Representative described the status of federal law, both that administered by the Department of Labor and by other agencies, such as the National Labor Relations Board, in connection with agricultural labor disputes and presented the Secretary of Labor's general views on this whole subject. The testimony of the Secretary's Representative also dealt with proposed minimum wage coverage for agricultural workers and with proposed extensions of unemployment insurance coverage for agricultural workers.

8. *Inter-agency Cooperation in Equal Employment Opportunity in the Construction Industry.*—At the initial request of Assistant Secretary of Commerce Eugene P. Foley, the Secretary's Representative arranged for meetings of interested federal, state and community agencies concerning equal employment opportunity in the construction industry in the greater bay area. The Secretary's Representative arranged for the agenda for two meetings, one held on July 8 and the other on July 28, 1966, and invited participation of some fifteen federal agency heads and selected state agencies and local community groups. The Secretary's Representative also arranged for the collection of data and special studies which were made available to the participants in the two meetings which were held in San Francisco. Following each of the meetings, the Secretary's Representative distributed attendance lists to all the participants and also handled publicity arrangements in connection with the second meeting, which was the subject of local picketing and demonstrations. The participants in the meetings included Assistant Secretary Foley, Equal Employment Opportunity Commissioner Aileen Hernandez, Edward Sylvester, Director of Labor Department's Office of Federal Contract Compliance, the Inter-faith Committee for Equal Opportunity in Church Construction, and the General Manager and other representatives of the Bay Area Rapid Transit District. Congressman Jeffery Cohelan attended one of the sessions. The results of this series of meetings have not yet materialized, but the Secretary's Representative is available to schedule further meetings and otherwise sponsor total governmental and local efforts in this general subject matter area.

Emergency preparedness functions

1967 reimbursement from Office of Emergency Planning	-------
1968 (6 positions)	$91,000

NARRATIVE DESCRIPTION OF PROGRAM

The Department of Labor, under Executive Order 11000, is charged with the responsibility of (a) ensuring the availability of an adequate labor force in terms of numbers and skills, and applying such voluntary and other measures, including tentative pre-attack assignment of manpower for emergency needs, as may be necessary to meet mobilization and civil defense requirements of activities essential for survival and recovery; (b) developing adequate statistics on the availability of manpower by geographic location and its probable productivity to ensure rapid estimation of surviving manpower resources and their capability in an emergency in the event of attack on the United States; (c) pre-attack planning for local post-attack reporting of manpower supply and demand and adequate wage and price statistics for effective operation of a wage and price stabilization program; (d) developing procedures for accumulating estimates of manpower requirements and for determining the adequacy of manpower resources to meet these estimated requirements; (e) developing adequate provisions for a wage and salary stabilization program and its enforcement and developing optimum procedures for ensuring maximum cooperation between labor and management and for solving labor-management disputes; and (f) coordinating the above functions and the Department's emergency planning with that of other Federal agencies and developing an Executive Reserve program to meet emergency needs of the Department.

Central direction and coordination (Office of Mobilization Planning and Coordination)

Provide over-all supervision and guidance for the development and coordination of the Department's emergency plans and programs. Participate in the review and development of over-all government emergency plans affecting manpower. Consult and coordinate with other manpower agencies and review current plans and documents with them and with the National Labor-Management Manpower Policy Committee. Consummate Interdepartmental understanding with the Department of Health, Education, and Welfare concerning health manpower. Arrange and conduct training conferences for National Defense Executive Reservists. Revise the emergency chain of command within the Department and revise cadre assignments required by personnel changes. Prepare plans to assure adequate wage and salary compensation and death and disability benefits for authorized civil defense workers.

Program objectives for 1968

In fiscal year 1968 the objectives are to—

1. Provide over-all supervision and guidance for the development and coordination of the Department's emergency plans and programs.
2. Participate in the review and development of over-all government emergency plans affecting manpower.
3. Consult and coordinate with other manpower agencies and review current plans and documents with them and with the National Labor-Management Manpower Policy Committee.
4. Recruit and orient additional Executive Reservists.
5. Revise and update the emergency chain of command within the Department, and revise cadre assignments required by personnel changes.
6. Increase the Department's limited war preparedness.

Conference on Developing Institutions

The Department of Labor, in cooperation with 19 other Federal departments and agencies is supporting a conference on developing institutions. The conference will be conducted by the Office of Education of the Department of Health, Education, and Welfare. The purpose of the conference is to acquaint college officials with the various Federal programs designed to improve educational opportunities; to discuss the curriculum at the colleges in terms of the needs of the government for the college graduate; and to acquaint the government with the problems of developing colleges which often lack adequate financial support, and often need improvement in faculty and curriculum.

The Department of Labor's share is estimated to be $1,000.

Office of Policy Planning and Research

1967 (10 positions)	$190,400
1968 (17 positions)	277,400

The basic responsibilities of the Office of Policy Planning and Research are (a) to assure that the Department's policies and programs are adequate to solve the emerging social and economic problems that are within the responsibility of the Secretary of Labor and (b) to assure that a research program is conducted in a manner which will provide the knowledge necessary for identifying the problems, understanding their causes, and finding solutions. Policy planning and research are linked together because of the dependence of policy development on the results of research and the dependence of research on knowledge of what policy officials consider significant in the array of social and economic relationships.

Policy planning

Policies are developed and enunciated for a variety of purposes. In the broadest of definitions, policies are made minute by minute by a multitude of Departmental staff. These range from the routine to the complex, from day-to-day administration on the one hand, to problems created by changing economic and social phenomena on the other hand. In the present context, the word "policy" is used to cover the latter group of needs.

The development of policy occurs throughout the Department and at many organizational levels. Sometimes this responsibility is recognized by assignment to a separate organizational unit or individual. In some cases, responsibility for policy planning has been centralized for entire program areas. In still other instances, the planning that does take place is performed by top management officials in addition to their time-consuming jobs of administration.

This diffusion of responsibility has in the past created an unevenness in the Department's ability to predict or to respond quickly to social and economic problems as they emerge. A major function of this office is to create and maintain a system which gives the Department such capability—a system which serves the present Secretary and at the same time develops long-range capability, in recognition of the need to stock up on carefully thought out means of dealing with pressing problems and creating (in time) an inventory readily available to administrations for dealing with problems of manpower, labor standards, labor-management relations, and the data collection and international aspects of all three.

Basic to the creation of such a system is the recognition of the responsibilities of program administrators for assigning the quantity and quality of talent necessary for engaging in policy planning. The Office looks upon its job as one of creating a pervasive system and attitude within the Department rather than one of attempting to be a central and self-sustained source of Departmental policy. At the same time that it assumes such a leadership responsibility, it assumes the responsibility for attempting to provide solutions to problems faced by the Secretary of Labor when the system has not produced the necessary solutions, and to appraise the ideas and proposals that emerge from the system.

Research

Research is conducted in all program areas of the Department and is the responsibility of line officials. It is recognized as being basic to policy development, for it is through the systematic acquisition of knowledge that social and economic problems are understood and solutions developed; this requires staff who know both the subject area and the needs of policy officials. A successful Departmental research program hinges on the ability of the Department to attract competent staff, maintain a climate in which they can think, convey to the research staff the priorities policy officials assign among research needs, achieve the communication which avoids dual efforts (except where they may be consciously assigned), and assure that its results are used in the process of policy development.

For several reasons, achievement of these goals is becoming increasingly difficult. The breadth of the Department's program widens each year in keeping with the emergency of new problems and a growing demand for solutions to old ones. The acceleration of research that is taking place increases the hazard of looking for answers that have already been found. The increasing demand for creative talent in the social sciences—and especially in economics—places manpower limits on what can be undertaken, and requires thoughtful establishment of priorities. The pressing need to implement new operating programs tempts management to divert research resources to immediate operating programs; and, growth in the Departmental research effort itself creates problems in the management of research.

Realization of the goals and overcoming of the obstacles set forth above is the responsibility of line program managers and policy officials at all levels of the Department's work.

The particular concern of the Office of Policy Planning and Research will be with four things—

1. Assuring that the Departmental research effort is geared to answering questions relevant to the formation of public and private policy;
2. Assuring that communication is maintained within the Department which will avoid finding the same answers twice;
3. Assuring that the results of research are used in the process of policy development;
4. Helping to maintain a climate in which creative research is stimulated and supported.

Two vehicles will be emphasized to increase the capability for keeping Departmental efforts related to the real problems faced by workers, recognizing that other processes (the annual budget process, personnel administrative management, and sound organizational practices) are equally important in maintaining the vitality of the Department:

Special studies

These are in-depth analyses of significant policy issues or social or economic conditions. They will be initiated and carried out in various places in the Department and in the Office of Policy Planning and Research. The Office of Policy Planning and Research will assure that the Secretary's interests and priorities are understood on studies, which are its responsibility, and will be responsible for transmitting study results and proposing their implementation.

The full range of activities of the Office of Policy Planning and Research are these—

1. Stimulates and assists these policy planning and research activities throughout the Department:
   (a) Studies of the needs of American wage earners
   (b) Analyses of alternative private and public activities that will assist in meeting these needs
   (c) Development of policies and programs that will meet significant needs of American wage earners and manpower institutions and promote their welfare
2. Advise the Secretary on significant policy proposals and research activities of Bureaus, Offices, and Administrations, including:
   (a) Proposed legislation and Executive Orders
   (b) Budgets and Apportionments
   (c) Program Memoranda and Special Studies
   (d) Policy statements
   (e) Research proposals and reports
3. Advise the Secretary, Office of the Assistant Secretary for Administration, Bureaus, Offices, and Administrations on the arrangements that will promote effective policy planning and research activities throughout the Department.

The design of policies and programs that will promote the welfare of the wage earner and sound manpower institutions becomes increasingly difficult with the growth in size and complexity of our labor force and employment needs, and the institutions that bring them together. Furthermore, as the economy changes, the traditional solutions are found wanting in resolving some of our most difficult problems. It is also not readily apparent which of the identified solutions are most effective, or most effective for the least cost, in meeting specific worker and manpower institution problems. Choice among alternatives is the emphasis of Bureau of the Budget Bulletin 66–3 and an obligation that the Department of Labor must meet in a more adequate fashion.

The present policy planning and research resources have been inadequate for this total task. With the present resources the Office has not been able to engage in the full range of activities outlined above. It has either carried out a few research projects of its own or made general efforts to promote policy planning. With the resources requested there should be sufficient analytic capability to engage in all the activities listed above as they involve significant policy matters and to engage in a few research projects for which capability does not exist elsewhere in the Department.

There is a net decrease of $750 for non-recurring equipment needs for new positions in 1967.

Activity 2. Office of Information

1967 (22 positions)	$314,000
1968 (22 positions)	323,300

NARRATIVE DESCRIPTION OF PROGRAM

This program provides information services for the Department and has the responsibility for coordinating work in this area. Because the Department's programs are of particular interest to the business, labor and academic communities, as well as the great majority of the working population, there is a constant need for presenting information on these activities in a clear and useful manner. In this respect, this office is the principal link between the Department and the public. To this end, it keeps the public informed on the facts gathered, the laws administered, and the services performed by the Department, by preparing and issuing news releases, coordinating departmental relations with public information media, answering inquiries, and compiling publications of Department-wide significance.

Changes for 1968

Mandatory changes amount to	$9,300

Program changes.—None.

Activity 3. Office of the Assistant Secretary for Administration

1967 (248 positions)	$3,303,200
1968 (263 positions)	3,618,600

NARRATIVE DESCRIPTION OF PROGRAM

This activity embraces top level Departmental planning, evaluation and coordination of all program operations and management activities. The components are these:

(a) *Immediate Office*

1967 (5 positions)	$133,000
1968 (5 positions)	129,400

The Assistant Secretary for Administration is the principal administrative official of the Department, responsible for providing the full range of administrative support for departmental activities and for creating the capability to effectively and economically administer the Department's increasingly expanding programs. In this capacity he directs the activities of budgetary and financial management, personnel management; program analysis and evaluation, organization and administrative management, administrative services and the Department of Labor Library. All major relationships outside the Department on administrative and management matters are developed and maintained by this office, which also coordinates contacts with the Bureau of the Budget and the Congress, except for those involving substantive legislation.

Changes for 1968

Mandatory changes amount to	—$3,600

Program changes—None.

(b) *Office of Management Services*

1967 (6 positions)	$79,500
1968 (6 positions)	81,800

The Office of Management Services serves all organizational units financed by the appropriations for the Office of the Secretary, the Working Capital Fund, and the Office of Federal Contract Compliance (Equal Employment Opportunity). This includes: the Immediate Offices of the Secretary; Under Secretary; and Assistant Secretaries for Labor-Management Relations and Manpower; the Office of the Assistant Secretary for Labor Standards; Assistant Secretary for Administration; Policy Planning and Research; Legislative Liaison; Mobilization Policy and Coordination; Information, Publications and Reports; Federal Contract Compliance (Equal Employment Opportunity); the Employees' Compensation Appeals Board; and Advances and Reimbursements from other Federal agencies. The Office assists the units in the Office of the Secretary to (1) establish

planning goals, (2) determine major courses of action to achieve goals, (3) determine budgets (resource requirements), (4) execute program activities, and (5) review and appraise accomplishments. The Office also provides certain administrative support services.

Changes for 1968

Mandatory changes amount to $2,300

Program changes.—None.

(c) *Office of Financial Systems and Audit*

1967 (67 positions)	$957,000
1968 (74 positions)	1,044,000

Financial and contract audit and accounting system development functions

1. Financial and contract auditing

a. A statutory as well as an inherent responsibility of the Secretary of Labor is the assurance that all funds authorized for all Department of Labor programs, regardless of source, are properly utilized and controlled. This same responsibility is also implicit at all levels of the Department. To provide this assurance, some staff capability has been available for a number of years within several components of the Department to deal with individual or closely related programs. For some programs there has been no provision for auditing at any level within the Department.

b. At the Departmental level until recent years there has been no staff capability for this purpose and basic reliance for this kind of information has been upon reports of the General Accounting Office, Bureau of the Budget, Civil Service Commission, other components of the Department of Labor, other departments or agencies, or special studies by sources outside the Federal Government. Even as of the time of this estimate there are only limited resources available throughout the Department for use in this very important area of concern to the Secretary of Labor.

c. The Department of Labor is now in the process of modernizing its financial management activities, as required by the various governing statutes and regulations of the General Accounting Office, Bureau of the Budget, General Services Administration, and Treasury Department. Heretofore, financial and contract audit responsibilities have been exercised mainly at the administration and bureau or equivalent levels with only limited overall Department policy or guidance.

d. In order that there will be reasonable assurance that within the foreseeable future all audit responsibilities are accomplished in the most modern, effective, efficient, and economical way possible, financial and contract audit functions performed or contemplated by or for various organizations of the Department of Labor are being centralized within the Office of the Assistant Secretary for Administration in a Division of Audit, Office of Financial Management and Audit. This centralization is expected to provide for—

(1) Uniformity of audit policies within the Department.

(2) One point of contact with the Department for (a) the General Accounting Office, (b) other agencies of the Federal, State, and local governments when cross audits are performed, and (c) private firms or other organizations.

(3) Elimination of any duplication of audits when different organizations have dealings with the same grantees, sponsors, or suppliers or services and materials.

(4) One organization responsible for the financial and contract audit functions of the Department and for independent auditing and reporting to the Secretary of Labor.

e. Those financial and contract audit functions performed by the following organizations, with related staff, have been transferred to the newly established Division of Audit:

(1) Financial Audit Staff, Office of the Assistant Secretary for Administration (5 positions).

(2) Branch of Financial Audit, Division of State Audits and Management Appriasal, Administration and Management Service, Bureau of Employment Security (including field staffs), (25 positions).

(3) Audit Branch, Division of Finance, Office of Financial and Management Services, Manpower Administration (including field staffs), (23 positions).

f. The effect of this centralization will be that final action on audit reports is vested in the Secretary of Labor. Audit staffs, although not under the line management of program managers, will still work out audit programs with the managers involved and will make provision for their special needs. All audit reports will be initially transmitted to program managers in draft for review, comment, and implementation where appropriate. The centralized audit staff is expected to function as a staff service to both the program managers and the Secretary.

2. Accounting systems development

a. Under the provisions of the Budget and Accounting Procedures Act of 1950, Federal departments and agencies are required to institute for all their programs, accounting systems which are in accord with standards and criteria issued by the General Accounting Office. In addition, all such systems must be approved by the General Accounting Office. Although this legislation has been in effect for over 16 years, the Department of Labor does not have all the requisite accounting systems either instituted or approved. The Department has been severely criticized for its slow rate of progress by both the General Accounting Office and the Congress through the House Government Operations Committee.

b. Until recent years various components of the Department maintained separate accounting systems and records for all funds. This is still the case for most program funds, although provision has been made for reporting on the status of all funds to the centralized accounting organization in the Office of the Assistant Secretary for Administration. Progress towards development and implementation of an integrated accounting system, particularly as regards program funds, has been too long delayed.

c. The Department has made a commitment to the Bureau of the Budget, General Accounting Office and the interested committees in Congress that accounting systems for all its programs will be developed and in effect by December 31, 1968. Prior target dates have not been met for various reasons, including the fact that the extent of systems work involved was grossly underestimated and insufficient staff was assigned to perform the required activities.

d. Effective implementation of the Department's Management Systems (DMS) and its eventual extension to levels within the Department, including State agencies and major continuing projects financed by Federal funds made available through the Department of Labor, make mandatory the early complete installation of an integrated financial accounting and reporting system.

e. In view of the general slow rate of progress, the President, Bureau of the Budget, General Accounting Office and Congressional committees are taking intense interest in what is being done throughout the Federal Government to satisfy both statutory and regulatory requirements for accounting systems at the earliest possible date. Consequently, all departments and agencies are facing the problem of competing for and retaining an already scarce supply of qualified systems accountants to perform the necessary work.

f. Considering the scope of the task, time limits, limited resources available, and the general need for closer coordination of work activities, it is deemed essential that the staff of Administrations, Bureaus and Offices receive common direction and, in effect, constitute a Department-wide technical resource.

g. Therefore, all accounting systems development functions now performed by various organizations are to be directed by Director, Office of Financial Management and Audit, Office of the Assistant Secretary for Administration. Central direction has as its major objectives—

(1) The development of cost-based accounting systems which will satisfy the criteria and standards established by the General Accounting Office and will be responsive to management needs.

(2) A single unit responsible for the accounting systems development for the Department.

h. As with the centralization of audit functions, the accounting systems development staff is expected to function as a staff service to all program managers as well as the Office of the Secretary.

Changes for 1968

Mandatory changes amount to	None
Program changes (7 positions)	$87,000

Systems accounting

As part of its Financial Management Improvement Program the Department of Labor for the past few years has striven with limited resources to accomplish in the accounting systems area what has turned out to be a significantly larger task

than was initially envisioned. It is now imperative that our efforts be accelerated in order that the requisite accounting systems may be installed and operating at the earliest possible date, if we are to satisfy essential needs of management for meaningful financial information at all levels of the Department within any reasonable period of time.

The President has directed acceleration of the development of businesslike financial systems in order to achieve what is contemplated by the Budget and Accounting Procedures Act of 1950, as amended. In addition, the President directed the early implementation of a programming, planning, budgeting system, and the Bureau of the Budget has promulgated detailed instructions effecting such a system. The Department's Program Budget Management System (PBMS) has been modified to be compatible with the President's program. Effective and timely financial accounting and reporting are an integral part of the Program Budget Management System.

The Department has been severely criticized by the House Government Operations Committee for its slow rate of progress in developing and installing required accounting systems, particularly for cost accounting, at all levels of program operations supported by funds for which the Department has responsibility.

The Department's earlier planning for accounting systems grossly underestimated what would be required, and did not include consideration of the development of any industrial type cost accounting systems for management use. We have now reevaluated our needs and established that with presently authorized staff it would take at least five additional years to complete the necessary work. The revised target date for initial completion of all accounting systems and procedures development and implementation is December 31, 1968, subject to immediately obtaining needed additional resources.

The increase over the 67 positions and $957,000 requested will provide the necessary positions to perform essential accounting systems and procedures development and implementation functions as part of our program to establish by the specified target date required accounting systems, including and particularly cost accounting systems, at all levels throughout the Department and its constituent organizations.

We are requesting $87,000 and 7 positions, of which 6 are professional, to initiate this program.

(d) Personnel operations

1967 (80 positions)	$1,094,800
1968 (80 positions)	1,204,800

The role of the departmental personnel organization is to assist in the effective management of the Department by proper staffing of its program activities and by providing services that will result in improved employee performance. This includes responsibility for overall guidance, review and evaluation of bureau personnel operations to insure the decentralized personnel program is continuing to effectively support the Department's substantive programs. The constant demand for high-quality job candidates to man the Department's expanding activities is met by an intensive recruiting program for professional and clerical positions, including a positive recruitment program for contracting and placing qualified minority group candidates. Increased employee productivity is attained through job-related training designed to enhance individual capabilities and through a systematic program of employee utilization emphasizing improved placement and evaluation procedures. Assistance in the over-all management of the Department is provided through advisory services to supervisors, the maintenance of written performance requirements for all positions, and the establishment of personnel policies and standards which reflect the changing requirements of the Department's programs. This activity also covers a central personnel services function that provides Department-wide investigation services and furnishes the full range of personnel services to those organizations that are not large enough to efficiently maintain a personnel office of their own.

Changes for 1968

Mandatory changes amount to	$35,750
Program changes	75,000

Civil Service Commission interagency board program

The U.S. Civil Service Commission Interagency Board Program was approved by the President in his letter to the Civil Service Commission of November 27, 1965, and he directed the Commission to implement it at the earliest possible date.

The method of financing the program is authorized by 31 U.S.C. 691, and has been agreed to by the Director of the Bureau of the Budget. The approved budget for fiscal year 1968 is $14,614,000, of which the Department of Labor's share under the cost-sharing formula is $75,000. The Civil Service Commission has been advised by the Bureau of the Budget that this amount may be included in Department of Labor appropriations for fiscal year 1968.

Costs of the interagency boards were first charged to the agencies in fiscal year 1966. The Department of Labor's share of the costs for that year was $2,900, which was paid from the appropriation to the Office of the Secretary. The network was subsequently expanded and in May 1966, we were notified by the Civil Service Commission that the Department's share of the cost for 1967 was $49,800. Because of the larger amount of cost involved, the total cost was prorated to each of the Bureaus on the same formula as that used by the Civil Service Commission in determining the Department of Labor's share of the total costs. Each bureau is currently required to finance its share of the costs from available funds within appropriations which contained no provision for the costs.

It is proposed to finance the entire cost from the 1968 appropriation to the Office of the Secretary for the reason that the Civil Service Commission's formula for arriving at the Department's share of the costs is based upon total Departmental personnel accessions and employment. While costs could be distributed to the bureaus as in 1967, it appears that a budgetary increase would be more appropriate in the Office of the Secretary because of the varying advantages to be derived by the bureaus in terms of field vs. departmental personnel accessions and strength.

There is a net decrease of $750 for non-recurring equipment needs for new positions in 1967.

(e) Library

1967 (35 positions)	$344,100
1968 (35 positions)	353,700

The Department's single centralized library service maintains and makes available a specialized collection of research material in labor and related fields for use by the Department's staff and the public. This covers the full range of research library services; acquiring and cataloging new volumes; providing information and material in answer to requests; and issuing supplements and annotated bibliographies. The Library also approves all purchases of books, periodicals, newspapers and other publications for the Department.

Changes for 1968

Mandatory changes amount to	$9,600

Program changes.—None.

(f) Office of Program and Budget Review and Office of Organization and Management

1967 (36 positions)	$510,900
1968 (44 positions)	615,600

Office of Program and Budget Review

To assure that plans, requests and performance are (1) in accord with existing policy (or to recommend changes in policy where apparently needed) and (2) represent an acceptable Departmental balance, this office conducts an integrated, continuing review and analysis of all budgets and programs for the Department. Arising from these efforts is a flow of comprehensive information for the use of top staff concerning progress, accomplishments and problems of Departmental programs in meeting planned goals and budgeted objectives.

The information provided is necessary for top management to have an adequate basis for determining whether programs are dealing effectively with social, economic and administrative problems. This requires that internal program reviews be conducted and that detailed analyses be made under the Department's management system. As a result of these analyses, recommendations are made for improvements in programs and, as the Department undertakes additional program responsibilities, advice is given in establishing goals which will assist these new activities in effectively fulfilling their mission.

To insure that the budget function is operating effectively throughout the Department, this Office provides written instructions, technical assistance and training courses for the bureau budget staffs and other Department officials. It also effects the integration of budgetary procedures and objectives with the Depart-

ment's management system to insure that they actively contribute to the Department's efforts in the areas of improved management effectiveness and cost reduction.

Changes for 1968

Mandatory changes amount to	$8,300
Program changes (4 positions)	44,000

The programs carried out by the Department of Labor are fluid and dynamic. Their makeup grow evermore complex. Thus the need for better and deeper review and analysis of goals and achievements grows accordingly. If top management is to do its job properly in meeting the social and economic needs of the people while operating within the laws and policy by Congress and the objectives of the Executive branch, it must be constantly aided by competent staff review of where the Department stands and where it is going. This sort of effort can be achieved only at the Departmental level and only by personnel trained in the techniques of analysis and evaluation. To round out the Program and Budget Review staff at a level necessary to perform adequately these functions, additional staff of 4 (two professionals, 2 clericals) and $44,000 are estimated to be required over the 19 positions and $274,800 now available.

Office of Organization and Management

This Office is responsible for the review and improvement of the organization, management and cost reduction procedures of the Department. This involves the implementation of the Program Budget Management System which is designed to improve management control of the Department's entire program by forecasting workloads and resource requirements against which the effectiveness of program activities can be measured. Further management control is being achieved through the development and operation of a unified Department-wide automatic data processing program for use in the planning, budgeting and management processes. Improved utilization of manpower, funds and other resources is accomplished by special management surveys which pinpoint areas where better management procedures can be used or which identify low priority programs whose resources can be diverted to workloads of higher priority. This Office is also responsible for departmental paperwork management activities in the areas of reports, forms, and records management.

Changes for 1968

Mandatory changes amount to	$8,400
Program changes (4 positions)	44,000

The Department has made tremendous management gains through its pioneering effort in the installation of the Program Budget Management System. To consolidate those gains and to realize the potential of the Program Budget Management System, a continuous analytical effort must be made to assure that the program measures which are the heart of the program structure are the best measures that can be developed. The program offices have the initial responsibility for developing such measures. However, to insure proper management control of the entire Program Budget Management System process there must be resources at the Departmental level, and in the Office of Organization and Management in particular, devoted to the review analysis and improvement of existing measures and development of new measures. This area is critical and there are no resources available to sustain the required effort.

During the period 1968–72, increased emphasis will be placed upon refinement and extension of the Program Budget Management System downwards within the various organizations of the Department both in headquarters organizations and in the field. In addition and importantly there will be direct emphasis on spreading the system to State Employment Security Agencies. These efforts will focus upon use of the Program Budget Management System's techniques and procedures as a means of improving program development, implementation and accomplishment.

Under development at the present time for the consultant firm of McKinsey and Company is a conceptual framework for a management information system tailored to the unique needs of the Department of Labor. Funds are required to begin operation of a managenemt information center in 1968. The functions of the center will involve the development assembly, and presentation of data,

relative to the various programs and client groups served by the Department. The data thus assembled will assist the decision-making process at the top management level of the Department.

An increase of 4 positions and $44,000 are requested over the 17 positions and $236,100 now available.

(g) Field Administration

1967 (19 positions)	$183,900
1968 (19 positions)	189,300

The Field Administration provides administrative services to Regional Directors of all Bureaus in their respective regions.

The functions involved include: Recruitment for staffing of brueau positions; general orientation and training; advisory service on classification matters; employee counseling on improvement of skills and career development; and various other functions in the area of personnel administration.

Approve and process local procurement in accordance with internal bureau policies and procedures; maintain a compreheisive space procurement and management program; and provide centralized services of various administrative functions.

Changes for 1968

Mandatory changes amount to	$5,400

Program changes.—None.

Activity 4. Appeals from determination of Federal employee claims

1967 (9 positions)	$138,000
1968 (9 positions)	141,700

NARRATIVE DESCRIPTION OF PROGRAM

The Employees' Compensation Appeals Board hears and decides appeals from decisions of the Bureau of Employees' Compensation and of the Governor of the Canal Zone in cases arising under the Federal Employees' Compensation Act. The jurisdiction includes, among several other special categories, all civil officers and employees of all branches of the Government of the United States, including the Canal Zone Government, Panama Canal Company and District of Columbia Government, except members of the Police and Fire Departments.

Workload statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Pending cases, beginning of period	124	97	68	68
Appeals docketed	320	298	320	340
Cases closed	−347	−327	−320	−340
Pending cases, end of period	97	68	68	68
Cases in which hearings were held	69	66	70	70
Opinions rendered	284	267	270	285

Changes for 1968

Mandatory changes amount to	$3,700

Program changes.—None.

Distribution of field staff

Supervising offices	1967			1968		
	Professional	Clerical	Total	Professional	Clerical	Total
Albany, N.Y.	1		1	1		1
Atlanta, Ga	3	1	4	4	2	6
Boston, Mass.	3	1	4	4	2	6
Chambersburg, Pa		1	1	1	2	3
Chicago, Ill.	5	3	8	6	4	10
Columbus, Ohio	1		1	1		1
Dallas, Tex	1	2	3	2	3	5
Denver, Colo	1		1	1		1
Des Moines, Iowa	1		1	1		1
Harrisburg, Pa	1		1	1		1
Kansas City, Mo.	1	1	2	2	2	4
Nashville, Tenn.	1		1	1		1
New York, N.Y.	4	3	7	5	4	9
Oklahoma City, Okla.	1		1	1		1
Olympia, Wash.	1		1	1		1
Richmond, Va.	1		1	1		1
Sacramento, Calif.	3		3	3		3
San Francisco, Calif.	4	4	8	4	4	8
Tallahassee, Fla.	1		1	1		1
Trenton, N.J.	1		1	1		1
Total, field staff	35	16	51	42	23	65

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation $3,954,375

The estimate will provide 372 full-time positions and 341 man-years of employment with 7 man-years of full-time equivalent intermittent employment for consultants and experts. Included is an increase of 42 full-time positions and $355,700 related to program expansion and $26,165 net mandatory costs for within-grade promotions on current staff, offset by decrease of $10,550 non-recurring extra day of pay. There is a decrease of $41,925 to meet the limitation on average compensation established by the Bureau of the Budget.

Personnel benefits $289,715

This estimate is based upon personnel compensation and includes $26,600 for new positions and $1,875 net mandatory costs on within-grade promotions for current year staff offset by decrease of $750 for non-recurring extra day of pay. The estimate will provide the following:

Civil Service Commission retirement fund	$254,215
Health benefits	18,600
Life insurance	13,100
Federal Insurance Compensation Act	3,800
Total	289,715

Travel and transportation of persons 238,000

The estimate will provide the following per diem and transportation cost for 130 travelers, and an increase of $41,800 over 1967:

	1967	1968	Change
Number of travelers	120	130	+10
Number of days traveled	4,000	5,000	+1,000
Average number of days	33	38	+5
Days of travel at $16 per diem	$64,000	$79,000	+$15,000
Transportation cost	132,200	159,000	+26,800
Total	196,200	238,000	+41,800

Transportation of things $9,700

The estimate includes an increase of $4,500 over fiscal year 1967 and will provide for increased allowances for relocation expenses of transferred employees. (P.L. 89–516)

Rent, communications, and utilities $219, 065

The estimate includes an increase of $34,365 and will provide the following:

	1967	1968	Change
Paid official mail	$10, 100	$10, 100	
Telegrams and long-distance calls	19, 300	23, 000	+$3, 700
Telephone; rental and service	27, 000	30, 100	+3, 100
Telecommunications services	15, 800	17, 700	+1, 900
Working capital fund	69, 800	78, 730	+8, 930
Rental of space	42, 700	59, 435	+16, 735
Total	184, 700	219, 065	+34, 365

Printing and reproduction $185, 210

The estimate includes an increase of $15,610 and will provide the following:

	1967	1968	Change
Secretary's annual report	$7, 000	$7, 000	
Binding	2, 800	2, 800	
Letterheads, forms, etc	23, 950	26, 750	+$2, 800
Special-purpose publications	20, 000	20, 000	
Working capital fund	106, 650	119, 460	+12, 810
Appeals board decisions	9, 200	9, 200	
Total	169, 600	185, 210	+15, 610

Other services $409, 215

The $136,765 increase over 1967 will provide $1,000 for the Department's contribution to the Conference on Developing Institutions; $75,000 for the Department's share of the cost of the Civil Service Commission Interagency Boards of Examiners; and $18,840 for related program expansion. There is also included an increase of $41,925 to offset the decrease in object 11 resulting from the limitation on average compensation.

The total estimate will provide the following:

	1967	1968	Change
General Services Administration Federal Inquiry Center	$4, 000	$4, 000	
Health room services	113, 700	113, 700	
Official entertainment	7, 500	7, 500	
Security investigations	6, 000	6, 000	
Press clippings	3, 500	3, 500	
Miscellaneous repairs and services	7, 800	11, 900	+$4, 100
Training programs	10, 000	10, 000	
Working capital fund	107, 950	122, 690	+14, 740
Reporting services	2, 000	2, 000	
Defense Contracts Audit Agency	10, 000	10, 000	
Increase to offset decrease resulting from the limitation on average compensation on personnel compensation		41, 925	+41, 925
Civil Service Commission interagency boards		75, 000	+75, 000
Department's share of cost of conference on developing institutions		1, 000	+1, 000
Total	272, 450	409, 215	+136, 765

Supplies and materials $104, 020

The estimate includes an increase of $9,220 and will provide for the following:

	1967	1968	Change
Desk top supplies	$14,600	$17,100	+$2,500
Subscriptions	15,000	15,000	
Equipment maintenance	4,500	4,500	
Working capital fund	60,700	67,420	+6,720
Total	94,800	104,020	+9,220

Equipment $74,700

The estimate includes an increase of $27,000 for 36 of the new positions at a rate of $750 per position for program expansion offset by a decrease of $1,500 non-recurring 1967 equipment purchases and will provide the following:

	1967	1968	Change
Books and periodicals	$9,000	$9,000	
Office equipment	19,900	31,000	+$11,100
Office furnishings	20,300	34,700	+14,400
Total	49,200	74,700	+25,500

Summary of new positions

	Number	Grade	Amount
ACTIVITY 1. EXECUTIVE DIRECTION			
Field offices:			
Immediate Office of the Secretary:			
Regional representatives	7	GS–15	122,850
Secretaries	7	GS–7	45,157
Total	14		168,007
Departmental staff:			
Office of the Under Secretary:			
Defense mobilization planning coordinator	1	GS–15	17,550
Defense mobilization manpower adviser	1	GS–14	15,106
Secretaries	2	GS–7	14,180
Secretary	1	GS–6	6,065
Secretary-stenographer	1	GS–5	5,331
Total	6		58,232
Office of Policy Planning and Research:			
Policy analysts	3	GS–15	52,650
Manpower research analyst	1	GS–14	15,106
Social science research analyst	1	GS–7	6,451
Secretary	1	GS–7	6,451
Clerk-typist	1	GS–4	4,776
Total	7		85,434
Total, activity 1	27		311,673
ACTIVITY 3. OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION			
Departmental staff:			
Systems accounting:			
Systems accountants	6	GS–13	77,238
Secretary-stenographer	1	GS–5	5,331
Total	7		82,569
Office of Program and Budget Review:			
Program analyst	1	GS–14	15,106
Do	1	GS–13	12,873
Secretary	1	GS–7	6,451
Secretary-stenographer	1	GS–5	5,331
Total	4		39,761
Office of Organization and Management:			
Management analysts	2	GS–13	25,746
Management analyst	1	GS–11	9,221
Secretary-stenographer	1	GS–5	5,331
Total	4		40,298
Total, activity 3	15		162,628
Grand total	42		474,301

THURSDAY, MARCH 2, 1967.

MANPOWER ADMINISTRATION

WITNESSES

STANLEY H. RUTTENBERG, ASSISTANT SECRETARY FOR MANPOWER
ROBERT C. GOODWIN, ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY
HUGH C. MURPHY, ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING
DR. CURTIS C. ALLER, ASSOCIATE MANPOWER ADMINISTRATOR
ROBERT J. BROWN, ASSISTANT MANPOWER ADMINISTRATOR
MISS MARGARET E. THOMAS, ASSISTANT MANPOWER ADMINISTRATOR FOR ADMINISTRATION
HERBERT A. MEYER, CHIEF, BUDGET DIVISION, OFFICE OF FINANCIAL AND MANAGEMENT SERVICES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

DR. JOSEPH COLMEN, DEPUTY ASSISTANT SECRETARY FOR EDUCATION
DR. HOWARD MATTHEWS, DIRECTOR, MANPOWER DEVELOPMENT AND TRAINING, OFFICE OF EDUCATION

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	MANPOWER ADMINISTRATION			
	Personnel compensation:			
11.1	Permanent positions	71	163	161
11.3	Positions other than permanent	6		
11.5	Other personnel compensation	2	8	8
	Total personnel compensation	79	172	171
12.0	Personnel benefits	5	13	13
21.0	Travel and transportation of persons		1	1
23.0	Rent, communications, and utilities		1	1
24.0	Printing and reproduction		11	11
26.0	Supplies and materials		1	1
31.0	Equipment		2	2
41.0	Grants, subsid,ies, and contributions	249,562	266,167	270,068
	Total obligations, Manpower Administration	249,647	266,368	270,268
	ALLOCATION TO HEALTH, EDUCATION, AND WELFARE			
	Personnel compensation:			
11.1	Permanent positions	1,206	1,556	1,550
11.3	Positions other than permanent	27	14	14
11.5	Other personnel compensation	10	2	2
	Total personnel compensation	1,243	1,573	1,567
12.0	Personnel benefits	87	114	114
21.0	Travel and transportation of persons	129	218	218
22.0	Transportation of things	2	4	4
23.0	Rent, communications, and utilities	51	26	26
24.0	Printing and reproduction	29	48	48
25.1	Other services	349	440	440
26.0	Supplies and materials	9	19	19
31.0	Equipment	16	40	40
41.0	Grants, subsidies, and contributions	145,462	123,700	129,110
	Total obligations, Health, Education, and Welfare	147,377	126,182	131,586
99.0	Total obligations	397,024	392,550	401,854

Personnel summary

	1966 actual	1967 estimate	1968 estimate
MANPOWER ADMINISTRATION			
Total number of permanent positions	20	25	25
Full-time equivalent of other positions	2	0	0
Average number of all employees	12	22	22
Average GS grade	7.9	7.9	7.9
Average GS salary	$7,449	$7,648	$7,648
ALLOCATION TO HEALTH, EDUCATION, AND WELFARE			
Total number of permanent positions	168	168	168
Full-time equivalent of other positions	5	2	2
Average number of all employees	132	159	159
Average GS grade	9.0	9.0	9.0
Average GS salary	$9,527	$9,929	$9,929

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
1. Training and allowance payments	181,305	349,546	347,000
2. Program services	32,448	40,522	52,378
3. Federal institutional training services	1,904	2,482	2,476
Total program costs, funded	215,657	392,550	401,854
Change in selected resources [1]	181,367		
10 Total obligations	397,024	392,550	401,854
Financing:			
17 Recovery of prior year obligations	−883		
21 Unobligated balance available, start of year	−1,384	−2,546	
24 Unobligated balance available, end of year	2,546		
25 Unobligated balance lapsing	2,291		
New obligational authority	399,595	390,004	401,854
New obligational authority:			
40 Appropriation	399,570	390,044	401,854
41 Transferred to "Operating expenses, Public Buildings Service," General Services Administration (80 Stat. 674)		−40	
42 Transferred from "Unemployment compensation for Federal employees and ex-servicemen" (Public Law 89-426)	25		
43 Appropriation (adjusted)	399,595	390,004	401,854
Relation of obligations to expenditures:			
10 Total obligations	397,024	392,550	401,854
70 Receipts and other offsets (items 11-17)	−883		
71 Obligations affecting expenditures	396,141	392,550	401,854
72 Obligated balance, start of year	200,796	315,752	432,634
74 Obligated balance, end of year	−315,752	−432,634	−539,102
77 Adjustments in expired accounts	−5,701		
90 Expenditures	275,484	275,668	295,386

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $111,467,000; 1966, $292,834,000; 1967, $292,834,000; 1968, $292,834,000.

Office of Manpower Administrator

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	3,232	4,264	4,363
11.3	Positions other than permanent	87	42	42
11.5	Other personnel compensation	74	55	55
	Total personnel compensation	3,393	4,361	4,460
12.0	Personnel benefits	231	322	330
21.0	Travel and transportation of persons	222	240	244
22.0	Transportation of things	29	10	10
23.0	Rent, communications, and utilities	188	154	157
24.0	Printing and reproduction	268	203	204
25.1	Other services	1,317	1,692	1,374
25.2	Services of other agencies	28,373	24,684	29,883
26.0	Supplies and materials	64	75	76
31.0	Equipment	73	57	41
99.0	Total obligations	34,158	31,798	36,779

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	379	410	410
Full-time equivalent of other positions	10	4	4
Average number of all employees	306	387	391
Average GS grade	10.3	10.2	10.2
Average GS salary	$11,108	$11,414	$11,688

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Experimental, demonstration and research programs	11,032	24,684	29,883
	2. Planning, research, and evaluation	4,709	5,271	5,068
	3. Financial and management services	1,167	1,531	1,513
	4. Executive direction	272	312	315
	Total program costs, funded	17,180	31,798	36,779
	Change in selected resources [1]	16,978		
10	Total obligations	34,158	31,798	36,779
	Financing:			
16	Comparative transfers to other accounts	217	185	
21	Unobligated balance available, start of year		−1,021	
24	Unobligated balance available, end of year	1,021		
	New obligational authority	35,396	30,962	36,779
	New obligational authority:			
40	Appropriation	35,330	30,900	36,779
41	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (80 Stat. 674)		−35	
42	Transferred from "Unemployment compensation for Federal employees and ex-servicemen" (Public Law 89-426)	66		
43	Appropriation (adjusted)	35,396	30,865	36,779
46	Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for civilian pay act increases		97	
	Relation of obligations to expenditures:			
10	Total obligations	34,158	31,798	36,779
70	Receipt and other offsets (items 11-17)	217	185	
71	Obligations affecting expenditures	34,375	31,983	36,779
71	Obligated balance, start of year		23,311	30,294
74	Obligated balance, end of year	−23,311	−30,294	−39,073
90	Expenditures	11,064	25,000	28,000

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $2,300,000; 1966, $19,278,000; 1967, $19,278,000; 1968, $19,278,000.

BIOGRAPHICAL SKETCH OF WITNESS

Mr. FLOOD. The committee will come to order.

At this point in the record we will submit a biographical sketch of Mr. Ruttenberg.

(The biographical sketch follows:)

BIOGRAPHY OF STANLEY H. RUTTENBERG

Assistant Secretary of Labor for Manpower (June 1966) and Manpower Administrator (January 1965) U.S. Department of Labor.

Special Assistant to the Secretary of Labor, U.S. Department of Labor, January 1963 to January 1965.

Director, Department of Research, American Federation of Labor and Congress of Industrial Organizations, December 1955 to December 1962.

Director, Economic Policy Committee, AFL–CIO, 1956.

Director of the Department of Education and Research of the Congress of Industrial Organizations, September 1948 to December 1955. Associate Director of Research from 1939 through 1948, except for 1943–46 in the U.S. Army; CIO Organizer and field representative in Ohio Valley prior to 1939 (1937–1938). Assistant to Director, Hull House, 1938.

Born March 19, 1917 at St. Paul, Minnesota.

1933 graduate from Massanutten Military Academy.

1937—received B.S. degree from the University of Pittsburgh.

Member of the Board of Directors of Resources for the Future, Inc., Labor Committee of the National Planning Association.

Public member, Foreign Service Selection Board, 1950.

Special Adviser to the American Delegation of the Fourth and Fifth International Conferences of UNESCO.

Public Adviser to General Agreement on Tariffs and Trade Negotiation, Geneva, 1956 and 1958.

Labor Specialist, U. S. Department of State Educational Exchange Program, October-December 1959.

Member of the Commission on Money and Credit, 1958–61.

Labor Observer, Special Meeting of the Inter-American Economic and Social Council, Punta del Este, Uruguay, 1961.

Member of the following organizations: American Economic Association; American Statistical Association; Industrial Relations Research Association.

Mr. FLOOD. For the benefit of the new members, will you briefly, without beating your chest, tell us something about yourself? I know you but some of the new members do not.

Mr. RUTTENBERG. I was born in St. Paul, Minn., and grew up in western Pennsylvania. I attended Massanutten Military Academy and am a graduate of the University of Pittsburgh. I spent my entire adult life until 1963 with the trade union movement, first as director of research and education for the CIO, and then as director of research and director of the economic policy committee for the merged federation, the AFL–CIO. I came to the Secretary of Labor's Office in January 1963 as the Economic Adviser to Secretary Wirtz.

I became Manpower Administrator in January 1965, and assumed the title of Assistant Secretary for Manpower along with being Manpower Administrator in June of 1966. My background is the field of economics.

Mr. FLOOD. You are an economist. I am never sure what that is.

You have, in effect, three statements—an overall statement, and then your statements on the two appropriations you are in direct charge of. It would occur to me, if the committee would not object, that before I ask you a few questions you might go ahead and read them in toto.

These statements are not long. I have read them all, but this might help because of the new men.

Mr. RUTTENBERG. I would be glad to go through the statements. They are very brief, as you see. I shall be happy to be interrupted during the reading, or you may wait until afterward for any questions, or explanation or enlargement on any specific aspect of the material in them. Why do I not just proceed with the overall statement?

GENERAL STATEMENT ON MANPOWER PROGRAMS

Mr. Chairman and members of the committee, I am pleased to have this opportunity to appear here today. Before discussing the specifics of the manpower development and training activities and the Office of the Manpower Administrator budgets, I'd like to place these budgets in perspective to all the responsibilities of the Manpower Administration.

The manpower programs of the Department are administered through the Manpower Administration. They are concerned with the development and training of the Nation's manpower, the utilization and distribution of manpower resources, and the creation and development of jobs and employment opportunities. The Manpower Administration is responsible for the administration of several manpower programs authorized under the Economic Opportunity Act.

Mr. FLOOD. I said to the Secretary yesterday that you wear two hats. Just why do you wear two hats? Are you that good, or what is the point? Are we saving money? You are the Assistant Secretary, and you are also the Administrator. Is this good? Are you overworked? You don't look it, really. What is the point?

Mr. RUTTENBERG. There was not an Assistant Secretary for Manpower in 1965 but there was an Assistant Secretary for Policy, Planning and Research in the Department. Mr. Moynihan, who held that position, left in mid-1965, and it was never filled. I had been continuously for a 2-year period beginning in 1965 the Manpower Administrator. It was decided to place the Manpower Administration——

Mr. FLOOD. First you were the Administrator of the manpower program.

Mr. RUTTENBERG. Yes.

Mr. FLOOD. Then you acquired this other title.

Mr. RUTTENBERG. Just the title, with really no change at all in function. The responsibility is no different.

Mr. FLOOD. Then you are not overworked? Of course you are.

Mr. RUTTENBERG. No, sir; I am not overworked.

Mr. FLOOD. At least not because of the titles.

Mr. RUTTENBERG. That is right. I assumed no additional responsibilities upon becoming Assistant Secretary for Manpower, except that I assumed the political responsibility of making a speech here and there.

THE MANPOWER ADMINISTRATION

Mr. FLOOD. What is the Manpower Administration? When was it born? Why was it necessary?

Mr. RUTTENBERG. The Manpower Administration was created in 1962 upon the passage of the Manpower Development and Training Act, which brought to the Department a very large new and important function. It was placed under the administration of the Under Secretary.

The Under Secretary, Mr. Henning, who is today being sworn in as Ambassador to New Zealand, became the Manpower Administrator as well as the Under Secretary. He maintained the position of Manpower Administrator until April 1964, when a full-time Manpower Administrator was brought in for the first time.

Mr. FLOOD. I am not so concerned about the Administrator as what is the Manpower Administration?

Mr. RUTTENBERG. The Manpower Administration brings together under one administration a number of organizations with Manpower responsibilities. The Bureau of Employment Security, which Mr. Goodwin heads, has in it the unemployment insurance program, the employment service program, the farm labor program, the responsibilities directed by the Immigration and Nationality Act and many others. That is one aspect.

Then comes the Bureau of Apprenticeship and Training, which has not only apprenticeship training but also on-the-job training responsibilties.

Mr. FLOOD. I wonder, Mr. Hull, if you would examine him, when you come to him, on the farm part of it.

Mr. HULL. I know one thing—we have problems getting anybody to work on the farm. I would like to see some help.

Mr. RUTTENBERG. Then under the Bureau of Apprenticeship and Training, which Mr. Murphy heads, are both the apprenticeship program and part of the Manpower Development and Training Act program; namely, the on-the-job training part of manpower.

Then, of course, we have as part of the Manpower Administration, responsibilities which are not appropriated for in the Department of Labor appropriation, but——

Mr. FLOOD. Is this just a collection of cats and dogs, or is it really a sound creature?

Mr. RUTTENBERG. It is a collection of those agencies within the Department that are directly responsible for the training, utilization, development, and placement of manpower. Let me give you an example of how these programs work together. We have a Neighborhood Youth Corps program for 16- to 21-year-old youth. It is a work-training program authorized under the Economic Opportunity Act and appropriated for under that authority. Yet, the selection and referral of youth to the youth work program is made by the Employment Service in the Bureau of Employment Security, where the testing is done. If there is to be some basic adult literacy training given to the youth in the Neighborhood Youth Corps, that would come through the Manpower Development and Training Act, responsibility administered, again, under the Bureau of Employment Security.

Mr. FLOOD. All of these things are theoretically sound, but does it actually work in practice?

Mr. RUTTENBERG. Yes, sir. Using NYC as an example, youth in that program when he finishes may very well go to an employer who has an OJT contract from the Bureau of Apprenticeship and Training.

Mr. FLOOD. We are gun shy on these new administrations and new creatures. Sometimes I think there should be an administration against any more administrations. They get really complicated. This one apparently makes sense. All right.

DELEGATED PROGRAMS ADMINISTERED BY THE MANPOWER ADMINISTRATION

Mr. RUTTENBERG. It does make sense, sir. As I said, in the Manpower Administration, are these programs under the Economic Opportunity Act; namely, the Neighborhood Youth Corps program, the community betterment—Nelson—program——

Mr. FLOOD. Why is it called the Nelson program?

Mr. RUTTENBERG. Because Senator Gaylord Nelson of Wisconsin was the sponsor of the amendments to the Economic Opportunity Act which authorized those programs. There are also the new careers—Scheuer—program and the special impact—Kennedy-Javits—program. These programs are not funded directly through the Department of Labor appropriations.

Mr. FLOOD. What is that special impact program in about 3,000 short words?

Mr. RUTTENBERG. Briefly, Mr. Chairman, it is a program designed to promote manpower development, but pinpointed into specific areas of specific cities and States. The concept is that rather than spread your fire across the board, you should try to take a few areas and pinpoint the program services of as many programs as you can into that one area so as to make a really special impact on the individuals who live there.

Mr. FLOOD. A rifle instead of a shotgun.

Mr. RUTTENBERG. A rifle instead of a shotgun. You did it in six words, and I took a paragraph.

The appropriation estimates for manpower programs under the Economic Opportunity Act, which represent approximately 35 percent of the total funds requested for the Manpower Administration for fiscal year 1968, will be heard by the committee later in the year.

Mr. FLOOD. Is that not out of proportion?

Mr. RUTTENBERG. I am just saying we have in the Manpower Administration a request for a little over $1 billion, and there will be in the Economic Opportunity Act request a delegation to the Department of Labor. In fiscal year 1968, there is in the budget for programs of the Office of Economic Opportunity which are administered by the Department of Labor, a request for funds amounting to $579 million.

The manpower programs for which appropriations are made directly to the Department are funded under six appropriations, all of which will be reviewed during these hearings. I will discuss the manpower development and training activities and the Office of the Manpower Administrator budgets. Mr. Murphy will discuss the Bureau of Apprenticeship and Training budget; and Mr. Goodwin will discuss the budget estimates for grants to States, UCFEX, and Bureau of Employment Security, salaries and expenses.

We are finding increasingly as we deal with the manpower problems of this country that solutions in terms of meaningful jobs for workers

and an adequate and skilled workforce for the Nation's employers require many different yet closely related approaches. Through the grants-to-States appropriation for unemployment compensation and employment service administration, for example, we finance the payment of Federal and State unemployment compensation benefits to unemployed workers. Many of these workers require new or improved occupational skills that aid them in finding new jobs. The various MDTA training programs offer this opportunity.

The employment security program is at the same time promoting and developing new job opportunities into which unemployed workers and trainees who complete their training program can be referred and placed.

But this doesn't happen in a vacuum. Along the way the employment security program also provides for an extensive and impressive array of employment services; such as the identification, outreach, counseling, testing, and so forth of individuals to determine the kinds of training, employment experience, and services which they require in order to make them more productive workers in the labor force.

OUTREACH

Mr. FLOOD. That is an intriguing term which I have just run into in the last 30 days—outreach. What do you mean?

Mr. RUTTENBERG. Customarily in the Employment Service in its 2,000 offices across the country, individuals came in who were unemployed or looking for jobs or drawing unemployment insurance and were processed and assisted. We find in many of the areas of the country, in rural areas as well as in the cities, and particularly in ghetto areas, that many people do not come in to the Employment Service offices who need service, who are unemployed, who really need help and assistance, to get encouragement, motivation, and stimulation.

Mr. FLOOD. If you put the office on Park Avenue, of course, they won't come down there. Would that be a problem if you were in their own backyard with this help instead of this "outreaching" and trying to drag them down to Fifth Avenue?

Mr. RUTTENBERG. As a matter of fact, sir, many of the offices are in the outlying areas of a central city, but even then, it is necessary to go out into the neighborhoods.

Mr. FLOOD. There is a psychological barrier of some sort?

Mr. RUTTENBERG. That is correct. Once they are in club organizations or on street corners——

Mr. FLOOD. Is it a real effort?

Mr. RUTTENBERG. It is a real effort that we are carrying on most extensively. Mr. Goodwin will talk in more detail about this.

In our human resources development program, we are moving extensively to try to meet the problem of working with the people who are discouraged.

Mr. FLOOD. Do you get the complaints that we have gotten down through the years, about the professional social worker, just out of Vassar, who used to drive up in a Cadillac and with a mink coat to some poverty stricken ghetto and tell some mother with four children how to feed a baby? Do you get much of that?

Mr. RUTTENBERG. One of the things the Employment Service is finding out that it has to do is to deal with people in the local indigenous communities by using people in part from those communities themselves.

Mr. FLOOD. Have you many complaints about people waiting interminably in line, standing there with tired feet, holding their overcoats in the winter, waiting in a line until they reach a window or a table?

Mr. RUTTENBEG. I hope that is not occurring.

Mr. FLOOD. Have you heard any complaints of this kind?

Mr. RUTTENBERG. No, sir. Many adult workers, particularly the unskilled and disadvantaged, have had so tenuous an attachment to the work force over the years that we are finding it necessary to get out to them and draw them in to take advantage of the services and training that are available. The same is true for young workers just entering the work force, too many of whom have dropped out of school and are ill prepared for today's jobs. We are trying hard to get these young people to see the worth of returning to school, even part time while they work, if that is all they can manage.

As we approach fiscal year 1968, we find that serious manpower problems remain in spite of the lowest level of unemployment in 11 years. The projected unemployment rate for fiscal year 1968 is approximately 3.5 percent, but even at this rate we will have almost 3 million persons unemployed.

MINIMUM UNEMPLOYMENT

Mr. FLOOD. I come from a depressed economic area. You are from the CIO–AFL crowd, and even you people used to tell me that there was an accepted norm beyond which you do not want to go; that there must be a labor pool of x number of unemployed available. In other words, it is bad if everybody has a job. You fellows used to tell me that when I used to cry to you. Do you remember? What about that? Is there such a thing? You do not want everybody to have a job?

Mr. RUTTENBERG. There is, obviously, a bare minimum of floating unemployed between jobs. In any country there is such a group of individuals. If you look at the European countries like England and Germany——

Mr. FLOOD. I don't want to look at them. Let's look at this one.

Mr. RUTTENBERG (continuing). Their unemployment is around 1 or 1½ percent. There is no agreement in this country among economists as to what the bare minimum unemployment level is. The trade union people will say it is somewhere in the neighborhood of 2 to 2½ percent. The academic people and the academicions will vary anywhere from 3 to 3½ to 4 percent. The administration established in 1962 an interim goal of 4-percent unemployment. That goal was attained, and now the Economic Report of the President this year is proposing that the unemployment rate be dropped further, if possible, consistent with stability.

Mr. FLOOD. It is always difficult for me to accept that coming from a district like mine. You long-haired types really feel everybody

should not have a job. I have never been able to understand why everybody should not have a job.

Mr. RUTTENBERG. The position which the administration takes on this, and it is part of the Employment Act of 1946, is that every person willing and able to work should be provided with an opportunity for employment. The question is "willing and able" to work.

Mr. FLOOD. You are speaking only of the employables. I know you have the "won't works," which is another problem, and the "can't works," and they just cannot work—period. I am speaking of those who really can work.

Mr. RUTTENBERG. The "can't works" would not be in the 3½ percent unemployment figure. By definition, they have to be looking for work or they are not considered as unemployed.

Mr. FLOOD. And the "won't works" are not your problem.

Mr. RUTTENBERG. They are our problem. That is exactly what the outreach program is designed to do, Mr. Chairman. It is designed to find the individuals who won't work and motivate, stimulate, and counsel with them, and try to make of them a good workman in a competitive work force. That is what the Employment Service is doing in this human resource program. Approximately 40 percent of these will be young people under the age of 25. Another 25 percent are estimated to be older workers over the age of 45. Even though the overall unemployment rate has gone down, minority unemployment is twice and youth unemployment is three times the overall rate. Sixteen percent of the total unemployed have less than an eighth-grade education and 25 percent of the unemployed are 45 years of age and older.

Mr. FLOOD. What do you mean by "minority"?

Mr. RUTTENBERG. Nonwhite, Mexican American, Japanese on the west coast, the Negro.

Mr. FLOOD. I always had the impression that everybody was entitled to work of some sort, but this is a technical term.

Mr. RUTTENBERG. This is a technical term.

Mr. FLOOD. What is "youth"?

Mr. RUTTENBERG. Youth in this case means under 21 years of age.

Mr. FLOOD. Male and female?

Mr. RUTTENBERG. Male and female.

Mr. FLOOD. Employable?

Mr. RUTTENBERG. Employables actively engaged in looking for work.

Major emphasis in our manpower programs in 1968 will be on reaching and servicing these disadvantaged workers. Increased emphasis on a person-to-person approach will be required to help these individuals become productive members of the work force. The employment security program will play an increasingly important role in the manpower programs during 1968 in designing the services, identifying the training needs, and opening up the job opportunities.

Another serious manpower problem facing the Nation in 1968 is the increasing shortages in certain skills and occupations. We will continue to try to ease this problem through the apprenticeship training programs and the MDTA training programs, particularly the on-the-job training programs, not only to upgrade skill levels but also to develop more apprenticeship opportunities.

In fiscal year 1968 the youth and adult work training programs, authorized and funded by the Economic Opportunity Act, will provide actual work experience for the very low income unemployed. A great many of these people will require special supportive services including corrective health services, basic education, and specific occupational training to enable them eventually to take their places in the regular work force. Some of the required services can be provided through the work-training programs themselves, but as individuals are ready for specific occupational training, often accompanied by basic education, they will move into the MDTA programs.

I might interpose that this is one of the reasons why a coordinated Manpower Administration is so essential. It ties together the different programs and sees that there is continuity of opportunities for the individuals in these programs.

Mr. FLOOD. Is this similar to what the Army Engineers call a survey of a river basin. It takes in pretty nearly everything that is important.

Mr. RUTTENBERG. That is what it tries to do. One basic point comes through. Regardless of the number, the specific needs of each individual vary. The whole approach has to be person oriented. We have to be able, through counseling and testing and continuing contact with these people to identify the kinds of services and programs that will prepare them for meaningful work, and then help them obtain what they as individuals require.

PERSON-ORIENTED APPROACH

Mr. FLOOD. What does "person oriented" mean? One person at a time? Is this something new? You seem to be stressing all of a sudden "person oriented." When did you find out this is important?

Mr. RUTTENBERG. We mean person-oriented only in this sense, Mr. Chairman. It is one thing to establish a training program for, let us say, automobile mechanics, and then go out and select 30 people and refer them into the program. In this case you set up a program-oriented type of program. The 30 people are there. Maybe 15 or 20 will finish. Maybe 10 will drop out. Maybe five will get sick. Maybe five will have some problems.

What do you do? Do you simply set up a program for 30 and forget about those who drop out, or do you do something abut trying to work with each person?

Mr. FLOOD. What do you do, take them by the hand and sit there and talk to each person?

Mr. RUTTENBERG. We continuously counsel with the individuals to make sure that every individual has a full opportunity to develop.

Mr. FLOOD. You are not pampering them?

Mr. RUTTERBERG. I hope not. We are encouraging and motivating them, trying to make them competitive workmen in the work force.

Mr. FLOOD. Could you overdo it?

Mr. RUTTERBERG. I hope one cannot overdo it. My own feeling, as I look at this human resource program, is that everybody ought to be given as much opportunity as possible to develop to his fullest potential. This we hope to do.

Mr. FLOOD. Haven't they been?

Mr. RUTTENBERG. The whole vocational program and the whole employment counseling program is designed to see that people are actually trained for the kinds of occupations in which there are jobs in the community, and to assist and help the individuals to obtain those jobs. That is our goal. If we carry it too far, then we ought to be called back, but I think at the moment——

Mr. FLOOD. You will be.

Mr. RUTTENBERG. We are moving in the direction of trying to help them.

Mr. FLOOD. But apparently your current drive, this outreach idea, for the immediate future is this person-oriented concept. Is that it?

Mr. RUTTENBERG. That is right.

Mr. FLOOD. That is because you have practically nothing left but a so-called hard core. There isn't much else you could do, is there?

Mr. RUTTENBERG. That is the point I was trying to make earlier by using the unemployment figures. When you are at 3½ percent unemployment, the kind of people who are still unemployed are those with low levels of educational attainment, workers about 45 years of age, youth who have dropped out of school because of lack of motivation, and many of the minority groups.

Mr. FLOOD. We have a burden to go knocking on doors and looking for them, have we?

Mr. RUTTENBERG. We have a responsibility to provide these individuals with employment opportunities, as you said earlier. I agree with you fully, that it ought to be our philosophy, to provide job opportunities. As long as we have one person unemployed, we have too many unemployed. That is my philosophy.

Mr. FLOOD. All right.

Mr. RUTTENBERG. In the 5 years since the Manpower Development and Training Act was first passed in March 1962, both tools and resources have been brought to bear on this country's manpower problems. Three times the Manpower Development and Training Act has been amended; twice the Economic Opportunity Act has been amended. The legislative amendments have recognized the need to intermesh the programs and to provide for tying together services for people across program lines.

The Manpower Administration, working with the legislation and the appropriations provided by the Congress, is in its day-to-day actions meshing and interrelating the individual programs as part of a whole national active manpower policy aimed at equipping each individual, according to his particular needs, to become a permanent and effective part of the Nation's work force.

That, Mr. Chairman, is the overall statement.

STUDY OF TRAINING PROGRAMS

Mr. FLOOD. You realize last year Mr. Fogarty and Mr. Laird were responsible for a special earmarking of $150,000 for a committee to look at this. I talked to Mr. Fogarty before he died, and I talked to Mr. Laird as recently as yesterday, and they were both very unhappy with the delay in getting this committee set up.

I take for granted Mr. Laird will pursue that when he gets a shot at you.

Mr. RUTTENBERG. Yes. I might just say that, as you know, the $150,000 which was appropriated was appropriated to the Department of Health, Education, and Welfare, and that they were authorized to move ahead and establish a task force to look into the problem.

Mr. FLOOD. Don't tell me. You tell him. I just wanted you to be alerted.

All right, now we will go to your second hat.

STATEMENT ON MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Mr. RUTTENBERG. This is a brief statement, Mr. Chairman.

Mr. Chairman and members of the committee, I am pleased to appear before you today on the 1968 appropriation estimate for manpower development and training activities. The 1968 estimate is for $401,854,000 which is estimated to provide training for 280,000 workers. Of this number 112,000 are estimated to be in institutional training projects and 112,000 in on-the-job training projects with a large part of the on-the-job trainees receiving related institutional instruction in addition to on-the-job training. The balance, 56,000, will receive training under the several new programs made possible by the 1966 Amendments to the Manpower Development and Training Act.

RELATIVE EMPHASIS GIVEN TO OJT AND INSTITUTIONAL TRAINING

Mr. FLOOD. Is there any significance in the fact that those two figures are identical? Is that the plan, or did it just happen?

Mr. RUTTENBERG. It is planned, Mr. Chairman, starting with the original MDTA program in fiscal 1963, if my memory serves me right, for every on-the-job trainee there were 25 institutional trainees. Moving through fiscal year 1964, the figure was one on-the-job trainee to nine institutional trainees. In fiscal 1965, the ratio became one to three. In fiscal year 1966, it became 1 to 1.41.

Mr. FLOOD. Did you mean it to be this?

Mr. RUTTENBERG. We mean to be moving into a 50–50 relationship between on-the-job training and institutional training. But a large part of the on-the-job trainees will receive related institutional instruction, for example, in basic education and refresher education programs. So, while the numbers are the same, a large proportion of the on-the-job trainees will be in institutional vocational education programs in advance or simultaneously with their on-the-job training activities.

NEW PROGRAMS AUTHORIZED BY THE 1966 MDTA AMENDMENTS

Mr. FLOOD. At this point in the record, list the new programs, authorized by the act of 1966.

Mr. RUTTENBERG. Yes, sir.

(The requested information follows:)

NEW PROGRAMS AUTHORIZED BY THE 1966 AMENDMENTS TO THE MANPOWER DEVELOPMENT AND TRAINING ACT

The 1966 Amendments to the Manpower Development and Training Act recognized the need for adjustment to a high employment economy. The Amendments authorized part-time training in occupations faced with critical shortages.

They called for greater emphasis on the older worker and inmates of correctional institutions and liberalized requirements for paying allowances as well as for the provision of health services.

Specifically the Amendments:

Authorize 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. (Sec. 202(c).)

Broaden the concept of providing basic occupational skills to include not only basic education where necessary to make persons trainable and/or employable, but also communications and employment skills necessary to prepare them for work. (Sec. 202(j).)

Provide for a limited program of physical examinations, medical treatment, and prostheses for persons unable to pay for them who are otherwise eligible for services under the MDTA, when such treatment or services are not available without cost from any other source. (Sec. 202(k).)

Authorize 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. (Sec. 202(l).)

Provide 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. Previously, both these requirements had to be met. (Sec. 203(c).)

Make 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 training allowance equal to the average State unemployment compensation weekly payment. (Sec. 203(c).)

Give the Secretary of Labor authority to permit, when it is determined that there is good cause, an individual referred to further training to receive training allowances even though less than 1 year has elapsed since his completion or other termination of an occupational training program in connection with which he received a training allowance under the MDTA or any other Federal Act. (Sec. 203(h).)

Permit the Secretary of Labor to authorize advance payment of training allowances in cases where the immediate financial need is so great that without help individuals could not enter or continue training. Advance payments will be deducted from training allowance or otherwise reimbursed. (Sec. 203(j).)

Provide *allowances* not to exceed $10 per week for individuals receiving part-time training. (Sec. 203(k).) Provided that no training allowance be paid to persons who, or whose families, are in receipt of public assistance, but provide instead for a $20 weekly incentive payment for such trainees, not to be counted against family income for the purposes of public assistance computation. (Sec. 203(l).)

Give the Secretary of Health, Education, and Welfare broader authority to provide training directly through public or private institutions. They further allow the training cost increment of experimental, developmental, demonstration, and pilot programs conducted under section 102(6) to be allocated without regard to the 10-percent nonfederal matching requirement which went into effect on July 1, 1966. (Sec. 231.)

Authorize experimental and demonstration programs of training and education for persons in correctional institutions to equip them for employment upon release. (Sec. 251).

Mr. RUTTENBERG. The institutional training projects are designed to provide classroom training in occupational skills plus a program of basic education to those trainees who lack such training. On-the-job training trains the individual in a specific job as he actually works in it. These on-the-job projects are frequently "coupled" with related institutional training and basic education when the trainee is in need of these. The 1966 Amendments to the Manpower Development and Training Act broadened these basic programs from full-time occupational training with allowances to a multipurpose, multioccupational program. The amendments recognize the differing needs of individuals by providing for a variety of programs. In other words,

they make the manpower development and training program truly person-oriented, which was a primary goal of the redirection of the program in 1967.

The 1966 amendments provide for several new programs which permit more specialized services to trainees. Section 202 establishes a program of part-time training to upgrade the skills of unemployed workers to qualify them for jobs in the skill shortage areas. Thirty-one thousand trainees will receive this part-time training in fiscal year 1968. Section 202(j) provides for assistance to persons who have skills to offer but need employability skills such as work orientation, language skills, and so forth, to make them employable. An estimated 10,000 adults and 10,000 youth will be given this training in 1968.

WORK ORIENTATION

Mr. FLOOD. What does "work orientation" mean?

Mr. RUTTENBERG. Frequently this means the attitude of the individual toward his job. It means just the sheer knowledge that he has to report on time and stay on the job through the day and not leaving halfway through the morning or halfway throughout the afternoon. It means knowing more about the rules and regulations and the safety procedures of the factory itself.

Mr. FLOOD. Does that include coffee breaks?

Mr. RUTTENBERG. It would be instilling in him the principle that if there is a coffee break of 10 minutes, then he had better take it on time and be back on time, rather than go early and stay 20 minutes past the time. That is what is involved in trying to prepare people so they will not be fired, so that once they are in the job they will be retained, instead of being fired for violating the work rules. We hope to put 20,000 people through this program in fiscal 1968, 10,000 adults and 10,000 youth.

Section 251 authorized the establishment of a pilot program for inmates of correctional institutions. A program for an estimated 5,000 trainees is proposed for 1968. In all, an estimated 56,000 trainees will be trained under these amendments. Because the average cost per trainee under these special programs is lower than that of the regular Manpower Development and Training Act programs, it will be possible to train an additional 30,000 trainees without any increase in direct program costs.

This program for inmates of correctional institutions is one in which we have done some experimental and demonstration work, such as at the Lorton Reformatory, the Draper Institute in Alabama, and at Rykers Island in New York. These programs have proved out the necessity and wisdom of trying to help prison inmates who are about to be released.

Mr. FLOOD. All juveniles?

Mr. RUTTENBERG. Not necessarily juveniles, sir. We experiment with the juvenile as well as adult individuals just before they are about to be released to provide them with the kind of vocational training they need.

Mr. FLOOD. Male and female?

Mr. RUTTENBERG. Yes. We work closely with the vocational educational people in doing this. We hope 5,000 trainees will be pro-

vided with this assistance in fiscal 1968. In all, an estimated 56,000 will be trained under these three particular proposals.

Mr. FLOOD. Why would the costs be lower?

Mr. RUTTENBERG. For example, in the part-time training there will be no training allowance because the individual will be a full-time employee during the day, and the training will be provided to him in the evening to upgrade his skill. He will not receive a training allowance. Training in the employability skills and in work orientation is of short duration. It might be 2 or 3 or 4 or 5 weeks, as against a training program of 20 or 40 weeks.

YOUTH OPPORTUNITY CENTERS

The only program increase in the request for 1968 over the 1967 appropriation is $11,857,000 for the needed program services with which to implement the program for the disadvantaged. In fiscal year 1967 the employment services were asked to establish programs to provide intensive services for disadvantaged adults along the same lines as those provided for youth in the youth opportunity centers.

I might add, Mr. Chairman, the youth opportunity centers were first established in early 1964, and in that period of time the Employment Service and the Bureau of Employment Security have now established youth opportunity centers in 139 areas.

Mr. FLOOD. They are administered by the States?

Mr. RUTTENBERG. Through the Federal-State program, the State grant program.

Mr. FLOOD. The administration is by the States?

Mr. RUTTENBERG. Yes. We hope now, also through the States, to extend that service, which was only for youth, to the disadvantaged adults as well.

Mr. FLOOD. You would not set up a new center?

Mr. RUTTENBERG. No, sir. One of the first basic and fundamental instructions was not to get involved in more real estate, but to get involved in providing additional services.

Mr. FLOOD. Of course, you have gotten involved in real estate.

Mr. RUTTENBERG. Not any more.

Mr. FLOOD. No?

Mr. RUTTENBERG. What I am saying is in moving this human resource program from youth to adult, we are hoping to do it with a minimum of real estate costs and a maximizing of the use of the funds to provide the services.

Mr. FLOOD. The State governments love to lease real estate, you know.

Mr. RUTTENBERG. This program of intensive service is built on the concept that outreach to the disadvantaged without effective outcomes in terms of jobs and training opportunities could be more disastrous to the community and its progress in dealing with human relations than no outreach at all. Through this program, therefore, the employment services have developed unified counseling and supportive services, unified job development and placement services and unified job market information programs. The establishment of the one-stop multiservice centers in ghetto neighborhoods is a part of this approach.

Mr. FLOOD. Where does the State get capable people to do this work? What makes you think they have them? Is the man or woman behind that desk competent and efficient and capable to do this job? Where do you get them? HEW cannot get the technicians and professional people they need. What do you do, wave a wand or use mirrors, or what?

Mr. RUTTENBERG. No, Mr. Chairman. It is a difficult problem for everybody. You will find in the Bureau of Employment Security grant program budget request, funds to provide training opportunities for presently employed people, to upgrade them and to improve their ability to handle these problems. There is as well a request for authorization to train other individuals who, hopefully, will become employees of the Employment Service.

Mr. FLOOD. Just because you wear long hair and flat heels does not make you a social worker or a competent welfare counselor.

Mr. RUTTENBERG. Mr. Chairman, it has been found in work done through our experimental and demonstration work, and in work done through the Office of Economic Opportunity as well, that with a little bit of training and assistance from people from the indigenous community, that those individuals sometimes turn out to be equally competent in counseling and motivating other individuals as are people who may very well have spent 2 years getting a master's degree in counseling. This is not to degrade in any way trained counselors.

Mr. FLOOD. I have often wondered when I walk through one of your doors and see a vast room with hundreds of people, what do you do? Trap them? Where did they come from?

Mr. RUTTENBERG. One asks himself that same question walking into any factory or any department store.

Mr. FLOOD. No, it is quite different. This is a human relation problem. They are not making cheese bits. They are dealing with this serious problem. Where do you find these people? Have you a surplus? Do you have a pool? Nobody else has.

Mr. RUTTENBERG. I am sure there is not a surplus and there is not a great pool. But there is always a continual recruitment effort being made a try to find appropriate people.

Mr. FLOOD. In colleges, universities, and so on?

Mr. RUTTENBERG. Yes. And to try to encourage students in universities to train themselves to become efficient.

Mr. FLOOD. Are you interested in that?

Mr. RUTTENBERG. We certainly are. One of the things we would like to be able to do is to have scholarship funds, which we do not now have, to train people for eventual employment in the Employment Service. I think Mr. Goodwin could talk to this at some length.

Mr. FLOOD. I consider these people as much technicians as some bacteriologist at NIH.

Mr. RUTTENBERG. A great many of them need that very highly skilled training.

Mr. FLOOD. They are dealing with very delicate material, combustible material.

Mr. RUTTENBERG. We are trying to train subprofessionals, people with less than professional training, to assist the professionals. We

want to release the professional to do a higher level job as he should, and to use the technician to fill in. A lot of training is going on in this area.

Mr. FLOOD. One made in the image or likeness of Almighty God is a pretty delicate thing for a technician to work with in some laboratory like your conference room. Is this understood by your people?

Mr. RUTTENBERG. I hope it would be. It is quite clear as one looks across the country that the caliber of the people working in the various States varies greatly. It varies as a result of what staff resources you have available, and one of the important things is to be able to have sufficient training money to train the people, once you get them on the job, for the kinds of motivation and training and testing activities they are engaged in.

Mr. FLOOD. They are in on-the-job training, too?

Mr. RUTTENBERG. That is right. We have not used the Manpower Development and Training Act funds to train employees of State agencies for this purpose. I think it would not be consistent with the purpose of the act to do that and, therefore, there are some partial funds in the grant budgets to the State to train them.

Mr. FLOOD. I am not the only guy worrying about this?

Mr. RUTTENBERG. No, sir.

Mr. FLOOD. All right.

Mr. RUTTENBERG. The effective implementation of the 1966 amendments will play a major role in assisting the disadvantaged in that they broaden the services which can be used. The other-than-skill training and inmate programs, however, will require special techniques, special tests, and in-depth counseling to determine work capabilities and deficiencies of potential trainees as well as counseling to motivate them to enroll and continue in training.

SERVICE TO WORKERS 45 YEARS AND OLDER

The emphasis on services to workers 45 years and older will require substantial increases in employment service staff who are equipped to work with this age group. Careful counseling will be required to identify problems which may work against employment; provision of basic education, prevocational, and other needed services will be needed. Projects must be planned in such a way that they avoid arousing the natural resistance of many older persons to further training.

Mr. FLOOD. This is a real tough one.

Mr. RUTTENBERG. It will be necessary for the staff of the employment service offices to make use of specialized community agencies to assure that older workers have access to the full range of health, welfare, legal, and other required service, as well as employers and employer associations to assure that once training is accomplished the older person will in fact have an opportunity for employment.

Mr. FLOOD. If you come to a district like mine, you know what a tough one this is. Where you have had a single-industry economy like hard coal in a distressed economic area with 19 percent unemployment for 20 years, this is a problem. This is a real tough one. It is twice as tough as the youth problem.

Mr. RUTTENBERG. It certainly is. We have not devoted as much attention to this as we might have.

Mr. FLOOD. It is very unsatisfactory as far as I am concerned.

Mr. RUTTENBERG. We need to do much more. One of the amendments to the Manpower Development and Training Act last year was designed to extend MDTA training to the older workers. Just to give you an example, which is critical of our own activity but shows the problem and the difficulty of accomplishing the solution, 25 percent of the unemployed are 45 years of age or older, but if one looks at the characteristics of the trainees in the MDTA program, only 11 percent are 45 years of age and over. So, we have not been doing the job with the older worker, and we need to remedy that problem.

Mr. FLOOD. That is just what I said.

Mr. RUTTENBERG. I agree with you fully.

HEALTH SERVICE PROGRAM

Employment service staff will be required to implement the program of health services to trainees as directed by the 1966 Amendments to the Manpower Development and Training Act.

I might pause to indicate that one of the amendments to the Manpower Development and Training Act last year grew out of the experience of the last 4 or 5 years of finding that a good many trainees could not continue in training, could not even continue in employment, because they lacked some essential health service—a pair of glasses, dentures, or hearing aid, or maybe a man needed a hernia operation. Sometimes they were able to get these health services through the Public Health Service by referral. The public health services were already overcrowded. The MDTA amendment said if the services were not available to be provided through other public services in the community, we could use MDTA money up to but not exceeding $100 per person to buy some health assistance for the individual. That is what this paragraph discusses.

This will involve a determination of need by the employment service office staff, consultation with vocational rehabilitation representatives and in some cases securing of necessary medical services and continuous contacts with local agencies offering such service. It is estimated that some 40,000 trainees will be provided services under the 1966 Amendment to the Manpower Development and Training Act (sec. 202(k)) at a cost of $2 million.

Mr. FLOOD. Forty thousand. Is that not a lot of people?

Mr. RUTTENBERG. The total number of trainees in fiscal year 1968 will be 280,000. We estimate that it will be necessary to provide these health services to some 40,000 of them.

The complexity of the program for reaching the disadvantaged is demonstrated by the fact that for every disadvantaged trainee who can be referred to training, seven or eight persons must be reached.

Mr. FLOOD. Why?

Mr. RUTTENBERG. Because if you are setting up a particular training program you have to examine and test the individual to see if it can benefit him. Frequently he does not have the ability to go into that training program. You look at six or seven other people to fill one

of the openings in one training program. Then you try to do something with those at whom you have looked, and not referred to that specific program, by trying to get them into some other program.

Mr. FLOOD. If you cannot, what do you do?

Mr. RUTTENBERG. If you cannot, you just keep trying.

One in every two disadvantaged persons needs supportive health and welfare services. All or most of the disadvantaged need specially prepared job market information which require the employment service to adapt and distribute information in ways which are comprehensible to the disadvantaged person.

JOB MARKET INFORMATION

Mr. FLOOD. What is "job market information"? Even I do not know what that is. Imagine Joe Zilch looking at a statement like this.

Mr. RUTTENBERG. You, Mr. Chairman, were using job market information in your discussion with me just a few minutes ago.

Mr. FLOOD. That is very exciting. What does it mean?

Mr. RUTTENBERG. One of the major activities of the Employment Service is to be continually looking at the local labor area, like Wilkes-Barre or any other area, in determining and deciding what the level of unemployment is, what the number of new job opportunities is, and what is the kind of training needed. All this information is made available to employers as well as to the trainees or to the unemployed workers who are looking for jobs. Any information about labor conditions in the community is job market information. A substantial part of the Employment Service budget in the grants program goes to the collection of job market information.

FOLLOW THROUGH ON REFERRALS TO TRAINING

All or most of the disadvantaged need continuity of attention by the Employment Service staff to follow up and follow through on referrals to training, referrals to health and welfare services and referrals to job openings derived from intensive job development efforts.

Mr. FLOOD. You do that?

Mr. RUTTENBERG. This again is under the Employment Service. One of the human resource development programs——

Mr. FLOOD. Followup person by person to see what really happens?

Mr. RUTTENBERG. We continually do surveys under MDTA to determine what the status of the individual who has been trained is after 3 months of employment, 6 months of employment, 9 months of employment, and 12 months of employment, to determine the effectiveness of the training program.

Mr. FLOOD. Now, you have given me the work orientation and I did not get it. I stayed 20 minutes and I am fired. What do you do?

Mr. RUTTENBERG. The only thing one can do is to try to counsel with that individual.

Mr. FLOOD. Who do you counsel? What do you do? Use a net?

Mr. RUTTENBERG. This is one of the difficulties that you were referring to earlier. It is not always easy. It is exceedingly difficult to do this with the individuals concerned. The whole orientation of the program is to help people and if people run into difficulties along the

way, one tries to help them with the difficulties. For example, if somebody does not show up for a training program one morning, it might be that he had some health problem. He might have had a transportation problem, or a difficult problem with his family. One would try to find out what it is that kept that person from showing up.

Mr. FLOOD. Do you really do this?

Mr. RUTTENBERG. We do this. Not as extensively as we should nor as extensively as I think we could if we had sufficient funds and staff, but we do it to the extent there is an employment staff available. It is not easy.

CARRYOVER OF FUNDS

It is for these comprehensive services which will so drastically effect the success of our programs for the disadvantaged that we have made our request for the increase of $9,857,000 for an overall program increase of $11,857,000. This increase is partially offset by a mandatory decrease of $2,592,538 for a net increase of $9,264,462.

Mr. FLOOD. What do you mean by mandatory decrease?

Mr. RUTTENBERG. In this case there was about $1 million of funds that were not expended in fiscal year 1966 that were carried over into fiscal year 1967.

Mr. FLOOD. Why not? Did we give you too much money?

Mr. RUTTENBERG. Because there is a 2-year authorization in the legislation and it is a question of being able to fully utilize all the funds.

Mr. FLOOD. You mean you could not digest it? We gave you too much money?

Mr. RUTTENBERG. It is not a question of digesting it. In many instances it is moving in and out of a program. To take a specific example, a program was supposed to train 100 people and it trained only 90 and the money set aside at the beginning of the program for that entire program was not fully used.

Mr. FLOOD. What do you do?

Mr. RUTTENBERG. We recapture those funds and use them again to provide training.

Mr. FLOOD. For the same purpose?

Mr. RUTTENBERG. To approve another project.

Mr. FLOOD. Do you have the right to do that without consulting the committee? Do you have a right to do that?

Mr. RUTTENBERG. Not the right to use these funds for a different purpose. It is for the purpose of continuing to train people, of carrying on the responsibilities of the Manpower Development Training Act. Part of the mandatory decrease relates to carryover of funds from 1966 to 1967 which we do not anticipate to carry over into fiscal year 1968.

Mr. FLOOD. Mr. Secretary, for some reason you wear a third hat. You are quite a guy. Go ahead with your third statement.

Mr. RUTTENBERG. It is not a third hat, sir. It is just another part of the Manpower Administration. It is what keeps me busy.

Mr. FLOOD. You are a very good witness. Go ahead.

Statement on Salaries and Expenses, Office of Manpower Administrator

Mr. Ruttenberg. I am pleased to appear before you today on the Office of the Manpower Administrator, salaries and expenses, 1968 appropriation estimate. This appropriation provides both for the direct program costs of experimental, demonstration, and research programs authorized under title I of the Manpower Development and Training Act, and for the administrative costs of executive direction, supervision, and coordination of the manpower programs of the Department of Labor by the immediate Office of the Manpower Administrator; for the administrative and management staff support services provided by the Office of Financial and Management Services, including budget, financial management, contracting services, and personnel services to the manpower development and training program and the Manpower Administration; and for the Federal administration of the policy planning, cost effectiveness, research, and evaluation activities of the Manpower Administration.

There are two main bureaus that are staff arms of the Manpower Administration.

Mr. Flood. Did you ever hear of Maury Maverick? Was that before your time?

Mr. Ruttenberg. It was certainly not before my time.

Mr. Flood. He would have loved that paragraph. That is a beauty.

Mr. Ruttenberg. It is a mouthful to try to get out.

Mr. Flood. Sure.

Mr. Ruttenberg. All it is really saying is that we have an Office of Financial Management Services which is headed by Miss Thomas.

Mr. Flood. She is the prettiest witness you have, anyway.

Miss Thomas. I thank you, sir.

Mr. Ruttenberg. We have an Office of Manpower Policy, Evaluation, and Research, which is headed by Dr. Aller. Dr. Aller is Associate Manpower Administrator. There are those two activities plus my own office which has 18 positions in it. Another activity in this budget is the experimental demonstration and research programs, programs that are up to this point used usefully to develop new ideas and new concepts in training and assisting people.

Mr. Flood. I am no amateur in the use of English but I simply stand in awe at people who can put things like this together. It is breathtaking. Go ahead.

Mr. Ruttenberg. I accept that as a valid criticism, Mr. Chairman.

The 1968 estimate for this appropriation is for $36,779,000 and 410 positions. This is a net increase of $4,946,260 over the 1967 request. Of the $36,779,000, $29,883,000 is for direct program costs, and $6,896,000 is for salaries and expenses. The entire requested increase in 1968 is for direct program costs. No additional positions are requested.

This net increase of $4,946,260 over 1967 consists of (1) a mandatory increase of $99,700 for financing within-grade promotion costs (which is partially offset by a mandatory reduction of $54,319 resulting from nonrecurring rental costs and a nonrecurring extra day of pay for current year staff)——

Mr. Flood. You explain this mandatory phrase as you did before?

Mr. RUTTENBERG. In this case it is different. The mandatory reductions here would relate to——

Mr. FLOOD. They are up and down here?

Mr. RUTTENBERG. Yes, sir. Up and down. They are explained in some greater detail in the budget that I would be glad to go into.

(2) Program increases of $6,137,519 for an increase in research and experimental and demonstration projects (which are partially offset by program reductions of $1,236,640 resulting from nonrecurring 1966 funds available for obligations in 1967, nonrecurring equipment costs, and a reduction in the level of the labor mobility demonstration program).

All of the 1968 program increase requested is for the direct program costs of activity 1, experimental, demonstration, and research programs. These programs are administered and operated by the Department of Labor under the authority of title I of the MDTA, as amended. The Department's manpower research program, directed by Congress to "develop the additional information and insight needed to guide effective improvement in manpower policies and programs," has produced findings of important significance, and has stimulated and strengthened manpower research capability throughout the Nation. The experimental and demonstration program has clearly improved manpower training and development techniques and has demonstrated the effectiveness of specialized methods in meeting the manpower, employment, and training problems of handicapped and severely disadvantaged worker groups.

Mr. FLOOD. Do you have the labor mobility demonstration program included in that?

Mr. RUTTENBERG. Yes, sir.

Mr. FLOOD. Mr. Smith has a very low opinion of that, you will find out when he gets to you.

Mr. RUTTENBERG. I have been reading a little bit about the Iowa project.

Mr. FLOOD. Very well.

EXPERIMENTAL AND DEMONSTRATION PROJECTS

Mr. RUTTENBERG. By far the largest portion of the program increase, $5,583,000, will be used to provide for the direct program costs of a series of experimental and demonstration projects directed toward developing new types of private industry actions to gain more extensive and more effective direct private employer involvement and investment in manpower development.

Despite the significant and effective expansion of the MDTA on-the-job (OJT) training program during the past year, the program has not been responded to affirmatively by some sectors of industry which have been reluctant to undertake government financed training designed to assist the most disadvantaged segments of our unemployed and underemployed population.

The planned new demonstration projects for 1968 would seek to develop new forms of industry-government cooperative effort to train and to gain meaningful employment for the severely disadvantaged unemployed and underemployed. Inasmuch as government resources for training are relatively limited in relation to the total need, and

private industry is the central source of employment opportunity, it is crucial that industry be stimulated and guided into more direct investment of its large-scale resources in development of needed skills and employment for the disadvantaged. These demonstration projects will be designed to encourage employers to adopt both new approaches to training, hiring, and employing effectively the hard-core unemployed, as well as to meeting skill shortages through skill upgrading programs to develop potential and to provide for the upward mobility of employed workers now limited to low-level and customarily dead-end occupations. The funds requested would provide for about 15 to 20 demonstration projects designed to assist an estimated 10,000 or more unemployed and underemployed workers.

RELATIVE PROGRAM EMPHASIS ON THE DIFFERENT CATEGORIES OF UNEMPLOYMENT

Mr. FLOOD. You are not getting so fascinated with the hard-core problem you are forgetting everything else? You seem to be intrigued by the hard core. The fascination of this is not affecting everything else, is it?

Mr. RUTTENBERG. It certainly is not. In the entire employment service program, human resources development and youth opportunity centers constitute only a proportion of the total activity. We are trying to concentrate on the skilled shortage problem, on the shortage occupation problem. We would hope that at least 35 percent of the trainees in MDTA in the coming year will be in the area of filling shortage occupations, like machine tool operators, machinists, health occupations of various kinds, and nurse refresher training.

Mr. FLOOD. You can get trapped in that, you know.

Mr. RUTTENBERG. Yes, if you go too far. It is one important aspect. As long as unemployment remains at the low levels that they are at now, the disadvantaged problem becomes more important. The disadvantaged problems become less important as the level of employment rises.

Through such pilot efforts to develop and try out new forms of a combined industry-government attack on the employment handicaps of the disadvantaged, it will be possible to determine what approaches are attractive to industry; the operational and financial feasibility of such approaches; the specific values and limitations of such joint actions; and the guides necessary for any new full-scale program which might be undertaken to provide broadening of current MDTA on-the-job training efforts.

MEANING OF "DISADVANTAGED" AS USED IN MANPOWER PROGRAMS

Mr. FLOOD. When you use the term "disadvantaged," you include physically handicapped, the retarded—do you mean something else?

Mr. RUTTENBERG. We mean a variety of things. Certainly the mentally and physically handicapped and the retarded.

Mr. FLOOD. Do you? Are they included?

Mr. RUTTENBERG. Yes; they are included. We do have training programs working with them and in many instances working closely with the vocational rehabilitation people in working out joint efforts.

In addition, we are requesting an additional $500,000 in 1968 to initiate a national occupational training study concerning the adequacy, extent, and quality of training programs in the United States, and to explore the basic problem of responsibility for training.

This proposed research program should be initiated in order to attempt to explain why millions of workers come through our private and government-sponsored schools and training programs with little education and useful training. These workers cannot find jobs even as our economy approaches the 4-percent level of unemployment, and as skill shortages begin to develop.

In order to provide specific recommendations for training improvement, research studies will be initiated to develop complete information on the extent and usefulness of the contribuation to training by private industry and trade unions—including apprenticeship, both registered programs and other kinds of on-the-job training—junior colleges, public and private vocational schools, correspondence courses, military training, social service organizations—Goodwill, Salvation Army—prisons, hospitals, sheltered workshops, and rehabilitation centers.

This concludes my statement, Mr. Chairman. I shall be happy to answer any questions.

Mr. FLOOD. You are aware, of course, that you are dealing with a very volatile thing here. You outreach for these people, you go to the third floor back and knock on the door and bring this fellow down, and you break through the psychological barrier and teach him work orientation and really train him in something. Then there ain't no job and he is back on the street corner trained. Isn't that bad? Have you damaged him someplace, or not?

Mr. RUTTENBERG. I do not think we have damaged him, Mr. Chairman, if he is better able to do something than he was before. Hopefully, we will have an economy which will expand and provide job opportunities.

Mr. FLOOD. I am asking questions that everybody around the House here, and around the country, is thinking and asking and in the barrooms and the barbershops.

Mr. RUTTENBERG. Yes, I understand.

Mr. FLOOD. Mr. Secretary, you did that very well. I compliment you for the record, on those presentations. This is a very difficult and highly controversial and much discussed program. I am sure different members are interested in specific elements of the program and I will leave that to them.

I have certain overall questions.

BUDGET REQUEST FOR MANPOWER DEVELOPMENT AND TRAINING

Your appropriation for 1967 is $390,044,000. The request for 1968 is $401,854,000. That is an increase of $11,810,000.

However, you have a carryover of funds—a little over $2,500,000—from 1966 to 1967, so the increase in actual funds available will be about $9,264,000.

Mr. RUTTENBERG. Yes.

CARRYOVER OF FUND

Mr. FLOOD. That is the premise and now two questions.

First of all, how do you explain that carryover of $2.5 million? Did we simply appropriate too much for 1966? Two and one-half million dollars is a lot of money, even for you.

Mr. RUTTENBERG. That carryover breaks down, Mr. Chairman, this way: There are three activities in the Manpower Development and Training Act appropriation. The first activity is the training programs themselves. The carryover in that area was $1,338,000. It comes about in the main from the kind of deobligation approach that I was describing.

Mr. FLOOD. What in the world does that mean? You have been in town too long.

Mr. RUTTENBERG. I described this earlier.

Mr. FLOOD. You have been talking with your budget people too long. Go ahead.

Mr. RUTTENBERG. When we have a training program where all of the funds are not used and the program——

Mr. FLOOD. That is what I want to know. We gave you x dollars and you could not use them all. Why?

Mr. RUTTENBERG. Mr. Chairman, let me put it this way: Let us take a specific program we would fund for half a million dollars and let us say for 500 trainees. It might be for as much as an 18-month period. It might be for three sections, each one having 150 trainees in a section. They do the first section at 150 trainees and the second section and a third and they find out that they previously overestimated the total cost of training as well as the total cost of the training alone.

Mr. FLOOD. That is what I said.

Mr. RUTTENBERG. For that one project.

Mr. FLOOD. You made a bad guess on this thing and we gave you the dough. You were wrong and we took the bait. We gave you too much money.

Mr. RUTTENBERG. The contrary, Mr. Chairman, if I might just pursue this with you for a moment. If we would have taken a project at 500 trainees, and since we are required to fund the whole cost of the project at the time of approval of the project, if we would have estimated the cost of that to be $300,000——

Mr. FLOOD. It might cost more?

Mr. RUTTENBERG. If it came at $300,000——

Mr. FLOOD. You were really doing us a favor?

Mr. RUTTENBERG. We were really making sure in each instance and we tried to come as close as we could to see that the total amounts that are committed for each project are those, which actually will be used. Frequently we amend projects upward in cost where we find it is necessary.

Mr. FLOOD. That is a good answer. That makes sense even to me.

AUTHORITY TO CARRY UNOBLIGATED FUNDS FORWARD

You estimate that you will have no unobligated funds at the end of 1968. Yet you want language to allow you to carry the funds forward to 1969. Why? This is a real one. You better be good on this one.

Mr. RUTTENBERG. You really put me on the spot.

Mr. FLOOD. Certainly, that is my business.

Mr. RUTTENBERG. I think you are perfectly right in what you say. We hope that we can be able to end the fiscal year by completely obligating all of the funds that have been appropriated. But because of this problem of never knowing in advance how much a project will actually turn out to cost, or how much program services for the employment service may be put into the program to select and refer the individuals as well as to place the individuals in jobs once they are trained, we never know in advance what those costs will be. They may vary up and down.

Mr. FLOOD. You see the trouble with my sitting in this chair, I have sat on the Defense Committee for 20 years. You know what that means with this kind of thing? Go ahead. I know what you are going to say now. Say it for the record.

Mr. RUTTENBERG. So that we hope we are going to be able to obligate all of the funds at the end of the fiscal year. I think we will come very, very close to it. With the $400 million appropriation we might miss it by $1 million. Last year it was $2.5 million. It is not a question of not being able to digest the funds.

Mr. FLOOD. Out of an abundance of caution you want to do this, if it is necessary?

Mr. RUTTENBERG. If it is necessary.

NUMBER OF TRAINEES IN THE REGULAR AND PART-TIME PROGRAMS

Mr. FLOOD. It is pretty hard to argue with you about that.

On page 6 you show that you are going to give part time and other new categories of training enough funds for 56,000 trainees.

Mr. RUTTENBERG. That's right, sir.

Mr. FLOOD. It appears to me that this is at the expense of what we orginally started out to do, operate full-time regular programs which are the very guts of the MDTA. I sponsored the bill in the House. You are cutting back 26,000 trainees in the regular programs. Now you are flying in the face of the gods. You are talking of a cut. What is good about that?

Mr. RUTTENBERG. Let me give you an example of what we were talking about a little while ago. The part-time training is an example of an amendment to the act of last year which was designed to meet a critical problem. The problem we found the congressional authorization committees looked at carefully is that there were a large number of shortage occupations developing. How do you really train people for shortage occupations, particularly people who are already employed but who are not going to quit their jobs to become unemployed so that they can become trained for a higher shortage occupation?

Mr. FLOOD. I understand that. But are you not cutting 6 inches off the top of the blanket and sewing it on the bottom of the blanket because it is not long enough? Is that good?

Mr. RUTTENBERG. We are confronted, as you know, with an amount of dollars that are available and with the amendments made to the act there were these specific amendments directing us to provide part-time training designed to relieve the skilled shortage problem as well as the employability skill shortage problem. We really think

it is not taking it off the bottom. A great many of those 20,000 who will receive employability skills will be part of the institutional training program just as the part-time trainees will be part of the institutional program. This is really a question here of how you show the figures.

The 56,000, you see, does show a 13,000 decrease in each of the institutional and OJT programs.

Mr. FLOOD. I just told you that. These are your figures.

Mr. RUTTENBERG. What I am saying is that it is just a matter of statistics and how you present them.

Mr. FLOOD. Isn't that ducky?

Mr. RUTTENBERG. Let me see if I might take a moment to explain that. We say institutional training will go down from 125,000 to 112,000, which is a decrease of 13,000 trainees.

Mr. FLOOD. Right.

Mr. RUTTENBERG. Then we pick that up in what we list as the 56,000 part time and other. We could have classified the 56,000, a good many of them, as being in addition to the 112,000 institutional trainees. That is where they will be. It is a question of how you present the figures.

Within the 56,000 figure there are 31,000 part-time trainees who will get institutional training. What we could have done, is just take those 31,000 trainees and add them to the 112,000 and it would be 143,000. Then we could have a box underneath that which would say 31,000 of these trainees are going to be part time. It is not really reducing the number of institutional and OJT but a different way of presenting the statistics, emphasizing what we intend to do within the institutional and the OJT program in terms of the new amendments.

ADMINISTRATIVE COST OF PROGRAM DURING PERIOD OF LOW UNEMPLOYMENT

Mr. FLOOD. If you had not been so honest I would not have asked you the question, I suppose. I see that.

On page 34 the amount requested for administering this is one thing that always worries our subcommittee—the amount of money for administering the institutional training program is exactly the same even though you are planning to cut this program back by 13,000 trainees, as you just told us. What do you do with that one?

Mr. RUTTENBERG. As you can see, Mr. Chairman, activity 2–b covers State education service agencies. If you go back to page 28——

Mr. FLOOD. Before you go back to page 28, keep in mind page 36 because you do exactly the same thing in connection wtih the on-the-job training program.

Mr. RUTTENBERG. Yes, sir.

Mr. FLOOD. This is really apples and oranges?

Mr. RUTTENBERG. Yes, sir; it is. I would like to explain it this way, if I might: Part 2–b of the activity——

Mr. FLOOD. Only administration costs?

Mr. RUTTENBERG. That is funds for vocational education. As I tried to indicate, while it is 112,000 institutional trainees, actually they will be handling more than 112,000 trainees because a large part of those 56,000 trainees, for example, including all of the 500 inmates of correctional institutions, and almost all of the part-time trainees will be institutional trainees, too, so that in a sense the number of trainees

that the institutional program will handle will be greater in 1968 than in 1967.

Mr. FLOOD. That is exactly what I expected you would say.

Mr. RUTTENBERG. What the vocational education people are really saying is that they are being exceedingly efficient in being able to handle it with the same amount of money.

Mr. FLOOD. The Bureau of Employment Security's costs are certainly way up; from $28 million to $38 million, with only a small increase in the number of trainees. And I see that their costs are up this year over 1966 and the total number of trainees actually went down from 273,000 in 1966 to 250,000 in 1967.

Mr. RUTTENBERG. I think that presents, in our judgment, one of the most crucial problems in this entire budget.

Mr. FLOOD. What does? I asked you a question. Why up in administrative costs and down in trainees?

Mr. RUTTENBERG. That is right. That is the dilemma. That is the problem I would hope we could discuss and understand.

Mr. FLOOD. I do not understand even the dilemma.

Mr. RUTTENBERG. We were talking about that in a different context earlier. As unemployment rates go down and as you get at a 3.5-percent nationwide unemployment figure, and still dealing with the unemployed as MDTA requires us to do, the kind of people that we are dealing with are much harder and much more difficult to reach. A good many of these individuals are disadvantaged. I am not talking about the skilled shortage problem but the disadvantaged problems. When you get 16 percent of your unemployed with less than eighth-grade education and when you get 25 percent that are under 25 years or over 45 years of age, and when you get an unemployment rate of 12 to 14 percent for youth—then you have some serious problems. In order to deal with these kinds of people it takes more intensive service, more intensive activity on the part of the employees.

Mr. FLOOD. $10 million? Twenty-three thousand people?

Mr. RUTTENBERG. I wouldn't equate the 23,000 people with the $10 million. I would equate the 280,000 trainees with the $10 million and with the fact that we hope in this fiscal year to reach, as our program proposes, 65 percent of the trainees that will be from the disadvantaged category. Thirty-five percent will be from the skilled category. When you are talking about dealing with 65 percent of 280,000, you are talking about two-thirds of that figure or roughly 180,000. Those people are a different 180,000 people than if we were in the calendar year 1961–62, when unemployment was 7 percent and 6 percent, respectively. You would then have been dealing with people easier to handle.

Mr. FLOOD. You are back to the hard-core problem?

Mr. RUTTENBERG. On this particular issue, yes.

Mr. FLOOD. This whole thing is hard core?

Mr. RUTTENBERG. I would say you are talking about the 35 percent of the trainees——

Mr. FLOOD. I understand that.

Mr. RUTTENBERG. That is not hard core. To give you an example and to be self-critical of what we have been doing, when one looks at the characteristics of the trainees in MDTA, only 7 percent of the trainees have less than an eighth-grade education. Yet 16 percent of the unemployed have less than an eighth-grade education. This means

we are not getting at and really reaching those people who need it the most. We hope that as a result of this request for additional funds for the Bureau of Employment Security and the State employment security operation to develop the kind of a program where we can get to those poorly educated people and help them and bring them into the program, to say nothing of the problems of the older worker over 45.

Mr. FLOOD. Do you think it will be done? Are you shooting an arrow into the air? Are you just talking through your hat?

Mr. RUTTENBERG. Again, if I tie together the Manpower Development and Training Act program with the experimental and demonstration program we have something like 100 experimental projects around the country, trying to find new techniques, new ways, new methods of getting at and helping people. We have had enough experience in the area of reaching people and working with them, we think, in the experimental and demonstration area so that we can now translate that into an extensive administrative program which we hope to do if we were to get these funds to expand the employment service activity as it relates to the MDTA training program. We hope that we can be successful.

Mr. FLOOD. You always have this old schoolboy slogan, "If at first you don't succeed, try, try again."

Mr. RUTTENBERG. None of us would be sitting around this table today unless we had that attitude.

DROPOUT RATE IN MDTA PROGRAM

Mr. FLOOD. Do you think that the record of the number of persons completing their training—this is the one the people talk about, at least in my district—do you think the record of the number of people completing their training as a percentage of those starting is good? Whether it is or not, what are you doing or what can you do to make it better?

This is one of the gripes back home on Main Street.

Mr. RUTTENBERG. Mr. Chairman, as you know, we have about a 20-percent dropout of those who are initially enrolled.

Mr. FLOOD. In other words, just playing games or what?

Mr. RUTTENBERG. Again, if I might make reference to our experimental and demonstration work, the whole purpose of having a separate appropriation for what we call E and D is to be able to spend some money each year on experiments, on demonstrations, so that maybe the next year when you spend a much larger amount—$400 million for manpower training programs as against $15 or $20 million for experimental and demonstration programs—you make sure, if that is a good experimental and demonstration program, that the next year you are going to spend your $400 million in the best possible way.

Mr. FLOOD. Is that why Congress authorized the demonstration program?

Mr. RUTTENBERG. That is right.

Mr. FLOOD. I did not dream up this question. This is an old question.

Mr. RUTTENBERG. Precisely. I am just tying the answer together to your comment. If there is one part of this budget I think that is terribly, terribly important it is the understanding of why we are asking for additional administrative funds in view of only a small

increase in the number of trainees. I think it is because of the problem demonstrated to us in our experimental work that it is harder to reach and harder to motivate and harder to stimulate certain kinds of individuals who are now the majority of the unemployed.

Mr. FLOOD. Are you prepared in the next fiscal year to do something better about this? Do you know what you are doing?

Mr. RUTTENBERG. We think we know what we are doing.

Mr. FLOOD. Apparently doing what you have done is not enough. Are you prepared to do something better? That is the last part of the question.

Mr. RUTTENBERG. Yes, sir. We are prepared to do something better because of what we have done in the past in a limited experimental and demonstration way. It is those experimental and demonstration programs that have demonstrated to us the necessity, the advisability of moving in this expanded direction to help these certain groups of people.

Mr. FLOOD. Not more programs?

Mr. RUTTENBERG. No. In other words, I frankly would say to you, sir, if you were not to authorize an additional $9.8 million for this service, my own judgment would be cut the number of trainees down so that sufficient money would be available.

Mr. FLOOD. I agree with that.

Mr. RUTTENBERG. To handle this problem adequately.

Mr. FLOOD. I would agree with that.

BENEFITS OF THE MDTA PROGRAM

Do you have statistics to show the benefits of this program? This is also a classic question. Do you have the statistics to show the benefits of this program through increased tax revenue and decreased costs of welfare and unemployment compensation payments? Everybody that has been for these programs since they were born, since they were conceived up until last night, always uses this argument: "You give us this program. You give us this much money. You create this department. You hire all of these people. In the long run it will save money."

Those are easy things to say from the platform.

"If you put these people to work, you reduce the welfare payments and they will pay taxes."

I have been listening to this for years. Can anybody put a yardstick on that? Do you have any kind of figures at all?

Mr. RUTTENBERG. Yes, sir, we do.

Again, it is part of the Manpower Administration and it is part of ——

Mr. FLOOD. I never saw any.

Mr. RUTTENBERG. We have an intensive research program which is supported by the OMA budget, a research program that amounts to $3.8 million.

Mr. FLOOD. Place in the record at this point what you consider—and I have confidence in you—an intelligent statistical reply to that question.

Mr. RUTTENBERG. Yes, sir, I would be glad to do it. Being a former statistician myself, now an administrator, I will see that they are made available for the record.

Mr. FLOOD. I thought you were an economist. Are you a statistician as well? That is worse.

Mr. RUTTENBERG. You have heard of these econometricians?

Mr. FLOOD. What?

Mr. RUTTENBERG. Econometricians. We won't go into that.

(The information requested follows:)

There have been several benefit-cost studies undertaken, many under contract with the Labor Department, which are directed to particular phases of the MDTA program for sample populations. The biggest of these, an elaborate research project of training in the State, carried out by Michigan State University, is nearing completion, but results are unfortunately not yet available for presentation to the Committee. Relevant conclusions from the most important completed studies are summarized below:

A. An HEW cost-benefit analysis[1] based on a large sample (12,700 MDTA trainees) indicated a return in gross earnings of $2.24 per year on each dollar invested in training, and that trainees repaid the cost of training in total Federal income tax alone in five years. Other findings for this group, all of whom were unemployed at the time of training, are:

1. Their continued unemployment would have cost the public nearly $2 million a year in unemployment benefits, an average of $157 per trainee.

2. Continued public assistance to those of the trainees who had been receiving it would have cost the public an additional $1.5 million a year, an average of $118 per trainee.

3. Seventy percent of the 80 percent who completed training were placed immediately; most of the remaining 30 percent were placed later.

4. The total cost, including training subsistence allowances, averaged $1,250 for each trainee.

5. The average annual income per trainee is estimated at $4,180, amounting in one year of employment to $3,135 more than it cost to train him.

B. A carefully structured study by Michael Borus[2] of a sample of 373 Connecticut workers who applied for retraining in three trades indicated that:

1. Net benefits accruing to the Government and the economy as a whole are much greater than those accruing to the individual retrained worker. He estimates that the individual's benefit-cost ratio ranges between 3 and 6 times higher than for those who did not undergo training; i.e., for every $100 "invested" by the trainee in training a net return of from $300 to $600 was realized. For the Government he estimates a ratio of between 15 and 20.

2. Borus concluded that workers in the sample who completed training did not replace other workers in the occupations for which they were retrained or cause other workers not to be employed. Thus aggregate benefits to the economy are much greater than to the individual.

3. Borus estimates that the benefit-cost ratio for the economy as a whole ranges between 75 and 100 for amended MDTA programs.

The major limitations of the study are the limited sample size, the small number of occupations, and the restricted geographic areas covered. The training courses were all short term, in only three occupations, and the three cities included were all in the State of Connecticut.

C. A benefit-cost study made by Gerald Somers and Ernst Stromsdorfer of manpower retraining in West Virginia,[3] while not directed to the specific points of question 3, indicated:

1. Improved post-training employment status of trainees as compared with nontrainees, rejects, and enrollees who did not report for training, who were comparable in age, education and previous labor force experience.

---

[1] In "Education and Training—Third Annual Report on Training Activities," 1965, U.S. Department of Health, Education, and Welfare.

[2] Michael E. Borus, *The Economic Effectiveness of Retraining the Unemployed*, Research Report to the Federal Reserve Bank of Boston, No. 35, July 1966.

[3] Paper presented at December 1964 meeting of the American Economic Association—Industrial Relations Research Association. Excerpts reprinted in Hearings before the Select Subcommittee on Labor of the Committee on Education and Labor of the House Committee on Education and Labor, 89th Congress, First Session, H.R. 4257 and H.R. 4271, February 4–19, 1965, pp. 303 ff.

2. For the maximum post-training period for which data were available, male trainees earned $65 more a month than nontrainees; female trainees $6 more a month. These figures are net of taxes. From the point of view of society, the estimated gains, which include income taxes (but not State taxes nor social security contributions) are greater—$76 and $11 respectively. These figures indicate annual added tax revenue of $132 per male trainee, $60 per female trainee.

3. Again based on data for the maximum post-training period for which data are available, the payback period (total social costs divided by total monthly social benefits) are estimated at 10.2 months for males, 50.0 months for females, and 13.3 months on the average.

D. A study of a Massachusetts retraining program which compared the trainees with a control group of nontrainees with similar socioeconomic characteristics, indicated a reduction of an average $113 a year in unemployment compensation benefits per trainee. (Total savings in unemployment compensation of $23,000, divided among 204 trainees.) These savings alone would repay the training costs in 5.3 years.[4]

STATE MATCHING REQUIREMENTS

Mr. FLOOD. Are you having any trouble with matching funds, matching requirements? Are they causing you any difficulty?

Mr. RUTTENBERG. No, sir; they are not. As the law is written there is a requirement for 10-percent matching from State vocational agencies.

Mr. FLOOD. Are they coming up with this?

Mr. RUTTENBERG. Yes, sir. Not only coming up with this but Dr. Matthews and Dr. Colmen, the Deputy Assistant Secretary for HEW, were just telling me the other day that the matching part of these funds was something like 35 or 40 percent in cash.

Dr. MATTHEWS. Thirty percent.

Mr. RUTTENBERG. Just over 30 percent was cash. The law provides cash or in kind. I think Dr. Matthews' estimate is that it might go to a little over 50 percent.

Mr. FLOOD. At this point in the record, Dr. Matthews, would you provide us a statement to develop that a bit?

Dr. MATTHEWS. Yes, sir.

(The requested statement follows:)

STATEMENT BY DR. HOWARD MATTHEWS ON STATE MATCHING REQUIREMENTS

As Mr. Ruttenberg has indicated, slightly over 30 per cent of the cost of training under State agreements is being met with cash, rather than in-kind matching. This is displayed in the following table. The really significant thing illustrated by the table, however, is not the actual cash amount of the matching, but the number of States that are participating at least partially with cash matching. Analysis of the table shows that 32 out of the 54 jurisdictions are using cash, either alone or in combination with in-kind to provide matching.

Informal reports from the States indicates that we can expect both the number of States matching in cash to increase, as well as an increase in the ratio of cash to in-kind. We are advised that several States with substantial apportionments have appropriaion requests pending before their legislatures to provide funds to be used exclusively for MDTA matching. We are also aware that some States are seeking legislative authority to utilize funds appropriated for vocational education, to the extent found necessary, to provide cash matching for MDTA.

We know of no project that has either been delayed significantly or could not start at all because of matching problems.

---

[4] *New England Business Review*, April 1963, p. 2.

U.S. DEPARTMENT OF LABOR, MANPOWER ADMINISTRATION

Manpower development and training activities—Summary of Federal and non-Federal funds obligated for institutional training, fiscal year 1967, as of Feb. 20, 1967

State or possession	Federal funds obligations	Non-Federal training obligations	
		Cash	In kind
Total	$62,345,578	$2,285,091	$5,080,514
Alabama	1,366,210	80,243	69,148
Alaska	116,130	6,680	6,710
Arizona	325,973	10,533	22,911
Arkansas	469,667	3,104	50,115
California	9,588,679	733,292	25,857
Colorado	361,797	----------	50,286
Connecticut	535,665	----------	61,324
Delaware	192,802	----------	22,714
District of Columbia	385,129	----------	26,471
Florida	1,189,957	96,736	29,613
Georgia	1,025,056	76,925	23,774
Guam	14,626	1,625	----------
Hawaii	34,773	3,864	----------
Idaho	157,405	1,121	18,341
Illinois	4,766,432	198,197	310,987
Indiana	649,730	5,936	62,035
Iowa	858,849	----------	82,407
Kansas	585,617	----------	89,544
Kentucky	916,492	----------	142,793
Louisiana	661,640	70,346	----------
Maine	329,635	24,567	18,127
Maryland	900,596	88,049	15,527
Masssachusetts	1,811,837	82,940	202,222
Michigan	2,761,182	32,840	246,795
Minnesota	1,268,784	----------	86,679
Mississippi	337,636	17,954	19,559
Missouri	1,345,956	----------	172,450
Montana	191,172	960	20,909
Nebraska	515,970	823	13,571
Nevada	173,461	----------	18,065
New Hampshire	181,990	----------	20,222
New Jersey	1,861,893	----------	152,086
New Mexico	181,008	2,506	15,715
New York	10,445,532	180,247	1,333,363
North Carolina	854,555	94,952	----------
North Dakota	138,518	----------	10,685
Ohio	2,459,883	----------	280,651
Oklahoma	567,754	----------	142,420
Oregon	829,713	----------	91,817
Pennsylvania	3,367,316	284,471	309,773
Puerto Rico	267,810	14,435	----------
Rhode Island	386,994	----------	89,730
South Carolina	715,945	64,209	15,344
South Dakota	219,282	----------	29,057
Tennessee	1,066,144	36,727	85,946
Texas	1,488,372	----------	211,284
Utah	160,037	----------	32,421
Vermont	103,619	2,932	11,525
Virginia	728,730	20,302	76,318
Virgin Islands	3,450	383	----------
Washington	237,565	----------	38,807
West Virginia	397,630	44,180	----------
Wisconsin	1,770,980	2,952	224,416
Wyoming	72,000	----------	----------

NEW HEALTH SERVICES PROGRAM

Mr. FLOOD. You are asking for $2 million to start a new program.

Mr. RUTTENBERG. Yes, sir.

Mr. FLOOD. New starts this year are going to be a problem. I do not mean just public works. You are asking for $2 million to start a new program, "Health services." From the justifications this looks like another vocational rehabilitation program. What is the difference between health services and Vocational Rehabilitation? In other

words, what could you do under this proposal where you want to set up health services that you can not do tomorrow morning under the existing program with these HEW people?

What is the difference? Is this more duplication, more empire building?

Mr. RUTTENBERG. I am certain, sir, it is not empire building at all because the law is very carefully written on this point. The amendment last year provided the authority for us to do this. It is written so that we must through the normal activities exhaust every single effort at getting the assistance from Public Health and from Vocational Rehabilitation and where they are unable to provide the assistance to these individuals who need them, we should work through them to try to provide the services that are financed.

Mr. FLOOD. That is not responsive. This is an appropriations committee. Remember that. I repeat for the purpose of emphasis. What can't the HEW people do that you want to do under health services? Regardless of what the Congress might do.

The Vocational Rehabilitation program request for funds is over $300 million.

Mr. RUTTENBERG. That is right.

Mr. FLOOD. That ain't hay.

Mr. RUTTENBERG. That is right. There would be no hesitancy on our part, as a matter of fact in my overall statement I made specific reference to the fact that when we get a trainee in the Employment Service, an individual who is being processed and counseled and tested to be referred to training, if he needs some health services, our first effort would be to send him over to Vocational Rehabilitation.

Mr. FLOOD. You are saying "Everything you do I can do better," or what?

Mr. RUTTENBERG. No; we are saying where it is found Vocational Rehabilitation can not do it because it either does not have funds or staff or availability in that community or that area——

Mr. FLOOD. Who decides that, HEW?

Mr. RUTTENBERG. That is decided by the vocational rehabilitation people with whom we are dealing on this particular issue. We have to go to the Public Health people and to the vocational rehabilitation people first and exhaust all of those efforts before we can engage in financing or reimbursing individuals for health services they might get. Then we have also directives that we have developed that specifies that if the services can be provided through Public Health and reimbursed by us, assuming that they cannot provide them in the first instance because they have no funds.

It is only in those two situations where they fail that we would use the funds outside.

Mr. FLOOD. We want to know because even Congress, this is hard to believe, but even Congress has been known to make mistakes, as inconceivable as that is.

Mr. RUTTENBERG. I do not know about Congress but I know we make mistakes in our administrative programs.

Mr. FLOOD. I hope we find them.

Mr. RUTTENBERG. We will help you find some.

Mr. FLOOD. I believe that.

BUDGET REQUEST FOR OFFICE OF MANPOWER ADMINISTRATION

Funds available for 1967 for your Manpower Administrator Office total $31,833,000 and the request for 1968 is $36,779,000. That is an increase of $4,964,000. That is more than accounted for by an increase of $5,199,000 for the experimental and demonstration research programs.

Mr. RUTTENBERG. That is right.

If we look at page 3 of the OMA budget you will see that it is the carryover problem. On the top of the page the nonrecurring items under the 1967 column are shown.

We are asking for more of an increase that the net. We are asking for a gross increase which exceeds the net increase.

EXPERIMENTAL AND DEMONSTRATION PROGRAMS

Mr. FLOOD. That is what I said. Last year the Senate specifically cut this appropriation $5 million below what we put in the bill in the House. They had language in their report that said, "this phase of the program should not require ever-increasing funds." We went along all the way on the Senate figure. We went along with them. As you and I know if you read the newspapers, you have a more conservative Congress this year than last year. The honeymoon is over. You better have some real evidence to present in view of that statement, and in view of the fact the House conceded and went along, and in view of the fact you have a more conservative House now than then.

How much do you estimate will be required for 1968 under this activity to fund continuing projects? These are the continuing projects you will have started in 1967

Mr. RUTTENBERG. Mr. Chairman, our whole concept of experimental and demonstration is to not continue to perpetuate the funding of demonstration projects year in and year out. Our whole notion is that once we have funded an experimental demonstration project, when it proves out that it is successful that it can do something, or it proves that what it started out to do wasn't any good and should be discontinued as soon as a decision can be made by looking at this project that it has proved the point it started out to prove, then we stop funding. We estimate in the coming fiscal year a program of about 100-odd projects—110 or so experimental or demonstration projects. We would not continue to fund more than about 35 from earlier years.

We cut out experimental and demonstration projects after we became convinced that they have proved their point. We do not fund them any more. Frequently we are under great pressure and criticism for this.

I say here we have developed a project. We have proved what we wanted and we say to them we cannot continue to fund them because that is the kind of activity that needs to be picked up in somebody else's budget. We are in the business of experimentation and demonstration to find new techniques. Once we find these new techniques we try to apply them and adapt them in our regular program.

I would say many of the things that the employment security program is doing are the direct result of experimental and demonstration programs that we stopped funding and they have been picked up in

their regular programs. For example, what Mr. Murphy and the Bureau of Apprenticeship and Training is doing in his organization to sponsor on-the-job training programs is a direct outgrowth of some of our experimental and demonstration findings.

We hope to use the increase this year, Mr. Chairman, as I said in my main statement, to try to develop techniques and means of——

Mr. FLOOD. I tell you what to do at this point in the record: Give me four or five examples of what you mean.

Mr. RUTTENBERG. Yes, sir.

(The information requested follows:)

EXAMPLES OF EXPERIMENTAL AND DEMONSTRATION PROGRAMS

(1) The Michigan Department of Mental Health explored whether and how mentally retarded individuals confined to an institution could be aided through special counseling, training and placement services to gain employment and move to self-sustaining support. The project developed highly promising results; it succeeded in getting some types of individuals, formerly regarded as permanently institutionalized, to learn to work and live independently outside the institution.

The project, initiated in mid-1965, and due to have been completed in late 1966, was briefly extended to January 1967 to permit the State legislature to provide funds to carry forward this work. The Michigan legislature has provided such funds for continuation.

(2) The Baltimore Health and Welfare Council conducted "job clinics" in neighborhood centers, offering intensive group and individual counseling and job referral assistance to long-term unemployed workers. This effort, conducted for 2 years, was highly effective, reaching and aiding over 2,000 chronically unemployed workers who did not readily benefit from other types of programs.

Experimental and demonstration funding has been discontinued as of March 1967, and negotiations are in progress for the State Employment Service to carry forward similar activities as part of its regular program.

(3) The University of Missouri Extension Division sought to identify underemployed rural workers with less than $1,200 annual income who could with special assistance be enrolled in Manpower Act training. This 1½-year project was completed at the end of 1966. The project pointed up well the difficulties of such rural programs and steps needed for effective action.

(4) The Police Athletic League in New York City undertook intensive pretraining preparation and development of special training techniques and supportive and placement services for disadvantaged youth whose age and delinquent records usually barred them from regular training and placement programs. The project, PAL Joey, was conducted for 23 months (until January 1967) and received high commendation from other agencies which examined its methods for application to their own work. It was not refunded as a continuing demonstration because regular programs had progressed to the point where such activities could be conducted under their regular programs.

(5) Miles College in Birmingham, Alabama, a predominantly Negro college, sought to use its campus as a base for providing basic education and other development assistance to motivate and help qualify chronically unemployed adults for skill training and employment. The project was completed in late 1966. Other agencies are now seeking to use further the capabilities built in this demonstration project to bolster the range of services available from their regular manpower programs.

LABOR MOBILITY PROGRAM

Mr. FLOOD. You are spending at the rate of about $5 million a year for this labor mobility program. I was going to pass over that question except that I want to ask it on the record. I think Mr. Smith knows more about that than I do. He is unhappy about certain phases of it. What have been the results and what are your plans for the future? I just want to have that on the record.

(The information requested follows:)

MOBILITY PROGRAM EXPERIENCE AND PLANS

(1) Sixteen projects were conducted for a brief period in 1965 and 24 projects (including second stages of the initial ones) were funded in 1966, most of which are still in progress.

These projects have been purposefully varied by type of area and workers focused on, size, and nature of mobility assistance provided.

In all, nearly 4,000 unemployed workers with little prospect for jobs in their home area have been helped to move to fill vacant jobs in other areas.

(2) The principal findings thus far are that—

Mobility assistance can increase unemployed workers' geographic mobility and thereby make possible moves to employment in jobs that otherwise might not be filled. This varies by type of worker and area (indeed in some situations there has been little response to offers of mobility assistance), but it is apparent that such assistance has frequently encouraged moves and employment which would not otherwise have occurred.

Mobility assistance can reduce or prevent problems of unemployed workers who want to move but do not know where or how to seek jobs in other localities or, in the case of rural workers particularly, are not readily able alone to cope with the problems of settling into a strange community.

Willingness to move and mobility aid alone are often not enough, for skills are usually also needed to get a job. Several projects have effectively linked mobility assistance to training programs, with good success in relocating graduates.

Financial assistance alone is often not the most important mobility aid. The key aids for many are the finding of an appropriate job, counseling as to what is involved in moving to the new area, and nonfinancial assistance in meeting problems of settling into a new area.

These and other findings, and the mechanics of effective matching of unemployed men and vacant jobs which are geographically separated, are being explored further, with particular emphasis on wider use of key models for regularized operations.

This demonstration program is authorized until only mid-1968. It is expected that the 1967 and 1968 projects will provide the further experience and guidelines necessary for knowledgeable recommendations as to whether and in what form a regular program of mobility assistance should be enacted and what further experimentation should be pursued.

TRAINEE BONDING PROGRAM

Mr. FLOOD. The trainee bonding program is relatively new. This is a fuzzy one. Tell us how much of the $200,000 for 1967 you have obligated. How has it been used? What do you think about it?

I am interested in your opinion.

Mr. RUTTENBERG. The legislation providing the authorization is for $200,000. In fiscal year 1966 we will have committeed ourselves to $175,000 of bonding and we had a $25,000 unused part of bonding which we carried over into fiscal year 1967.

In fiscal year 1967 we have therefore $225,000. We are working with one national bonding company which originally bid. When we put out the program for bid to start with we had only one company bid and they bid over $600,000. In negotiations with them in 1966, we reduced that to $175,000 and we have 1,750 so-called slots for trainees.

Mr. FLOOD. What do you think about it?

Mr. RUTTENBERG. I think the program is proving itself able to do exactly what we had started to do. It has gone further. Where individuals complete their training and where they have either had some brush with the law and had a prison record or police record of

some kind, an employer will not accept them. We find that the bonding program is enabling some of these individuals to get jobs and to be bonded but we are finding one thing besides which we did not frankly anticipate at all. Many employers were objecting to hiring people with police records even though they were adequately trained but when we demonstrated that we had a bond under which they could bond them, then they said, "We don't want them bonded under your program. We will get our underwriter to take care of them."

We didn't anticipate this to happen. It was the existence of our bond nationally and our ability in certain communities to say to the employer that we will provide the bonding.

DEFINITIVE STATEMENT OF THE DEPARTMENT'S MANPOWER POLICY

Mr. FLOOD. I think that is cleared up.

I am going to read this question into the record. I do not want your answer now. Provide that for the record. Otherwise you will go on like Tennyson's brook on this one. Before we leave you as the principal witness, does this administration or your Department have a definitive manpower policy? Do you have a definitive manpower policy? I am using one of your words. If you do, what is it?

Mr. RUTTENBERG. Yes, sir.

(The information requested follows:)

The Department's manpower policy may be succinctly stated as three fundamental goals. The first is to develop to the full the abilities of our people. Second is to create jobs to make the most of those human abilities. The third is to effectively match people and jobs.

These three pillars of manpower policy are predicated on the ideal of full employment in the largest sense that each individual should become all that he is capable of becoming and should contribute fully to the well being of the Nation, even as he shares fully in that well being.

Many factors influence the realization of fully developed human capabilities. While manpower policy is concerned with all of them, it must perforce be particularly sensitive to (1) education at all levels; (2) training in occupational skills and in employability skills for youth and adults, unemployed and underemployed and those who in disillusionment have left the labor force; and (3) aiding persons handicapped by physical, mental or other disadvantages.

Opportunity for creative employment for all who wish it can be afforded only by an economy which generates sufficient new jobs to occupy the unemployed, absorb the rising number of newcomers into the labor force, provide new access to productive work for those displaced by the fortunes of a changing and growing economy, and provide incentive to those persons still outside the labor force who will want to work as they more fully realize their opportunities to do so. Thus, manpower policy is at once dependent upon and contributes to monetary, fiscal and other economic policies that must stimulate and encourage job growth and maintain high and increasing productivity.

Beyond upgrading of human abilities, manpower policy focuses on improvement in other ways of bringing and keeping together workers and jobs. Not the least of these activities are job market and occupational information which permits anticipation of economic changes; counseling for youths and adults; an efficient Nationwide placement service; mobility assistance, where needed, to physically bring together people and jobs sometimes over substantial distances; the elimination of discriminatory hiring specifications; the maintenance of high labor standards; and the provision of additional services needed to overcome residual impediments of employment of particular individuals such as assisting, through such devices as surety bonding, persons with records of unsocial behavior who have been rehabilitated.

This overbrief statement of manpower policy is intended to indicate principal means through which the Federal Government works toward the ideal of full

employment. But the Federal Government can only provide leadership, information and other assistance. Fundamentally, it is activities carried out in each community which will decide how well National objectives are achieved. Business, labor and all private groups and institutions along with State and local governments all have vital roles to play. Properly orchestrated by an active manpower policy, all sectors of our community can contribute to attaining the goal—that each individual will have full opportunity to use his capacities in employment which satisfies personally and contributes generally to the quality of the Nation's life.

Mr. FLOOD. Now I want to yield to Mr. Laird.

NEW HEALTH SERVICE PROGRAM

Mr. LAIRD. Thank you, Mr. Chairman.

I would like to have a little better explanation, if I could, of the difference between your program and the program that is presently being carried out by the vocational rehabilitation group. I refer to that part of the justifications on the health service program, which reads almost like the vocational rehabilitation justifications:

ACTIVITY 2. HEALTH SERVICES

Section 202(k) of the 1966 amendments authorizes the Secretary of Labor to defray the cost of physical examinations, medical treatment, and prosthetic appliances not to exceed an aggregate of $100 per person so assisted in the event arrangements for such services cannot be made without cost to the Manpower Development and Training Act appropriations by the Secretary of Health, Education, and Welfare.

Why can't vocational rehabilitation take care of these?

Mr. RUTTENBERG. Sir, in many, many instances they do. This is precisely what we are trying to say here.

Mr. LAIRD. Why should you get involved in it at all?

Mr. RUTTENBERG. Because we have specific situations where the individual, because of health reasons, cannot be referred to a training program. For example, an individual may need a pair of glasses in order to read so that he may take his training program.

Our efforts over the years, which have been fairly successful, have been to get both rehabilitation and other health agencies to furnish the health services.

Mr. LAIRD. This has been going on for years?

Mr. RUTTENBERG. That is right, and that should continue. That is exactly what we propose to continue to do as we say in the justifications, but we have run into the situation where from time to time the individual is of low priority as far as other vocational rehabilitation clientele are concerned.

Mr. LAIRD. Does that not mean that vocational rehabilitation does not have enough money?

Mr. RUTTENBERG. Money, funds, or adequate staff in the area.

Mr. LAIRD. Why not put this money in vocational rehabilitation and have one going program instead of starting another program here in 1968?

Mr. RUTTENBERG. As far as we are concerned, the funds could be appropriated for rehabilitation as long as we were in the position of being able to be assured that a trainee is not going to be too low on the totem pole of priorities.

Mr. LAIRD. Then it is a situation where vocational rehabilitation does not have enough money, and you are trying to get the money through this authorization here, rather than ask for vocational rehabilitation to furnish these services?

Mr. RUTTENBERG. No, Mr. Laird; if I might say it, that is not what we intend to do, because the whole history of this program has been one of working exceedingly close with vocational rehabilitation and with the Public Health Service.

Mr. LAIRD. It must not have been working. Here you are coming in for a new appropriation, the first time it has ever appeared in your budget. I always assumed we were taking care of the problem outlined in this justification through the vocational rehabilitation program. This committee has increased vocational rehabilitation funds over and above even what the President has recommended from time to time, and has encouraged this program. Now we see that you are able to get $2 million approved by the Bureau of the Budget for you to get into the very same field of activity.

Mr. RUTTENBERG. We mean to work this program closely with vocational rehabilitation because we have worked with them continuously in our training program. Maybe Dr. Matthews from HEW would comment on this if you like.

Dr. MATTHEWS. I would like to add just a word, Mr. Chairman. As Mr. Ruttenberg described earlier, we are now working with disadvantaged types of people who very often either do not know how to use the kinds of services available, or they elect not to use them. Let me illustrate my point.

There is another group of disadvantaged people in need of some kind of health services that we have as yet not referred to. These are individuals who, after being referred for training, are discovered to have difficulties that would interfere significantly with their training. They may have a mouthful of dental cavities that prevent their concentration on their work, or they may have eye imbalance which prevents focusing on the printed page. Our experience has been very often that you send this person down to an out-patient clinic where Public Health has clinical services for the indigent, and he takes a number off the wall and he waits all day to be called up for services. Very often you are asking him to go to a place where he will not go because the out-patient clinic is almost always in a neighborhood that is strange to him.

Mr. LAIRD. The vocational rehabilitation people usually have pretty good contracts negotiated over a long period of time for the lowest price on glasses. Are these people ready to move into contracting business for glasses?

Dr. MATTHEWS. Under the arrangement we are talking about with VRA is that they would provide services or extend their existing programs wherever it is possible to serve the types of people we are trying to serve. But, if they cannot do it at no cost, MDTA money could be used. We do not envision very many cases at this time where this will be necessary. I would cite many more illustrations, Mr. Chairman, concerning the instruction of people with health programs who come from the ghetto areas, where the trainee has to go a considerable distance to go to a clinic. Public transportation in

many cases either does not exist or defeats his getting the needed services. These are some of the kinds of problems, where if VRA could not provide a needed solution immediately through their contracts, or other services up to $100 per trainee could be utilized.

VRA has done a fine job for MDTA trainees in some localities within the capabilities of their existing contract framework.

Mr. RUTTENBERG. I would like to add, Mr. Laird, in my prepared statement on page 4, under the MDTA discussion, I specifically say that the handling of this amendment and this $2 million will involve a determination of need by the Employment Service office staff, consultation with Vocational Rehabilitation representatives, and in some cases securing of necessary medical services and continuous contacts with local agencies offering such services.

Mr. LAIRD. I do not have any objection to the services. I just cannot understand why we need to set up another program when it would seem to me it should be handled by Vocational Rehabilitation if they have the money.

Mr. RUTTENBERG. If they had the money. As Dr. Matthews pointed out, it is not always a question of whether they really have the money.

Mr. LAIRD. You do not think the priorities they establish within their budget would take care of your problem?

Mr. RUTTENBERG. In certain instances they would not.

Mr. LAIRD. You quarrel with their priorities, then?

Mr. RUTTENBERG. The quarrel is not with their priorities. From our point of view——

Mr. LAIRD. They have the authority to establish the priorities themselves. We do not establish those priorities.

Mr. RUTTENBERG. If an individual comes in who is unemployed and needs to be trained and he needs a pair of glasses, our priority would be to get him that pair of glasses so he can get into training and be a useful worker. As far as Vocational Rehabilitation is concerned, that individual will need absolutely nothing else from Vocational Rehabilitation. They tend to deal broadly with individuals who need a variety of services. When an individual needs only a pair of glasses, Vocational Rehabilitation—it is no criticism of them—tend to say, "We have hundreds of individuals who need all kinds of physical and mental assistance. We can't be bothered with this."

I do not blame them. I would take the same point of view if I were they. "We can't bother dealing with a particular pair of glasses." Yet, from our point of view, the pair of glasses is the difference between whether this man is trained or not.

We hope to be able to use the funds available here not only to be working with vocational rehabilitation and using their contacts in local communities to get a cheap price for the glasses, but to get the man the glasses when he needs them.

Mr. LAIRD. Vocational Rehabilitation is purchasing hundreds and hundreds of pairs of glasses. I do not think this is a very good example.

Mr. RUTTENBERG. We would get into that for the individual who needed only the glasses. Frequently when they buy a person a pair of glasses, that person might very well be needing other physical assistance, other health assistance of various kinds. It is not just one aspect.

EFFECTIVENESS OF ON-THE-JOB TRAINING

Mr. LAIRD. Do you not agree that the best and the cheapest kind of training is on-the-job training, as far as your program is concerned?

Mr. RUTTENBERG. It is true, sir, that over the 5 years of operations of the manpower and development program, we have moved to a larger proportion of on-the-job training for our total number of trainees. As I said earlier, we have gone from roughly a 1-to- 25 ratio in the beginning to a 1-to-1 ratio this year. We find when training is directly related to a man on the job, he sees a greater reality to his potential employment. Yet, there are many situations in which on-the-job training is not applicable and not possible.

Mr. LAIRD. You do agree, though, that it is probably the cheapest and the best as far as getting the people placed. The record is better than the record of the institutional training program.

Mr. RUTTENBERG. I would not want to mislead you, Mr. Laird. The costs per on-the-job trainee are lower as compared to the costs per institutional trainee.

Mr. LAIRD. They are lower, and also more people get placed in jobs than with institutional training?

Mr. RUTTENBERG. Right.

Mr. LAIRD. So, it is cheaper and more people get jobs.

Mr. RUTTENBERG. But I want to elaborate on the cheaper phase. The figures show that the training is cheaper, but they show that they are cheaper because there is no training allowance paid to an individual in such capacity. He is receiving a wage from the employer.

Secondly, the duration of on-the-job training tends to be considerably less than the duration of institutional training. Therefore, the training costs——

Mr. LAIRD. Are lower?

Mr. RUTTENBERG (continuing). Are lower as a whole, but if you took the training costs per hour of training instruction, they are about the same.

Mr. LAIRD. Fine. But when we look at results more people will get jobs through on-the-job training and are employed in the year following the training than under institutional training. Is that not correct?

Mr. RUTTENBERG. Our record shows that about 75 percent of the people who complete institutional training are placed in jobs, while 88 percent of those who complete on-the-job training get jobs.

Mr. LAIRD. This committee has been encouraging on-the-job training.

Mr. RUTTENBERG. Absolutely.

Mr. LAIRD. Why is it in the 1968 budget you are moving in the opposite direction? As a matter of fact, you have in on-the-job training in 1968 an estimated 112,000 trainees; in 1967, 125,000. Why are you now starting to move in the opposite direction?

Mr. RUTTENBERG. As I was saying earlier, I think when you were out of the room, the figures do show a decline, 125,000 to 112,000; yet we could have statistically presented it differently. Part of the 56,000 part-time and other trainees are individuals who will be in on-the-job training programs.

Mr. LAIRD. How many of them?

Mr. RUTTENBERG. It is hard at this point to estimate. Among the individuals lacking employability skills, there very well may be prison inmates in on-the-job training.

Mr. LAIRD. The fact remains, though, the regular on-the-job program is being phased down in the 1968 budget. These figures on page 6 of the justifications clearly show that there is a scaling down in on-the-job training.

Mr. RUTTENBERG. Yes, if one thinks of our on-the-job training record, in fiscal 1965 we had about 25,000; in fiscal 1966 we had about 114,000; in fiscal 1967 we moved to 125,000 trainees. If my memory serves me right, that is the scale of what we have done with on-the-job training.

Mr. LAIRD. Now you are starting to go down.

Mr. RUTTENBERG. To go down by 13,000 here, yes. In that sense you are right, sir.

Mr. LAIRD. It seems to me the record would indicate that you have had the greatest success in this area.

Mr. RUTTENBERG. Yet one of the problems in terms of cutting down 13,000 in order to pick up the 56,000, and which is shown on the next to the last line of page 6, is that the new amendments to the act last year provided for part-time training for employability training and for training of inmates at correctional institutions. We decided in order to carry out that directive of the Congress that we were going to provide training for 56,000 people for these three different categories. We had to find some other place within the overall budget to take them.

EXTENT OF USE OF APPROPRIATED FUNDS

Mr. LAIRD. What is the extent to which the States are not participating in the program as compared to their apportionment?

Mr. RUTTENBERG. Sir, we have a table, if I can put my hands on it, which shows the amount allocated to the States and the amounts which they have committed.

Mr. LAIRD. That is not in the justifications, though.

Mr. RUTTENBERG. I guess not. I have the table right here.

Mr. LAIRD. Is this the table on MDTA 39?

Mr. RUTTENBERG. No. Page 39 displays the distribution of the administrative costs.

Mr. LAIRD. This question is not answered in the justifications.

Mr. RUTTENBERG. No; it is not answered in the justifications. But I can supply for the record a table which shows, State by State, the total amount of money which is apportioned to the State and, as of February 24, the dollar amount and the percentage that the State has used of its apportionment.

By the end of February they should be using 66⅔ percent of their apportionment. The overall total shows the States as of February 24 are at 76 percent of their apportionments; the States varying all the way from Tennessee 99 percent. I do not know what Wisconsin has, but we will look and see. It shows 82 percent. It shows a 99-percent use of institutional and 48 percent for OJT, we break them separately. The total is 82, but in the institutional part they have used

99 percent, and they have used only 48 percent of their OJT allotment. I see three States below 50 percent.

Mr. LAIRD. You will put that in the record?

Mr. RUTTENBERG. Yes; I will do that.

Mr. LAIRD. That takes us through two-thirds of the year.

(The requested information follows:)

Summary of percent of fiscal 1967 apportionment funds obligated as of Feb. 24, 1967

State or possession	1967 state apportionment	Amount of apportionment funds obligated	Percent of funds obligated		
			Percent of total apportioned funds	Percent of institutional allotment obligated	Percent of OJT allotment obligated
Total	[1] $275,000,000	$207,843,674	76	85	57
Alabama	3,795,000	3,139,760	83	100	50
Alaska	633,000	465,091	73	98	26
Arizona	2,117,000	1,560,689	74	73	74
Arkansas	2,447,000	1,845,023	75	92	43
California	41,360,000	30,367,610	73	90	41
Colorado	2,723,000	2,288,225	84	94	64
Connecticut	3,932,000	1,903,673	48	42	59
Delaware	633,000	427,476	68	93	18
District of Columbia	1,210,000	1,188,259	98	99	94
Florida	4,895,000	4,079,579	83	91	67
Georgia	4,537,000	3,638,640	80	82	76
Guam	55,000	32,626	59	91	
Hawaii	825,000	261,413	32	31	31
Idaho	1,128,000	766,597	68	81	43
Illinois	14,245,000	13,669,028	96	98	91
Indiana	4,978,000	2,863,417	58	47	76
Iowa	3,492,000	3,339,405	96	93	100
Kansas	3,135,000	2,589,394	83	86	75
Kentucky	4,208,000	3,727,431	89	99	67
Louisiana	4,262,000	2,467,076	58	76	23
Maine	990,000	772,163	78	98	39
Maryland	3,795,000	2,526,703	67	83	33
Massachusetts	10,010,000	6,662,059	67	80	41
Michigan	10,642,000	8,890,711	84	98	54
Minnesota	4,703,000	3,625,232	77	100	33
Mississippi	2,640,000	2,064,586	78	67	97
Missouri	6,078,000	4,715,657	78	98	37
Montana	962,000	830,152	86	98	63
Nebraska	2,035,000	1,432,391	70	98	17
Nevada	853,000	541,584	63	84	23
New Hampshire	742,000	630,410	85	97	60
New Jersey	11,220,000	8,796,598	78	68	96
New Mexico	1,100,000	776,476	71	84	45
New York	30,992,000	21,596,546	70	75	58
North Carolina	5,143,000	3,583,691	70	80	49
North Dakota	1,238,000	1,139,762	92	90	95
Ohio	12,980,000	9,320,382	72	76	62
Oklahoma	2,612,000	2,045,804	78	93	50
Oregon	2,833,000	2,735,544	96	100	90
Pennsylvania	14,547,000	11,580,002	80	99	42
Puerto Rico	3,712,000	2,210,488	60	76	27
Rhode Island	1,183,000	880,848	74	100	26
South Carolina	3,052,000	2,620,259	86	97	63
South Dakota	1,018,000	983,406	97	95	98
Tennessee	4,510,000	4,499,659	99	99	99
Texas	10,752,000	6,763,735	63	62	63
Utah	1,705,000	719,452	42	53	20
Vermont	605,000	427,784	71	77	57
Virginia	3,878,000	2,638,787	68	81	43
Virgin Islands	55,000	49,996	91	97	78
Washington	4,647,000	3,475,882	75	86	53
West Virginia	2,090,000	1,906,108	91	91	90
Wisconsin	6,545,000	5,349,508	82	99	48
Wyoming	523,000	430,897	82	100	43

[1] In addition to the apportioned amount, $48,000,000 is unapportioned and $24,000,000 which is for projects in redevelopment areas is also unapportioned. Total fiscal year 1967 title II training activities total $347,000,000.

DISTRIBUTION OF MDTA FUNDS BETWEEN URBAN AND RURAL TRAINING

Mr. LAIRD. What percentage of the resources allocated to Manpower Development and Training Act activities are allocated for urban training, as compared with rural training?

Mr. RUTTENBERG. I am not sure I can give you a figure that would break it out that way.

We do not allocate funds to the States that way.

Mr. LAIRD. It seems to me you have a figure of about 15 percent rural and 85 percent urban. It that about it?

Mr. RUTTENBERG. I would tend to think it closer to 20 percent rural, but I would have to check that, sir. We allocate to the States, and then within the State they determine the proportion within areas of the State. We could check that out and get a better figure for you, if you like.

Mr. LAIRD. I would like to get a better figure on that if I could also, the comparison based on total population.

Mr. RUTTENBERG. I know offhand we ought to have one for each year. I know the figure on the neighborhood youth program. It is 37 percent rural.

(The requested information follows:)

Comparison of MDTA training programs for urban and rural areas with the U.S. population

[In percent]

	MDTA enrollees [1]		U.S. population, 1960
	1966	1965	
Urban	81	82	70
Rural	19	18	30

[1] Based on county of residence of enrollees.

LABOR MOBILITY PROGRAM

Mr. LAIRD. The labor mobility authorization, does that legislation not expire this year?

Mr. RUTTENBERG. The labor mobility authority within the Manpower Development and Training Act was extended for another year. It will run through fiscal year 1968.

Mr. LAIRD. It runs through the coming fiscal year budget, the one we are talking about here.

Mr. RUTTENBERG. Yes.

Mr. LAIRD. What kind of experience have you had as to the usefulness of this program of moving people about? Are people staying when you move them?

Mr. RUTTENBERG. We really feel that the experimental and demonstration work done in labor mobility has indicated that it is an exceedingly useful additional manpower tool to have available.

Mr. LAIRD. Do these people stay, though?

Mr. RUTTENBERG. Yes.

Mr. LAIRD. What percentage of them?

Mr. RUTTENBERG. Mind you, we can only refer to this in terms of experimental work. We have not been conducting an elaborate rehabilitation effort. We have been using the money we have to experiment.

Mr. LAIRD. What percentage of the people stay where you move them?

Mr. RUTTENBERG. The experience shows that a fair number do return.

Mr. LAIRD. What is a fair number?

Mr. RUTTENBERG. One-third.

Mr. LAIRD. One-third return?

Mr. RUTTENBERG. One-third to two-fifths tend to return. What it demonstrates, again, is that if you want to have a program successful in the long run you have to do it in three or four different kinds of ways while you are learning. This is why I say I do not think the exact number of those returning I do not think means very much as to what is the value of the program because we have not had enough experience.

We are doing different kinds of experimental work. What it shows is that in order to have somebody stay in the new communities to which they go, you must provide them with more supportive services in the new community. You have to introduce them to the schools, churches, and the community, and you have somehow to give them the kind of help and assistance that will not only get them a job, but that will support them in these other ways. The first concept we had was as long as we had a person who had been unemployed for more than 6 months in an area and could not get a job in that area, if we could find a job for him elsewhere, we would move him to a new job.

We found in doing that we were not doing enough, because he tended to go back. Then we would be asking ourselves the question, What does it take in the way of assistance to that individual to make sure that he won't go back? That is what we are experimenting with.

One thing, for example, that is important which turns up is that the individual does not want to give up his home in his old community until he is very sure that he is going to stay in the new community. How can he support himself in both places temporarily? This becomes a big problem.

Mr. LAIRD. Mr. Chairman, we should answer the rollcall.

Mr. SMITH. I think we had better recess now.

The committee will recess until 1:30.

(The subcommittee recessed at 12:30 p.m.)

COST PER TRAINEE

Mr. SMITH. The committee will be in order.

Mr. Ruttenberg, concerning the cost of institutional training compared to on-the-job training, have you a per dollar per trainee figure?

Mr. RUTTENBERG. Yes, sir; there is such a table in the MDTA budget which shows the pattern. That appears at page MDTA 22. That is a spread comparing fiscal year 1967 with fiscal year 1968 costs by types of projects within institutional and within on-the-job training. For example, the average on-the-job cost would be $924 per trainee for

fiscal 1967, and $939 per trainee in fiscal 1968. It is broken down by three different types of on-the-job projects.

Mr. SMITH. The average per trainee per institution——

Mr. RUTTENBERG. Would be, in fiscal 1967, $1,852; and in fiscal 1968, we estimate it will be $1,886.

You understand the reasons for a great deal of the reduced costs in on-the-job training are first, the duration of training is less, and, second, there are no training allowances, because the wage is paid by the employer.

Mr. SMITH. Mr. Laird covered the fact that you are dropping on-the-job training from 125,000 program level to 112,000. You are also dropping institutional the same amount.

Mr. RUTTENBERG. Yes, sir.

Mr. SMITH. Then you are picking up for part-time and other, 56,000. Would the number of on-the-job training compared to institutional in the 56,000 be equal or not?

Mr. RUTTENBERG. No; they would not. The 56,000 breaks down into 3 categories: The 31,000 part-time would be totally institutional. The The 20,000 employability skills would be totally institutional. Some of the inmates of correctional institutions, particularly if we move ahead with the Justice Department and the prisons people on release time training for inmates, would be partially on-the-job training. Most of that would be on-the-job training on a partial release basis.

TOTAL ON-THE JOB TRAINING AND INSTITUTIONAL TRAINING

Mr. SMITH. So, when figuring on-the-job training and institutional and this new category you have added, there will be a slight dropoff of on-the-job training compared to institutional?

Mr. RUTTENBERG. Yes, sir. I would estimate that it would be maybe up to 116,000 to 117,000 for on-the-job training, and maybe up to as much as 160,000 for institutional when you break the 56,000 down in that way.

Mr. SMITH. Institutional and related?

Mr. RUTTENBERG. I say when you relate the part-time employability skills to the 112,000 total. The total would then become about 160,000.

Mr. SMITH. Is that 160,000 a figure which could be compared with 125,000 institutional of last year, or does that include some new categories?

Mr. RUTTENBERG. If you were to drop the 56,000 from the bottom and then reconstitute a series of figures for the 280,000, I think you could probably say 160,000 and 120,000 would come closer.

CURRENT AND PROPOSED CALCULATIONS OF UNEMPLOYMENT

Mr. SMITH. The current unemployment figure which is being used is 3.5 percent. Have you made any calculations to make this figure more meaningful? Have you any estimate as to how many people who are employable and would work are not included in it, and how many are in the figure who really are waiting for a short retooling at a factory or something like that?

Mr. RUTTENBERG. As you know, the unemployment figures which come out monthly are prepared in the Bureau of Labor Statistics.

I might just mention in passing, before I came into Government, President Kennedy appointed me as one of five members to a committee to look at and appraise employment and unemployment statistics. Professor Gordon of the University of California was the chairman of the committee.

That committee made recommendations for improvements in our unemployment statistics, and one of the major recommendations was in this area of who are they among the population that really are unemployed and are not being counted as unemployed in the statistics? That report was made in 1962.

Since that time, the Bureau of Labor Statistics has been experimenting with its samples to try to get at the problem of who are the people who are discouraged and not looking for work, and would they really work if work were available. Experimental work is going on now in that area.

Beginning January 1 of this year, the Bureau of Labor Statistics began to develop some figures month by month that will be released, I think, on a 6-months basis when they get enough samples. Dr. Ross, the Commissioner of the Bureau of Labor Statistics, could discuss that with you in greater detail. I happen to be familiar with it, but not because of my present position.

Mr. SMITH. So, the answer is that you do not really have any calculations at this time, but some studies are underway.

Mr. RUTTENBERG. We did some experimental work in 10 communities in November and December of last year with the CPS, the current population survey samples. In those 10 communities we tried to get at the additional problem of employment of people who have dropped out of the labor force and are no longer interested. The figures on those 10 communities have not yet been released, but they are about to be, hopefully sometime the latter part of this week or the early part of next week. They will show roughly that there is a significant number of people who would take work if jobs were available, but who are not now counted as unemployed.

Mr. SMITH. Especially women?

Mr. RUTTENBERG. Women, yes; but in addition, there were a fair number of people in the upper age groups, 55 and above, who become discouraged. I think if Chairman Flood were here, he would bear out that in the Wilkes-Barre area, the hard coal area and the soft coal area that I come from, a lot of people are discouraged and have just stopped looking for work.

Mr. SMITH. Can we anticipate, then, the formula used for determining unemployment figures may be revised to be more meaningful?

Mr. RUTTENBERG. I cannot say whether it will or not. I would say enough experimental work has been done and is underway now that we can expect some significant changes in the monthly report of the labor force within the next year.

USE OF UNEMPLOYMENT FIGURE IN DISTRIBUTION OF MDTA FUNDS

Mr. SMITH. This becomes so important whenever we get into MDTA to the extent we have because, as I have been able to gather, you determine where to put your resources depending upon the categories of unemployed. If the unemployed formula does not properly reflect

the categories of unemployed, we may be investing our money where the return is not the greatest possible.

Mr. RUTTENBERG. That is exactly right. We have discovered, as a matter of fact, that one of the major reasons for our human resource development program in the Employment Service, and particularly that increase of $9.8 million in the MDTA budget in the employment security program, is really to help get at these people whom we know exist and who are not reported as unemployed, but who will become discouraged from work and who are costing the local governments money in terms of police protection, public assistance, relief, and welfare. If we could only encourage them to become workers, they would be taxpayers instead of that old, trite phrase, "taxeaters."

Mr. SMITH. The unemployment figures, using my State, which I know best, as an example, are something like 1 percent, but there are thousands and thousands of women who have a high school education and, if they could type, could secure a job, but they are not included in these figures at all.

Mr. RUTTENBERG. That is right. Let me give you another example that we have begun to work on. There are 350,000 women in this country who are trained nurses and who are not now practicing nursing. As we all know, there is a tremendous shortage of nurses throughout the country. The Department of Labor, jointly with the Department of Health, Education, and Welfare, the Veterans' Administration, and the Office of Economic Opportunity, have embarked now on a training program, a refresher nurses' training program of I don't know how many weeks it lasts. Do you know, Dr. Matthews?

Dr. MATTHEWS. About 4.

Mr. RUTTENBERG. Four to six weeks of training, just to bring these nurses back. We hope in the current year to bring as many as 18,000 of them back into the labor force. They are people who are not considered as unemployed today.

EXPERIMENTAL AND DEMONSTRATION PROJECTS THAT HAVE BEEN DROPPED

Mr. SMITH. Concerning E. & D., you are asking for $5,583,000 increase, which would be added to what figure?

Mr. RUTTENBERG. Currently $15 million. The figure was $20 million in fiscal year 1966. It was cut by the Senate action and then the joint conference to $15 million in fiscal 1967. We are asking that it go back to $20 million in fiscal 1968. It is an increase of $5,583,000.

Mr. SMITH. What programs—not projects, but programs—would be included in that $20 million?

Mr. RUTTENBERG. You mean different kinds of programs?

Mr. SMITH. Yes.

Mr. RUTTENBERG. Different areas of activity?

Mr. SMITH. In one program you might have several experimental projects.

Mr. RUTTENBERG. Yes. We do have in the budget justification a list which shows the specific areas, if you will turn to page OMA–29. You see listed on OMA–29 through OMA–31 nine different areas of experimentation work. In each of those areas there may be from three to 10 projects, depending upon the extent of the area.

Mr. SMITH. Which programs that were included in fiscal 1967, not projects but programs, have you found were not worthy of further consideration and were therefore dropped?

Mr. RUTTENBERG. I would have to look at it in two categories: those programs we found not worthy of continuation which we have dropped, and those which we found so successful and the points having been proved so that it was no longer an experiment and it was incorporated in regular programs. Do you want to know major examples of each?

Mr. SMITH. Yes; would you itemize them?

Mr. RUTTENBERG. Maybe I had better ask Dr. Aller. While he is thinking of some, I will try to recall some from memory that we are dropping.

Mr. SMITH. Perhaps you can put it in the record.

Mr. RUTTENBERG. We can certainly put it in the record.

Mr. SMITH. Insert the ones that have been so successful that you have moved them someplace else.

Mr. RUTTENBERG. The OIC, Job Opportunities Industrialization Center, developed originally in Philadelphia, has become the prototype for similar programs in other cities. Another example is the big project in the city of Boston ABCD, which was started out as an experimental program and is now the community action agency of the city of Boston. In other words, once its capability was established, we stopped funding it and OEO picked it up and made it a permanent organization. The same would go for the jobs program in Chicago, which started as a demonstration and is now carried forward by regular MDTA and OEO funding.

Mr. SMITH. Are you using that same experiment somewhere else?

Mr. RUTTENBERG. These experiments have become the basis of permanent development of projects. For example, the whole notion of the work with youth produced the youth opportunity centers which now exist in some 139 or 140 areas throughout the United States. The whole concept of community contracts for OJT started out as an experimental program, and we now have community contracts that might total as many as 50 throughout the United States.

Mr. SMITH. If it is satisfactory to the other members, we shall insert in the record an itemization of programs that were not worthy enough of continued experimentation to be continued and were dropped. Also, include the ones that you think are so good they ought to become more than just experimental projects.

(The requested information follows:)

Of the 50 E&D projects funded or refunded in the first seven months of the current fiscal year, less than one-third were refundings and over two-thirds were new efforts.

Of the projects reaching contract termination dates and not receiving E&D refunding, a large proportion prove effective enough to obtain regular program support for continuing operation. Perhaps an equal number are effective but are discontinued for lack of regular program resources to maintain them. A few have such limited success, for reasons which are due to the sponsor's inadequacy or the sheer difficulty of the problem tackled, that they simply do not warrant continuing support from any source.

Here are major areas in which experimental and demonstration work has been discontinued or emphases markedly shifted, or which are planned for expansion, with comments on each:

(1) *Youth.* Major initial emphasis of the E&D program was on developing of new organizations and techniques to reach and effectively provide employment preparation for undereducated youth in city slum areas. None of those projects are still funded as E&D efforts. Most of their findings are now being utilized by the Neighborhood Youth Corps, regular MDTA programs, and OEO Community Action Programs. Many of the organizations which conducted those projects are continuing their work with funding from these regular programs.

Currently, E&D emphasis on youth employment problems is limited largely to (a) development of new types of summer work-preparation-and-experience programs and (b) exploration of the use of residential programs for youth for whom an unstable home and family situation bars effective training.

(2) *Correctional institution training.* This was a sizable E&D area of emphasis. Findings of the initial projects preparing prisoners for employment after release were so promising that Congress amended MDTA last year expressly to authorize such training as part of the regular training program. No new prisoner-training efforts have been supported by E&D funds since then.

(3) *Rural manpower centers.* The E&D program explored whether the lack of established institutions capable of reaching and training rural residents could be met by enlisting rural colleges as training facilities for the non-college rural underemployed population. A dozen such projects were undertaken, most at predominantly Negro colleges in the South (Florida A&M, Tuskegee Institute, Morgan State College, North Carolina A&T, Tennessee A&I, Jackson State College and others), but several in other situations as well (Northern Michigan University, Southern Illinois University, Loyola of New Orleans).

Some of these have been highly effective and others have had only limited value. Several are still in progress. None have had funding for more than three years. The capability established in most of these efforts is now being put to use on a continuing basis by the regular manpower programs.

(4) *Sheltered workshops and rehabilitation facilities.* A variety of projects have explored the use of sheltered workshops and rehabilitation centers, which customarily worked exclusively with physically handicapped workers, to determine the desirability of applying their concepts and practices to the emotionally, mentally, and socially handicapped. Findings have been quite promising, and established manpower programs have increasingly been drawing on such institutions themselves. The E&D program has been limiting further projects in this area of emphasis to specific techniques, for example, refinement of work-sampling as a tool for appraising abilities of those whose aptitudes are not effectively measured by traditional tests.

(5) *Minority group self-help.* This offers good examples of a shifting of emphasis within a broad overall category.

One of the early E&D projects supported the development of the Opportunity Industrialization Center (OIC) by the Rev. Leon Sullivan in Philadelphia. This effort emphasized minority group (primary Negro) leadership, motivational and basic work preparation efforts preliminary to skill training, industry cooperation, and a variety of self-help aspects (including no training allowances for enrollees). The project was effective, E&D support was discontinued and funding was provided by the OEO. The project's approach attracted so much attention, however, that it was decided to use it as a prototype for testing in other cities. A combination of E&D funding, regular MDTA training funds, and OEO resources have now financed an 8-city demonstration, with initial results indicating that such efforts should be initiated in other cities as well. As this multicity demonstration moves into continuing operation, demonstration support is being withdrawn and regular program funding sources utilized.

A number of early E&D projects focused on Spanish-background workers (Mexican-Americans and Puerto Rican) with varying success. Starting last year, an effort has been undertaken in the Southwest region to enhance and draw on the capability of Spanish-American organizations themselves as direct participants in training and placement programs for this minority group. The E&D program and OEO are jointly funding Operation SER, a developmental project for this purpose, conducted through principal Spanish-American groups, most notably the League of United Latin American Citizens (LULAC) and the American GI Forum.

(6) *New occupations and removal of entry barriers.* The E&D program has each year developed several types of projects in this broad area. It has discontinued further support of individual projects as soon as they proved their point,

and has had them look to regular program funding sources for continuing support.

For example, the National Committee on Employment of Youth conducted an E&D project to prepare unemployed adults with limited education to become sub-professional aides to work in youth-serving agencies. This proved feasible and effective, and similar efforts have since been carried on under other financing auspices.

In another example, an E&D project was undertaken to show that short-term training could bridge the gap between inadequate college preparation and standards required to qualify as a teacher. The Urban League of New York and Yeshiva University demonstrated that such training could overcome cultural obstacles and dialect difficulties which prevent Southern Negro college graduates from meeting teacher certification tests. As a result of the model they developed, similar programs have been carried forward in New York and elsewhere under regular resources available through MDTA and education legislation to meet shortages of qualified teachers.

(7) *Employer innovation.*—A major expansion in E&D emphasis is being directed to stimulating, supporting, and testing new ways of getting employer and labor-management sponsoring and direct involvement to conquer problems of employment for the hard-to-employ and to improve promotional opportunities for those employed at jobs below their potential.

The initial projects of this nature have generated widespread interest and promising results. The prime examples are (a) the jobs now project in Chicago, in which employers are hiring first and then providing training and other support for youth who do not meet their usual hiring standards, (b) the Business and Industrial Coordinating Council project in Newark, in which employers are investing in special training for the disadvantaged, and (c) the Skill Advancement program in New York, which is working with employers to develop intensive in-plant training to enable upgrading to new jobs of employees in traditionally dead-end low-wage occupations.

EXPERIMENTAL AND DEMONSTRATION PROJECTS FOR MILITARY AGE YOUTH

Mr. SMITH. Concerning these young men who graduate from high school and find it difficult to get jobs because employers, understandably, are reluctant to put them on the job and then find they have to hold the job for them until after they get out of the service—other than the youth opportunity program, what program is there for them? Have you any experimental and development programs dealing with this particular category of youth?

Mr. RUTTENBERG. Individuals who are waiting to go into service?

Mr. SMITH. At least, they are subject to the draft and it causes problems in securing employment.

Mr. RUTTENBERG. Therefore, the employer does not want to hire them. I have a son in that category who is having difficulty keeping any one job because any moment he will be drafted.

Mr. SMITH. The employer does not want to have to take him back when he comes back from the service in the event he would have to replace a good employee to do so.

He may have somebody specially trained in the job by that time. Your figures all indicate that youth are a high percentage of the unemployed compared to the total manpower of the country.

Mr. RUTTERBERG. I would say the State Employment Service agencies and the youth opportunity centers would be handling a large number of youth in that category and referring them out from day to day or week to week on temporary jobs. That could very well be occurring. We do not have any programs as such that would take a group of youth who are of draftable age and are 1–A and are about

to be drafted in a month or two, and therefore cannot get permanent employment and provide some kind of program for them. We do not have such a program. The extent to which they fall into the poverty group, coming from families with less than $3,000 income, they would be eligible to be in the Neighborhood Youth Corps program. They could be eligible to be in the training program. But we do not have a program as such for them.

Mr. SMITH. If you are going to spend $20 million on these, do you not think this is an area where somebody ought to be trying to devise some kind of experimental program?

Mr. RUTTERBERG. That is a good suggestion. We are doing two things with military age youth. One is a project that takes individuals who volunteer for the Armed Forces and who fail. They fail their mental examination, for example, their oral or written examinations, and therefore are not accepted for the Armed Forces. We have a project which started over in the Baltimore-Washington area, run by the National Committee on Children and Youth, where specifically they have taken those individuals and given them immediate counseling on alternative opportunities to receive remedial education or be referred to civilian employment. Mind you, they are volunteers for the Service, not draftees. They are volunteers who have failed. We have developed an excellent project in the area which the Employment Service is now extending to five or six areas around the country.

Mr. SMITH. They do not have the same kind of problem, though, because they are available for permanent, lifetime employment, whereas the boys I refer to are just temporary.

Mr. RUTTENBERG. That is right.

LABOR MOBILITY PROGRAM

Mr. SMITH. One of your E. & D. programs is the labor mobility program. You have had that program for how long now?

Mr. RUTTENBERG. The labor mobility program, I must quickly say, is not funded as part of the E. & D. program. The labor mobility program started in fiscal 1965 with $4 million, and continued in fiscal 1966 with $5 million, in 1967 with $5 million, and we are asking for $4.8 million in fiscal 1968. That is over and above the amount for experimental and demonstration programs.

Mr. SMITH. That is really $25 million.

Mr. RUTTENBERG. If you consider E. & D. as being experimental demonstration, as it is, you could add the two together.

Mr. SMITH. Do you consider them separately because it was not set up in your discretion but was authorized under a separate amendment?

Mr. RUTTENBERG. It was a separate authorization, and it was really an amendment that in the first instance originated with the Congress, I think at a time when you were a member of the committee.

Mr. SMITH. Going back to the first instance, the administration asked for it, and we turned it down.

Mr. RUTTENBERG. That goes back to the days of the Area Redevelopment Act.

Mr. SMITH. About 4 years later, somebody in Congress put it in as an amendment on a pilot basis.

Mr. RUTTENBERG. Right

Mr. SMITH. You depend in that program upon State administrators determining whether or not they want the project in their area, is that right?

Mr. RUTTENBERG. Our whole concept of labor mobility was that we had certain amounts of money available, we had certain kinds of experimental work we wanted to conduct, and we asked the Employment Service agencies of each State, if they wanted to develop a proposal. Then the proposal is reviewed in Washington by an interagency committee and is either accepted or rejected. Those programs in the main have been run through the State Employment Security agencies.

Mr. SMITH. And the individual projects that you have awarded have been because the State asked you to do it, to try it in their area, is that right?

Mr. RUTTENBERG. Yes and no. In the main, that is true. Maybe 15 percent of the projects we have run through private nonprofit agencies other than the State agencies. In certain instances we may have developed a notion that we wanted to experiment with in mobility, and have gone to a particular State and asked them whether they were interested. There are a few of those.

In the main, you are right, it is the State agencies that ask for the project.

Mr. SMITH. Then you have to depend upon people in State agencies not directly under you to follow the minimum guidelines that you laid out?

Mr. RUTTENBERG. That is true, we have to rely upon the State agencies, but I just thought I would add that the State agencies are responsible to the Bureau of Employment Security and the Department of Labor as a result of grants programs and, while they are State employees, they are funded 100 percent by Federal funds which this committee appropriates.

Mr. SMITH. Have they interpreted your guidelines the same way you intend them to be interpreted in their administration?

Mr. RUTTENBERG. Sir, if they do not, then they are in violation of the regulations and action can be taken.

Mr. SMITH. In interpreting, for example, whether or not a person should be moved, you determine whether or not a job is available in the local community. What is the local community? Is it an employment area that he can commute to, or not? This involves interpretation. You cannot spell this out completely. Have you had any problems with this?

Mr. RUTTENBERG. In my experience, I would say I do not think we have had very many problems at all in that area, because it has been very clear that no person can be relocated unless he has been unemployed for 6 months or longer, there is no prospect of employment for him in the area in which he lives and, thirdly, there must be a job for him in the other area to which he goes before he can be considered as an individual and be relocated. Those have been pretty hard and fast criteria. It is not too hard to follow those regulations: 6 months, and is there a job or isnt there?

Mr. SMITH. Suppose he could commute to the job as well as move to it. Whether he should have to commute 15 miles or whether you will

move him 15 miles depends upon the interpretation of suitable local employment available.

Mr. RUTTENBERG. One of the interesting things we have been experimenting with is whether there ought to be relocation within the same standard statistical metropolitan area, the same labor market area. We have not done this yet, but some people have thought maybe it would be wise in a big city, instead of having people commute across town, just on a very inexpensive basis to move them from one extreme of the suburb to the other extreme of the suburb which is closer to the job they have. We have not done this yet, but it has been suggested as a possibility.

Mr. SMITH. I do not want to take too much time.

Mr. FLOOD. Take as much time as you want.

Mr. SMITH. From the time I was on the committee that developed MDTA, I thought there were places we ought to put our money with higher priorities before we moved to this kind of a program.

You are trying it in Iowa now. You have awarded a contract out there as a result of their having applied for it, as I understand it. It seems to me that E. & D. or this program, either one, ought to only be awarded in areas where there is some possibility of it being a reasonably successful experiment. This would mean that you have to do more than just have guidelines and then make the awarding of the contract in response to their making application?

Mr. RUTTENBERG. The guidelines are pretty detailed in terms of project development. The agency developing the project has to really have a research design associated with it or it would not be approved. Not only are there guidelines as to who can be moved but they really have to come forward with a project that shows what it is they are going to try to prove as a result of it.

Mr. SMITH. Do they show the statistics which indicate they actually have these people needing employment?

Mr. RUTTENBERG. Yes, sir. In terms of the Iowa project, one project looked at the 12 southern tier counties in the middle and decided that that was an area of very large surplus workers and substantial unemployment and very little prospect in that area of those individuals finding employment.

Mr. SMITH. Did they actually show on the application that there was that kind of an employment situation in that area?

Mr. RUTTENBERG. Yes, sir. That was part of the original design.

Mr. SMITH. A lot of people will dispute the idea that there is a shortage of employment opportunities in the area. Are these employers with jobs willing to pay a reasonable rate or are the jobs at reasonable wages there?

Mr. RUTTENBERG. There was a feeling that in those 12 counties and within reasonable commuting distance from them there were not sufficient job opportunities for them because these people in the area had been long-term unemployed. They are being moved up into the city areas. The project was only to move 100 families and it just got 10 underway, announced in early January. There are no results yet.

Mr. SMITH. Have you been carefully watching these experimental projects so as to be sure they are a meaningful experiment and to make sure that they do follow your guidelines and they do not include people that are not intended to be included within your guidelines?

Mr. RUTTENBERG. We very carefully follow them on that basis. Otherwise, we would really be throwing our money down the drain. We do not propose to do that.

FARM LABOR EXPERIMENTAL AND DEMONSTRATION PROJECTS

Mr. SMITH. They have had a couple of projects to train city people to become farm labor. Have there been many of these projects?

Mr. RUTTENBERG. Not very widespread but we do have such a group of projects. As a mater of fact, we have some going on in Texas and in Arizona. Both parts of this are training city folks for some kinds of mechanical jobs on the farm and also trying to act as a part way training program for agricultural workers who are being displaced to find jobs in urban areas.

Mr. SMITH. How do you square this with all the figures that are available that indicate there are hundreds of thousands, of people with farm expertise that are not earning a high enough standard of living, compared to the level of the national economy, and that there is not a lack of skilled farmers or farm-trained workers? Is it that the jobs available are not offering enough money to attract the workers who already have farm skills?

Why is there a need to train more farm employees?

Mr. RUTTENBERG. The real kind of training for farm labor taking place now is to train people to work on the mechanical kinds of equipment that you find on farms more and more. That is, the mechanical cottonpicker or the mechanical tomatopicker and the maintenance and repair of that kind of equipment.

Mr. SMITH. Upgrading the skill of the farmworker?

Mr. RUTTENBERG. That is right.

Mr. SMITH. Do you have some projects to take people that never lived on a farm and train them to be a general farmer?

Mr. RUTTENBERG. A general farmer?

Mr. SMITH. Yes.

Mr. RUTTENBERG. If we have such a project, sir, I am not familiar with it. You mean to train a general farmer, to take people who have not been on the farm before and train them?

Mr. SMITH. Obviously, there are thousands of people working in factories that have that training and background and skill and the farmer who will pay a competitive wage should be able to get them.

Mr. BROWN. I think this is the so-called farmer general course that is aimed at existing farmers in an attempt to bring up their annual income.

Mr. SMITH. No. I mean projects to train city-raised men for farmwork.

Mr. RUTTENBERG. I will look into the project.

Mr. SMITH. My point is that there is a movement from the farm to the factory and there should be enough with farm skills.

Mr. GOODWIN. Quite a bit of short-time training for seasonal-peak employment, this type of thing. I do not know whether that is what you refer to.

Mr. SMITH. I am referring to short-time training.

Mr. GOODWIN. We do have seasonal peaks where we make every effort to bring in people for farmwork. Some of those have been

put through a very short period of training. There has been a great deal of emphasis here on youth. We have recruited a good many young people for this type of work, put them through short-term training, and they have spent maybe 3 or 4 months on this, or 2 to 3 months on the farmwork.

Mr. RUTTENBERG. Would they tend, Bob, to be people from cities or rural areas?

Mr. GOODWIN. Many of them are from cities. We try to get them first from rural areas because our experience is that they make better farmworkers. You cannot meet the seasonal peaks in a good many areas without doing some of this kind of work.

Mr. SMITH. This is an item that you might check. I think there have been some courses.

Mr. GOODWIN. I will do that.

BONDING PROGRAM

Mr. SMITH. The only other question I have is one for information. This bonding program that you mentioned, what risk does that cover?

Mr. RUTTENBERG. We are bonding against the individuals who have had a police or prison record of some kind. I think the bond insurance is up to $2,500.

Dr. ALLER. It is on the basis of $2,500 a slot. We can find bonds slotted for that.

Mr. SMITH. Against what?

Dr. ALLER. This protects the employer against any financial mismanagement the employee might undertake, steal some of the money, or some of the materials.

Mr. RUTTENBERG. Property and equipment.

Dr. ALLER. It is that kind of bonding protection.

Mr. SMITH. Don't employers carry that? Anybody who has access to money would be bonded anyway?

Dr. ALLER. Yes, sir; but they do not qualify for bonding a store, one with a prison record. It is a higher risk.

Mr. RUTTENBERG. The whole reason for the bonding program is to take care of those whom the employer's regular bonding company would not handle.

Mr. SMITH. That is all I have.

Mr. FLOOD. Mr. Hull.

Mr. HULL. Mr. Secretary, apparently you don't have any farmers on your staff.

Mr. RUTTENBERG. Yes, sir; I do.

Mr. HULL. On your staff?

Mr. RUTTENBERG. No. In the Farm Labor Service I daresay there have been some who have been farmers.

Mr. HULL. Not too close to the farm situation then. How many folks do you train under this Manpower Administration Act as of now?

NUMBER OF CURRENTLY ENROLLED TRAINEES

Mr. RUTTENBERG. We are authorized to approve training in fiscal year 1967 for 250,000 trainees.

Mr. HULL. How many do you have now?

Mr. RUTTENBERG. In training as such and enrolled?

Mr. HULL. Yes.

Mr. RUTTENBERG. I can give you that figure. We currently have enrolled in training at the end of November 1966, 131,000. That would be people who had been funded for training in fiscal year 1966 as well as fiscal year 1967.

Mr. HULL. How are those selected that are in training? Do they have a right to take certain training that they think they might like, or what you think they might like?

Mr. RUTTENBERG. It is a combination. They first have to be unemployed or underemployed. They next go to the State employment service agency where they are tested and interviewed and counseled and referred out to a training program which would fit their needs.

Mr. HULL. Are any of those presently drawing unemployment compensation?

Mr. RUTTENBERG. They are entitled to draw training allowances while they are in training. The training allowance is the equivalent of the average unemployment benefit in the State. There are a group of States that deny unemployment insurance benefits to anybody who takes training. There must be still 20 or 21 such States. Thirty of the States will permit people to take training and draw unemployment insurance. When their unemployment insurance terminates they are still eligible for training allowance. I say there are about 20 or 21 States that deny somebody their unemployment benefits the moment they take training. We are trying to remedy that.

We have made proposals to Congress to correct that situation.

Mr. HULL. Is this part of the so-called poverty program?

Mr. RUTTENBERG. You could identify the MDTA as a program that in part deals with the people at the poverty levels. It predates the enactment of the Economic Opportunity Act. The Manpower Development and Training Act was passed in March of 1962.

Mr. HULL. I just had a letter from the Office of Economic Opportunity, from Mr. Shriver. He says they are going to get around 10,000 people to get interested in this poverty program.

Mr. RUTTENBERG. I will be glad to take a look at the press release later and discuss it with you.

Mr. HULL. Fine.

I want to know what they are going to teach them.

AVERAGE COST PER TRAINEE

What do you estimate it will cost to train one trainee for this?

Mr. RUTTENBERG. The average cost per institutional trainee in fiscal year 1968 is $1,886. I think it had that on that page that we looked at before with Congressman Smith. Page 22 of the MDTA budget. There is a table there which shows that. It is $1,886 for institutional training and the average cost for OJT training in the next fiscal year will be $939. Therefore, the average cost of all our training, including institutional and OJT, would be $1,239 next year.

Mr. HULL. Per individual?

Mr. RUTTENBERG. Per trainee.

WILLINGNESS-TO-WORK REQUIREMENT FOR UNEMPLOYMENT COMPENSATION ELIGIBILITY

Mr. HULL. A couple of years ago we had a big apple crop in Virginia and they went down to West Virginia and tried to get some of those folks to pick some applies. They couldn't get them to come up there and pick apples.

Mr. RUTTENBERG. It was not a training program involved.

Mr. HULL. I would not think you would need training to pick apples. They were drawing unemployment compensation, as I understand it.

Mr. RUTTENBERG. Under the unemployment insurance laws——

Mr. HULL. It may be out of your field.

Mr. RUTTENBERG. Not really. It is part of the Bureau of Employment Security and part of the unemployment security program administered by Mr. Goodwin. He is in direct charge of the Bureau of Employment Security. On unemployment insurance, if an individual is drawing an unemployment benefit and refuses to take available work to which he is referred, that State agency can deny him his insurance benefit.

Mr. HULL. I think that is the law but I do not think it happened.

Mr. RUTTENBERG. It would be interesting to look at it because that is what the requirements are in terms of administering the unemployment insurance program. They have to accept suitable work when referred to it or they lose their benefits.

Mr. HULL. I know living out in northwest Missouri, it is impossible to find farm help, irrespective of what the wage may be. People do not want to work on the farm any more. Our average age in my county is about 65 years old. We are adjacent to Kansas City. That complicates the situation some but it is true all over northwest Missouri. We cannot keep our young people on the farm because it is much more lucrative elsewhere, particularly when they have finished school. They have no interest in farming. I think you found that true up in Iowa Mr. Smith.

Mr. SMITH. They never lost their interest, but when they can't make enough money, they go.

Mr. HULL. I know a couple years ago we did away with the braceros out on the west coast. Consequently the business went down into Mexico. No one wants to do so-called squat labor. I cannot blame them. I used to do a lot when I was a kid and it did not hurt me a bit.

Mr. RUTTENBERG. You would be surprised at the total output of crops in California. I defer unless you have some more questions.

Mr. HULL. We have chased a lot of our industry down into Mexico because of that. Sometimes we defeat our own purposes.

Mr. RUTTENBERG. The record will show that in California the growers are producing more now than they have produced in previous years. There may be some migration of industry to Mexico. The total output is still as great or greater in California than in previous years.

Mr. HULL. We are raising more wheat on less acres due to research primarily.

Mr. RUTTENBERG. Right.

Mr. HULL. Raising about twice as much wheat per acre as when I was a youngster. The same is true in corn. We raise 200 bushels of corn per acre.

Mr. RUTTENBERG. That is why we are the great nation we are, because of the scientific advances we keep making.

Mr. HULL. I do not believe I have any other questions.

Mr. FLOOD. Mr. Casey.

DIFFERENCE BETWEEN OTJ AND APPRENTICESHIP PROGRAMS

Mr. CASEY. What is the difference between OTJ training and the apprenticeship program?

Mr. RUTTENBERG. The apprenticeship program is a program to train highly skilled people in occupations like electricians, carpenters, plumbers, machinists and tool and die makers, and automobile mechanics. It is usually a program that runs a 4-year period, sometimes 5, sometimes 6, depending on the occupation.

The on-the-job training program cannot by law go on for more than 104 weeks. The average on-the-job training program that we have does not go beyond 26 to 27 weeks. We have a few that run for as much as 40 or 45 weeks. They are usually training in occupations which are not apprenticeable. But we have interestingly enough been encouraging in the last year and a half a large number of on-the-job training programs in apprenticeable occupations so that the individual when he finishes his on-the-job training moves then into becoming an indentured apprentice and moves into the next 3 or 4 years of the program and becomes a journeyman mechanic.

Mr. CASEY. That was my understanding of what an apprentice was. What is one of these on-the-job training people?

Mr. RUTTENBERG. A nurse's aid is an example. A clerk-typist is another.

Mr. CASEY. They do not learn typing on the job?

Mr. RUTTENBERG. I am sorry. That would not be an accurate example. A single-purpose machine operator would be on-the job training. Any variety of occupations or service occupations.

Mr. CASEY. They need to learn a routine probably more than a particular skill?

Mr. RUTTENBERG. That is right.

Mr. CASEY. Isn't that the difference between the two?

Mr. RUTTENBERG. That is right. The apprentice learns a highly skilled occupation while an on-the-job trainee in the main is one who is going to develop only a semiskill.

Mr. CASEY. In a particular routine?

Mr. RUTTENBERG. That is right. In fact, we have a table that lists the occupations.

Mr. CASEY. I can understand there would be some differences where you could not train someone for the same purpose on the job as you could in institutional training, such as a typist I mentioned. That would have to be institutional training, would it not?

Mr. RUTTENBERG. Yes, sir. Secretarial work.

DROPOUTS IN TRAINING PROGRAMS

Mr. CASEY. You stated about 20 percent dropped out of these programs. According to my arithmetic, on page 12 here on the figure from 1963 to 1967, on the institutional enrollees, only 54 percent stayed

in through the whole program. That is according to my arithmetic. Then 40 percent of that 54, total enrollees, were actually placed in jobs. You lost 60 percent of those who started.

Is my arithmetic wrong?

Mr. RUTTENBERG. It is not a matter of that being wrong. It is a matter of looking at training. Let us look at the figures. Which ones are you looking at now?

Mr. CASEY. Page 12, MDTA.

Mr. RUTTENBERG. 837,000.

Mr. CASEY. At the bottom there you have got it broken down. The total estimated number of enrollees in projects under institutional, 483,500 during this period.

Mr. RUTTENBERG. Yes, sir.

Mr. CASEY. 264,000 of them completed the project. That is 54 percent according to my arithmetic, of that other figure. Is that right?

Mr. RUTTENBERG. Yes, sir.

Mr. CASEY. 198,000 of them were placed in jobs?

Mr. RUTTENBERG. That is right.

Mr. CASEY. You had 40 percent of the total that started out that actually wound up placed in jobs?

Mr. RUTTENBERG. That is where I said the mathematics——

Mr. CASEY. Then 75 percent of those that completed the training actually received jobs?

Mr. RUTTENBERG. Yes, sir. They are still at the point in time when 264,000 have completed, there are still a substantial number of the 483,000 that are still in training. For example, these would not be the exact figures but as of the end of November we had 131,000 people in training so those people would be in the first category enrolled in projects but not yet completed. It is not fair to say the difference between those enrolled and those who completed are dropouts.

Mr. CASEY. Forget about that and use the numbers that completed the project. You have actually got 264,000 that have completed that?

Mr. RUTTENBERG. Yes, sir.

Mr. CASEY. They are no longer enrolled or anything, as of the end of November or any other date?

Mr. RUTTENBERG. Right.

Mr. CASEY. 198,000 of those that completed were placed in jobs?

Mr. RUTTENBERG. That is 75 percent.

FOLLOWUP OF DROPOUTS

Mr. CASEY. What happens to the other 25 percent? Do you have any idea?

Mr. RUTTENBERG. Yes, sir. We had some discussion with Congressman Flood this morning on the question of followup of individuals who drop out of projects. One of the reasons why we are asking for some additional funds to carry on our out-reach program and human resource development program is to be able to follow through on the individuals who drop out of employment to try to see why they drop out, who complete the course and who do not enroll in a job.

Part of the problem here, is that some of these are women who become pregnant. We have studies of the 25 percent of the people who

do not go through. Part get married and therefore say they do not want to continue in jobs. As for those who do want jobs but who are not placed, we would hope to be able through our human resource development program to follow up on them and see what we can do to bring them back into competitive planning.

REQUIREMENT FOR REASONABLE EXPECTATION OF EMPLOYMENT

Mr. CASEY. I have heard the criticism, and I wonder if there is any foundation for it, that there are many of these training programs that train people for jobs that are not available. In other words, someone gets the idea, we ought to train former—I am just using something that is pure fiction—training former coal miners to be chauffeurs and there are no chauffer jobs available.

Mr. RUTTENBERG. The law requires very clearly that there must be "reasonable expectation of employment" before there can be any training program established. It is the responsibility of the Secretary of Labor through his delegated administrators to determine in what occupations there is reasonable expectation of employment, and only then to have courses established in those occupations for people to be referred to.

While we might make mistakes in determining what are the occupations which have a reasonable expectation of employment, we do not have many situations, if any, in which we are training for useless occupations.

AVAILABILITY OF LABOR FOR UNSKILLED JOBS

Mr. CASEY. We have talked a lot about the training programs and we are talking about the apprentice programs where you have to have some skill and then the on-the-job type where apprenticeships or institutional training or education is not needed but on the job for learning a routine job.

One of the biggest criticisms of your program, I think, is the lack of the availability of labor for completely unskilled jobs. I will give you a prime example right here on the Hill. They shut down the car-wash operation here because they could not get anyone to run it. They could not get anyone to wash a car. They started up again recently and they said, "We do not know how long it is going to last."

I took my car there once since they reopened it but the boys that took my car sounded to me like they were boys doing postgraduate work, very intelligent boys. I do not know how they hired them there.

Mr. HULL. Moonlighting.

Mr. CASEY. Probably between classes. Here you have people that desperately need work and we can not get people to wash an automobile. That is one of the basic things you run into from day to day. I defy you to make a speech to housewives because they can not get any domestic help. I made that complaint to the Secretary the other day and I heard on the radio a few days ago that the Department was starting a new program to upgrade the domestic situation, to make it more attractive and whatnot. I think people are willing to pay. I do not think that is the problem.

The Secretary asked me, "What were they paying down there to wash a car?"

I don't know what salaries they pay them but they were charging us $1.50. It is $2 now and we are willing to pay it but we do not know how long it will last. They have no investment in equipment or capital improvements or anything of that nature. That is one of the criticisms that we have to answer at home at election time on programs. I know that you have your skilled labor shortage. I know the machine tool people are screaming and wanting to lower the bars on immigration because they are short.

Mr. RUTTENBERG. That is right.

Mr. CASEY. I know you are attacking that problem, but one of the very basic things is to stimulate these people someway with this outreaching, or whatever method you use, to try to get some who never are going to become keypunch operators and never are going to become comptometer operators to be willing to take a job just to work, do something that does not have the dignity that maybe some of these others have. It is honest work.

Mr. RUTTENBERG. Congressman Casey, that is exactly what the Employment Service is designed to do. The hope would be that we would get out into many of these communities and find individuals who sort of dropped out of the labor force and given up all hopes of getting back into jobs, bring them back, motivate and stimulate them enough so that maybe for even these unskilled jobs without any training they can be referred over to employment. I hope we can do that.

Mr. SMITH. Would the gentleman yield?

Right now there are women in Norfolk who join a car pool and drive 4 hours to get to Washington to do domestic work. Yet there must be thousands of women in Washington that could do domestic work. What is the cause of this situation?

Mr. RUTTENBERG. I have not heard there were groups driving up for domestic work.

Mr. SMITH. They have car pools and drive 4 hours up and back each day to do work here.

Mr. RUTTENBERG. Each day?

Mr. SMITH. Yes. There is something wrong when you have to drive that far. There are bound to be people right here that should be wanting such jobs.

Mr. CASEY. One of the problems that is created with the women who need the work is children. I think probably this does not fall in your province at all but it looks like some cooperative work could be done.

Mr. RUTTENBERG. Child care programs.

Mr. CASEY. Child care or day care for someone willing or who wants to work. We had our maid show up one time with her two little youngsters. They do not have anyone to leave them with. They played in the basement and were nice and orderly. But nevertheless, before long we just lost her completely. She was more content to get along on what she could get in the way of relief than to fight that thing of trying to find some place to leave her children.

Mr. RUTTENBERG. One of the things the Community Action Agency with the poverty program is doing is assisting in this area by estab-

lishing day care centers so that women can take their children there during the day and go off to work. That is developing as a part of the poverty program.

Mr. CASEY. I think that the public is willing to pay to look after someone's youngsters who need that while they are working. I hope that they do not label it a Child Development Center for the Arts and Culture Center for Youngsters and blow it. That does not sell too well.

INCENTIVE OF YOUNG PEOPLE TO WORK

One thing that I think we are missing a bet on is to stimulate people who want to work and not kill their incentive. I think that the time to stimulate them is when they are young. I am still in the process of raising a few boys and girls. When my boys—and I think most boys are normal—get big enough to start—some of them will start at 10 and 11 years of age and want a job and earn some money. They have some idea they want to buy a model airplane or something like that. They want to earn the money. What can they do? You won't let them work around here under the local laws if they are under a certain age, as a rule.

If the corner druggist, after they do reach legal age, wants to hire them he says, "He is not worth the minimum wage to me. I would like to hire him but I would be in violation of the law if I paid him anything less than that." You get into that problem also where somebody might want to take advantage of the youngster. I understand that, too.

You have the other side of the coin. Rather than subsidize some program I think it is much better if you could investigate and certify certain types of jobs that these youngsters could do at a lesser rate so long as it did not displace somebody. I am talking about summer jobs, not a full-time career. You let a kid loaf around all summer and he loses his initiative. He loses his ambition. He gets into trouble. Before long he is a real problem and a detriment and not an asset.

I think you ought to give him that incentive and ambition, let him build it up. They have then an incentive to go on to school. They soon associate with other people and see what education is worth.

Mr. RUTTENBERG. Over the past two summers, Congressman Casey, there has been a very active and aggressive summer youth employment program. It has been carried out under the direction of the Vice President and in which the Department of Labor and the Employment Service play an active role. I do not recall the exact figures but I think they showed that something more than 1 million youngsters who otherwise would not have had summer employment had employment this past summer as a result of this extensive effort made to do what you are talking about.

Mr. CASEY. What program?

Mr. RUTTENBERG. This has no financing. It is just a volunteer program, an appeal to employers to take on kids during the summer, keep them off the streets, encourage them so that they will go back to school content and stay out of trouble during the summer.

Mr. CASEY. You have your summer programs where the Federal Government employs people.

Mr. RUTTENBERG. That is part of the program. I think the Federal Government employs 20,000 or so of these individuals each summer.

Mr. CASEY. You gave grants to the cities to employ children in the summer?

Mr. RUTTENBERG. We have the Neighborhood Youth Corps summer program that does take care of certain individuals. Those individuals have to be amongst families under poverty levels of income. The kind of children you were talking about earlier——

Mr. CASEY. I think it applies to all of them, regardless of economics.

Mr. RUTTENBERG. Not the summer NYC programs.

Mr. CASEY. I mean mine. My idea applies to all of them.

Mr. RUTTENBERG. That is right.

Mr. CASEY. My kids can get in trouble as quick as any of the others if they sit around idle.

Mr. RUTTENBERG. That is what the Vice President's summer employment program was designed to do, help those individuals other than the youth in poverty, help the other individuals, children like yours and mine who need summer jobs.

Mr. CASEY. I gave one of my boys a lawnmower and mimeographed him some little slips to solicit yard work. I said I saw some fellows with a pickup truck mowing yards so they must be doing well. My boy came back with a new lawnmower from a man around the block. He said, "Man, I just bought this and couldn't get someone to push it. I will give it to you if you cut my yard eight times this summer."

Mr. RUTTENBERG. He fell into it.

Mr. CASEY. He was in business.

I believe that is all, Mr. Chairman.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. No questions.

Mr. FLOOD. Thank you, Mr. Secretary. You are an excellent witness.

Mr. RUTTENBERG. Thank you, Mr. Chairman.

JUSTIFICATION MATERIAL

Manpower Development and Training Activities

Amounts available for obligation

	1967	1968
Appropriation or estimate	$390,044,000	$401,854,000
Appropriation available from prior year	2,545,538	
Total fund availability or estimate	392,589,538	401,854,000

Obligations by activity

Description	Total fund availability, 1967 [1]		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Training and allowance payments		$349,545,538		$347,000,000		−$2,545,538
2. Program services	25	40,522,000	25	52,378,400		+11,856,400
(*a*) Employment security services	[2] 25	28,522,000	[2] 25	38,378,400		+9,856,400
(*b*) State education services		8,000,000		8,000,000		
(*c*) On-the-job training services		4,000,000		4,000,000		
(*d*) Health services				2,000,000		+2,000,000
3. Federal institutional training services	168	2,522,000	168	2,475,600		−46,400
Total obligations	193	392,589,538	193	401,854,000		+9,264,462

[1] Includes funds available from prior year of $2,545,538 for activity
[2] Represents positions in the U.S. Employment Service for the District of Columbia.

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	193	193	
Positions other than permanent	2	2	
Average number of all employees	181	181	
11 Personnel compensation	$1,745,000	$1,738,000	−$7,000
12 Personnel benefits	126,900	126,900	
21 Travel and transportation of persons	218,300	218,300	
22 Transportation of things	3,500	3,500	
23 Rent, communications, and utilities	67,400	27,400	−40,000
24 Printing and reproduction	59,300	59,300	
25 Other services	440,200	440,200	
26 Supplies and materials	19,800	19,800	
31 Equipment	42,500	42,500	
41 Grants, subsidies, and contributions	389,866,638	399,178,100	+9,311,462
Total obligations	392,589,538	401,854,000	+9,264,462

Summary of changes

1967 enacted appropriation	$390,044,000
Appropriation available from prior year	2,545,538
1967 appropriation, revised	392,589,538
1968 estimate	401,854,000
Total change	+9,264,462

MANDATORY ITEMS

Decrease:	
Nonrecurring extra day of pay for current year staff	−7,000
Nonrecurring rental costs	−40,000
Subtotal, mandatory items	−47,000

PROGRAM ITEMS

Increases

An increase in the trainee level from 250,000 in 1967 to a level of 280,000 in 1968 with no change in overall direct program costs is made possible by the 1966 amendments to the Act which provide for several new specialized programs with lower average costs than the regular institutional and on-the-job training MDTA programs. The resulting change in the 1968 program design from 1967 is shown in the table below:

[Dollar amount in millions]

	1967		1968		Change	
	Trainees	Total cost	Trainees	Total cost	Trainees	Total cost
Institutional	125,000	$231.5	112,000	$211.2	−13,000	−$20.3
OJT	125,000	115.5	112,000	105.2	−13,000	−10.3
Part time and other			56,000	30.6	+56,000	+30.6
Total	250,000	347.0	280,000	347.0	+30,000	0

Increases:	
To provide for expanded services by the State employment security agencies to meet the requirements of the 1966 amendments to the MDTA and to provide the intensified outreach, counseling, testing, and job development needed to reach and place into training disadvantaged workers	+$9,857,000
To provide for health services for trainees by vocational rehabilitation agencies or other medical facilities	+2,000,000
Subtotal, increases	11,857,000
Decrease:	
Nonrecurring appropriation made available in 1967 from 1966	−2,545,538
Subtotal, decrease	−2,545,538
Subtotal, program items	+9,311,462
Total change	+9,264,462

Activity 1. Training and allowance payments

1967 (position 0)	$349,545,538
1968 (position 0)	347,000,000

NARRATIVE DESCRIPTION OF PROGRAM

Since its original enactment in March, 1962, the several objectives of the Manpower Development and Training Act have been broadened and enhanced by

legislative amendment. The Congress in 1963, 1965, and again in 1966 has reappraised its perception of the Nation's manpower requirements and resources as it has received information and gained knowledge from the experiences of Manpower Development and Training Act program operation, and as changing economic, social and educational realities have impinged themselves upon the structure of our society. New programs have been added; old programs have been modified or discontinued.

The responsibilities of the Secretary of Labor under the amended Manpower Development and Training Act are described in two separate budget estimates. Activities under Title I of the Act are presented under the estimate, Office of the Manpower Administrator, Salaries and Expenses. Title II of the Act gives to the Secretary of Labor, and to the Secretary of Health, Education, and Welfare the responsibility to "promote and encourage the development of broad and diversified training programs, including on-the-job training," designed to insure that unemployed and under employed persons who cannot obtain full-time jobs with their present skills, or who are working below their occupational potential, are afforded an opportunity through provision of basic education and training in communication and employment skills, occupational training, and maintenance allowances, to equip themselves with new and improved skills that will provide them reasonable assurance of employment.

PROGRAM ACCOMPLISHMENTS

The following tables give program accomplishment highlights of the Manpower Development and Training Act program from its inception in August of 1962 through December 31, 1966.

Summary of MDTA training and characteristics of trainees, fiscal years 1963–67 as of Dec. 31, 1966

Number of trainees approved	837,870
1963	59,210
1964	125,780
1965	231,755
1966	273,209
1967	147,916
Number of trainees approved for institutional projects	567,615
1963	56,913
1964	112,476
1965	167,130
1966	159,682
1967	71,414
Number of trainees approved for on-the-job training	270,255
1963	2,297
1964	13,304
1965	64,625
1966	113,527
1967	76,502
Estimated number of occupations approved for training	1,200

	Institutional	On-the-job	Total
Estimated number of trainees enrolled in projects	483,500	129,800	613,300
Estimated number of trainees who completed projects	264,000	78,800	342,800
Estimated number of trainees placed in jobs	198,000	69,000	267,000
Percent of those completers employed who are in training-related jobs	75	88	

[In percent]

	Institutional	On the job		Institutional	On the job
Sex of enrollees:			Duration of unemployment:		
Male	59	74	Less than 5 weeks	32	45
Female	41	26	5 to 14 weeks	24	23
Color:			15 to 26 weeks	13	11
White	67	82	27 to 52 weeks	11	7
Nonwhite	33	18	Over 52 weeks	20	14
Age of enrollees:			Number of dependents:		
Under 19 years	15	12	0	45	44
19 to 21 years	23	23	1	16	17
22 to 44 years	51	55	2	14	14
45 years and over	10	10	3	10	11
Education:			4	6	7
Less than 8th grade	7	5	5 and over	9	7
8th grade	9	8	UI claimant:		
9th to 11th grade	34	27	Yes	18	8
12th grade	44	50	No	82	91
Over 12th grade	6	10	Handicapped:		
Family status:			Yes	8	4
Head of household	54	52	No	92	96
Other	46	48	Public assistance recipient:		
Labor force status prior to enrollment: [1]			Yes	10	1
Unemployed	87	62	No	90	99
Family farm worker	2	1			
Reentrant to labor force	2	2			
Underemployed	9	35			

[1] For the persons who were employed prior to enrollment in MDTA training: Institutional, 2 percent were low-income family farm workers, and 2 percent for reentrant to labor force. On the job, 1 percent were low-income family farm workers and 2 percent for reentrant to labor force.

Manpower Development and Training Activities

Summary of funds obligated and trainees approved fiscal year 1967, as of Dec. 31, 1966

State or possession	Total		Institutional training		On the job training	
	Trainees approved	Obligations	Trainees approved	Obligations	Trainees approved	Obligations
Total	141,655	$178,686.011	66,806	$133,726,873	74,849	$44,959,138
Alabama	2,250	3,138,079	1,157	2,658,063	1,093	480,016
Alaska	186	423,476	145	381,469	41	42,007
Arizona	932	1,144,228	325	693,944	607	450,284
Arkansas	1,271	1,936,219	646	1,699,598	625	236,621
California	18,205	28,439,995	8,417	23,490,513	9,788	4,949,482
Colorado	1,279	1,722,546	412	1,303,883	867	418,663
Connecticut	1,509	1,645,511	704	1,099,917	805	545,594
Delaware	510	428,111	241	386,825	269	41,286
District of Columbia	2,392	1,958,255	1,816	1,563,673	576	394,582
Florida	3,491	3,769,970	1,656	2,729,323	1,835	1,040,647
Georgia	1,679	2,343,763	1,186	2,011,762	493	332,001
Guam	30	32,626	30	32,626		
Hawaii	152	191,604	65	110,859	87	80,745
Idaho	392	742,458	193	597,606	199	144,852
Illinois	11,404	13,814,196	5,826	8,662,445	4,578	5,151,751
Indiana	1,810	1,393,365	315	298,389	1,495	1,094,976
Iowa	2,376	3,292,055	1,084	2,061,320	1,292	1,230,735
Kansas	1,727	2,229,240	521	1,774,342	1,206	454,898
Kentucky	1,437	1,971,565	621	1,606,464	816	365,101
Louisiana	1,277	2,260,532	730	1,964,515	547	296,017
Maine	958	765,259	526	636,448	432	128,811
Maryland	2,498	2,154,360	2,014	1,906,478	484	247,882
Massachusetts	3,002	4,723,119	1,578	3,779,051	1,424	944,068
Michigan	6,121	8,721,073	3,156	6,799,527	2,965	1,921,546
Minnesota	2,135	2,769,814	1,336	2,339,858	799	429,956
Mississippi	840	1,134,800	355	881,586	485	253,214
Missouri	1,642	2,167,146	574	1,585,431	1,068	581,715
Montana	515	809,850	296	599,036	219	210,814
Nebraska	879	1,404,042	639	1,293,539	240	110,503
Nevada	335	539,468	271	472,783	64	66,685
New Hampshire	394	622,119	170	482,174	224	139,945
New Jersey	4,267	5,264,419	1,726	3,733,688	2,541	1,530,731
New Mexico	401	623,773	215	488,696	186	135,077
New York	19,184	21,891,429	6,197	13,942,449	12,987	7,948,980
North Carolina	2,322	2,425,201	973	1,829,941	1,349	595,260
North Dakota	405	948,853	191	698,220	214	250,633
Ohio	5,647	7,810,728	3,175	5,668,149	2,472	2,142,579
Oklahoma	2,258	1,823,164	1,427	1,490,637	831	332,527
Oregon	2,129	2,092,569	990	1,476,439	1,139	616,130
Pennsylvania	7,650	10,757,422	4,280	9,134,378	3,370	1,623,044
Puerto Rico	2,052	994,614	559	716,986	1,493	277,628
Rhode Island	567	792,803	438	704,226	129	88,577
South Carolina	2,115	1,795,567	920	1,494,285	1,195	301,282
South Dakota	374	829,076	180	636,646	194	192,430
Tennessee	4,030	4,138,760	1,400	2,570,814	2,630	1,567,946
Texas	5,572	6,451,332	2,622	4,346,076	2,950	2,105,256
Utah	418	682,334	220	577,298	198	105,036
Vermont	343	414,718	225	307,030	118	107,688
Virginia	2,197	2,211,385	1,203	1,765,132	994	446,253
Virgin Islands	65	47,445	26	35,345	39	12,100
Washington	840	1,296,642	300	940,563	540	356,079
West Virginia	1,524	1,383,372	502	860,342	1,022	523,030
Wisconsin	3,487	4,900,382	1,952	4,064,086	1,535	836,296
Wyoming	180	421,179	80	342,000	100	79,179

Manpower Development and Training Activities Redevelopment Areas, Sec. 241

Summary of funds obligated and trainees approved fiscal year 1967, as of Dec. 31, 1966

State or possession	Total		Institutional training		On the job training	
	Trainees approved	Obligations	Trainees approved	Obligations	Trainees approved	Obligations
Total	6,261	$8,673,907	4,608	$8,062,897	1,653	$611,010
Alabama						
Alaska						
Arizona	72	189,645	72	189,645		
Arkansas	415	136,124	50	41,262	365	94,862
California	515	1,055,041	515	1,055,041		
Colorado						
Connecticut						
Delaware						
District of Columbia						
Florida	295	582,756	295	582,756		
Georgia	33	17,948			33	17,948
Guam						
Hawaii						
Idaho						
Illinois	300	149,782			300	149,782
Indiana						
Iowa						
Kansas						
Kentucky	330	542,880	330	542,880		
Louisiana	40	126,193	40	126,193		
Maine	148	291,086	148	291,086		
Maryland	45	18,464			45	18,464
Massachusetts	90	24,780	90	24,780		
Michigan	100	406,303	100	406,303		
Minnesota	106	247,291	106	247,291		
Mississippi	75	172,183	75	172,183		
Missouri						
Montana	40	46,405	40	46,405		
Nebraska						
Nevada						
New Hampshire						
New Jersey	1,000	558,719	1,000	558,719		
New Mexico	55	149,774	55	149,774		
New York	252	695,369	252	695,369		
North Carolina						
North Dakota	120	359,970	120	359,970		
Ohio	405	842,310	305	835,597	100	6,713
Oklahoma	75	161,859	75	161,859		
Oregon						
Pennsylvania	520	814,048	520	814,048		
Puerto Rico						
Rhode Island						
South Carolina	100	65,762	20	22,312	80	43,450
South Dakota	135	28,618			135	28,618
Tennessee	100	193,474	100	193,474		
Texas	72	108,378	20	63,905	52	44,473
Utah						
Vermont						
Virginia	80	49,816	80	49,816		
Virgin Islands						
Washington						
West Virginia	659	621,051	176	423,749	483	197,302
Wisconsin	84	17,878	24	8,480	60	9,398
Wyoming						

Case histories

A look back of these statistics reveals how the Manpower Development and Training Act program is providing a needed service to the Nation. The following are a few examples of case histories of Manpower Development and Training Act graduates which demonstrate the effectiveness of the program.

Alabama.—Unemployed for 2 years, except for 5 months' construction work, Chester R., age 50, 6th grade education, World War II veteran enrolled in a Manpower Development and Training Act course for Welder, Combination. He had been laid off from his last regular job because of a product changeover. On completing the 25-week MDTA course he was hired by his former employer as

a welder at $2.75 per hour, and shortly thereafter raised to $2.88 per hour. He is working steadily now, able to support himself and family.

Georgia.—Mrs. Sarah W.'s husband was disabled and could not work; 1 of their 6 children was physically handicapped. Public assistance provided only the necessities and Mrs. W. could not find work because she was unskilled and had only a meager education. A 40-week Manpower Development and Training Act stenographer course has changed the course of her life. On completion she was hired by a hospital, her salary is good, the fringe benefits excellent, and she is thoroughly happy in her job.

Washington State.—Mrs. Nadine P., a member of a minority race, was receiving public assistance for her 7 children and her mother, and was separated from her husband. The Welfare Office agreed to supplement Mrs. P.'s training allowance if she enrolled in the licensed practical nurse course. On completion of training Mrs. P. was licensed and immediately hired by a local hospital at $354 per month, plus health, welfare and retirement benefits.

Florida.—Raymond S., a physically handicapped high school dropout, aged 21, had keen interest in electrical repair work, but no opportunity for work of any kind. Through the auspices of the Vocational Rehabilitation Office he was referred to the Employment Service for testing and counseling. Enrollment in a course for repair of small electrical applicances, which also included basic education, resulted in a promising career in training related work. Raymond S. is happy in his work and well satisfied with his prospects for advancement.

Mississippi.—Tulon R., a veteran of Korea, had little education and skill. He had worked as a laborer and had held various intermittent jobs but never earned enough to support his wife and 4 children. The Manpower Development and Training Act course, General Machine Operator, which he completed, paved the way for his employment at a local plant. Since he was initially hired he has had a series of promotions and his employer has expressed satisfaction with his work, as well as that of other Manpower Development and Training Act graduates he has hired.

Nevada.—Martin K., 27 years old, married, and prospective father, was a part-time parking lot attendant at $1.50 per hour, when he applied for the Manpower Development and Training Act Auto Body Repairman Course. He had been an army paratrooper. On completion of training he found work with an automobile body repair shop at $3.00 an hour. His prospects for advancement are good and his job is permanent.

West Virginia.—Bill P. had a history of hard luck with respect to jobs. After an enlistment in the Marines he tried housepainting (which was seasonal) and attempted to operate a small restaurant in his hometown, a mining community. These failed and he moved to Michigan where after a few months he was laid-off. Returning home he found a few seasonal jobs. He qualified for and enrolled in a Manpower Development and Training Act Dairy Training Course—an experimental project for relocation of jobless men leading to permanent employment in the training area. Today Bill P. is a farm manager—he and his family live in a lovely new home, his salary is substantial and he is a satisfied man.

Alaska.—Roger S., 41, is an Eskimo with a wife and 8 children. Realizing that he could not support his family by hunting and fishing, he sought occupational training under the Manpower Development and Training Act. Graduation from the Airport Serviceman Course at Nome has opened up new employment opportunities for him and provided a better living for his family. His appreciation of Manpower Development and Training Act training is aptly stated in an editorial he wrote for the Nome Nugget Newspaper, lauding the training and what it has meant to him.

Colorado.—At 56, after many years in the bakery business, Bruce Y. developed an allergy to flour. With no skill or other experience, he sought help from the Employment Service and was enrolled in a 26-week Manpower Development and Training Act Accounting Clerk Course. He graduated third in his class, with a 94 average. Because of his age he experienced difficulty in finding work, but intensified efforts paid off and he was employed as a bookkeeper in the county clerk's office. Today his earnings are comparable to those he received through the operation of his own bakery.

Health services training

The Manpower Development and Training program is giving full consideration to training in job categories where the need is great. The area of health man-

power is a good example. Providing a sufficient supply of trained workers for the Nation's increased health programs remains one of our most pressing needs. Results of a study made jointly by the Public Health Service and the American Hospital Association, announced in November, 1966 by the Surgeon General, show a present need for an increase of 20 percent in health personnel in hospitals alone, including more than 40,000 licensed practical nurses and 80,000 aides, both categories suitable for Manpower Development and Training Act training. An additional 80,000 registered nurses are needed, of which less than half will be supplied by current graduates. Since an estimated 300,000 nurses are licensed but not working in their professions, and the cost of refresher training is so minimal in relation to the end product, a special effort will be made during the next year to concentrate additional funds of training in this critical occupation. Requirements for health personnel in nursing homes and other long-term care facilities are not included in the above estimates and are expected to be substantially increased because of medicare.

In response to an urgent request by the President to train more workers in health occupations, and to accomplish this through existing programs, an intensive drive was undertaken in the 2d quarter of Fiscal Year 1967 to train 17,000 workers in these categories, in addition to the approximately 35,000 previously scheduled for training under the National-State Manpower Development Plans—an increase of 50 percent. The President had asked that emphasis be put on training to accomplish the return of inactive workers not presently employed in the health field; approximately 8,000 of the 17,000 additional trainees were scheduled to be inactive registered nurses who need short, intensive refresher training to qualify them to return to nursing. The American Nurses Association, which had for some time been urging this training, cooperated in promoting the program and in identifying applicants who would agree to return to nursing after completion of training.

The training of qualified employees in the health programs will continue to be a major goal of the Manpower Development and Training Act program as will be other areas where emerging skill shortages are indicated.

Individual referral program

New approaches and techniques are being used to meet training needs. An example is in the use of individual referrals. The Manpower Administration has launched a program for the expansion of this individual referral to Manpower Development and Training Act trainees and the use of private schools during fiscal year 1967.

The Office of Education, Department of Health, Education and Welfare and the Manpower Administration are in the process of jointly developing a pilot plan for direct individual referrals to private training facilities. This plan, which is responsive to the 1965 and 1966 amendments of Section 231 of the Manpower Development and Training Act, will promote private school training of individually referred trainees by arranging a training contract in several States with a reputable private school association. This arrangement will permit local Employment service personnel to refer quickly and directly to private schools covered by the contract.

The National-State Planning System, put into operation in fiscal year 1967 is a major step in improving the administration of the Manpower Development and Training Activities program. The goal of the System is to provide a mechanism through which the States and the Federal Government jointly develop plans for Manpower Development and Training Activities programs well in advance of operations to assure that training projects will meet the needs of potential trainees and of industry. It is directed toward putting needed emphasis on the occupations, types of training, and target groups of workers in order to meet most effectively the Nation's manpower development requirements.

Changes for 1968

Mandatory changes.—None.

Program changes amount to..... −$2,545,538

The 1967 appropriation provides $347,000,000 for training costs and allowance payments. In addition there was a carryover from the 1966 appropriation of $2,545,538, which will be non-recurring in 1968 and which represented the unobligated training and allowance payments, program services, and Federal salaries and expenses which were transferred to training costs and allowance payments. The 1967 program is estimated to provide opportunities to 250,000

trainees—125,000 in institutional projects and 125,000 in on-the-job training projects. Of these trainees 15,000 are estimated to be approved for projects in redevelopment areas as provided by Section 241 of the Act.

For fiscal year 1968 a program for 280,000 trainees is estimated at a Federal cost of $347,000,000. This program is estimated to provide 112,000 trainees in institutional projects, 112,000 in on-the-job training projects, and 56,000 in part-time and other types of special training. Of these trainees, 13,600 are estimated to be in projects in redevelopment areas. The Federal cost of $347,000,000 excludes $8.9 million of State matching funds required under the Act, which provides that the States shall match in cash or kind 10 percent of costs of institutional training, except for training in projects under Section 241, training in redevelopment areas.

PROGRAM EMPHASIS

The program proposed for 1968 is based on the assumption that the average rate of unemployment will be about 3.5 percent. It also assumes that skill shortages will continue to become more stringent. Manpower training then, must continue to focus primarily on the alleviation of skill shortages and on providing assistance to groups which continue to exhibit high rates of unemployment despite the declining overall average unemployment rate. In working towards these objectives it must bring to bear the full impact of the Manpower Development and Training Act as amended in 1966. The overall program design for the 1968 program is shown in the table below.

Serving the disadvantaged

The 3.5 percent unemployment rate projected for fiscal year 1968 will represent about 2.8 million unemployed persons. An estimated 40 percent or 1,120,000 will be young people under the age of 25. About 25 percent or 700,000 will be unemployed older workers over the age of 45. A large portion of the unemployed are prime candidates for Manpower Development and Training Act training projects and it is within this group that the disadvantaged trainee program for fiscal year 1968 is proposed. It is estimated that 65 percent of the total number of trainees (over 179,000) will be selected from this group. About 25 percent of the total, or about 67,600 will be youth aged 21 or younger. More than 24 percent will be 45 years of age or over.

Manpower development and training activities—Comparison of estimated program design, fiscal years 1967 and 1968

	1967 [1]			1968 [2]			Change	
	Trainees	Average cost	Total cost (thousands)	Trainees	Average cost	Total cost (thousands)	Trainees	Total cost (thousands)
Institutional	125,000	$1,852	$231,456	112,000	$1,886	$211,212	−13,000	−$20,244
Youth	45,000	1,537	69,168	41,600	1,554	64,642	−3,400	−4,526
Regular adult	35,000	1,583	55,408	28,400	1,644	46,690	−6,600	−8,718
Disadvantaged adult	45,000	2,375	106,880	42,000	2,378	99,880	−3,000	−7,000
On-the-job training	125,000	924	115,544	112,000	939	105,148	−13,000	−10,396
Youth	15,000	867	13,008	16,000	893	14,285	+1,000	+1,277
Regular adult	51,000	747	38,100	41,200	750	30,914	−9,800	−7,186
Disadvantaged adult	59,000	1,092	64,436	54,800	1,094	59,949	−4,200	−4,487
Part time (regular adult)				31,000	540	16,740	+31,000	+16,740
Prison inmates (disadvantaged adult)				5,000	1,900	9,500	+5,000	+9,500
Other than skill training				20,000	220	4,400	+20,000	+4,400
Youth				10,000	180	1,800	+10,000	+1,800
Disadvantaged adult				10,000	260	2,600	+10,000	+2,600
Total	250,000	1,388	347,000	280,000	1,239	347,000	+30,000	0

[1] Included are 15,000 trainees and $24,000,000 for projects in redevelopment areas of which 10,000 trainees and $19,800,000 will be in institutional programs and 5,000 trainees and $4,200,000 will be in on-the-job programs.

[2] Included are 13,700 trainees and $22,000,000 for projects in redevelopment areas of which 9,200 trainees and $19,000,000 will be in institutional programs and 4,500 trainees and $3,000,000 will be in on-the-job programs.

Estimated distribution of 1968 MDTA funds to be apportioned among the States as required by sec. 301 of the act and State matching funds as required by sec. 231 of the act

State or possession	1967 apportionment factor [1]	Federal apportionment [1]	State matching funds
Total	100.00	$260,000,000	$8,900,000
Alabama	1.38	3,588,000	123,000
Alaska	.23	598,000	20,000
Arizona	.77	2,002,000	69,000
Arkansas	.89	2,314,000	79,000
California	15.04	39,104,000	1,339,000
Colorado	.99	2,574,000	88,000
Connecticut	1.43	3,718,000	127,000
Delaware	.23	598,000	20,000
District of Columbia	.44	1,144,000	39,000
Florida	1.78	4,628,000	158,000
Georgia	1.65	4,290,000	147,000
Guam	.02	52,000	2,000
Hawaii	.30	780,000	27,000
Idaho	.41	1,066,000	36,000
Illinois	5.18	13,468,000	461,000
Indiana	1.81	4,706,000	161,000
Iowa	1.27	3,302,000	113,000
Kansas	1.14	2,964,000	101,000
Kentucky	1.53	3,978,000	136,000
Louisiana	1.55	4,030,000	138,000
Maine	.36	936,000	32,000
Maryland	1.38	3,588,000	123,000
Massachusetts	3.64	9,464,000	324,000
Michigan	3.87	10,062,000	344,000
Minnesota	1.71	4,446,000	152,000
Mississippi	.96	2,496,000	85,000
Missouri	2.21	5,746,000	197,000
Montana	.35	910,000	31,000
Nebraska	.74	1,924,000	66,000
Nevada	.31	806,000	28,000
New Hampshire	.27	702,000	24,000
New Jersey	4.08	10,608,000	363,000
New Mexico	.40	1,040,000	36,000
New York	11.27	29,302,000	1,003,000
North Carolina	1.87	4,862,000	166,000
North Dakota	.45	1,170,000	40,000
Ohio	4.72	12,272,000	420,000
Oklahoma	.95	2,470,000	85,000
Oregon	1.03	2,678,000	92,000
Pennsylvania	5.29	13,754,000	471,000
Puerto Rico	1.35	3,510,000	120,000
Rhode Island	.43	1,118,000	38,000
South Carolina	1.11	2,886,000	99,000
South Dakota	.37	962,000	33,000
Tennessee	1.64	4,264,000	146,000
Texas	3.91	10,166,000	348,000
Utah	.62	1,612,000	55,000
Vermont	.22	572,000	20,000
Virginia	1.41	3,666,000	126,000
Virgin Islands	.02	52,000	2,000
Washington	1.69	4,394,000	150,000
West Virginia	.76	1,976,000	68,000
Wisconsin	2.38	6,188,000	212,000
Wyoming	.19	494,000	17,000

[1] Based on fiscal year 1967 apportionment factor, Public Law 87-415, sec. 301 requires annual redetermination of State apportionment factors.

[2] Sec. 301 of the act provides that 80 percent of the funds for training projects under title II (excluding funds for projects in redevelopment areas) shall be apportioned among the States. 20 percent, or $65,000,000 is unapportioned, in addition to $22,000,000 estimated for training projects in redevelopment areas which also is unapportioned. Total fiscal year 1968 title II training activities total $347,000,000.

Skill shortages

Adequate data to measure or predict the extent of skill shortages, especially on a national scale, are lacking. However, a survey of unfilled job openings on file with public employment service offices at the beginning of April 1966 revealed 408,500 such openings. Of these 178,200 or 44 percent had been unfilled for 30 days or longer. September data indicates that the unfilled job opening figure has climbed to 482,300, the highest since October 1946. Since the De-

partment's experimental job vacancy program indicates that employment service unfilled job openings constitute about 30 percent of existing job vacancies in the Nation, it is estimated that the total number of jobs currently unfilled is over one and one-half million. It is estimated that about a half million of these unfilled vacancies are due to lack of qualified workers. In view of the projected decline in unemployment and expansion of the economy it seems probable that these shortage trends will persist and even intensify. Accordingly, the need for retraining and upgrading employed workers will continue.

The current 1967 program provides for 84,000 trainees against the estimated national average of 500,000 job openings currently available. The 1968 estimate provides for over 100,000 trainees or 16,000 more than the 1967 level. This increase is possible due to the 31,000 trainees which will be in the part-time training program established by the 1966 Amendments.

1966 amendments

The 1966 Amendments to the Manpower Development and Training Act recognized the need for adjustment to a high employment economy. The Amendments authorized part-time training in occupations faced with critical shortages. They called for greater emphasis on the older worker and inmates of correctional institutions and liberalized requirements for paying allowances as well as the provision of health services.

Specifically the Amendments—

Authorize 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. (Sec. 202(c).)

Broaden the concept of providing basic occupational skills to include not only basic education where necessary to make persons trainable and/or employable, but also *communications and employment skills* necessary to prepare them for work. (Sec. 202(j).)

Provide for a limited program of *physical examinations, medical treatment,* and prostheses for persons unable to pay for them who are otherwise eligible for services under the MDTA, when such treatment or services are not available without cost from any other source. (Sec. 202(k).)

Authorize 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. (Sec. 202(1).)

Reduce the requirement of previous employment experience in order to qualify for training allowances from 2 years to 1 year. (Sec. 203(c).)

Provide 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. Previously, both these requirements had to be met. (Sec. 203(c).)

Make 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 training allowance* equal to the average State unemployment compensation weekly payment. (Sec. 203(c).)

Give the Secretary of Labor authority to permit, when it is determined that there is good cause, an individual referred to further training to *receive training allowances even though less than 1 year has elapsed since his completion or other termination* of an occupational training program in connection with which he received a training allowance under the MDTA or any other Federal Act. (Sec. 203(h).)

Permit the Secretary of Labor to authorize *advance payment of training allowances* in cases where the immediate financial need is so great that without help individuals could not enter or continue training. Advance payments will be deducted from training allowances or otherwise reimbursed. (Sec. 203(j).)

Provide *allowances* not to exceed $10 per week *for individuals receiving part-time training.* (Sec. 203(k).) Provide that no training allowance be paid to persons who, or whose families, are in receipt of public assistance, but *provide instead for a $20 weekly* incentive payment for such trainees, not to be counted against family income for the purposes of public assistance computation. (Sec. 203(1).)

Give the *Secretary of Health, Education, and Welfare broader* authority to provide training directly through public or private institutions. They

further allow the training cost increment of experimental, developmental, demonstration, and pilot programs conducted under section 102(6) to be allocated without regard to the 10-percent nonfederal matching requirement which went into effect on July 1, 1966. (Sec. 231.)

Authorize experimental and demonstration programs of training and education for persons in *correctional institutions* to equip them for employment upon release. (Sec. 251.)

Institutional training

an estimated 112,000 trainees will be provided institutional training in fiscal year 1968. This is a slight decrease from the 1967 level as a result of the provision for new part-time, other than skill and prison inmate training programs authorized by the 1966 Amendments to the Act. It is estimated that the average cost of institutional training will increase slightly in 1968 as a result of Sections 203(c) and 203(h) of the 1966 Amendments which liberalize the qualifications required of trainees to receive allowances.

On-the-job training

The equality between the number of institutional trainees and trainees in on-the-job programs projected for 1967 will be maintained in 1968. Thus the number of on-the-job trainees will decrease slightly from the estimated 1967 level to an estimated 112,000 in 1968. A substantial number, estimated at approximately 57 percent, of the on-the-job trainees will be in "Coupled" programs which combine on-the-job training with related institutional occupational and basic education training. The estimated average cost of on-the-job training also is expected to increase slightly due to the liberalizing of the requirements relating to the eligibility to receive training allowances.

Part-time and other training

An estimated 56,000 trainees will be given training under new programs established by the 1966 amendments to the Manpower Development and Training Act. Sec. 202(1) directed the Secretary of Labor to develop an experimental program for part-time training to provide qualified workers in areas or occupations in which there are critical skill shortages. This training will be used principally to upgrade the skills of employed workers, and thereby will have the twofold effect of relieving critical skill shortages, and of providing jobs at the lower skill levels for the disadvantaged as these jobs are vacated by the newly trained workers.

Enrollment in part-time training will be limited to those workers who are not available for full-time training, usually because they are already employed at lower skill jobs. It is the intent to provide the needed skills, in the shortest possible time and at the minimum cost, selecting trainees who already have a basic skill useful in the occupation. An estimated 31,000 trainees will be given part-time training at average cost of $540 per trainee.

The Amendments, Sec. 202(j), expanded the Act to provide basic education, communication, and employment skills to persons who were not in need of skill training, but who had no reasonable expectations of employment unless they received such preparations to render them employable. This is training of a type frequently given to disadvantaged persons in the course of their skill training. Experience has shown that there is a group which has the requisite skills, but which cannot find work because they are illiterate, or because they cannot communicate with prospective employers or the public, or who need special training to make a satisfactory occupational adjustment. An estimated 20,000 individuals will be given this type of training in FY 1968, 10,000 youth and 10,000 disadvantaged adults at an average cost of $220 per trainee.

Section 251 of the Manpower Development and Training Act, as amended in 1966, authorizes experimental and demonstration programs of training and education for persons in correctional institutions, to equip them for employment upon release. An estimated 5,000 trainees will be provided training under this program in FY 1968.

The inmate program for 1968 will be, in effect, a large-scale pilot program as an antecedent to providing comprehensive occupational training and employment services to improve the employability of inmates upon their release. The program will be based on the limited experience gained to date from research, experimental and demonstration projects under Title I. This experience has indicated that programs carefully tailored to the needs of inmates markedly cut post-release

unemployment and reduce recidivism. One completed project was conducted in a local institution—New York City's Riker's Island—for male youth serving short-term sentences. A second completed project was for male youth at the District of Columbia Youth Center at Lorton, Virginia. A third project is being conducted at Alabama's Draper Correctional Center in Elmore.

The need for such a program is great. More than 100,000 persons are released from Federal and State correctional institutions each year. The vast majority have little training or stable job experience. As a group, they are undereducated and lacking in motivation and orientation to the world of work. In addition to these there are, on the average, about 141,000 persons in city and county jails and workhouses on any given day. Little is known about this group—except that turnover among them is high, length of stay is quite short on the average and chronic alcoholics may comprise as much as 40 to 50 percent of the total. Programs such as Manpower Development and Training Activities can do much to assist these individuals.

Summary

In summary an estimated 280,000 trainees will be trained in fiscal year 1968 at an overall training and allowance cost of $347,000,000. The increase in the number of trainees of 30,000 over the expected 1967 level without an increase in funds is made possible by the 26,000 decrease in the number of trainees in the standard Manpower Development and Training Act Programs and the addition of 56,000 trainees and programs established by the 1966 Amendments which have lower average cost than the standard programs. It should be noted that 13,700 of the trainees are expected to be from Redevelopment Areas, 9,200 of which will be in the institutional program and 4,500 in On-the-job training type projects.

Activity 2. Program services

1967 (positions, 25)	$40,522,000
1968 (positions, 25)	52,378,400

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the cost of Manpower Development and Training Act program services rendered by State Employment Service agencies (and their local offices); State Vocational agencies (under agreements entered into with the Secretary of Health, Education, and Welfare); and State Apprenticeship agencies and other public and private sources which provide on-the-job training services.

The Manpower Development and Training Act rather specifically delineates the parameters of the training program. It established in what occupations training shall be given; to whom the training shall be given; and for how long.

Training programs are closely identified with communities, and it is here in large degree that training programs are planned, developed and operated, providing training to local residents with expectation of employment in their own home towns. Where circumstances warrant, training programs may take on broader geographic coverage, reaching several communities or even across State borders to become regional or, conceivably, national in scope. The focal point for the development and administration of training programs is the State, and it is for these reasons that the Secretary of Labor has entered into agreements with State employment security and State apprenticeship agencies and the Secretary of Health, Education, and Welfare with State vocational education agencies. In addition, the Secretary of Labor has entered into contracts with national, State and local associations and organizations for the purpose of promoting, developing and supervising on-the-job training projects. The program services provided for by this activity are described in more detail below.

Activity 2. (a) Employment Security Services

1967 (positions 25)	$28,522,000
1968 (positions 25)	38,378,400

State employment security agencies (and their local offices) are responsible for: (1) determining the occupations in which there is a need for training; (2) outreach and identification of workers requiring training; (3) screening, intensive counseling and testing services prior to taking training; (4) selecting

and referring individuals to training; (5) determining entitlements and making training allowances and subsistence payments to persons who are eligible for such payments under the Act; (6) providing job orientation, job development and placement of individuals upon conclusion of training; and (7) follow-up activities after placement. In the administration of the program the State agencies provide continuing technical services to their local offices and carry on program review and monitoring. They work in close cooperation with their counterpart State vocational education agencies in the promulgation, development and review of all institutional training projects, and with State apprenticeship agencies relative to on-the-job training projects. Within their area of responsibility, they recommend these training projects for Federal review and approval.

Changes for 1968

Mandatory changes amount to	—$600
Program changes amount to	+9,857,000

Program changes.—As described under Activity 1, Training and Allowance Payments, the 1968 Manpower Development and Training Act training program will place increased emphasis upon reaching the hard-core unemployed. This program emphasis will require even more intensive services by the State employment security agencies than was anticipated in the 1967 budget in order to provide the person-to-person or trainee-oriented approach as outlined in Activity 1.

Unemployment in poverty areas within major metropolitan areas generally is double the unemployment for the areas as a whole. Frequently it is far more than double, for these areas contain a higher density of those groups already identified as being disadvantaged in the job market. Among those disproportionately represented in urban slum neighborhoods are Negro males, whose unemployment rate, even in a period of low unemployment, has been double the national rate for male workers, Negro teenagers, whose unemployment rate has been three times the national rate; other minority groups; youth in general; older workers; relief recipients; the sick and the handicapped; the unskilled and the uneducated.

In 1960, 9.5 million people lived in these high unemployment-poverty neighborhoods, and about three-fifths of this total were non-whites, Puerto Ricans, or Mexican Americans. Past programs have failed to reach these individuals because they neglected to take into consideration the basic problems, characteristics, and conditions of life of the individuals involved. The high incidence of examples of failure, disillusionment, despair, poverty, and ill health in these urban poverty centers inhibits the incentive necessary to take advantage of opportunities to better oneself. There is fear of the unknown as well as the defeatist attitude which tends to make the people believe that no one can—or is interested—in helping them.

The emphases in training programs under the Manpower Development and Training Act in 1968 is to direct about 65 percent of the program to the hard-core unemployed or disadvantaged groups. The problem of reaching out to the disadvantaged in selected urban target poverty areas, and in some rural pockets of poverty, has demonstrated that the vast majority of those reached need a wide range of time consuming supportive services.

For every disadvantaged person who can be referred to training, seven or eight are reached who need other kinds of assistance in getting and holding a job. One in every two disadvantaged persons needs supportive health and welfare services which require not only intensive counseling and employability services on the part of Employment Service personnel but also extraordinary effort to develop linkages with community health and welfare agencies in order to make certain that applicants referred to such services are actually accepted and provided with the services they need. Perhaps as many as one in four of the disadvantaged can be helped immediately to find employment through intensive individualized job development and place-services, provided there is trained staff and time available to contact employers and develop such job opportunities. All or most of the disadvantaged need specially prepared job market information, which requires the employment service to adapt and distribute information in ways which are comprehensible to the disadvantaged applicant. All or most of the disadvantaged need continuity of attention by employment service staff to follow up and follow through on referrals to training, referrals to health and

welfare services, and referrals to job openings derived from intensive job development effort.

Implementation of the 1966 Manpower Development and Training Act amendments will require new and imaginative approaches by State employment security agency staffs to involve the marginally unemployed formerly not eligible for occupational training. In-depth counseling needs will be substantially increased by the necessity to make determinations with regard to program services such as health assistance, employability improvement other than skill training, referral of trainees to part-time or additional training, and services to prison inmates, among others. The factors involved in implementing some of the more important of the 1966 amendments by State agencies are briefly outlined as follows:

(1) Referral of persons who have completed or who do not need occupational training to courses for the attainment of basic education, communications and employment skills necessary to prepare them for work.

Identification of these persons will require special techniques, special tests and in-depth counseling to gauge work capabilities and deficiencies, and to motivate them to enroll and continue in training. Because of the varied needs of these individuals, projects planned to improve their employability must be diverse and imaginative. State staff will need to maintain continuous contact with such individuals during the training period as well as follow-up on employment status on completion of training.

(2) Establishment of pilot programs for part-time training of persons, including employed persons, to meet critical area or occupational skill shortages with training incentive payment of up to $10 a week for persons receiving part-time training.

Designing suitable training programs for these workers to assure that the skills imparted will enable them to move into better jobs while at the same time opening up jobs that are entry opportunities for the disadvantaged, will require continuous contacts with employers by employment service agencies, and specialized testing to ascertain the individual's potential for upgrading and counseling to motivate him to undertake training. Continuous surveys of geographical areas and occupational needs of industries will be necessary, as well as promotion of maintenance of training effort by employers and unions, to assure that training projects will complement but not replace privately sponsored upgrading programs.

(3) Establishment of special programs for testing, counseling, selection, and referral of persons 45 years of age and older for occupational training and further schooling designed to meet their special employment problems.

The emphasis on occupational training and related services to workers 45 years and older will require a substantial increase in numbers of "older worker specialists" in employment service offices. Implementation of this amendment requires careful individual counseling to identify problems which may militate against employment and provision of basic education, pre-vocational and other needed services, in addition to occupational training. Projects must be planned in such a way that they will avoid arousing the natural antipathy of many older persons to "further schooling". It will be necessary for employment service staff to involve specialized community agencies to assure that older workers have access to the full range of health, welfare, legal, and other required services, as well as to employers and employer associations to assure that once training is accomplished the older person will in fact have an opportunity for employment.

(4) Referral to Manpower Development and Training Act training of Neighborhood Youth Corps graduates.

The skill of these young persons will have to be carefully assessed to determine their need for further training and the transition from Neighborhood Youth Corps to Manpower Development and Training Act training effected without undue delay. In carrying out this responsibility, special testing and counseling is required by employment service staff. Moreover, programs must be designed to permit utilization of existing skills of Neighborhood Youth Corps enrollees, and at the same time provide additional skills to enable them to compete for jobs on completion of training.

(5) Experimental program for training of persons in correctional institutions.

This program, representing a dramatic departure from the original concept of Manpower Development and Training Act occupational training, will

require concerted and continuing job development effort by employment service staff to assure that these trainees will have employment concurrent with release and completion of training.

The counseling required will encompass assessment of need for training and other services; motivation to undertake and remain in training; and special follow-up following release and employment. Special programs must be designed too for broad occupation need rather than local needs.

(6) Payment of up to $100 per person for physical examinations, medical treatment, and prostheses for persons selected or eligible for selection to training.

Implementation will require a determination of need by employment service staff; consultation with Vocational Rehabilitation representatives; in some cases securing of necessary medical services; and continuous contacts with local agencies offering such services.

(7) Advance payment of training allowances to individuals who would otherwise be unable to enter or continue training because of immediate financial need.

This provision will require an initial determination of need for advances by employment service staff and record keeping to assure that guidelines are being adhered to.

It should be pointed out that the increase requested is only a small part of the total expenditure which the employment service intends to devote to the fullest possible implementation of its services to the disadvantaged. Selection and referral to training is only one part of the total effort involved in this program. Effective service to the disadvantaged is not only more time consuming, it also involves a commitment to provide more job opportunities to those reached who cannot be referred to training. There is a need to sustain and extend an effort, already begun, to provide time consuming, comprehensive manpower services to the relatively unreached and untouched masses of the poor who can be brought into the mainstream of American life only if the Employment Service is provided with the resources it needs in order to capitalize on the relatively high level of employment demand. This may be the last best hope than can be held out in affording the poor the opportunity to become producing, contributing members of the American Society, rather than permitting them to continue indefinitely as tax consumers in subsidized and frustrated idleness.

In summary, a program increase of $9,857,000 is requested for the activity in order to finance the employment services need to effectively administer this program.

Activity 2. (b) State education services

1967 (positions, 0)	$8,000,000
1968 (positions, 0)	8,000,000

In order to carry out the institutional training aspect of the Manpower Development and Training Act among the States, it is necessary that funds be provided for salaries of employees of State agencies associated with the administration and supervision of the program under agreements authorized by Section 231.

It is anticipated that, for the most part, such agreements will continue to vest State responsibilities with the appropriate State vocational education agencies which will provide the majority of the training for persons referred by the Secretary of Labor. If, however, the Secretary determines that a given training project or a certain type of training may be provided more quickly, more effectively, or more efficiently through private educational or training agencies, or any other agency that may give effect to the intent of the Congress that private schools be utilized, he may enter into agreements with such other entities.

From information supplied by local public employment offices, the local educational agency determines which occupations are suitable for training and what resources are needed. Local school officials assist in estimating any additional costs. Based on the above information, a training proposal is prepared and when approved, the training program is developed and begun by local school officials. As training proceeds, there is constant interchange of information between the education facilities and employment service agencies to insure that trainable persons are being selected and that the curriculum and instructional programs are providing job-related skills, including basic education needed by trainees with educational handicaps.

The State educational agency is responsible for administering training on a State-wide basis and for participating with State employment services in the development of Federal-State Manpower Plans. For the most part, this will be accomplished by the Division of Vocational Education in the State education agency, although it may solicit inputs from other agencies of State government such as welfare, Vocational Rehabilitation, etc. The State education agency assists and supervises local operating units in getting programs started, and it may also provide them with funds for the purpose of developing project applications for review and approval. The State education agency, together with the State emloyment security agency (except in those cases where the Secretary of Health, Education, and Welfare contracts directly) reviews all training programs proposed or undertaken in the State to insure conformity with standards prescribed under the Act.

PLANS FOR 1968

The increased complexity and size of the Manpower Development and Training Act program, as described earlier has a significant effect on the State education agencies. New and improved institutional training programs must be developed to meet the emerging programs caused by the redirection of the program toward the disadvantaged and by the 1966 amendments. This, however, will be achieved without any additional funds. The $8,000,000 requested for 1968 is the same level as that appropriated for 1967.

CHANGES FOR 1968

Mandatory changes.—None.
Program changes.—None.

Activity 2. (c) On-the-job training services

1967 (position 0)	$4,000,000
1968 (position 0)	4,000,000

Section 204 of the Act provides that "The Secretary of Labor shall encourage, develop and secure the adoption of programs for on-the-job training needed to equip persons selected for training with the appropriate skills." The same section also states that the Secretary shall, to the maximum extent possible, secure the adoption by the States and other agencies and organizations of on-the-job training programs. Section 206 of the Act authorizes the Secretary to utilize the services of appropriate State agencies for the purpose of achieving the training objectives of the Act, and to make payments to such agencies for expenses incurred in the development and administration of training programs.

The participation of State Apprenticeship agencies in the promotion, development and servicing of on-the-job training programs is sought by inviting them to enter into agreements with the Secretary of Labor. Agreements were made with eight States in 1966. A listing of 1966 activity is shown on page MDTA–38. In 1967 this will be increased to approximately twelve States. A listing of activity planned for 1968 is shown on page 197.

In addition to agreements with State Apprenticeship agencies, the Secretary of Labor may also contract with various public and private agencies, associations, labor organizations, corporations and other organizations for the purpose of promoting, developing and servicing on-the-job training projects.

Under this type of contract with the Secretary of Labor, the sponsor is responsible for designing and promoting the development and operation of State or local projects, and in some instances also for providing technical assistance in the maintenance and operation of individual training projects that may be Nation-wide or multi-State in scope. A listing of the National Contracts for promotion and development of on-the-job training projects entered into in 1966 is shown on page 198.

No additional funds are requested for these services in 1968. The $4,000,000 requested is the same level as that appropriated for 1967. While the level of the on-the-job training program projected for 1968 is slightly lower than the estimated 1967 level, the emphasis placed upon increased services for trainees as well as the development of projects combining institutional training with on-the-job training will require additional staff time.

CHANGES FOR 1968

Mandatory changes.—None.
Program changes.—None.

Activity 2. (d) Health services

1967 (position 0)---------- 0
1968 (position 0)---------- $2,000,000

Section 202(k) of the 1966 amendments authorizes the Secretary of Labor to defray the cost of physical examinations, medical treatment, and prosthetic appliances not to exceed an aggregate of $100 per person so assisted in the event arrangements for such services cannot be made without cost to the Manpower Development and Training Act appropriations by the Secretary of Health, Education, and Welfare. This amendment recognized that many disadvantaged persons either cannot be referred to training for health or disability reasons, or once referred cannot successfully complete their training and/or be placed in employment without the benefit of such assistance.

Arrangements will be made by the Secretary of Heath, Education, and Welfare for the Vocational Rehabilitation Administration to arrange such assistance through its usual working relationships with the States and local communities. Where the State employment security agencies determine in screening persons for referral to Manpower Development and Training Act projects that assistance under this authority is required before a person can enter training, the Vocational Rehabilitation Administration will first determine whether or not the individual is eligible for assistance through the regular Vocational Rehabilitation Agency program, or can otherwise be made ready for training through health services provided by some other public or private agency and without cost to the appropriations under Manpower Development and Training Activities. In the event the only means of providing the necessary medical services is through the authority of Section 202(k) of this Act, the Vocational Rehabilitation Agency will arrange for the appropriate service which will then be reimbursed by the Department of Labor from the Manpower Development and Training Act appropriation. A similar procedure will be followed for medical services provided individuals who, after having entered into training, require such services or minor prosthetic appliances in order to either continue in training or to be placed in employment following the completion of their training.

CHANGES FOR 1968

Mandatory changes.—None.

Program changes amount to---------- +$2,000,000

Program changes.—An estimated 40,000 trainees will be provided health services under this amendment in fiscal year 1968 at a total cost of $2,000,000. The average cost per trainee is estimated at $50. Since there is no experience to indicate what these costs will be the estimate is based on similar programs and the limitation of $100 set by the amendment. Likewise, the number of trainees who will receive these services is simply an estimate based on the judgment of program officials since there is no past experience in this area.

Summary of funds for and trainees developed by State apprenticeship agencies for fiscal year 1966

	Trainees	Administrative cost
California	9,112	$535,472
Connecticut	934	74,406
District of Columbia	547	15,780
Hawaii	85	1,340
Louisiana	1,918	83,838
New York	2,752	200,937
Puerto Rico	1,701	47,072
Wisconsin	1,272	71,145
Total	18,321	1,029,990

Estimated distribution of 1968 manpower development and training activities, State agency program services funds by State

State or possession	Total		Employment security agencies		Vocational education agencies		Apprenticeship agencies	
	Amount	Position equivalents	Amount	Position equivalents	Amount	Position equivalents	Amount	Position equivalents
Total	$47,878,400	5,594	$38,378,400	4,328	$8,000,000	1,100	$1,500,000	166
Alabama	646,000	80	494,000	56	152,000	24		
Alaska	377,000	45	256,000	28	100,000	15	21,000	2
Arizona	450,000	55	309,000	36	141,000	19		
Arkansas	453,000	57	372,000	41	81,000	16		
California	5,400,400	631	4,285,400	491	593,000	84	522,000	56
Colorado	547,000	60	405,000	46	127,000	12	15,000	2
Connecticut	863,000	112	616,000	69	169,000	34	78,000	9
Delaware	164,000	15	109,000	12	55,000	3		
District of Columbia	274,000	28	188,000	21	69,000	5	17,000	2
Florida	922,000	108	745,000	85	157,000	21	20,000	2
Georgia	1,015,000	116	822,000	93	193,000	23		
Guam	57,000	7	32,000	3	25,000	4		
Hawaii	287,000	37	147,000	17	133,000	19	7,000	1
Idaho	221,000	27	186,000	21	35,000	6		
Illinois	2,450,000	326	2,083,000	241	367,000	85		
Indiana	891,000	103	751,000	84	140,000	19		
Iowa	536,000	61	449,000	50	87,000	11		
Kansas	674,000	74	462,000	52	212,000	22		
Kentucky	733,000	83	616,000	69	117,000	14		
Louisiana	991,000	109	756,000	84	131,000	14	104,000	11
Maine	408,000	41	314,000	34	94,000	7		
Maryland	646,000	69	533,000	60	113,000	9		
Massachusetts	1,804,000	229	1,540,000	173	222,000	50	42,000	6
Michigan	1,674,000	207	1,418,000	159	256,000	48		
Minnesota	1,053,000	120	752,000	86	301,000	34		
Mississippi	840,000	90	533,000	61	307,000	29		
Missouri	981,000	114	899,000	102	82,000	12		
Montana	209,000	22	147,000	17	46,000	3	16,000	2
Nebraska	358,000	41	302,000	34	56,000	7		
Nevada	250,000	25	186,000	21	64,000	4		
New Hampshire	184,000	21	147,000	17	37,000	4		
New Jersey	2,237,000	283	1,907,000	216	330,000	67		
New Mexico	232,000	26	154,000	18	78,000	8		
New York	4,307,000	481	3,013,000	333	868,000	102	426,000	46
North Carolina	787,000	89	687,000	77	100,000	12		
North Dakota	262,000	27	206,000	23	56,000	4		
Ohio	1,904,000	228	1,758,000	197	146,000	31		
Oklahoma	451,000	49	340,000	38	111,000	11		
Oregon	626,000	67	469,000	53	130,000	11	27,000	3
Pennsylvania	2,811,000	361	2,439,000	274	372,000	87		
Puerto Rico	581,000	65	449,000	50	74,000	6	58,000	9
Rhode Island	308,000	36	238,000	27	70,000	9		
South Carolina	658,000	74	488,000	55	170,000	19		
South Dakota	207,000	22	179,000	20	28,000	2		
Tennessee	834,000	84	603,000	67	231,000	17		
Texas	1,549,000	175	1,399,000	157	150,000	18		
Utah	303,000	33	256,000	28	33,000	4	14,000	1
Vermont	185,000	21	147,000	17	38,000	4		
Virginia	596,000	66	494,000	56	81,000	7	21,000	3
Virgin Islands	43,000	5	32,000	3	11,000	2		
Washington	1,327,000	151	1,233,000	141	73,000	8	21,000	2
West Virginia	410,000	43	334,000	37	76,000	6		
Wisconsin	767,000	81	590,000	66	86,000	6	91,000	9
Wyoming	135,000	14	109,000	12	26,000	2		

Summary of fiscal year 1966 manpower development and training contracts with national organizations for the promotion and development of on-the-job training projects

	Promotional development and supervisory cost
Social Development Corp	$145, 971
International Association of Machinists & Aerospace Workers	66, 395
Shields & Co	30, 240
Fair Practice & Training Council	410, 405
International Union of Electrical Radio & Machine Workers	156, 376
Workers Defense League	10, 984
National Association for Retarded Children	63, 674
National Tool, Die & Precision Machine	521, 287
National Electronic Associations	29, 809
Total	1, 435, 141

Activity 3. Federal institutional training services

1967 (168 positions)	$2, 522, 000
1968 (168 positions)	2, 475, 600

NARRATIVE DESCRIPTION OF PROGRAM

Under the provisions of the Manpower Development and Training Act, the Secretary of Health, Education, and Welfare is responsible for providing institutional training and retraining to individuals whose skills have been rendered obsolete by forces not under their control and arising from dislocations in the economy due to automation, foreign competition, relocation of industries, shifts in market demands, and other economic changes, and to develop skills for new positions which are now or will be in demand.

The Department of Health, Education, and Welfare cooperates with the Department of Labor in carrying out the provisions of the Manpower Development and Training Act. The Secretary of Health, Education, and Welfare submits a separate report of the activities of his Department under Title II of the Act, together with recommendations regarding continuation and improvement of the program. The Office of the General Counsel furnishes necessary legal services. The Office of Audit of the Department provides audit standards and performs audits of programs operated through appropriate public and/or private agencies. The Office of Education, through the Bureau of Adult and Vocational Education, Division of Manpower Development and Training, directs program operation and management. Specifically, through its field staff, the Office of Education helps the States to develop training programs providing assistance in such areas as selection of courses of study; planning, organizing, and developing training standards for programs and instructors; preparing training plans and program procedures; designing course outlines; evaluating course content and the relationship of training to job opportunities; planning in-service training programs; tying program plans to manpower utilization surveys and expected effects of changing technology on the labor force; and coordinating State activities with those of the Department of Labor. In addition, the Office of Education prepares and issues procedural guides, instructions, and application forms; provides assistance to appropriate State Educational Agencies in planning and financing their programs; contracts with public or private educational agencies to conduct training activities where appropriate and offers guidance on improvement of curriculum and methods in training and retraining programs.

The Office of Education also prepares for use of State and other training agencies and institutions, suggested curriculums for use in providing instruction for individuals referred for training by the Secretary of Labor, and it also disseminates the findings of experimental and demonstration projects having implications for education and training.

PLANS FOR 1968

The role of the Health, Education and Welfare staff in the Division of Manpower Development and Training, U.S. Office of Education, has been affected as a result of the responsibilities imposed by the redirection of Manpower Development and Training Activities to serve more of the disadvantaged and the amendments of 1966. Without regard to changes in enrollment, the changes in the nature of the program now require additional and different services. It is increasingly apparent as the program continues into fiscal year 1968 that the instructional services, the facilities and equipment, and the instructional staff developed at the local program operating level the first three years of the Manpower program must be modified or substituted for in order to meet current objectives. Expert leadership is required to develop or adapt training resources, public and private, for extended training and services to the disadvantaged. Immediate needs are apparent in the areas of teacher training, curriculum materials, supervision and, within this framework, attention to their appropriateness for functional illiterates, older workers, prison inmates, underemployed women, specialized health workers, minority group members, just to mention a few.

The Division of Manpower Development and Training, Office of Education staff must assist local and State staffs to be increasingly effective in satisfying the objectives of the redirected Manpower Development Training program. Increased leadership must be provided the regional representatives in order that they in turn may provide leadership rather than expend themselves in the formality of endorsing project proposals. This must be accomplished without risking the integrity of the project proposal by loose or careless estimating of costs, course content or length of training required. Assistance for such purposes is needed in each Region.

The State Agreement and consequently the State budget for supervision and administration justifies a continual evaluation and adjustment in order to respond to the changing emphasis in program direction and redirection.

Further ability to become flexible requires staff assistance in fiscal matters. The deobligation and reassignment of project funds must be practiced consistently throughout the fiscal year rather than at an annual accounting.

On-the-job training national contracting requires Health, Education and Welfare staff in the Division of Manpower Development and Training-Office of Education, to assist prospective contractors in proposal development and to assist in processing proposals with the Contracts Branch of the Office of Education, and subsequently to serve as project officers to provide supervision for the duration of each project. The assistance to the Division staff that is realized on regular institutional projects from State, local and regional personnel is available only on a limited basis, if at all, in national contracting although the time and effort in project review and approval is comparable.

Three other developments will require additional staff time from the Division of Manpower Development and Training-Office of Education. The first, is the creation of coordinating teams functioning under the President's Committee on Manpower. The Division of Manpower Development and Training provides operational liaison with the President's Committee on Manpower for Health, Education and Welfare, and some logistical support.

The second development requiring staff time is the Manpower Development and Training Federal-State planning system. To bring about meaningful use of a planning system, personnel must be assigned on a full-time basis to evaluate projections on a State and regional basis and to reassess goals and objectives and redirect energies where evaluation data may suggest. This will also include assessment of needs and priorities for manpower activities which fall outside State plans and allotments in order to be able to recommend to the Secretary of Health, Education and Welfare those areas of activity which should be considered eligible for funding out of the 20 per cent reserve fund not subject to State apportionment established by the 1966 amendments.

The third development results from the amendment to Section 231 of the Act which permits the Secretary to contract with the appropriate State education agency and also with such other public or private educational agencies or institutions as may be necessary to give full effect to the Act. This amendment will require complete re-evaluation and in many instances, renegotiation of existing

State agreements. It will also require the establishment of a monitoring system and closer liaison with the referral process of State employment security divisions so that the Secretary may be in position to exercise his prerogative to make direct contracts with other than State agencies where such contracts will cause training to be made available more effectively, or more quickly than under the State agreement. In order to give full force to this 1966 amendment, the Staff of the Division of Manpower Development and Training will have both at the national level and the field, responsibilities and activities not previously required.

The benefits from the experimental and demonstration part, Title I, are now available as a result of experimental and demonstration projects of the past three years. Division of Manpower Development and Training staff will be applying these findings to current program operation. The Act indicates a responsibility to assist in directing research for developing any future program objectives.

Changes for 1968

Mandatory changes amount to ..... −$46,400

Program changes.—None.

JUSTIFICATION MATERIAL

Office of the Manpower Administrator, Salaries and Expenses

Amounts available for obligation

	1967	1968
Appropriation or estimate	$30,900,000	$36,779,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504, effective July 3, 1966)	97,000	
Comparative transfer to the Office of the Secretary for centralized audit and accounting systems development	−185,000	
Appropriation available from prior year	[1] 1,020,740	
Total fund availability or estimate	31,832,740	36,779,000

Obligations by activity

Description	Total fund availability, 1967 [1]		Estimate, 1968		1968 change	
	Position	Amount	Position	Amount	Position	Amount
1. Experimental, demonstration and research programs		$24,684,120		$29,883,000		+$5,198,880
2. Planning, research, and evaluation	282	5,295,800	282	5,068,100		−227,700
3. Financial and management services	110	1,541,320	110	1,512,600		−28,720
4. Executive direction	18	311,500	18	315,300		+3,800
Total obligations	410	31,832,740	410	36,779,000		+4,946,260

[1] Breakdown of carryover funds is as follows:

Activity 1	$684,120
Activity 2	290,000
Activity 3	46,620
Total	1,020,740

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	410	410	
Positions other than permanent	4	4	
Average number of all employees	387	391	+4
11 Personnel compensation	$4,360,700	$4,460,400	+$99,700
12 Personnel benefits	322,600	330,200	+7,600
21 Travel and transportation of persons	240,200	244,100	+3,900
22 Transportation of things	10,100	10,100	
23 Rent, communications, and utilities	188,300	156,900	−31,400
24 Printing and reproduction	202,400	203,400	+1,000
25 Other services	1,692,120	1,373,800	−318,320
Services of other agencies	24,684,120	29,883,000	+5,198,880
26 Supplies and materials	75,300	76,100	+800
31 Equipment	56,900	41,000	−15,900
Total obligations	31,832,740	36,779,000	+4,946,260
Working capital fund items included above	(306,000)	(306,000)	

Summary of changes

1967 enacted appropriation	$30,900,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	97,000
Comparative transfer to Office of the Secretary [1]	-185,000
1967 appropriation, adjusted	30,812,000
Appropriation available from prior year	1,020,740
1967 estimated fund availability	31,832,740
1968 estimate	36,779,000
Total change	+4,946,260
MANDATORY ITEMS	
Increases:	
Net additional cost of within-grade promotions effective for part year in 1967	+44,300
Net cost of within-grade promotions becoming effective in 1968	+55,400
Decreases:	
Nonrecurring extra day of pay for current year staff	-19,700
Nonrecurring rental costs	-34,619
Subtotal, mandatory items	+45,381
PROGRAM ITEMS	
Increases:	
Research program:	
The additional funds in 1968 will finance research concerning the adequacy, extent, and quality of the Nation's overall occupational training policies and practices	+500,000
Experimental and demonstration program:	
The additional funds in 1968 will finance experimentation and demonstration projects directed toward developing additional new forms of private industry-government cooperative effort to train and to gain meaningful employment for the severely disadvantaged unemployed and underemployed	+5,583,000
To provide on a full-year basis in 1968 for cost for 33 new positions which the Congress authorized for fiscal year 1967 but provided funding to fill them for only an average of 10 months (personal services $43,600; nonlabor $10,919)	+54,519
Subtotal, increases	+6,137,519
Decreases:	
Nonrecurring equipment costs for new positions in 1967	-15,900
Nonrecurring 1966 funds available for obligations in 1967	-1,020,740
To provide for a reduction in the level of the labor mobility demonstration program	-200,000
Subtotal, decreases	-1,236,640
Subtotal, program items	+4,900,879
Total change	+4,946,260

[1] There are 11 positions in the comparative transfer.

Activity 1. Experimental, Demonstration, and Research Programs

(1967, $24,684,120, Pos. 0; 1968, $29,883,000, Pos.. 0)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the direct program costs of the research, experimental and demonstration projects called for under Title I of the Manpower Development and Training Act of 1962, as amended. Only the direct contract and/or grant costs are included in this activity. Federal staff and administrative costs related to these programs are included under Activity 2, Planning, Research and Evaluation, and Activity 3, Financial and Management Services.

Under Title I of the Act, the Secretary of Labor is directed to establish a comprehensive manpower research program, conducted through contracts or grants with universities, individuals, nonprofit and governmental organizations, to develop the additional information and insight needed to guide effective improvement in manpower policies and programs.

Title I also calls upon the Secretary of Labor to "establish a program of experimental, developmental, demonstration, and pilot projects, through grants to or contracts with public or private nonprofit organizations, or through contracts with other private organizations, for the purpose of improving techniques and demonstrating the effectiveness of specialized methods in meeting the manpower, employment, and training problems of particularly disadvantaged worker groups."

Research program (1967, $3,800,000; 1968, $4,300,000)

Legislative history

It is significant that the Congress wrote as the first title in the Manpower Development and Training Act of 1962 not a section setting forth the outlines of a manpower training program, but rather a section, in part, directing the Secretary of Labor to establish a comprehensive manpower research program to "evaluate the . . . changes in the structure of production and demand on the uses of this Nation's human resources", and to develop the additional information and insight needed to guide effective improvement in manpower policies and programs.

In 1965, after evaluating the two and one-half years of experience under the embryonic MDTA research program, the Congress decided it merited additional support. Looking at the results of the program thus far, House Report No. 170 (March 15, 1965) concluded, ". . . the Nation's manpower research capability and efforts must be materially expanded to develop the additional information and insight needed to guide effective improvement in manpower policies and programs. The efforts already initiated under the modest research program provided under the original MDTA have been exceedingly useful and promising. They have identified the huge potential contribution of enlarged research investment—and have established a good base for the needed expansion." Translating this praise into legislation, the Congress in 1965 authorized additional funds for research, and amended Title I of the MDTA to explicitly authorize the Secretary of Labor to make grants, as well as enter into contracts, for the conduct of research.

Program direction

The program of contract and grant research administered by the Department of Labor has concentrated on studies that can help make the Department's manpower programs more effective, and that can guide legislators and other policymakers in devising solutions to manpower problems. Because this Country's extremely complex manpower problems cannot be resolved by economic action alone, the research program has covered the social, cultural, and educational aspects, as well as the economic aspects, of unemployment and the underutilization of manpower.

Much of the Department's research has centered on such manpower problems as the inadequacy of workers' preparation for jobs; excessive unemployment or underutilization of the young, the nonwhite, the poorly educated, the handicapped, the older worker, and similar groups; employment in chronically depressed communities, regions, and industries; the waste of human resources in rural areas; and more recently, skill shortages.

Program accomplishments, 1966

During the first four years of program operation, the Department has sponsored research that has laid the foundation for six amendments to the Manpower Development and Training Act. The *Manpower Report of the President*, and the accompanying *Report on Manpower Requirements, Resources, Utilization, and Training* by the Secretary of Labor, are based largely on the findings of this research. Research findings have also triggered changes in manpower policies and programs both within the Department of Labor and in other agencies.

There is also evidence of application of Departmental-sponsored research by educational institutions and private industry. A further indication of the value of the program is the publication of several books based on material developed from contract research reports to the Department which are contributing to the thinking about manpower problems and programs. These uses of research sponsored by the Department are illustrated in the material which follows:

Three of the first amendments to the MDTA stemmed from one of the earliest research studies, done under contract by the Norfolk Division of Virginia State College. The study dealt with the difficulties of getting disadvanaged workers to enroll in the early training programs. The findings, presented in testimony by officials of the college and contained in Report No. 861 of the House Committee on Educaion and Labor, supported the Committee's recommendaions for the 1963 amendments to the MDTA which: (1) lowered from 19 to 17 the age at which out-of-school and out-of-work youth could receive training allowances; (2) extended training allowances by as much as 20 weeks for workers who need basic education in order to benefit from occupational training; and (3) increased the training allowances by as much as $10 per week.

In addition, the local public employment service offices used the results of this study in their work with culturally deprived workers. The study also found a program application when the Department of Labor established its Human Resources Development program, a program which seeks to bridge the gap between the disadvantaged individual and a suitable job by providing him with comprehensive manpower services.

Two other amendments to the MDTA grew out of research connected with the Restoration of Youth Through Training project conducted at Riker's Island in New York City. The finding that difficulties in obtaining bonds to indemnify prospective employers intensified released prisoners' employment problems supported a 1965 amendment (sec. 105) to the MDTA. That amendment authorized the Secretary of Labor to develop experimental and demonstration projects for the bonding of persons to whom employment is denied for reasons other than ability to perform, including inability to secure bond.

The finding that training was associated with a striking reduction in the rate of return to prison was the principal basis on which the Secretary proposed—and the Congress enacted—the 1966 amendment authorizing an experimental training program for persons in correctional institutions. This amendment received wide support in the House Committee hearings (Congressional Record, September 19, 1966). The Department of Labor, and the Departments of Justice and Health, Educaiton, and Welfare, are planning for such pilot programs in local, State, and Federal prisons, and the Department of Health, Education, and Welfare, has underwritten a continuation of the program at Riker's Island. All of these programs stand to benefit from current research by the University of Maryland, under a Department of Labor contract, on the employment problems of released prisoners.

A research study for the President's Task Force on Manpower Conservation led to a program for the rehabilitation of selective service rejectees. The study's finding that poverty caused a third of the Nation's young men to fail physical and mental induction tests prompted President Johnson, acting on the Task Force's recommendation, to order examinations at age 18 for out-of-school youths and to initiate a national program for the guidance, testing, counseling, training, and rehabilitation of rejectees. In the first year of the program about 280,000 rejectees were referred to local Employment Service offices for these services, and 50,000 actually reported for interviews. Of those reporting, 17,000 were referred to jobs and 9,000 placed in jobs or in training. The State Employment Service agencies also provided counseling (29,000), testing (8,000), development of job contracts (6,100), and enrollment in training (1,300). In the second year of the program, when Employment Service youth counselors were assigned to 73 Armed Forces Examination Stations, some 11,500 selective service rejectees were placed in jobs or in training.

Another outgrowth of this study of the selective service was an experimental and demonstration project in Baltimore and Washington for counseling, training, and placing volunteers who were rejected. This project proved so successful that the Employment Service is launching seven similar pilot projects.

Preliminary results of a study of the employment problems of retired military personnel, conducted by the Bureau of Social Science Research under a Department of Labor contract, have given rise to a program which helps ease civilian skill shortages, benefiting older workers in the process. Military retirees currently number about 60,000 a year, and most of them retire in their early 40's, soon after completing 20 years of service. The research study showed that most of the retirees had skills with civilian counterparts and were well educated, but knew little about job-seeking methods or about the kinds of jobs that might be available. In consequence, even among men with electronics and medical specialties which might be expected to have ready transfer, no more than one-third to one-half moved into directly comparable civilian jobs. The new program, launched by the Department of Defense and the Employment Service before the study was completed, includes information and counseling sessions for prospective retirees at all major military centers, followed up with placement assistance through the State Employment Service when the retiree seeks it.

Another report from Department of Labor research is being used extensively by the Department of Agriculture. Material developed in this project—a conference arranged by the National Committee for Children and Youth at Oklahoma State University on the problems of youth in rural areas—is being used in training State and county extension staffs. In addition, the Federal Extension Service is using leaflets which summarize the background papers prepared for the conference in an expanding extension education program on rural manpower.

The Employment Service is already using the results of several of a series of projects sponsored by the Deartment to enable it to effectively discharge its responsibilities under the Vocational Education Act of 1963. Two of these—done at Temple University and the University of Colorado—were methodological studies which attempted to develop means for projecting occupational (or industrial) requirements in local areas, as an aid to vocational educators in planning curriculum. The third (by New York University) reviewed to kinds of local manpower data that are available and outlined needed improvements for effective use of the data in planning local manpower programs.

Similarly, a study of the job seeking behavior of unemployed workers in Erie, Pennsylvania, suggested a new role for the State Employment Service in helping laid-off jobseekers find jobs more quickly and efficiently. Because of the finding that many unemployed blue-collar workers sought employment in a random and inefficient manner, the Employment Service is now cooperating with the Pennsylvania State University in testing whether workers can find jobs faster and more efficiently if job referrals are supplemented by additional information (e.g., a list of firms in the area that employ workers in their occupation). If the results are favorable, it is hoped that an operational program based on the findings would be developed.

An illustration of the use of research by educators stems from a Tuskegee Institute-Department of Labor workshop and conference for high-school principals and guidance counselors from seven southern states on the development of meaningful vocational guidance. Following the conference, 9 of every 10 participating schools increased the variety of occupational information which they were providing; some launched new programs to identify and assist potential dropouts; and most of the schools reported that more students were participating in guidance activities.

Another application in the field of education is the inclusion of four Departmental research reports—two on contract research, the *Manpower Report of the President*, and the Secretary of Labor's *Report on Manpower Research and Training*—in the annual list of the "Best Books on Vocational Guidance" published by the National Association of Secondary School Principals in *The Bulletin*.

Educational television is now using the results of a research contract: a series of 12 programs entitled "Choice: Challenge for Modern Woman," reproduced by the National Educational Television and Radio Center. Twelve NET affiliates have scheduled the program; 2 other affiliates have expressed interest in it; the University of Missouri wants to use it in a statewide program involving 8 commercial stations; and a substantial number of additional requests have been received.

Exemplifying the use of Departmental-sponsored research by private industry, a recent issue of Electrical World devoted its 4-page "Management Newsletter" to a discussion of *Scientific and Managerial Manpower in Nuclear Industry*, one of the books produced by the Conservation of Human Resources Project at Columbia University under a research contract.

Program accomplishments, 1967

During fiscal 1967, the research program will serve the dual objectives of helping to make manpower programs more effective and of guiding policy for the solution of manpower problems. A number of studies initiated in fiscal 1967 are expected to chart new directions in subsequent years. In addition, the results of some very important studies which were commissioned earlier will be completed during the year. Following is a brief description of a few of the most promising projects in each of the two major areas of emphasis in the research program: *People and the World of Work*, and *The Economy and Its Manpower Institutions*.

People and the world of work

Longitudinal Study of Labor Force Behavior, by the Ohio State University Research Foundation. This is a 6-year study of the work experience of young men, middle-aged women, and older men. Nonwhite workers are over-represented in the sample to provide insights into their special employment problems and the problems of workers living in urban slums. Information is being collected periodically which will describe the workers' labor force behavior, indicating for example, whether older men voluntarily or involuntarily leave the labor force. This study can be useful in assessing the effects of higher social security benefits, as proposed by the President in his 1967 State of the Union Message, upon the employment patterns and labor force participation of older men. Information about the workers' economic status, health, pension rights, union membership and family relationship will also be gathered. The study will also yield the most comprehensive data on labor mobility ever produced. First reports for each of the three groups of workers are expected during 1967.

Occupational Adjustment of Recent Low-Income Southern In-migrants to Cleveland, by the Bureau of Social Science Research, Inc. This study combines research and an MDTA-experimental and demonstration project. Its purpose is to develop a technique for quickly identifying in-migrants in a slum area and helping them to cope with urban life. After they are identified and their education and training needs are established, counseling, training, and welfare services will be provided as needed. The occupational adjustment of the recent migrants receiving these services will be compared with the experience of long-term low-income residents. The first report on the research is expected in mid-1968.

The Employment of New York City's Mentally Retarded Adults, by Ida Alpert et al., New York City Chapter, Association for the Help of Retarded Children. This study, expected to be completed early in 1967, will show how young mentally retarded adults who completed special education classes in New York City have fared in employment—how they found a job, and what kind they got, how steady their work has been, and how much they have earned. Such data had never been collected before.

The economy and its manpower institutions

A Study of the Need for Educational and Training Adjustments in the Apprenticeship Programs for Selected Craft Occupations, by the Purdue Research Foundation. Accepting apprenticeship as a continuing institution, this study attempts to see how it can be improved and modified to better serve current manpower training needs. The study covers four trades—plumbers and pipefitters; machinists; printers; and cooks. Plans have been discussed at every stage with the Federal Committee on Apprenticeship and with advisory committees representing the employers and unions involved. Information is being obtained from apprentices, journeymen, instructors, employers, schools, labor unions, government agencies, joint apprenticeship committees, and other organizations. Answers are being sought to such questions as what factors are basic to the development of outstanding journeymen; what are the criteria for adequate education and training programs; what makes some apprenticeship systems outstanding; what is essential to keep tradesmen abreast of technological developments in their trade; how do high school youths feel about skilled trades; and why do employers participate (or not participate) in apprenticeship? The

potential value of the answers to these questions for strengthening apprenticeship and planning realistic apprenticeship programs is obvious. The report on the study is expected in the summer of 1967.

Development of a Model System of Occupational and Employment Information Under the Vocational Education Act of 1963, by contract with the Bureau of Employment Security. The ultimate aid of this pilot project is to make the vocational education system more responsive to current and prospective manpower resources and requirements. The State Employment Service in Milwaukee will explore the manpower information needs of vocational educators and develop a program to meet these needs. The study will be finished by the end of 1967.

Internal Adjustments in the Manufacturing Sector to Tightening Labor Markets and Skill Shortages, by Harvard University. This is a study of the effect on recruiting, hiring standards, training, work schedules, wages, etc., of diminishing labor supply and skill shortages. Some 20 plants in 5 expanding manufacturing industries in the Northeast and North Central States will be studied. Scheduled completion date is 1968.

Training and Recruitment Problems for Selected Technical Occupations in Short Supply, by Dr. Walter H. Franke, University of Illinois. This study aims to find out why there are critical shortages of workers in six key technical occupations, and how effective current placement practices are in alleviating the shortages. An attempt is being made to discover why workers do not learn about or enter occupations with expanding opportunities. The final report is expected early in 1967.

A Study of the Effectiveness of Selected Out-of-School Neighborhood Youth Corps Programs, by the George Washington University. This study, being done in four areas (St. Louis, Pittsburgh, Cincinnati, and Durham), is asking two basic questions: (1) Do Neighborhood Youth Corps (NYC) enrollees subsequently fare better in employment than comparable youths who do not enroll? (2) Can enrollees' successful experience be attributed to specific elements of the NYC programs such as counseling, remedical education, work experience, or training? Preliminary data are expected in March 1967, with a final report due 6 months later.

A Study of the Year-Round and Summer Neighborhood Youth Corps Program for In-School Students, by National Analysts, Inc., of Philadelphia. This study will provide comparisons, based on controlled tests of the effectiveness of the two kinds of NYC programs for in-school youths, and of the behavior, attitudes, school records, and juvenile delinquency records of enrollees and eligible youths who could not be enrolled because of the lack of NYC positions. Work on the study is being done in Detroit and Cincinnati, and it is to be completed in May 1967.

A Study of the Need for Work Adjustment and Social Work Assistance for the Long-Term Unemployed, by the Philadelphia Manpower Utilization Commission. This study—due for completion in mid-1967—is a combination of research and demonstration in an attempt to find out whether a special program of assistance for the long-term unemployed will enable them to benefit from vocational training and to get a job. Work adjustment counseling and social work assistance have been provided to half of the people in the study group through the cooperative efforts of sheltered workshops, family service agencies, and the State Employment Service, and all have been referred to training. Initial results are very encouraging with respect to the value of the special pretraining services. If these are confirmed by the final assessment of the training and subsequent employment experience of those who received such services and those who did not, this program may serve as a model for assistance to the hard-to-employ.

Research grants

Another important product of the Department's research program, although not based on research findings per se, resulted from the Department's early program operation experience which revealed a critical shortage of competent manpower research workers. To help remedy this shortage, the Department proposed, and the Congress enacted, a 1965 amendment to the Manpower Development and Training Act which authorized the Secretary of Labor to make grants to strengthen manpower programs in colleges and universities, and to stimulate the study of manpower problems by individual students and scholars.

As a result of the 1965 amendment discussed above, two new grant programs were established. The first, the small grants program, was designed to encourage more researchers to devote their efforts to the manpower field. Under this pro-

gram, doctoral candidates can receive financial assistance while they are doing the research for their dissertations, and established scholars can also receive support for innovative research and the development of research designs on manpower problems. This program is only a little more than a year old. It was announced by the Secretary of Labor in January, 1966. Support was given the remainder of FY 1966 and during FY 1967 to about 35 doctoral candidates, and to some 30 established scholars for innovative and exploratory research. These grants have been awarded to persons affiliated with institutions in all parts of the country, and the individual recipients have come from a variety of disciplines, including economic, sociology, psychology, education, industrial relations, and business administration.

One of the few small grants projects so far completed—a study of the Winona Area Technical School in Minnesota—illustrates the potential of this program. The study shows that neither the individuals who attended the school between 1960 and 1965 nor the community itself could have made a better investment than the money they put into technical education. Perhaps more important, the school's graduates tended to stay in this rural area, and a variety of skilled workers trained in the school readily found jobs with Winona employers.

The second grant program—the Manpower Research Institutional Grants Program—was established to support systematic, long-term programs of manpower research by scholars who can provide technical assistance to local, regional and Federal organizations which are concerned with manpower policies and programs; to develop urgently needed additional research talent in the manpower field; and to involve various disciplines in studies of problems concerning the utilization of human resources.

Under the second grant program, more than 150 institutions responded to the Secretary's announcement of the Manpower Research Institutional Grants Program, and 43 institutions submitted formal applications. Seven of these were selected for 3-year support. In accordance with the President's directive of September 13, 1965, that research support be used to increase "the number of institutions capable of performing research of high quality," the seven universities chosen were smaller schools with limited research capabilities: Atlanta University; Iowa State University; University of Maine; North Carolina State University at Raleigh; Oklahoma State University; Temple University; and Virginia State College at Norfolk.

The seven grants were awarded in June, 1966, and became effective July 1, 1966. Although only in the initial stages of their programs, these institutions have already added 6 new faculty positions and 32 fellowships and assistantships for manpower research programs. Research activities have emphasized the search for solutions to manpower problems peculiar to their area or region, and have involved various disciplines. These institutions are also conducting manpower seminars and expanding and improving their curriculum in the manpower area.

The full value of the Manpower Research Institutional Grants Program can be assessed only after the grantee institutions have had the opportunity to develop and operate their programs over a period of years. Three years is a minimum for any such program, and applicants were asked to submit proposals for a 3-year period, although fund limitations permitted funding only the first year's program out of current-year funds. Support of the seven institutions now in the program must be continued without any reduction for at least 2 years. Therefore, the funds requested for this program in 1967 were allotted to these seven institutions, and the funds requested for 1968 will be allotted to them also.

Program direction in 1968

The Department is requesting $4,300,000 for the research program in 1968, an increase of $500,000 over 1967. The comparison of the 1967 and 1968 contractual and grant research program is as follows:

	Appropriation, 1967	Request, 1968	Change
Contractual research	$2,600,000	$3,100,000	+$500,000
Grants for research projects and doctorial dissertations	700,000	700,000	----------
Manpower research institutional grants	500,000	500,000	----------
Total	3,800,000	4,300,000	+500,000

In fiscal year 1968 the Department of Labor will continue in its contractual research program to emphasize action-oriented projects concerned with people and their roles in the world of work, and studies of the economy and its institutions for developing and utilizing human resources. At this early date, the exact areas of 1968 research cannot be precisely defined. However the areas from which will come the 1968 research design may include the following:

People and the world of work

Job advancement and occupational mobility.—Much more needs to be learned about these job advancement and occupational mobility processes if we are to solve workers' problems in advancing up the skill ladder and in shifting careers. A study of this kind would be particularly helpful to those workers who lack education and training for today's jobs.

Employment problems of Negro and other minority youth.—The number of non-white youngsters reaching age 18 will be increasing in the next several years, in contrast to a decline among white young persons. Consequently, employment problems of young Negro workers are likely to intensify. An exploration should be made of how private industry and the public sector can provide more entry jobs for young workers, including such questions as what industries now employ few young workers and why.

Special problems of migratory farm workers.—Although the problems of migrants have been studied intensively over the last two decades, information that can answer some of the hard policy questions is still lacking. More efficient utilization of the migratory labor force, and making migratory work economically more attractive are examples of possible research.

Underutilization of workers.—Two groups need attention here: The employed poor, and "discouraged" workers who give up and drop out of the labor force either because their search for work is futile or because the jobs available to them are unsuitable. We hope to study the question of whether increasing productivity in low-wage industries might bring higher wage rates and income. Attempts should be made to determine how discouraged workers can be motivated to take training and reenter the labor force.

Assimilation of minorities and their adjustment to work.—This problem needs to be studied in two ways: by looking at the job-seeking and related behavior of the minorities involved; and through studies of employers' reactions to hiring members of minority groups.

The meaning of work.—If preliminary research now underway gives promising results, a full-scale study of what work means to American workers will be undertaken in fiscal 1968. We hope to discover how workers' views of work are related to the kind of job they have, their level of education, job training, age, etc. What work does to, and for, workers under a variety of conditions are important considerations in the shaping of policy about job training, job restructuring, retirement and other facets of manpower.

The economy and its manpower institutions

Agricultural labor requirements.—As the rural work force declines, the labor problems of farm employers become more acute. Extensive studies should be made of current and long-term manpower requirements, by regions, and for important crops.

Health manpower.—New Federal programs have intensified the shortage of workers in health occupations. There is a need to explore ways of increasing the supply of health manpower. For example, research will be conducted on the redesign of jobs and occupations and the possible use of the system developed by the military for full utilization of medical manpower as two promising approaches to meeting manpower shortages.

Regional economic trends and their manpower implications.—Although we know that the fortunes of regional economies may turn on changes in technology, shifts in demand, or depletion of resources, we need to spot regional problems as they emerge so we can act early enough to prevent them from becoming chronic.

Shifts in defense expenditures.—Substantial increases or decreases in military requirements will have significant implications for manpower. Studies are needed as a basis for programs and policies that can be put into effect when shifts in the defense effort signal large-scale economic changes.

More effective participation of women in the labor force.—More and more women are entering the labor force and this trend is likely to continue in the

near future. We hope to explore how better counseling and the opportunity for training can enable mature women to enter the labor force more effectively when they begin their "third careers". Also deserving attention is the probability that more 18 year-old girls will need to work because of a prospective shortage of men of the age these girls normally would marry.

Reduction of seasonality in employment.—One-fifth of all unemployment is seasonal. About half the seasonal unemployment occurs in construction, but agriculture, industries with yearly model and style changes, and some retail establishments also contribute. Research is needed to develop government policies or joint government-employer measures for minimizing seasonal unemployment. The Canadian and European experience could be helpful here.

Increased funds requested for 1968

There is a pressing need for an extensive assessment and review of the Nation's overall occupational training policies and practices. This review should take into account the responsibilities of industry, government, and the education system as well in meeting the present and future skill needs of the economy. This will require special studies of objectives and methodologies needed to provide the data and information necessary for framing national occupational training policies.

In response to this need for a National Occupational Training Study, the Department of Labor is requesting in 1968 an additional $500,000 over the amount requested in 1967 to initiate research concerning the adequacy, extent and quality of training in the United States. All of these additional funds will be used for this study.

Through its earlier pioneering study of how workers with less than a college education get their formal occupational training, the Department of Labor identified the diversity of training programs in this country which contribute to the skills of the Nation's labor force. As a result of this original study, the Department has developed a few limited projects which examined apprenticeship training, the transferability of skills taught by the military establishment, training by the metalworking industry, the employment experience of young men trained in vocational schools, and the impact of technological change on training needs of workers.

The Department has recognized that it has not been able, with its limited resources, to develop complete information on the extent and usefulness of the contribution to training by private industry and trade unions (including apprenticeship, both registered programs and other kinds of on-the-job training), junior colleges, public and private vocational and technical schools, correspondence courses, military training, social service organizations (Goodwill, Salvation Army), prisons, hospitals, sheltered workshops and rehabilitation centers. The additional $500,000 requested will be used to collect information about training programs in the United States and explore the basic problem of responsibility for training.

Among the other training problems which will require exploration are:

1. Improvement of manpower and occupational requirements projections, especially specification of skill composition for purposes of planning training programs at national, regional, and local levels.
2. Analysis of training effort conducted under Government contracts for goods and services, especially by the Department of Defense.
3. Training requirements arising from expanding government programs, e.g., health, urban development, transportation, natural resources.
4. Need for establishing an effective industrial training advisory service to provide technical assistance to employers, especially the smaller ones, to set up their own training programs.
5. Utility of requiring Government contractors, both Defense and non-Defense, where appropriate, to participate in apprenticeship or other Government sponsored training programs.
6. Desirability of providing financial inducements to Government contractors, through expanded training "add-ons" in contracts.
7. Necessity of other direct financial aid to industry in general through some form of wage subsidy of trainees, especially for disadvantaged trainees.
8. Desirability of loans to employers to establish training programs to cover initial outlays for equipment, etc.
9. Review of MDTA policies and procedures to determine how greater responsiveness to high-level skill shortages can be established.

Above all, the additional funds will be used to examine the best ways of guaranteeing that all Americans are adequately trained for our dynamic economy. Research programs must be initiated which will attempt to explain why millions of workers come through our schools and training programs with little education and training. These workers cannot find jobs even as our economy approaches the 4 percent level of unemployment, and as skill shortages begin to develop.

The proposed National Occupational Training Study comes at an opportune time for taking stock of our private and government sponsored training efforts. This study can be used to evaluate the great variety of training programs which have been launched in the recent past. The findings of the study may be useful in suggesting new programs and directions for training. The study can be used to identify those areas in our current educational and training programs which permit the large number of uneducated and untrained to "fall out" and eventually become part of the hard-core unemployed.

Experimental and demonstration program (1967, $15,000,000; 1968, $20,583,000)

Legislative history

The Manpower Development and Training Act of 1962, as originally enacted, did not specifically mention experimental and demonstration projects as differentiated from regular training projects. In actual practice, during the first year of the MDTA program operation all the programs were somewhat experimental as the Department of Labor learned by experience how to develop, as directed by the Act, "broad and diversified training programs, including on-the-job training, designed to qualify for employment the many persons who cannot reasonably be expected to secure full-time employment without such training." The Department recognized early in its program planning that in order to "qualify for employment" certain disadvantaged groups in our society, there needed to be known a great deal more about the special training needs of these groups. To this end, in the 1963 MDTA Congressional budget request, the Department disclosed plans to develop "Demonstration projects utilizing older workers, younger workers, women workers, workers belonging to minority groups, and rehabilitated workers . . . to show how these workers can be more fully utilized and integrated into the Nation's workforce."

In the 1963 amendments to the MDTA the Congress recognized that there were certain problem areas of manpower development and utilization that required special investigation and experimentation. The Secretary of Labor was directed to "develop and carry out, in a limited number of geographical areas, pilot [labor mobility demonstration] projects designed to assess or demonstrate the effectiveness in reducing unemployment of programs to increase the mobility of unemployed workers."

By 1965, two and one-half years of MDTA program experience provided the Congress with the insight that the MDTA needed to be broadened in scope in order to improve upon what it considered to be overall an extremely successful program. As part of this improvement, Congress expressed the desire "to move aggressively and imaginatively with a wide variety of experimental and demonstration projects." Such programs, said House Report No. 170, were "fully warranted by the results of the limited program to date." The 1965 amendments therefore added a new section to Title I of the MDTA directing the Secretary of Labor to "establish a program of experimental demonstration, and pilot projects . . . for the purpose of improving techniques and demonstrating the effectiveness of specialized methods in meeting the manpower, employment, and training problems of worker groups such as the long-term unemployed, disadvantaged youth, displaced older workers, the handicapped, members of minority groups, and other similar groups." In these past two years, experimental and demonstration programs developed and carried out by the Department of Labor have provided new insight into the problems of worker groups with special employment problems, and these insights, translated into the regular institutional and on-the-job training programs, have enabled the MDTA program to operate effectively as the Nation's major attempt to solve its manpower development and utilization problems.

Program accomplishments in 1966

The experimental and demonstration (E&D) program seeks to develop, through actual project operation, new ideas and techniques to meet manpower problems

more effectively—particularly the problems of disadvantaged groups. Projects have sought to identify distinctive needs of the unemployed and underemployed who are not being aided by established manpower service programs and to develop techniques to "reach" and help make them trainable, to provide occupational skills, and to place them effectively in jobs. Such groups have been primarily unemployed urban-slum-area youth; minority groups with cultural, emotional and other handicaps to employment; low-income rural residents; the mentally and physically handicapped; and older workers with limited education.

Because each project is specially designed, experimental and demonstration projects are not readily categorized. They differ widely, not alone by group or problem focused upon, but by technique or combination of techniques tried and, of great importance, by type of institution or combination of institutions enlisted to conduct the effort. In all, 80 to 100 E&D projects have been in operation at any point in 1966 the number fluctuating as some terminate and some new projects begin. About three quarters are operational projects, while the others are developmental (undertaken to plan and initiate specific efforts) or analytical assessments of project operations by independent organizations.

Approaches developed and demonstrated by various experimental and demonstration projects have often quickly been made operational on a wider scale. While this is often difficult to document precisely, and generally not attributable wholly to the E&D program alone, the following are notable examples of significant expanding practices which E&D projects have stimulated and helped guide:

Outreach activities to identify, attract and gain participation of those in disadvantaged neighborhoods and isolated rural areas who need but cannot or do not seek manpower services.

Linking of different needed services through comprehensive multi-service programs and through neighborhood or one-stop, multi-service centers.

Work sampling and work tryouts to appraise potential of those with limited education and to build confidence of those with limited communication skills.

Prevocational training to provide basic education, work orientation, and other preparation needed by many undereducated and limited-work-experience persons as a precondition for effective skill training and employment.

Group counseling, use of nonprofessional and volunteer staff, and other involvement of peer and family groups to provide needed re-orientation, encouragement and continuing stimulus to improve motivation.

Work crews as a device to orient youth to work settings (now embodied in Neighborhood Youth Corps program).

Development of on-the-job training on sizable scale through use of private and civic organizations as administering agents.

Use of private organizations and talents—community, minority, social welfare, employer and labor, and academic groups—to develop new forms of combined public-private manpower development efforts.

Post-placement follow-up and assistance to assure continuing employment and upgrading.

Development of new occupations and wider employment of disadvantaged workers as subprofessional aides in human service fields.

Overcoming of barriers to entry by minority groups to skilled and professional occupations.

The E&D program has been looked to by the Congress for guides to improvement of manpower legislation. Key amendments to the Manpower Development and Training Act in 1966, for example, were based on experience developed in E&D projects:

1. One amendment (new Sec. 251) has authorized the initiation of training in correctional institutions to prepare prisoners for employment after release. This was based largely on several demonstration projects' findings that such training was practical and could aid substantially to overcome employment difficulties upon release from prison and to reduce pressures for return to crime and imprisonment.

2. Another amendment (new Sec. 202k) has authorized physical examinations and minor medical treatment for trainees who cannot afford to obtain it on their own. E&D projects had demonstrated that such assistance could aid in reducing dropout during training for reasons of health and enable passing of company physical examination requirements after completion of training.

3. A third amendment (new Sec. 202j) authorizes training in basic education, communications and employment skills (such as work habits, expected standards

of employee behavior, job finding, and work attitudes). This reflects demonstration project findings that such training, apart from occupational skills training, is often the necessary and effective key to developing employability of many persons whom, as the Senate Labor Committee report noted, have "learned to communicate in a substantially different way" than that of prospective employers or others with whom they may have to work.

Many E&D efforts develop techniques which can be adopted by regular programs without need for new legislation. A specific illustration of how an experimental and demonstration project can feed into and bolster regular manpower operations may be helpful.

On the problem of reaching disadvantaged youth at a time they might be particularly receptive to help, the National Committee for Children and Youth (NCCY) under took a demonstration project directed toward volunteers rejected for military service in two cities (Baltimore and Washington, D.C.). The project focused on a strategic time (rejection) and place (recruiting station). It sought to assist some 1,000 rejectees through immediate counseling on alternative opportunities, through individualized education to help qualify those who wanted to go on to military service, and through remedial education, referral to skill training, and job finding for those who preferred civilian employment.

At the time these youth unsuccessfully sought to enter military service, only some 30 percent were employed or in school. Through efforts of the project, over 80 percent were helped to get jobs, return to school, or succeed in getting into the Armed Services.

The techniques developed by this project are now being built into regular Employment Service programs in two ways. First, during an additional year of demonstration effort in the original two demonstration areas, Employment Service staff are being phased into the project in a gradual transition to enable them to carry it forward as a continuing Employment Service activity in subsequent years. In addition, the Employment Service is trying application of the same techniques in five other cities, with staff for those efforts first being given special orientation and training in the Baltimore-Washington project by the National Committee for Children and Youth. The project's techniques have also been examined extensively by the Department of Defense as part of its planning for means of upgrading draftees who are below its customary selection standards.

Program accomplishments, 1967

For 1967 the experimental and demonstration program has available $15,000,000. This is $5,000,000 less than the amount appropriated in 1966. These funds are being invested in some 90 projects in accord with a priority plan specifying major areas of emphasis, as follows:

(1) *Continuation of current projects.*—These projects are primarily (a) *urban slum area* efforts to develop new capabilities for improving employment opportunities for residents of disadvantaged neighborhoods (projects in Buffalo, Cleveland, Houston, and Los Angeles are major examples) and (b) large-scale programs trying in new ways to reach and develop low-income rural area residents (Mississippi and North Carolina projects are the principal examples). About 35 percent of 1967 funds are carrying forward such projects; this is a purposeful restriction of project renewals to only one of every three projects.

(2) *Minority group self-help.*—Major emphasis is being directed to minority groups with particularly troublesome employment problems.

The E&D program, which provided the initial public financial support for development of the Opportunity Industrialization Center (OIC) of Reverend Leon Sullivan in Philadelphia, has now financed (jointly with the Office of Economic Opportunity) an 8-city demonstration of the OIC training approach, which emphasizes minority group (primarily Negro) leadership, self-help efforts, motivational programs, and industry cooperation.

Spanish-American minority programs are being developed in the Southwest through Operation SER, a developmental project jointly funded by E&D and the Office of Economic Opportunity and conducted through the League of United Latin American Citizens (LULAC) and the American GI Forum.

Some 20 percent of the 1967 funds are being invested in these and other demonstration efforts conducted through minority group organizations.

(3) *Youth.*—Originally a prime focus of Experimental and Demonstration projects was to develop new organizations and techniques to provide employment

preparation for hard-to-reach youth in city slum areas. Much of the capability built by those initial projects (JOBS NOW in Chicago, Community Progress Incorporated in New Haven, etc.) is now utilized by the Neighborhood Youth Corps, regular MDTA programs and OEO-Community Action Programs, so such comprehensive youth programs are no longer a major area of E&D investment.

In 1967, E&D emphasis on youth employment problems is largely limited to (a) development of new types of summer work-preparation-and-experience programs and (b) exploration of the use of residential programs, in-city and thorough use of camps near cities, as variations of the Job Corps approach for youth for whom an unstable home and family situation is a bar to effective training. The allocation for these projects is 10 to 15 percent of the available funds.

(4) *Older workers.*—Several E&D projects are concentrating on development of improved ways to (a) meet distinctive retraining and job change problems of workers age 45 and older and (b) apply on at least a part-time basis the employment interests and capabilities of semiretired workers age 60 or older. Over 5 percent of the funds are going for such projects.

(5) *Special-handicap groups.*—Several projects are further developing ways to help prepare prison inmates for employment after release. The planned allocation is less than 5 percent of funds. In view of the expansion of Vocational Rehabilitation Administration and other resources for experimentation to meet employment problems of the retarded and physically handicapped, few new E&D efforts are being undertaken this year for such groups.

(6) *Employer innovation.*—New approaches are being tried to stimulate employer and labor-management sponsorship and direct involvement to overcome problems of employing the hard-to-employ and to improve upgrading opportunity for persons employed at jobs below their potential. The principal such projects initiated in 1967 are (a) the Chicago JOBS NOW effort in which major employers are hiring and then developing youth, largely from gang backgrounds, who do not meet their customary hiring requirements; (b) the Newark project in which a Business and Industrial Coordinating Council is sponsoring special employer investment in training of the disadvantaged; and (c) the New York Skill Advancement program to stimulate in-plant training to enable upward mobility of workers employed in traditionally dead-end low-wage occupations. The allocation for these projects is about 10 percent of funds.

(7) *Established agency innovation.*—A number of efforts are being initiated through State Employment Service agencies and Vocational Education agencies to help them seek out and become more receptive to new techniques to better meet employment difficulties of specific groups. Planned allocation is less than 5 per cent of funds.

(8) *New occupations and removal of entry barriers.*—Several projects seek to help shape new occupations or redesign established occupations offering potential for substantial new employment opportunities for the disadvantaged, and to develop additional means of opening occupations often largely closed to minority groups. The allocation for such projects is about 5 per cent of the funds.

(9) *Utilization activities and other areas* being developed include (a) multiagency seminars and other interchange methods to stimulate wider awareness, understanding and use of new or improved techniques developed by demonstration projects, (b) new formal experimentation-measurement to determine relative value of alternative manpower development methods, and (c) special technical assistance, project development, analytical evaluation, and manpower-staff-training efforts. About 5 per cent of 1967 E&D funds are being allocated for these purposes

Although the key objectives of the E&D program are to stimulate innovation and to develop examples of new methods to guide improvement of established programs, rather than simply to provide services to the participants in the projects, the substantial provision of needed manpower services in the course of demonstration activities should be recognized. E&D projects in 1967 will directly provide distinctive and significant services to at least 27,000 individuals, the great majority of whom would not otherwise receive such assistance through established manpower programs.

Program direction in 1968

The program directions initiated in 1967 will be generally carried forward into 1968. Over two-thirds of the funds will be invested in approximately 85 new projects, and less than one-third devoted to the renewal of approximately 36

ongoing projects. This can be the division of investment since most of the current projects will demonstrate sufficient merit in their new approaches to warrant their subsequent feeding in to regular funding.

Particular emphasis will also be directed in 1968 to (a) improving minority group self-help development efforts; (b) developing more effective arrangements for early provision to rural migrants into urban areas of skill-development and job-seeking assistance, both in outmigration and immigration areas, and (c) testing new ways to overcome obstacles to the matching of inner-city residents and suburban area jobs—particularly transportation difficulties which prevent unemployed workers from getting to available jobs.

For 1968 the Department of Labor is requesting $20,583,000 for the Experimental and Demonstration program. This is an increase over 1967 of $5,583,000, but is approximately the same level authorized for 1966.

All of the additional $5,583,000 for 1968 will be directed toward developing new types of private industry actions to gain more extensive and effective direct employer involvement and investment in manpower development. These demonstration projects will encourage employers to adopt new approaches to (a) train, hire and employ effectively the "hard-core unemployed"; and (b) meet skill shortages through skill upgrading programs to develop potential and provide upward mobility of employed workers now limited to low-level and customarily dead-end occupations.

The objective of these projects is to build on the course initiated by MDTA's on-the-job training (OJT) programs. While OJT has been expanded significantly and effectively, it still has not obtained desirable effectiveness in reaching the most difficult to place. It also has not been responded to affirmatively by some sectors of industry which have been reluctant to undertake government-financed training of this nature.

The planned demonstration projects would seek to develop additional new forms of industry-government cooperative effort to train and to gain meaningful employment for the hard-core unemployed and underemployed. Inasmuch as government resources for training are relatively limited in relation to the total need, and private industry is the central source of employment opportunity, it is crucial that industry be stimulated and guided into more direct investment of its large-scale resources in development of needed skills and employment for the disadvantaged.

Business leaders have been moving in this direction, through as yet at a limited pace. Many individual firms have undertaken small-scale pilot efforts of their own to prepare and employ individuals who do not meet their usual hiring requirements. The National Association of Manufacturers has started encouraging industry activity of this character. Through its STEP (solutions to employment problems) and MIND (methods of intellectual development) programs, the NAM is seeking to disseminate information on individual case examples and to develop further constructive actions in this field.

Similarly, although they are still in early stages of operation, several projects already initiated with experimental and demonstration funds to develop new types of employer sponsorship of training for the hard-to-employ have generated considerable positive interest in the management community. This is true most notably of the Chicago JOBS NOW project, in which leading employers are setting aside their hiring standards to experiment with employment and training of problem youth, and the Newark Business and Industrial Coordinating Council project, in which key firms are contributing training staff, equipment, and other resources, as well as job opportunities, for minority group and other disadvantaged workers.

The proposed new heavy-employer-involvement demonstrating efforts would focus on workers with limited education, little or no occupational skills, often from minority groups with cultural differences creating communication and employment difficulties, and usually with employment records marked by instability or confinement to low-level, low-skill jobs.

These demonstration projects would be developed both in specific industries and in cross-sections of a community's industry, with particular emphasis on larger employers who have training capability and a diversity of jobs and promotion opportunities, yet who customarily have been highly selective in hiring, screening out or limiting to bottom-level jobs the undereducated, unskilled groups most troubled by employment difficulties.

The nature, location and other key aspects of this demonstration program cannot be pre-planned precisely, because development is contingent on where

and to what extent specific willingness can be generated and on the views of interested industry in negotiating the types of experimental approaches to be undertaken. Broadly, however, the request for the additional funds is designed for 15 to 20 such projects to assist an estimated 10,000 or more unemployed or underemployed workers. This is based on the assumption and objective that, with substantial industry contribution of staff and other resources, required work-preparation and employment can be developed at costs averaging $500 to $600 per worker, that is, well below costs customary in MDTA training generally.

Through such pilot efforts to develop and try out new forms of a combined industry-government attack on employment handicaps of the disadvantaged, it will be possible to determine (a) what approaches are attractive to industry; (b) the operational and financial feasibility of such approaches; (c) the specific values and limitations of such joint actions; and (d) the guides necessary for any new full-scale programs which might be undertaken to provide needed broadening of current MDTA on-the-job training efforts.

The current period is particularly propitious for employer receptivity to joining in development of new approaches. Interest is being generated by key business leaders and by the several demonstration projects already underway. Economic and civil rights considerations are favorable as well. Shortages of skilled and even semi-skilled labor present manpower problems in many communities, with resulting economic pressure on much of industry to loosen its hiring requirements and improve employee development techniques. And there is an accompanying desire to help minority group workers qualify for occupational opportunities to which they have had only limited access in the past. These factors combine to make this an opportune, as well as a necessary time to develop new techniques for increased industry undertaking of training, employment, and upgrading of the disadvantaged.

Labor mobility demonstration program (1967, $5,000,000; 1968, $4,800,000)

Legislative history

Migration has always been a significant factor in the adjusting of geographic imbalances in manpower supply and demand, but the United States has never adopted a general relocation assistance program as a purposeful tool for reducing unemployment or meeting needs in labor-shortage areas.

In late 1963, the persistence of high unemployment in many areas, the realization that some chronically unemployed workers willing to relocate may remain immobile for lack of financial resources or other assistance, and the favorable experience of several European countries with relocation aid led the Congress to amend the Manpower Development and Training Act to direct the Secretary of Labor to conduct pilot relocation assistance projects.

The House Committee on Education and Labor explained that, although it found "virtual unanimity of opinion and informed judgment" that relocation aid would be useful, the limited experience in this country warranted starting with exploratory projects to indicate "whether this assistance should be provided on a wider basis" and, if so, "to provide the guidelines this committee will require in developing its legislative recommendations."

The amendment called for projects "in a limited number of geographical areas," specifying that they should provide mobility assistance only to unemployed workers who cannot reasonably expect employment in their own community; should help a move only if the workers had definite job offers elsewhere; and should limit financial assistance to grants of 50 per cent and/or loans up to 100 per cent of expenses needed for relocation. Funds, however, were not appropriated until FY 1965, and 16 projects were initiated to run in the spring and summer months of that year.

The 1965 amendments to the MDTA gave new emphasis to labor mobility demonstration projects by incorporating them as part of Title I. The authority to conduct relocation projects was extended for two more years—through fiscal year 1967; the requirements that Federal grants to meet relocation expenses be limited to 50 percent was eliminated; and the appropriation authorization for labor mobility projects was increased from $4 million to $5 million per year.

In enacting the 1966 MDTA amendments, in October, Congress determined that a longer period of labor mobility demonstration project activity was desirable, and directed extension of this effort through 1968. House Report No. 2017 (September, 1966) stated that the Committee on Education and Labor "has been favorably impressed by the results of these programs to date," and expressed

the desire for another year of experimentation to help them determine if an expanded program should be made a permanent part of the Nation's manpower program.

Program accomplishments, 1966

Broadly, the labor mobility demonstrations have been planned through four phases. The first, *pilot development*, was planned to provide initial operational experience. This phase included the 16 projects in 1965, and some of the ones in 1966.

The second phase, which might be called *operational development*, was planned to refine and apply the rather crude guidelines developed in the pilot stage. The 1966 projects are largely in this category. They included new projects designed to (a) broaden the range of geographic settings, the types of unemployed workers assisted, and the types of financial assistance and other relocation techniques tried by the initial projects; (b) test out more definitely the major positive and negative findings of the first efforts; and (c) determine whether problems which in some cases hampered or thwarted successful relocation might be met more effectively by revised sets of assistance measures.

More specifically, in 1966 the second round of projects was planned to seek to develop more information and insight by (a) working particularly with the rural unemployed; (b) further linking of training and relocation; (c) using new financial-assistance tools (such as financing of interview travel costs and loans for housing or other special expense); (d) providing more intensive and varied counseling and social services to aid both in preparation for moving and in settling into a new community; and (e) using different types of organizations with distinctive capabilities for assisting with specific mobility problems.

Program accomplishments, 1967

The third phase, being initiated in some 1967 projects, is the *experimental-validation* phase. Major operational approaches indicated as feasible and desirable in the first two stages are being put into operation, and "standard" practices are being identified to provide basic "models".

A total of 24 projects, almost all initiated in 1966, are being carried forward in 1967. They vary widely in size, groups focused on, and techniques, but overall are budgeted for approximately 5,000 moves a year. As the current projects validate major operational approaches as feasible and desirable, further project efforts in 1968 will test out key techniques more widely.

Program findings

The labor mobility demonstration projects to date were purposefully varied. Projects focused on different geographic areas and different types of unemployed groups. Some concentrated on workers with particular skill, age, or social characteristics, while others worked with a general cross section of the unemployed. They varied also in types and degrees of relocation assistance offered.

Each project sought not to maximize the number of relocations, but to work with a limited number of potential relocatees to gather information on interest in moving, operational problems of matching geographically separate unemployed workers and vacant jobs, difficulties encountered by workers in relocating, and means of overcoming obstacles to effective relocation.

Project experience has varied widely in the different settings in which they were conducted. Some found great interest in relocation; others found little. Some rather easily helped a significant number of unemployed workers move, while others could develop only a small proportion of the relocations for which they had been allotted funds.

A series of rather definite general findings has emerged, however, even though they cannot be presented firmly as reliable frequencies or magnitudes. Followup studies and detailed tabulations of extensive data gathered are still in process, but the preliminary major findings are summarized here:

Relocation assistance can increase unemployed workers' geographic mobility and thereby make possible moves that otherwise might not be filled. This effect obviously varies by type of worker and area, but the projects report that:

1. Some persons who moved had not actively considered it until they were offered concrete help in getting a job elsewhere and moving there. Without financial and related assistance, they would not have moved, at least not in the near future.

2. Others, who had considered moving, might have relocated without aid, but their plans and timing were uncertain. The projects' offer of assistance helped them convert vague intentions into specific action.

Relocation assistance can reduce or prevent problems in moving, both by helping to channel mobility to specific jobs needing workers and by helping movers adjust more effectively to new surroundings. Three basic impressions flow from the early experience:

1. Significant numbers within the program who were helped to move might indeed have migrated on their own, but without having obtained a job first, and often without knowing where (or even how) to seek jobs in other localities. The relocation assistance helped guide them to specific areas and jobs needing workers.

2. Problems other than job finding often confronted movers. These difficulties would have prevented many moves or, particularly for rural workers moving to cities, would have led to early discouragement and return "home" in the absence of financial and other relocation assistance.

3. Many movers within the program who would have adjusted to new surroundings on their own did so more rapidly and smoothly (according to their comments) because of the assistance provided.

Willingness to move and relocation aid alone are often not enough; skills are usually needed too. Unskilled workers were ordinarily difficult to place even though willing to move for a job.

At least one project was able to move appreciable numbers of unskilled rural workers. It focused on an area (North Carolina) with a number of labor-shortage communities in which expanding industries were seeking unskilled personnel. Although these jobs were at relatievly low pay, often at or little more than the Federal minimum wage, they meant a marked step-up in income for these workers.

Generally, however, relocations were developed most readily for workers who have some work backgrounds or skills which, while not needed in their home community, are in short supply elsewhere.

Several projects linked relocation assistance and training programs, with good success in relocating graduates. There is strong indication that training will often be a desirable or necessary precondition for effective relocation.

Financial assistance is important, but (at least for those relocating in these projects) is often not the most important factor.

The financial aid offered by the projects was typically rather limited—a partial grant and/or loan for moving expenses and for a settling-in allowance varying by family size. The total grant and/or loan was under $200 in about half the relocations. The average was approximately $300, although there was wide variation by project, distance of move, family size, and amount of household goods.

Often relocatees would have been able (and willing) to make the move even without this financial aid. The key factor for many was not merely the financial aid but the firm offer of a job. For some the critical element was counseling on what was involved in going to a new area and other nonfinancial assistance to meet the problems of settling in the area.

It appears, however, that several types of financial problems often did hamper effective relocation. For example, the costs of traveling for an interview for a potential job offer were beyond the means of some of the unemployed or were an investment they were reluctant to make from limited resources. Several projects were authorized to finance interview travel and reported it to be helpful in making firm both an offer by the employer and a decision to accept it. Financial assistance for this purpose would appear to be a useful and relatively inexpensive tool for helping to develop geographic mobility.

For many within the program who moved, a variety of unanticipated or underestimated expenses created unexpected financial problems, and in some cases led relocated workers to return "home." A customary major one is the "dual-residence expense" incurred by a relocated worker who cannot or does not want to move his family immediately. He has the expense of maintaining living quarters in both the former and the new community, the expense of weekend or other periodic commuting to spend time with the family, plus other lesser expenses often required by separation of the breadwinner and the rest of the family. It is not yet clear how often or in what types of situations this problem makes relocation unsuccessful.

Substantial supporting services are often necessary, at least during the early weeks after a move by rural residents to urban employment. The adjustment problems are still being examined, but initial reports describe many difficulties in getting set in the new community, particularly for those from rural low-income backgrounds. Housing especially is a major difficulty, and the transportation-to-work problem is another. Inability to meet these needs satisfactorily rendered some relocations ineffective; without early prospect for resolving such difficulties, some relocatees did not stay in the new community long. These problems and some of the efforts by various projects to meet them are still being assessed. The efforts of some projects to provide temporary housing in receptive neighborhoods and to help rent or purchase suitable quarters were reported as major aids in persuading movers to stick to the new area.

Program direction in 1968

The fourth and final phase, preliminary to any firm recommendation of a specific regular program, is *wider utilization of key models*. In this phase, regularized operations are to be tested out in additional settings. This will be largely the category within which will fall 1968 projects. These new projects will be focuring further on the following major findings and approaches:

(a) Some unemployed and hitherto immobile workers will move with assistance. What proportions and types?

(b) Mobility assistance can prevent or reduce problems in moving. What groups of workers most need what types of assistance?

(c) Skills are often needed as a prerequisite to relocation to a vacant job. How can training be more closely linked to relocation aid?

(d) Nonfinancial factors are often more important than financial aid in developing relocations. A firm offer of a job and counseling on what is involved in a move are major examples. How can such nonfinancial assistance be strengthened?

(e) Some financial problems hampered relocations in the initial mobility projects. Interview travel expense and emergency financial needs were principal examples. Can these modest but often pivotal financial problems be met readily?

(f) Willingness to move varies widely by type of worker, area, and shifts in economic conditions, what are the key variables?

(g) Supporting services in the new area are widely needed in initial weeks of relocation, particularly for rural moves to urban areas. Experimentation with various ways to identify and provide such needed services, particularly finding of suitable housing, is a major focus of some new project efforts.

(h) The "mechanics" of inter-area coordination of supply-and-demand-area staffs is a significant element in developing effective relocations. How can inter-area exchange, particularly across State lines, be improved to facilitate mobility assistance?

Funds available for 1967 mobility demonstration efforts are $5,000,000. The funding for 1968, the final year of demonstration as a base for a possible regular program, is requested at a slightly lower level, $4,800,000.

Trainee bonding program (1967, $200,000; 1968, $200,000)

Legislative history

The 1965 amendments to the Manpower Development and Training Act directed the Secretary of Labor to establish a special pilot program to assist, particularly, the placement of MDTA trainees with police records. House Report No. 170 (March, 1965) comments that this special program is "clearly needed to explore means of eliminating the barrier to productive employment that is too often faced by individuals with police records. The Manpower Development and Training Act has the purpose of reclaiming our human resources, and it is highly appropriate that steps are now being taken under the Act to attack the problem of waste of those resources resulting from denial of job opportunities to those saddled with records of past arrests or convictions. This problem is particularly acute, in view of the large number of American youths who acquire police records at one point or another during adolescence—and who may be permanently handicapped by these records, even though as adults they may have matured into as good employment risks as the general population."

The MDTA amendments of 1966 directed that this pilot program, originally scheduled to terminate at the end of 1967, be conducted an additional year to develop broader program experience.

Program direction

The initial program effort concentrated on developing and financing a fidelity bond with an insurance company for individuals with records of the type which hitherto have disqualified them from the usual commercial bonding, in order to protect from financial loss employers willing to hire them.

The special bonding assistance available under this program is being conducted in 6 cities and one special location (Draper Correctional Center), with the Employment Service being the sponsoring agency (user of special bonding assistance authority) in 6 cases, and special manpower projects dealing with many persons with records serving as sponsoring agency in 6 situations. The cities, sponsoring agencies, and allotted approximate bonding slots are as follows:

Sponsor	City	Approximate bonding slots [1]
1. Employment service	New York	300
2. Mobilization for Youth	do	100
3. Employment service	Washington	175
4. United Planning Organization	do	100
5. Department of Correction (Lorton Reformatory)	do	75
6. Employment service	Chicago	300
7. Job Opportunities for Better Skills	do	100
8. Employment service	Los Angeles	200
9. Economic Youth Opportunities Agency	do	100
10. Employment service	Kansas City	100
11. Employment service	San Francisco-Oakland	100
12. Rehabilitation Research Foundation (Draper Correctional Center, Elmore, Ala.).	Other	50
Total		1,700

[1] Calculated on the assumption of an average bonding protection for 1 year in the amount of $2,500.

Program results

The principal initial findings of the program are that the mere availability of bonding assistance is opening the door to placement of many persons with police records whom employers rejected before. When made aware that bonding assistance is available, employers have reexamined their hiring and bonding practices and many are then proceeding to hire, without bond or under their regular bond, workers whom they formerly rejected, and doing so without drawing on the newly available special bonding assistance.

The second major finding is that problems other than bonding present continuing placement difficulties for those requiring bond. Most notably, persons with bonding difficulties typically lack the skills sought in bonded jobs and so are not hired even if the bonding obstacle is removed. In addition, employer concern about adverse publicity or of legal liability other than direct financial loss, and licensing or other legal requirements which bar ex-convicts, still present barriers to employment in many firms and occupations.

In 1967 there was $200,000 available for this program. The Department of Labor is requesting that the same amount be made available for this program in 1968 for the continuation of the program to apply such new program variations as developing experience indicates may be desirable. In 1968 additional projects will explore possible types of special placement assistance other than bonding for various groups of unemployed workers to aid in meeting employer concern about their reliability.

Changes for 1968

Program changes amount to +$5,198,880

The following is a summary of the program changes requested in 1968:

	Appropriation, 1967	Request, 1968	Change
Research program	$3,800,000	$4,300,000	+$500,000
Experimental and demonstration program	15,000,000	20,583,000	+5,583,000
Labor mobility demonstration program	5,000,000	4,800,000	−200,000
Trainee bonding program	200,000	200,000	
Unobligated fiscal year 1966 funds carried into 1967	684,120	0	−684,120
Total	24,684,120	29,883,000	+5,198,880

Activity 2. Planning, Research and Evaluation

(1967, $5,295,800, Pos. 282; 1968, $5,068,100, Pos. 282)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the Federal administration costs of the policy planning, cost effectiveness, research and evaluation activities of the Manpower Administration in planning, developing and implementing a comprehensive manpower program. It coordinates and provides leadership for the activities of many agencies, public and private, concerned with the motivation and development of human resources through training programs. It provides continuous review and appraisal of approved programs and identifies and develops solutions, through experimental and demonstration programs, for the special manpower problems and needs of various groups of potential trainees. Techniques, methodology, and solutions to problems developed through such programs are injected into the mainstream of the manpower development programs of the Nation.

This activity provides for the staff services required in the preparation of the reports of the Secretary of Labor to Congress contained in the *Manpower Report of the President* which the Manpower Development and Training Act requires, and which contains reports that include evaluation of the training programs, number of persons trained, number and types of training programs, number of employed and underemployed persons who have secured full-time employment as a result of such training and the nature of such employment, need for continuing such programs, and recommendations for program improvement. Also provided by this activity is the direction and promotion of programs of information and communication required to achieve the purposes of the Act, as well as for staff support and service to the National Advisory Committee created by the Act.

This activity also provides leadership and direction in the planning, coordination, conduct, and evaluation of Departmental manpower research. It develops plans and assigns priorities for research that will produce the factual basis for programs and policies to assure the fullest development and utilization of all of this Nation's manpower resources, and maintains an inventory of current research on manpower. Based on its analysis and synthesis of research findings, it recommends needed changes in manpower policies and programs. It not only plans and administers the contractual and grant research programs described in the preceding section of this statement, but it also conducts a staff research program and provides specialized and technical services to officials of the Department and other agencies. Current topics of the staff research programs include sheltered workshops; employment problems of persons recovered from mental illness; training of nonprofessional aides; military manpower; patterns of working life for women; the utilization of nonfarm laborers; regional economic and industrial conditions; the meaning of work to various occupational groups; and meeting skill shortages through training. Finally, it prepares and disseminates publications based on research findings, undertakes to assure the effective utilization of its research, and systematically canvasses users of manpower research to determine what use is made of research and how the program can be made more responsive to users' needs.

CHANGES FOR 1968

Mandatory changes amount to +$30,381.

Program Changes

The program change for this activity provides for an increase of $38,319, or the equivalent of 3 additional man-years, to meet the full year costs in 1968 for 17 positions provided for only a portion of the year in 1967 ($32,800 personal services; $5,519 non-labor) for evaluation and manpower planning activities. This increase is offset in part by non-recurring equipment costs of $6,400 related to the new positions. There is also a non-recurring decrease of $290,000 of unobligated 1966 Federal salaries and expenses funds to be utilized for contractual services and evaluation studies in 1967. In summary, the net program decrease amounts to $258,081.

Activity 3. Financial and Management Services

(1967, $1,541,320, Pos. 110; 1968, $1,512,600, Pos. 110)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the administrative staff support provided by the Office of Financial and Management Services to the Manpower Administrator to assist him in the achievement of an integrated, national manpower program. It furnishes administrative and staff support services to the Office of the Manpower Administrator, and the Office of Manpower Policy, Evaluation and Research in the budget, fiscal management, and administrative service areas, and provides centralized personnel services to all bureaus and offices of the Manpower Administration.

This activity provides for the administration of contracts and grants entered into under the provisions of the Manpower Development and Training Act of 1962, as amended, including the processing, fiscal control, and review of these contracts and grants. Under the provisions of the Act contracts are entered into in three basic categories; (1) contracts and grants for research; (2) contracts with employers and other organizations for providing on-the-job training; and (3) contracts and grants for experimental and demonstration projects.

In fiscal year 1968 the MDTA training programs will be redirected as a result of the 1966 amendments to meet more effectively the continuing national need for a Federal program to provide an opportunity through provision of basic education and training in communication and employment skills, occupational training, and maintenance allowances, for unemployed and underemployed persons who cannot obtain full-time jobs with their present skills, or who are working below their occupational potential, to equip themselves with new and improved skills that will provide them reasonable assurance of employment.

These MDTA training programs—including the basic institutional training and on-the-job training—as well as the contractual research program and the experimental and demonstration program, are in each instance operated by means of contracts or agreements between the Federal government and a wide variety of organizations—private employers, labor organizations, universities, public and private nonprofit organizations and individuals. Each contract must be carefully and completely processed to insure the proper expenditure of Federal funds. The Office of Financial and Management Services provides contracting services in the negotiation, review and processing of obligations and payments, and reconciliation of audit reports.

With the two-year obligational authority provided for the MDTA program, the financial reporting and control of individual training projects occurs over a period of two years for obligational purposes and more than two years for purposes of actual expenditures. Financial information regarding obligation and expenditure of funds for each project must be collected and prepared for machine processing and analysis. Information must also be provided for all Congressional and Departmental reports on the status of the MDTA program. Currently financial information must be maintained separately on programs for fiscal years 1965, 1966, and 1967 which total close to one billion dollars.

The Office of Financial and Management Services is additionally responsible for providing personnel services to all organizations of the Manpower Administration, including the Bureau of Employment Security and the Bureau of Apprenticeship and Training. In addition, personnel services are provided to the United States Employment Service for the District of Columbia.

Changes for 1968

Mandatory changes amount to +$11,200.

Program changes

The program change for this activity provides for an increase of $16,200, or the equivalent of 1.3 additional man-years, to meet the full year costs in 1968 for 16 positions provided for only a portion of the year in 1967 ($10,800 personal services; $5,400 non-labor), for contracting and auditing activities. This increase is offset in part by non-recurring equipment costs of $9,500 related to new positions. There is also a non-recurring decrease of $46,620 of unobligated 1966 Federal salaries and expenses funds to be utilized for contractual audit services. In summary, the net program decrease amounts to $39,920.

ACTIVITY 4. EXECUTIVE DIRECTION

(1967, $311,500, Pos. 18; 1968, $315,300, Pos. 18)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the executive direction, supervision and coordination of the manpower programs of the Department of Labor by the immediate Office of the Manpower Administrator. The Manpower Administration and the position of Manpower Administrator were established to bring together into a single administration the manpower organizations and programs of the Department of Labor in order to facilitate and integrate the development of a broad and comprehensive manpower program in response to the Department's growing responsibilities for dealing with the Nation's complex manpower problems.

Over the past several years the Manpower programs of the Department of Labor have been greatly expanded. Since 1962 many new and large manpower programs have been added to the earlier basic employment service, unemployment insurance and apprenticeship and training programs.

These new programs include the Manpower Development and Training Act program, consisting of institutional projects, on-the-job training projects, experimental and demonstration projects and mobility projects; the Neighborhood Youth Corps program, the Special Impact program, and the Adult Work Training programs operated upon delegation from the Office of Economic Opportunity; the Youth Opportunity Centers program; the President's Job Development program; the Apprenticeship Information Centers program; and the Human Resources Development program.

The growing number of these large and complex programs of the Department of Labor are operated in 54 jurisdictions including all 50 States, and in cooperation with a wide variety of State and local governmental agencies, private non-profit organizations, universities, corporations, employers, unions and trade associations.

This activity also provides for the President's Committee on Manpower established by the President in Executive Order 11152.

Changes for 1968.—Mandatory changes amount to +$3,800.

Program changes.—None.

FRIDAY, MARCH 3, 1967.

BUREAU OF APPRENTICESHIP AND TRAINING

WITNESSES

MR. HUGH C. MURPHY, ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING
MR. RALPH E. FRENCH, DIRECTOR, OFFICE OF ADMINISTRATION, BUREAU OF APPRENTICESHIP AND TRAINING
MR. HENRY PRZELOMSKI, DIRECTOR, OFFICE OF ON-THE-JOB TRAINING, BUREAU OF APPRENTICESHIP AND TRAINING
MR. STANLEY RUTTENBERG, ASSISTANT SECRETARY FOR MANPOWER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	5,328	6,254	6,428
11.5	Other personnel compensation	39	40	40
	Total personnel compensation	5,367	6,293	6,468
12.0	Personnel benefits	393	473	485
21.0	Travel and transportation of persons	542	643	644
22.0	Transportation of things	19	31	31
23.0	Rent, communications, and utilities	296	274	287
24.0	Printing and reproduction	72	119	120
25.1	Other services	247	233	206
25.2	Services of other agencies	21	56	56
26.0	Supplies and materials	52	91	93
31.0	Equipment	38	58	25
42.0	Insurance claims and indemnities	3		
99.0	Total obligations	7,050	8,272	8,416

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	619	686	688
Average number of all employees	583	646	655
Average GS grade	9.2	9.3	9.3
Average GS salary	$9,434	$9,831	$10,040

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Training promotion and service to industry	5,294	5,987	6,114
	2. On-the-job training	1,305	1,845	1,885
	3. Administration and management services	336	440	417
	Total program costs, funded	6,935	8,272	8,416
	Change in selected resources [1]	115		
10	Total obligations	7,050	8,272	8,416
	Financing:			
11	Receipts and reimbursements from administrative budget accounts	−40	−30	
16	Comparative transfers to other accounts	45	14	
25	Unobligated balance lapsing	40		
	New obligational authority	7,096	8,256	8,416
	New obligational authority:			
40	Appropriation	7,018	8,180	8,416
41	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (79 Stat. 531 and 80 Stat. 674)	−9	−3	
42	Transferred from "Unemployment compensation for Federal employees and ex-servicemen" (Public Law 89-426)	87		
43	Appropriation (adjusted)	7,096	8,177	8,416
46	Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for civilian pay increase		79	
	Relation of obligations to expenditures:			
10	Total obligations	7,050	8,272	8,416
70	Receipts and other offsets (items 11 to 17)	5	−16	
71	Obligations affecting expenditures	7,055	8,256	8,416
72	Obligated balance, start of year	293	437	513
74	Obligated balance, end of year	−437	−513	−663
77	Adjustments in expired accounts	−18		
90	Expenditures	6,893	8,180	8,266

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $30,000 (1966 adjustments, −$22,000); 1966, $123,000; 1967, $123,000; 1968, $123,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. We have before us today Mr. Hugh Murphy, an old friend, Administrator of the Bureau of Apprenticeship and Training.

Do we have a biographical sketch, Mr. Murphy?

Mr. MURPHY. I brought one, Mr. Chairman.

(Sketch referred to follows:)

BIOGRAPHY OF HUGH C. MURPHY

Appointed Administrator of the Bureau of Apprenticeship and Training, U.S. Department of Labor on August 3, 1964.

Native of New York City and a former apprentice and journeyman bricklayer. He joined the Bureau in 1946 as a field representative, rose to New York State Supervisor in 1952, and was appointed Regional Director for the New York-New Jersey area in 1959.

Mr. Murphy joined the National Office of the Bureau in 1962 as an Assistant Administrator in charge of the Office of Industry Promotion.

Directs a nation-wide organization created by Congress in 1937 to promote and help develop formal apprenticeship programs. Its apprenticeship and training activities have been expanded to oversee the on-the-job training provisions of the Manpower Development and Training Act of 1962 and to foster equal employment opportunity in all of the programs under the Bureau's direction.

Prior to joining the Bureau, he was Chairman of the Apprenticeship Committee for Bricklayers Local 34 in New York City as well as of the State Conference of the Bricklayers, Masons and Plasterers International Union. He still holds membership in Bricklayers Local No. 34, New York.

He attended Fordham Preparatory School and Mechanics Institute of New York and is a member of the American Society of Training Directors.

During World War II, Murphy served in a naval construction battalion on Iwo Jima and Guam.

He is a member of the American Legion and the American Apprenticeship Round Table.

Married and father of two sons and a daughter. They make their home in Arlington, Virginia.

Mr. FLOOD. Mr. Murphy, will you proceed with your statement in your usually competent manner?

Mr. MURPHY. Thank you.

TRIBUTE TO CONGRESSMAN JOHN E. FOGARTY

Good morning, Mr. Chairman and members of this committee.

If I may have your permission, Mr. Chairman, this record will have many, many references, I am sure, to the late John Fogarty. With your permission I would just like to add my comments, also.

Mr. FLOOD. I wish you would.

Mr. MURPHY. He was a wonderful friend, a solid supporter of the Bureau, and a fellow bricklayer.

Let me thank you, also, Mr. Chairman. You were gracious enough to have inserted in the Congressional Record a memorial that our Federal Committee on Apprenticeship had passed.

Mr. Chairman, I have inserted in the record my little biographical data.

I would like to briefly inform perhaps the newer members of the committee somewhat of my background. I was born and raised in the city of New York. I come from a family of bricklayers.

At the age of 18 in the year 1933 I was out of high school, out of work, out of just about everything under the sun.

Mr. FLOOD. You still carry your union card?

Mr. MURPHY. Yes, Mr. Chairman.

At the advent of my apprenticeship that year I really worked at it and did accomplish enough to learn the trade.

Mr. FLOOD. What did you get an hour then?

Mr. MURPHY. About $1.75 an hour for a journeyman then. Apprentice was about 60 cents.

Mr. FLOOD. How about now?

Mr. MURPHY. About $6 an hour now, Mr. Chairman.

Mr. FLOOD. You are in the wrong business.

Mr. MURPHY. I married in 1939, went into the Seabees for a little while.

After the war I started with the Bureau in 1946 and have been most fortunate in rising through the ranks, and in August of 1964——

Mr. FLOOD. Where did you go to school?

Mr. MURPHY. Fordham Prep. Mr. Chairman; no college.

In August of 1964 the Secretary appointed me the Director of the Bureau.

In essence, that is my background.

Mr. FLOOD. You are a very pleasant fellow.
Go ahead.

GENERAL STATEMENT

Mr. MURPHY. Mr. Chairman and members of the committee, I am again appearing on behalf of an appropriation request for the Bureau of Apprenticeship and Training programs. Our 1968 request, totaling $8,416,000, is $171,000 above the 1967 revised appropriation estimate.

Mr. FLOOD. Who revised this?

Mr. FRENCH. The adjustment is to include the proposed transfer from "Unemployment Compensation for Federal Employees and Ex-Servicemen" to take care of the pay raise which was enacted in 1966.

Mr. FLOOD. All right.

Mr. MURPHY. This includes two positions heretofore financed by the Office of Emergency Planning. Proposed increases are attributable to the 1966 pay act, and to rent and salary for positions newly authorized in 1967 and filled for only part of that year.

COMPARISON OF 1967 AND 1968 PERSONNEL LEVELS

Mr. LAIRD. That figure is somewhat misleading because it does not include the freeze reduction, does it?

Mr. MURPHY. No, Mr. Laird.

Mr. HUDSON. Only to the positions authorized by the Appropriations Committee.

Mr. LAIRD. In effect the increase is larger.

Mr. MURPHY. Actual positions that we have employed.

Mr. FLOOD. I missed the point.

Mr. LAIRD. It is somewhat misleading to compare 1967 and 1968 on the basis of authorized positions because they were not all used during fiscal 1967 because of the personnel freeze. So when you compare 1967 and 1968 it gives a better comparison if you use the actual level which was made available to the Bureau, rather than the authorized appropriation level.

Mr. FLOOD. Is that so?

Mr. MURPHY. Yes.

Mr. HUDSON. These budgets were prepared quite a while before.

Mr. FLOOD. What month?

Mr. HUDSON. About 5 months ago. These positions and the money are the positions and money reflected in the President's budget.

Mr. FLOOD. When did you go to Bureau of the Budget, in November?

Mr. HUDSON. We sent the budget over in September. We got a markup back from them in December.

Mr. FLOOD. Mr. Laird's position has some merit.

Secretary WIRTZ. Mr. Chairman, you suggested that I comment when the occasion arose. We are talking about a comparison of appropriation with appropriation.

The suggestion of a comparison of an appropriation which would go through 1968 with our present March 3 or 4 personnel would in my judgment be, in the words of yesterday's suggestion, a comparison of apples with oranges.

I don't know what personnel we will be using at the end of this year of our present appropriation. It will probably be somewhat larger than what we are using now. It will be no more than we have to use.

I would urge that the record include the balance of Mr. Laird's position against the balance of the position that I am trying to state because I think quite strongly that a comparison of appropriation with appropriation is fair and to make a comparison between today's personnel subject to the strongest pressures that we have on us and have recognized, economizing from day to day, and subject to the change there may be between today's March 3 or 4 personnel and the end of the year would be unfortunate. I only press that both points be there and I recognize both points.

Mr. LAIRD. I understand the statement of the Secretary. The only problem here is that if the executive branch does not remove this freeze it is more legitimate to compare the actual level in 1967 with the proposed program level for 1968.

Secretary WIRTZ. I don't mean to argue that. It is not a freeze, but a request to cut back subject to our saying to the Bureau of the Budget, as I indicated yesterday, and I expect to on certain parts, that we need more of these people. We operate under a ceiling but it is not a freeze. I don't know whether "freeze" or "ceiling" is more subject to fluctuation. It has been made clear to us by the Bureau of the Budget that if we find we cannot operate at these levels we will be free to come back later.

I didn't mean to argue.

Mr. LAIRD. No, Mr. Secretary. We made that money available last year because we thought those positions were needed.

Secretary WIRTZ. Yes.

Mr. LAIRD. The executive branch moved in and said they were not all needed.

Secretary WIRTZ. I won't press it further.

Mr. FLOOD. Proceed. I think that is clear now.

NUMBER OF REGISTERED APPRENTICES

Mr. MURPHY. With the 552 positions requested for the national apprenticeship and training program I am hopeful that we will be able to sustain the increase in numbers of registered apprentices who participate in the program. Beginning in 1962, apprentice participants have risen from a fiscal year total of 206,000 to 237,000 in 1966. We foresee a further rise to 246,000 in 1967 and 259,000 in 1968.

We are just getting our calendar yearend figures for 1966. We have seen a real growth in that year.

Preliminary figures show we have an additional 23,150 apprentices on the registration rolls as of December 31, 1966. This is far above what we had anticipated.

Mr. FLOOD. Is that good?

Mr. MURPHY. It is wonderful. I am delighted.

Mr. FLOOD. I guess that is better than good.

Mr. MURPHY. With the 136 positions requested for the Manpower Development and Training Act on-the-job training program, I believe

we will be able to sustain the increase in trainees enrolling in and completing training programs and entering posttraining jobs.

Present statistics and estimates indicate that enrollments will increase 31,000 in 1967, up from 49,000 in 1966 to 80,000, and will increase an additional 28,000 in 1968 to a total of 108,000. Enrollees completing scheduled training will increase 18,000 in 1967 and 16,000 in 1968, reaching 64,000 annually. Close to 100 percent of all enrollees who complete their training will immediately enter regular employment. Development of new training opportunities in the Manpower Development and Training Act on-the-job training program will rise from 114,000 in 1966 to 125,000 in 1967. It is expected however to fall to 112,000 in 1968.

Mr. FLOOD. Why?

Mr. MURPHY. The program mix is changing, Mr. Chairman. We are getting more and more to people who have less ability to enter the job market without some real prior training, prebasics, remedial training, and so on.

Mr. FLOOD. You are getting to the bottom of the barrel.

Mr. MURPHY. You have hit the nail right on the head, Mr. Chairman. The main issues in the apprenticeship program include meshing with other programs into a broad manpower development system, expansion to keep pace with growth in teenage population, and production demands, and adjustments in the program to accommodate changes in technology.

We are actively participating in the effort to achieve a unified manpower development program at all levels—National, State, and local. Apprenticeship is especially well suited to furthering the twin objectives of providing skills for efficient production and attractive jobs for youth.

Mr. FLOOD. What is an attractive job?

Mr. MURPHY. Possibility of becoming a highly skilled craftsman, highly paid, and also the opportunity to become an entrepreneur, if I may use that word, Mr. Chairman, a small businessman.

I always point to the wonderful John B. Kelly. He started his career as an apprentice bricklayer. You know of the fame he achieved in his lifetime. He became one of the most successful contractors in the United States as a bricklayer.

Young Jack is active in Philadelphia, I know, and very active in the apprenticeship program in Philadelphia, sir. Organizations with which we work are also directing their activities in support of the common goals—national associations, international unions, State apprenticeship agencies, and thousands of employers, local unions, and schools.

An example of coordination is the scheduling in 1966 of 13 percent of the Manpower Development and Training Act on-the-job training trainees in registered apprenticeship programs. Industry is widely adopting recommended selection procedures for use in apprentice recruitment to support equal employment opportunities—a key goal of the Nation's manpower program. State employment services are contributing much in this area by operating apprentice information centers in 24 of the largest metropolitan areas. The Advisory Committee on Equal Opportunity in Apprenticeship and Training, named by the Secretary of Labor, gives overall guidance in this activity.

Despite the installation in industry of more than 1,000 new apprenticeship programs annually, the estimated percentage of establishments operating programs has not changed materially.

Mr. FLOOD. Why?

Mr. MURPHY. Frankly, Mr. Chairman, I will not belabor this issue, but our people have been tremendously busy with the Manpower Development and Training Act in on-the-job training. We have in a sense diverted some of our normal activity in the apprenticeship program to assisting and developing on-the-job training. This has diverted some of our staff activity.

It is not too much, of course, but we do find we are getting more and more establishments that have established programs to increase their number of apprentices. The number of new establishments coming in has remained quite constant in the last few years, about a thousand new programs annually.

Mr. FLOOD. That is not good.

Mr. MURPHY. I agree with you wholeheartedly. If I ever achieve anything in this lifetime of mine I would like to see this—I reported 207,000 registered apprentices—see this number doubled.

Mr. FRENCH. I want to suggest, also, the reason we do not gain is that we have programs cancelled, employers going out of business, changing business, and that is why we are staying even, although we do develop these new programs.

Mr. MURPHY. The rise in apprentice employment has resulted principally from an increase in number of apprentices in established programs, rather than from enrollments in new programs. In seeking expansion, we will endeavor to increase local activity as well as urge national management associations and unions to employ apprenticeship administration staffs capable of assisting individual employers to initiate programs. State apprenticeship agencies employ similar methods to multiply their promotion and technical assistance.

JOINT APPRENTICESHIP COMMITTEE

To the more than 20,000 volunteer members of joint apprenticeship committees is due a large share of the credit for recent advances in apprentice employment. We intend to give whatever assistance is necessary to keep these committees active and committed.

Mr. FLOOD. Who are they?

Mr. MURPHY. Local joint apperntiçeship committees usually composed of three members from management——

Mr. FLOOD. Who sets them up?

Mr. MURPHY. We promote them—three from management and three from labor. This is a usual pattern which can vary. Many of these people are really and truly dedicated to this system. They have devoted their evening time, their Saturday time to this.

Mr. FLOOD. What do they do?

Mr. MURPHY. Develop standards, work on problems of the area, what the future is in the activity in the area, whether it be manufacturing, construction, service occupations, what is the future, and so on. What is the role of the apprenticeship in the future of the local area. Much of their time is spent in recruiting apprentices, screening, selecting apprentices.

Mr. FLOOD. This is good?

Mr. LAIRD. They are terrific, Mr. Chairman. I have met with some of these groups. They all donate their time. I think they are responsible to a large extent for the success of the program.

Mr. MURPHY. I doubt very much, Mr. Chairman, if there is even one paid joint apprenticeship committee in the United States. This is purely voluntary service which they devote to the industry.

Mr. FLOOD. What do you do to help these people?

Mr. MURPHY. We provide technical services, information, resources, assistance in establishing and working with our friends in vocational education, establishing related instruction classes which are part of the training of apprentices. There are many duties and functions we perform.

Mr. LAIRD. You have to stimulate them once in a while when they drag their feet.

PROMOTIONAL ACTIVITIES

Mr. MURPHY. To enable us to pinpoint promotional efforts, we are repeating the 1964 nationwide study of training in U.S. industry. The 1964 study constituted the best source of data on inplant training by specific industry, type of skill, and size of plant. The revised edition will, in addition to updating the information on the general state of training within industry, concentrate on apprenticeable trades, shortage occupations, including health services, and entry jobs for unskilled or disadvantaged individuals.

In our efforts to assist industry in adapting to changing conditions of work and technology, we are participating in the most comprehensive analysis of apprenticeship attempted in recent decades. Conducted by Purdue University under a Manpower Development and Training Act research grant, in close cooperation with labor and management, the analysis will determine how well the system of apprenticeship is adapting to recent changes and will be of assistance in the development of improved techniques.

Another major effort pertaining to review, evaluation, and adapting to change, is a management study now being conducted by the Bureau of Apprenticeship and Training. Assignment of the Manpower Development and Training Act on-the-job training program to the Bureau has presented both problems and opportunities. I decided that we could best solve our problems and seize opportunities for improved management and an improved product by having available a thoroughgoing analysis of our own organization. I am able to report that the first products of the analysis are most encouraging.

As Secretary of Labor W. Willard Wirtz once pointed out, "It is not generally realized that today's unemployment problem is most seriously a problem of unemployed, unskilled workers." Since unskilled jobs are becoming scarcer, the unemployed, unskilled members of society need opportunities to learn salable skills. The Manpower Development and Training Act on-the-job training is a natural for them. It offers a real "second chance," and a wage-paying job at the same time.

Emphasis will continue to be directed at the hard core—at youth, the minorities, the long-term unemployed, the handicapped, the older

worker—and the underemployed in need of upgrading or skill improvement training. In conjunction with this objective, the relief of skill shortages will also be served. The lack of trained workers in health and other service fields as well as in the vital metalworking and aerospace industries, for example, is a problem with which we are now and will be increasingly involved. We have found that promotional and developmental contracts with national associations have been significantly successful in developing training opportunities to meet the needs of particular groups or industries such as the mentally retarded, the tool and die industry, and so forth. The direct involvement of influential industry and other groups on a national level in the stimulation and promotion of on-the-job training programs in the private sector—new, supplementary, or complementary—puts to use on a more widespread basis, valuable industry resources in equipment and training knowledge and relieves the limited Federal staff for other promotion.

I marvel at the results our staff gets in this field. Just in the past few days I have had conferences with people from the Association of Rehabilitation Centers, from the National Association of Retarded Children, and in our on-the-job training program we have at the present time about 5,000 in related occupations for mentally retarded, about 2,500 of the mentally retarded being trained for job opportunities and in other occupations, physical therapy, and so on, people working in the field of physical therapy, child training for disabled children, and so on. Since I have gotten involved in this I am astounded to find the number of disabled people in this great Nation of ours.

We are running almost 3 percent of our population, perhaps 6 million people, who are disabled. In the mentally retarded field as the result of a couple of contracts we have with Marriott Hot Shoppes, Sky Chefs, at a cost of about $27.50 per week for 10 weeks training, a total cost of $275, we are getting people into meaningful work opportunities.

In fact, I just happened to meet with a gentleman from American Airlines. Their wholly owned subsidiary, Sky Chefs, Inc. will take several hundreds of these people and put them in to fulfill many of their jobs, and I am thrilled with the wonderful thing we are doing for these people.

Practical and relatively inexpensive on-the-job training programs in industry enlarge the skill resources of not only the trainee but of industry and the Nation. About 20 percent of on-the-job trainees will be covered by national contracts.

Mr. FLOOD. What do you mean by national contracts?

Mr. MURPHY. Contracts formulated with national associations, National Tool, Die, & Precision Machining Association, Chrysler Motors Corp., and so on. We have a list of these.

Training programs combined with institutional training are developed in cooperation with the Department of Health, Education, and Welfare for those trainees who also need remedial education or related job instruction.

Agreements have been developed with 13 State agencies for promotion of on-the-job training. More intensive evaluation and followup of on-the-job training programs will be conducted and research will be directed at the comparative costs of the variety of contract arrange-

ments possible under the Manpower Development and Training Act, in order to identify the most efficient type.

Thank you, Mr. Chairman, for allowing us to present this statement to you and your colleagues.

SUMMARY BUDGET REQUEST

Mr. FLOOD. The adjusted appropriation for 1967 is $8,245,000 and the request for 1968 is $8,416,000. That is an increase of $171,000, as you said. Why?

Mr. MURPHY. Part of that is for pay raises which occurred in 1966.

Mr. FLOOD. What part?

Mr. HUDSON. About $125,000 of that.

Mr. FRENCH. We plan to absorb that much of the pay cost in 1967 but we do not feel——

Mr. FLOOD. What happened?

Mr. FRENCH. It is partly the result of failure to fill the jobs promptly due to the late appropriation. The comparison is $79,000 we are requesting in 1967 for pay act increases. That is not the whole thing. We need that $79,000 in 1968 plus the $125,000. Though we plan to absorb it in 1967 we prefer not to absorb it in 1968.

Mr. FLOOD. You prefer?

Mr. FRENCH. Not to.

Mr. FLOOD. I gathered that in the last couple days.

REGISTERED APPRENTICES IN 1968

In your justification you estimate 246,000 registered apprentices will receive training this year and 259,000 in 1968. That is quite a jump over what it was a few years ago.

Mr. MURPHY. Again, Mr. Chairman, the economy of the land has been, in the last 6 years, on the upswing. We have seen in our program that when this occurs we have greater opportunities for young men and women to enter into the apprenticeship activity of our land.

Mr. FLOOD. And you are taking advantage of it.

Mr. MURPHY. We certainly are. Again I sincerely hope that before my time on this earth is over we will have accomplished what I mentioned before.

With a work force of over 75 million people, let us say 210,000 apprentices registered at the present time, I don't think this fulfills the need for the years ahead.

I hope, as I say, in years to come we will double this figure. I would love even to take at least 1 percent of this work force of 75 million in round numbers and have about 750,000 apprentices.

Mr. FLOOD. How much of this is due to sheer economic expansion? We have spoken of shortages in skills. How much is due to your own promotional activity? Is that difficult to measure.

Mr. MURPHY. No, we can measure by the use of the Manpower Development and Training Act. In round numbers we can see that about 15,000 apprentices have come into this group by using the Manpower Development and Training Act to stimulate this. National Tool & Die has more than doubled their apprentices in the last 2 years under this program.

Mr. FLOOD. Why are you so enamored with them?

Mr. MURPHY. It comes to mind readily because of the metal manufacturing industry being in great need.

I was in Detroit only a few weeks back. In that area alone, where there are thousands of apprentices in this field, they said they could use another 600 apprentices very easily.

Mr. FLOOD. It is a highly skilled job, is it not?

Mr. MURPHY. Yes, and with tangible benefits to the person who has this skill.

Mr. FLOOD. He would never be out of work.

Mr. MURPHY. Unless we get into that deep depression such as we had in 1933.

Mr. FLOOD. What would happen to all these figures if we had a so-called recession? Would the bottom fall out?

Mr. MURPHY. I doubt that very much, Mr. Chairman. Again our economy is on the upswing. We are in a population explosion.

This year in 1968 the population of teenagers, those 18 years of age, in 1964 it was 2.8 and now 3.5. This is close to a 1 million increase in population of 18-year-olds.

The Secretary reported on the number of those who are college bound. There is a number who will not successfully complete college so many of these have to be absorbed in the work force of the Nation.

Again I would like to see many of these in the apprenticeship program.

INDUSTRY AND UNION SUPPORT FOR THE APPRENTICESHIP PROGRAM

Mr. FLOOD. Do you have any trouble spots among the unions and industry? Begin with the large unions.

Mr. MURPHY. The larger unions in the building trades wholly support the apprenticeship program. The UAW, for instance—you mentioned a national contract—we have a contract with this union.

Mr. FLOOD. Bona fide?

Mr. MURPHY. Bona fide contract under the Manpower Development and Training Act to provide opportunities both in the apprenticeship program and also in the nonskilled on-the-job training program.

The Carpenters International Union just sent out a letter to their constituent local unions.

They are telling them to get into line with regulations concerning equal employment opportunity. Again we have a contract with this group under the Manpower Development and Training Act. In addition to this contract they, too, see the need for expanding their ranks by using the apprenticeship group. They put on three full-time people in their national office who have the responsibility of getting about the country, beating the bushes, and stimulating further activity in the apprenticeship program.

Mr. FLOOD. What about the industry itself, or industries?

Mr. MURPHY. I believe the building industry has come out four-square with their support. The AGC has reported in many parts of the country that they are woefully short of skilled manpower in the construction industry and the way to accomplish quick results is the apprenticeship route.

Mr. FLOOD. This is really nothing new.

Mr. MURPHY. I guess not. The Lord himself was an apprentice to Joseph.

Mr. FLOOD. In connection with the on-the-job training program are you satisfied with this prime contract business? I mentioned that earlier. We are used to referring to prime contractors in defense.

Mr. MURPHY. If I may mention the International Union of Operating Engineers. We have given them, again with the work of my colleague, Mr. Przelomski, a contract that will train 1,290 people. These will not all be apprentices. Much of this will be upgrading. Some of it will be apprenticeship. It is working out very, very successfully.

Also in this contract we have tied in a group from the Job Corps, these youngsters who are in the camps. I believe reference was made to this in yesterday's testimony.

We are working to bring in a group of these youngsters and they will go into the apprenticeship system and come up through that.

Mr. FLOOD. You are a real enthusiast, aren't you? You are hopped up with this thing.

Mr. MURPHY. If a guy likes what he is doing I think this is the best job in the world. I like it. I think we have the best program in the world.

COMPLIANCE REVIEWS

Mr. FLOOD. On page 12 of your justifications you say you plan to conduct 2,000 reviews to determine noncompliance.

Mr. MURPHY. Yes.

Mr. FLOOD. Isn't that an awful lot?

Mr. MURPHY. A lot of this is paper, Mr. Chairman. We have a staff both in the regional offices and in the national offices. As a result of this management survey done for us by McKinsey & Co., they recommended that——

Mr. FLOOD. By whom?

Mr. MURPHY. A management consulting firm, McKinsey & Co. They are pretty much worldwide. They have offices in Washington, New York, and they are very competent people. They did a marvelous job with us.

They recommended that some of our functions be decentralized to to the regional offices. Much of this will be accomplished in the regional office, the review of these programs.

CIVIL RIGHTS

Mr. FLOOD. Do you get mixed up with civil rights?

Mr. MURPHY. Yes, sir. We have a regulation promulgated by Secretary Wirtz called CFR title 29, part 30, which provides that the admittance to apprenticeship program shall be on the basis of qualifications alone.

Mr. FLOOD. What about sex?

Mr. MURPHY. I was chided by Mrs. Esther Peterson recently about one of our publications, that we left out this word. It was inadvertent, I assure you.

STAFFING PROBLEMS

Mr. FLOOD. What are your current problems? You have been telling me how good you are and you are beating your drums here. Is anything the matter with you?

Mr. MURPHY. We spin our wheels.

Mr. FLOOD. We want to help you. What are some of the problems?

Mr. MURPHY. You and your colleagues on this committee have been most helpful to us over the years. We are tremendously grateful.

Mr. FLOOD. What is your big problem on Monday morning at 10 o'clock? What is the No. 1 problem?

Mr. MURPHY. People, Mr. Chairman.

Mr. FLOOD. What does that mean?

Mr. MURPHY. We have a need for additional staff. I sincerely hope I will not embarrass the Secretary in any way. We do need additional staff.

We have a dedicated group of people in the field and we have been able to get around. They are doing a wonderful job and some are really and truly overburdened with some of the activities in our Department. I am delighted we have been entrusted with this on-the-job training aspect and I am delighted we have the opportunity to prove that apprenticeship is a vehicle for all people——

Mr. FLOOD. Yes; but what is your big problem on Monday morning? Is it people?

Mr. MURPHY. Yes, Mr. Chairman.

Mr. FLOOD. Mr. Shriver?

PURDUE UNIVERSITY MANPOWER STUDY

Mr. SHRIVER. In your statement you mentioned a study being conducted by Purdue University under the Manpower Development and Training Act.

What is the nature of that study?

Mr. MURPHY. Purdue University people have, as a result of the contract with a sister group within the Manpower Administration, OMPER, a contract for about $286,000.

Mr. FLOOD. The what?

Mr. MURPHY. The Office of Manpower Policy, Evaluation, and Research.

A division of the Manpower Administration. Dr. Curtis Aller is the Director.

The Purdue study is engaged in extensive review of four occupations, or trades, machinists—and these relate across the board. The pipe trade can be plumbing, pipefitting, and steamfitting.

Machinists, tool and die, the printing trades, again there is a composite in that. And also a service occupation, cooks and chefs. These four occupations are being studied in depth by these research people to develop what provides the best training, what provides the best source of people for this industry, what are the results of their training, what is a good program and what is a mediocre program.

Mr. SHRIVER. When was it started? When will it be concluded?

Mr. MURPHY. It concludes in October of this year, Mr. Shriver. It was a 28-month contract, I believe.

Mr. SHRIVER. How much is involved in money?
Mr. MURPHY. It was $286,000.

DISADVANTAGED TRAINEES

Mr. SHRIVER. On page 8 you mentioned emphasis will continue to be directed at the hard core, again the same thing we were talking about yesterday.
Mr. MURPHY. Yes.
Mr. SHRIVER. Are there any requirements in connection with your Bureau regarding the percentage of trainees used in any particular contract, percentage of those that shall be of the hard core, and what is it?
Mr. MURPHY. The percentage is 65 percent of the program mix should be disadvantaged persons, Mr. Shriver, 35 percent for skilled shortage occupations.
Mr. SHRIVER. Included in the disadvantaged would be handicapped and who else?
Mr. MURPHY. Nonwhite people with less than eighth grade education. There are about five or six categories of persons that the Government would deem have not had a complete opportunity.
Mr. SHRIVER. In all of your on-the-job training programs, is the requirement 65 percent shall be from disadvantaged groups?
Mr. MURPHY. This is our desire, Mr. Shriver. I am afraid we are not actually in many places reaching this particular goal in many parts of the country, and I think you are referring to Wichita.
Mr. SHRIVER. Not exclusively.
Mr. MURPHY. We have had a problem with the Boeing plant in Wichita. The persons in that area feel perhaps we have not adhered strictly to the 65–35 mix. I have been given reports, only recently, in this area there just are not that many people available to fulfill this contract with the Boeing plant.
Mr. SHRIVER. In other areas of the country do you have any problem in connection with industry accepting that kind of a requirement?
Mr. PRZELOMSKI. I do not want to muddy it up, but that 65–35, sir, does not necessarily mean 65–35 to a specific contract. So primarily, when we balance out our program, that is our program goal.
What we did at Boeing, naturally we would like to have a hundred percent, but we realize that we always cannot get 100 percent, but what we asked them, we got in a little problem there because of the 65–35 going around the country. Somebody interpreted that to mean every contract we write with ABC company has to have 65–35. There are some programs that are not developed that way, they may be 100-percent disadvantaged and the next program may be the opposite. So we got into a squabble there and it got into the papers that Boeing was not keeping to the program goals of 65–35. But primarily, what we did there, we wrote the language in the contract in such a way that first we want a maximum of 100-percent disadvantaged if we can get them, and if they meet the requirements of the job and the program.
The second thing, we asked that all applications be certified and enrolled through the Employment Service. We asked the community group to refer to the Employment Service.

I saw a report just recently—Mr. Murphy has it there—the program is moving along. Unfortunately, I think we got a little unfavorable publicity about it, but basically the intent is that we want the maximum number of disadvantaged. We are trying to program that way, and in fact to make sure we do, as of January 9, Administrator Murphy instructed the field staff for the last half of the year to place primary emphasis on the 100-percent disadvantaged or coupled programs. This is probably some of the reasons you have been hearing about the 65–35.

Mr. MURPHY. If I may report to you, the Employment Service referred 202 people to Boeing; 169 of these were hired and 60 percent of them were Negro.

Mr. SHRIVER. How long have you had this guideline that you would like to achieve?

Mr. PRZELOMSKI. That was our program goal in fiscal year 1967 and is our program goal in fiscal year 1968.

As the chairman mentioned, as you get to the hard core of the long-term unemployed, we are directing the program, our resources, and our efforts to that group. The 35 percent is a goal that we do not have too much trouble meeting. However, because of the shortage of new skills and new skills developing, we do want to take care of that part of our workload. We have found that the applicants of 1962 or 1963 are different applicants than these we have in 1967. We found it necessary to redirect our program emphasis. In 1962–63 we could almost take people from the street directly to the job with the minimum amount of on-the-job training and make them productive. Now we find many of the people we are directing our program at need something more.

So we developed what we call a coupled program where many of the applicants receive either prevocational, basic education, job orientation, or industry orientation. These are different types of programs developed primarily for the needs of the people to qualify for employment.

So our program is expanding and taking a little different change in that direction.

APPRENTICESHIP GRADUATES COMPARED TO PROGRAM PARTICIPANTS

Mr. SHRIVER. While we are talking about specifics, I have some figures here relative to the State of Kansas that you furnished me:

> It is estimated that Kansas will have 1,640 participants in the apprenticeship and training program in fiscal year 1968, and only 85 apprentice completions.

Why such a low number of completions for the number of participants?

Mr. MURPHY. This does seem rather low, Mr. Shriver.

Mr. SHRIVER. I believe there is a wrong figure.

Mr. MURPHY. I do not believe there is a mistake here, sir.

ON-THE-JOB TRAINING PROGRAM IN KANSAS

Mr. SHRIVER. On that same area, why is the on-the-job training program being cut back with regard to the number of training schedules in the State of Kansas?

Mr. PRZELOMSKI. I am not aware there is any cutback in the Kansas program. Kansas, as of the other day, has spent approximately 75 percent of its on-the-job training money. That is running ahead of the national program. Nationally we are running around 57 to 58 percent of the program and Kansas is at the 75-percent level. So we feel Kansas will probably spend all of its on-the-job training money this year.

Mr. SHRIVER. You have a very good program. I commend you on it.

Mr. MURPHY. Thank you.

Mr. SHRIVER. I think it is meeting a very definite need in our part of the country and it has been administered very well.

DETERMINATION OF PERSONNEL NEEDS

Mr. SMITH. Does the number of positions you need relate to the number of participants in these training programs or is it more directly related to the number of training units?

Mr. MURPHY. It is related to the training units, Mr. Smith.

Mr. SMITH. Since the training units are remaining rather stable, your permanent positions would remain rather stable, too.

Mr. MURPHY. Rather; yes.

Mr. SMITH. In calculating what you will need for 1968, then you must be indicating that you do not think there will be more training units?

Mr. MURPHY. I indicated our training programs established each year, new programs running around about the same. They are fairly stable, 1,100, 1,000, 1,200.

Mr. SMITH. Then I judge from this that you are not really affected too much by decisions that craft unions make as to how many apprentices they are going to take in next year.

Mr. MURPHY. The apprenticeship program is a voluntary program and it is our function as an agency of Government to assist them; and we actively promote and point out to them where there is perhaps a deficiency in their area.

Mr. SMITH. I am just talking now about your level of personnel and determining how many you need. In other words, there are some changes going on in craft unions. Some of them are taking in a lot more apprentices and deciding that the construction employment picture is more permanent than they had thought and they are going to take in more apprentices.

Mr. MURPHY. Yes.

Mr. SMITH. Does this affect your level of personnel needs?

Mr. MURPHY. Again we provide staff services to them, Mr. Smith, and if they do step up their activities, I think we will see an increased call upon our staff for additional services.

Mr. SMITH. Which staff?

Mr. MURPHY. BAT staff.

Mr. SMITH. All the way up or at field level?

Mr. MURPHY. Right across the board. We have a group in the Washington area and I am delighted with the efforts they have made in pointing this out to the same national groups.

Mr. SMITH. In making your budget request then, to what extent do you try to calculate the attitude during the coming year concerning apprenticeships?

Mr. MURPHY. Again turning to the expanding economy of the Nation that has been in a 6- or 7-year growth pattern now, we have worked with these national groups and have pointed out to them that in many of their constituent areas they are not meeting the needs of the local industry.

Mr. SMITH. To what extent do you make your budget request based upon what you think the number of apprentices will be in the coming year?

Mr. MURPHY. I think I have to turn to my budget officer.

Mr. FRENCH. I think it is important to point out that we deal with many employers whose employees are not unionized. We are dealing with something like 185,000 establishments now normally. We feel that there should be double that number of establishments operating apprenticeship programs, in that they do employ journeymen, they do expect to hire on the open market new journeymen. We feel they should be operating their own apprenticeship program rather than pirating a completed apprentice from another plant.

So we do not feel that the attitude of the international unions is much of a workload factor. Certainly our workload is not related to the number of apprentices on the book as directly as it is to the number of establishments and union locals we would like to work with in order to help them set up a program or improve the program, improve equal opportunity function, and things of that nature.

Mr. SMITH. Whether it is union or nonunion, they have certain rules of thumb, if not absolute rules, as to how many apprentices compared to journeymen. Are they changing the number of apprentices in the ratio or not?

Mr. FRENCH. Yes, they are. I feel the trend is that way, but the upper limit is, you cannot put too many apprentices in any one plant without disrupting production.

Mr. SMITH. I understand, but I am trying to relate this to your budget.

If they are increasing the number of apprentices compared to journeymen and increasing the number of journeymen, then you must be going to increase the number of apprentices considerably.

Mr. FRENCH. Yes, and probably economic conditions have more to do with that than anything else. We have never been in doubt about that, that the number of apprentices will go up if the economic conditions are good and there is demand for skilled labor. We feel we can make it go up further, the number of apprentices in these areas, by pointing out the need and assisting in establishing the programs.

REQUEST TO THE BUREAU OF THE BUDGET

Mr. SMITH. How did you fare with the Bureau of the Budget on your estimate of the needs in this area?

Mr. FRENCH. We did request some increase, 22 positions, for the apprenticeship program, and they were disallowed.

At the time when on-the-job trainees were estimated at 250,000 for fiscal year 1968, we had requested 264 additional positions to take care

of the doubling in the number of contracts that would have been necessary there. But when the decision was made to hold the number of trainees to 112,000 rather than 250,000, that request, of course, was denied.

Mr. FLOOD. Who made that decision?

Mr. HUDSON. The Bureau of the Budget.

Mr. SMITH. Are they deciding on the basis of how many trainees there are going to be next year, or is this related to how many can be placed?

Mr. HUDSON. Normally they decide the level of the program resources which in effect determines the number of apprentices, the number of people in training.

For example, if I recall correctly the budget which the Department sent over to the Bureau of the Budget in July called for a level roughly around 400,000 trainees. But the decision was made later by the Bureau of the Budget to maintain it at the same level and take into consideration about 30,000 part-time trainees under new legislation. Our budget is constructed on that.

Secretary WIRTZ. The record should be corrected.

This was not the Bureau of the Budget. The record should stand that the decision on this point was made by the Secretary of Labor in consultation with the Bureau of the Budget.

Mr. SMITH. Getting back to what determines the number of trainees that will be serviced, is it the number that need service or is it the number that they decide to take into an apprenticeship program?

Mr. MURPHY. I am sure, Mr. Smith, that in our field force we vary. Let's take a specific field workload, I would say again in Iowa.

That fieldman might have a workload in round numbers of about 300 apprentices. In Detroit, Mich., the same level grade structure field representative might have a workload of 1,500 apprentices. It can vary by distribution throughout the Nation. But again, the services are needed in that particular locality. A man in Iowa is working just as diligently and as hard as the man in Detroit.

In a large establishment such as Chrysler or General Motors in the Detroit area, they have a lot of people and of course they can provide staff services. I am talking about the company itself. So the demand on our fieldman in Detroit could be maybe at the same level as Iowa.

NUMBER OF FIELD REPRESENTATIVES RELATED TO APPRENTICES EMPLOYED

Mr. SMITH. Let's put it a little different way now. If there were more field staff available, would there actually at the end of a 2- or 3- or 4-year period, whichever is involved, be more people who have their skills upgraded?

Mr. MURPHY. I believe so.

Mr. FRENCH. Could I supply a partial answer there? I think there are two different programs.

Mr. FLOOD. How long have you been on this job?

Mr. FRENCH. Three years. I have been with the Bureau 26 years in various capacities in the field and in Washington.

I wanted to point out the answer is different regarding the apprenticeship and on-the-job training under MDTA.

Under MDTA on-the-job training there is a direct relationship between the amount of money and the number of trainees because in a sense we are buying training opportunities from industry.

Mr. SMITH. I understand the direct relationship there. I was not referring to that.

Mr. FRENCH. On apprenticeship, we have statistical proof the number of apprenticeship field representatives has a very direct positive effect upon the number of apprentices employed, and it stands to commonsense.

Mr. SMITH. Why?

Mr. FRENCH. They are able to encourage employers to adopt apprenticeship programs, employers who never had them before.

Mr. SMITH. You mean more field representatives would result in more employers coming in instead of the same old number?

Mr. FRENCH. Yes. The record is clear on this point.

Mr. SMITH. And getting more employers into it will result in more upgrading?

Mr. FRENCH. That, and increases in the apprenticeship classes or groups that employers already have.

Mr. SMITH. I guess that is all.

Mr. FLOOD. Mr. Casey?

DIFFERENCE BETWEEN INFORMATION CENTERS AND FIELD OFFICES

Mr. CASEY. What is the difference between your service centers and your field offices?

Mr. MURPHY. The apprentice information centers?

Mr. CASEY. Yes, information centers.

Mr. MURPHY. The apprentice information centers, Mr. Casey, are a joint venture with our colleagues in the Bureau of Employment Security and the BAT. In the 24 established locations at the present time BAT has worked with industry in the area. We have generated some support from the industry across the board.

Then BES will staff up a center that is devoted exclusively——

Mr. CASEY. Who is BES?

Mr. MURPHY. That is the Bureau of Employment Security. Bob Goodwin is the Administrator.

Mr. CASEY. Who staffs these service information centers?

Mr. MURPHY. Bob Goodwin's Bureau of Employment Security provides the funds to the State employment service to staff the center.

Mr. CASEY. What initiates the establishment of these offices? The reason I am asking is I do not see but one on the west coast, for instance, Seattle, Wash., and only one below Kansas City, Mo., and that is at Birmingham.

Mr. MURPHY. I can report to you, Congressman Casey, there is one in the works for Houston, Tex., definitely.

Mr. CASEY. I am not just interested in Houston, but I am curious about the west coast with all of that aerospace industry and so forth there.

Mr. MURPHY. To answer your inquiry, Congressman Casey, the State of California has its own centers. They have them in Sacramento, Los Angeles, and so on. That is the only State I can think of in the West that does it.

Mr. CASEY. That helps me on that.

How many field offices do you have?

Mr. MURPHY. 175 in round numbers. We have at least one office in each State and, of course, more in the larger States.

ON-THE-JOB TRAINING PROGRAM

Mr. CASEY. You talked mostly about the apprentice program. Do you also supervise the other on-the-job training programs?

Mr. MURPHY. We have the responsibility, Congressman, for the on-the-job training under the Manpower Development and Training Act.

Mr. CASEY. So when you are talking about 112,000, those are both apprentice and on-the-job?

Mr. MURPHY. A mix of that group can be apprentices and the other.

Mr. CASEY. How many will be apprentices?

Mr. MURPHY. About 15,000 in round numbers.

Mr. CASEY. Then the list you have on page BAT–18 with reference to your national contracts, in which your national contracts account for 31,914 trainees, is that both apprentice and on-the-job?

Mr. MURPHY. There can be a mix in there.

Structual Clay Products Institute of Washington, D.C., we have a national contract with that group for the prejob training of apprentice bricklayers.

Mr. CASEY. What is the difference between that and the MDTA authority which has a list of those 1966 manpower development training contracts with national organizations? You do not have the number of trainees, you use a dollar figure there but you have a much smaller list of organizations.

Mr. RUTTENBERG. I might respond to that.

MDTA–40 is the summary for fiscal year 1966, and the list you have in the BAT document is 1967.

Mr. MURPHY. Yes.

Mr. CASEY. You increased the number of organizations?

Mr. MURPHY. Organizations with whom we have national contracts in 1966.

PROMOTION AND DEVELOPMENT CONTRACTS

Mr. RUTTENBERG. At the bottom of page 18 you have some of these marked P&D contracts.

Mr. MURPHY. These are known as promotion and development contracts.

Mr. FLOOD. If the gentleman will yield, I do not understand that.

Mr. MURPHY. Again I will refer to my colleague, Mr. Przelomski.

Mr. FLOOD. What is it?

Mr. PRZELOMSKI. The promotion and development contracts are contracts where an industry comes to us or we ask the industry—it will vary either way—to go out and promote and develop on-the-job training contracts for their industry. It is primarily promotional.

When those contracts are developed individually in individual States, they become individual contracts in that State. So primarily the promotional and development contract is to get the industry to go to their people in various States and, depending on the coverage in the contract, to encourage their local chapters in the association to do something in the area of one-the-job training.

That contract then would come back again to us as an individual contract in a given situation.

Does that answer the question?

Mr. CASEY. I guess so.

CONTRACTS WITH NATIONAL ORGANIZATIONS

I see the National Urban League here.

Mr. PRZELOMSKI. That is an organization, as you know, that has a number of chapters and associations around the country. In some areas we have given them a contract to assist us in developing local programs in local cities and local areas. This organization then goes into the city, sits down with their local people, and develops the contract.

Mr. CASEY. They are not like, say, one of the industries that has a specific thing in mind.

Mr. PRZELOMSKI. It will vary.

Primarily, the emphasis there with the Urban League is on the minority person. The Urban League has been very successful. They have good relationships with many industries. Some of the other type contracts could be for a specific industry association or a union.

The law is flexible enough to allow the Secretary to make contracts with different organizations.

Mr. CASEY. Do you get any conflicts there with the Social Development Corp.? They are probably about the same type.

Mr. PRZELOMSKI. The Social Development Corp. in this situation primarily devotes its efforts in the health field, hospitals. There is no competition because, first, the need is great; second, in awarding the contracts we make sure there is no conflict. In other words, we decide at the beginning of the year what percentage of our resources will go into that type of industry or occupation and we pretty well hold to that.

So the national program makes up about 23 percent of our total program. It is a new program in itself, an exciting program, there are advantages and disadvantages to national contracts. We have been operating it now for the last couple of years and the Administrator, to make sure we are going the right way has requested a special evaluation of the national contracts to see if we should go further that way or not. The other type of program we do quite a bit with is in your State, Mr. Smith, the Iowa Development Council. They do a similar thing to the Urban League. We have awarded them the contract to develop on-the-job training in the State. They have done exceptionally well in your State.

COMPARISON OF PERSONNEL INCREASES IN 1967 AND 1968

Mr. CASEY. Were you allowed 77 new employees last year?

Mr. MURPHY. Yes; in the 1967 budget.

Mr. CASEY. You were allowed 77 new ones and are asking for two this year?

Mr. MURPHY. Yes, sir.

Mr. CASEY. You had to absorb, as I understand, some of the increases in pay for the 77 you were allowed?

Mr. MURPHY. Yes, sir.

Mr. CASEY. Am I following that right?

Mr. MURPHY. Yes, we did.

Mr. CASEY. I believe that is all, Mr. Chairman.

TRAINEE ABSENCES IN INSTITUTIONAL TRAINING PROGRAM

Mr. SHRIVER. I do not know whether you are the one to answer this question, but there was a report of the GAO in April of 1966 entitled "Review of Absences of Trainees Enrolled in Institutional Training Programs." Probably that does not come in your jurisdiction.

Mr. MURPHY. No.

Mr. SHRIVER. Perhaps Mr. Ruttenberg can answer that.

Mr. RUTTENBERG. It can be raised in connection with Mr. Goodwin or I will be glad to respond to it.

Mr. SHRIVER. It was estimated, according to this report, that nationwide, the Department of Labor paid about $3.1 million of a total $36.9 million training allowances for days on which the trainees were absent, and the GAO proposed corrections, and your Department issued instructions that if things did not improve they would take another look.

As I understood too, HEW said attendance criteria was not feasible. Now GAO recommends that both departments establish guidelines criteria as to the number of excused absences for which training allowances may be paid.

I am wondering what has been done.

Mr. RUTTENBERG. We have developed specific criteria that have been issued to the field in terms of interpreting what is an excused applicant and how many excused applicants can be permitted.

But the real problem is deciding whether an individual who really needs training and who is absent because of illness for 2 or 3 days or 4 days, whether he should be suspended, whether his weekly allowance that week should be suspended or not. The difficult problem is with the individual. If you suspend him, he may not come back into training and may get discouraged enough so he will not take training when he really needs the training.

In spite of that, we have issued specific regulations that would get at the issue of trying to cut down on unexcused absences.

Mr. SHRIVER. You do not have that problem with your group in the on-the-job training program because the people are working?

Mr. MURPHY. That is true.

Mr. RUTTENBERG. It could happen. He might not show up for the job one day and the employer may or may not dock him for pay that day.

Mr. SHRIVER. Thank you.

Mr. FLOOD. Mr. Hull, do you have any questions?

Mr. HULL. No questions.

JUSTIFICATION MATERIAL

Bureau of Apprenticeship and Training

Amounts available for obligation

	1967	1968
Appropriation or estimate	$8,180,000	$8,416,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	+79,000	
Comparative transfer to the Office of the Secretary for centralized audit functions	−14,000	
Appropriation or estimate, revised	8,245,000	8,416,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Position	Amount	Position	Amount	Position	Amount
1. Training promotion and service to industry	520	$5,986,800	522	$6,113,900	+2	+$127,100
2. On-the-job training	136	1,848,000	136	1,885,200		+37,200
3. Administration and management services	30	410,200	30	416,900		+6,700
Total obligations	686	8,245,000	688	8,416,000	+2	+171,000

Obligations by objects

		Appropriation revised, 1967	Estimate, 1968	1968 change
	Total number of permanent positions	686	688	+2
	Average number of all employees	646	655	+9
11	Personnel compensation	$6,293,000	$6,467,500	+$174,500
12	Personnel benefits	473,400	484,800	+11,400
21	Travel and transportation of persons	642,900	644,400	+1,500
22	Transportation of things	30,900	30,900	
23	Rent, communications and utilities	277,600	287,400	+9,800
24	Printing and reproduction	118,800	120,400	+1,600
25	Other services	202,900	206,500	+3,600
	Services of other agencies	56,000	56,000	
26	Supplies and materials	91,000	93,000	+2,000
31	Equipment	58,500	25,100	−33,400
	Total obligations	8,245,000	8,416,000	+171,000
	Working capital fund items included above	(263,500)	(273,500)	(+10,000)

Summary of changes

1967 enacted appropriation	$8,180,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	+79,000
Comparative transfer to Office of the Secretary	−14,000
1967 appropriation, revised	8,245,000
1968 estimate	8,416,000
Total change	+171,000

MANDATORY ITEMS

Increases:	
Net additional cost to restore pay costs absorbed in 1967	+125,000
Net additional cost for full year rental of space acquired for part of year in 1967	+9,300
Decreases:	
Nonrecurring extra day of pay for current year staff	−27,800
Nonrecurring rental costs	−3,300
Subtotal, mandatory items	+103,200

PROGRAM ITEMS

Increases:	
Funding of civil defense functions formerly financed by the Office of Emergency Planning	+24,000
To provide for the full year cost of 73 new positions which were financed for a part year in 1967	+77,200
Decrease: Nonrecurring equipment costs for new positions in 1967	−33,400
Subtotal, program items	+67,800
Total change	+171,000

Activity 1. Training promotion and service to industry

1967	$5,986,800
Positions	520
1968	$6,113,900
Positions	522

NARRATIVE DESCRIPTION OF THE PROGRAM

A program of promotion and technical assistance on training to industry is engaged in to encourage the establishment, expansion and improvement of apprenticeship and allied industrial training programs including skill improvement. Assistance is given to industry in identification of training needs and the design of training programs to meet in-plant requirements. Sponsors are provided information on proven training methods, available training facilities and materials. Guidance is provided in developing an organization to conduct training, to install programs, and in scheduling training. Continuing advisory services are made available to training sponsors in their administration of programs. Where appropriate, management and labor are brought together in the development, installation and conduct of apprenticeship and programs are included in collective bargaining agreements.

The national apprenticeship program is advanced primarily by direct contact at the local level with employers, management and trade associations, and labor unions. This local effort is supported by promotion with national organizations of management and labor to secure and publicize nationally adopted apprenticeship standards and training policy statements fostering programs among affiliate local chapters, members employers and local unions.

Advisory services are provided community planning groups to focus attention upon the need for planned skill development as an essential element of

over-all community economic planning. In selected metropolitan centers, support and use of apprenticeship information centers as a source of applicants is promoted, extending apprenticeship career opportunities to additional youth, particularly minorities and others less likely to be reached through normal recruitment channels. This Activity includes field compliance reviews to determine conformity in registered apprenticeship programs practices with Federal equal employment opportunity standards in apprenticeship and training.

In addition, this Activity includes research in the nature and extent of training within industry; studies are made in selected industries and occupations as to trends and changing training methodology; studies have been conducted in the contract construction, printing and publishing, electrical contracting, painting and decorating, plumbing, heating and cooling, and tool and die making industries. Review and advisory services are provided industry and State Apprenticeship Agencies on basic principles applicable to training in the apprenticeable occupations; promotional aids are developed; and a supporting information program is conducted.

PROJECTED PROGRAM LEVEL

An estimated 259,000 registered apprentices will receive training during fiscal 1968, an increase of 13,000 above the estimate for the current year and a rate of increase above that experienced in the last four years. The estimate reflects full year availability of additional positions authorized in the current year. National apprenticeship policy will continue largely hortative and government's role one of promotion, persuasion, and advice, with initiative for action resting with management and labor in private industry.

In periods of economic boom, the number of apprentices can be expected to rise without regard to other factors as employers expand work forces in order to meet increased product and service demands. This has partially accounted for the sustained growth in registered apprenticeship since 1963. Whether the rise in number of apprentices is moderate or sizeable is influenced by the number of people actively engaged in promoting and developing apprenticeship. There is a direct, highly significant degree of correlation between apprenticeship staff, both federal and state, and the number of registered apprentices.

Increased apprenticeship staff—in relation to non-farm workers plus the continued rise in level of economic activity contribute to the expected expansion in registered apprentices.

The influence of positions added in a given year can be expected to be more pronounced in the following year due to lead time and staff training requirements.

Need for apprenticeship

The 1966 Manpower Report of the President estimates growth in the skilled worker occupational category will rise at about the same rate as employment generally. Contract construction, with a high proportion of craftsmen and apprentices, and mechanic and repairmen trades are projected to show the largest percentage increase. Within the occupational category of foremen, craftsmen and kindred workers, about 230,000 new skilled workers are expected to be needed each year to replace those who die or retire. Apprentice completions from federal and state registered programs, which totaled 25,000 in fiscal year 1966, are estimated to account for more than one-half of the nation's total. This will produce far less than the number of new craftsmen needed.

It is quite clear that industry as a whole seeks to employ the best qualified worker and to minimize its training requirements and skill shortage problems. Industry responds more to the immediate forces of the market place rather than to anticipated, long range requirements. The most recent assessment of job markets reflects emerging high demand for workers at craftsmen skill levels and shortages in selected areas. The absence of surplus craftsmen and skilled operators creates inflationary pressures of competitive bidding for workers, extended work weeks, production delivery stretch-outs, lowered quality and delay in technical advancement. Actions to increase supply include lengthened hours of work, improved tooling, increased wages, inducement for retired skilled workers to return to work, and upgrading and training programs. Employment-connected training, particularly apprenticeship, is a proven action program specifically realistically addressed to skill shortages and supply. The Defense industries will receive increased attention.

PROGRAM HIGHLIGHTS

The workload statistics table (Page 251) expresses certain national objectives in quantitative terms. The projected workloads reflect increased productivity of the current staff, coupled with the cumulative results of past promotional efforts. In addition part of the growth will materialize as a by-product of pre-apprentice training projects developed under the Manpower Development and Training Act. Pre-job training offered through pre-apprenticeship programs helps offset an employer's reluctance to hire apprentices because of supervisory and training costs. The method also provides the apprentice candidate with some first-hand knowledge about the trade in which he is interested which may curtail dropout. It also lowers the total training cost borne by the employer inasmuch as the enrollee, when he enters apprenticeship, is not completely unacquainted with the trade. Some 13% of OJT-MDTA openings scheduled during fiscal 1966 involved pre-apprentice programs. It is expected that the rate will be about the same during fiscal 1967. Increased emphasis will be given toward the development of similar programs during 1968 in a variety of skill shortage industries providing opportunities in about 15% of the OJT–MDTA openings developed. Non-MDTA assisted programs of this kind will also be promoted among industry and labor. In addition to an increase from 246,000 to 259,000 apprentices receiving training during the year and a rise from 193,000 to 198,000 in the end-of-the-year total, new entrants are expected to reach 66,000 in the budget year, about 1,000 above the current year estimate. New apprenticeship programs started are estimated to reach 1,800 in the budget year, some 400 above that obtained in the past year and 200 above that estimated for the current year. The majority of new apprenticeship programs are of single-establishment type. Industrial training programs (non-apprenticeship, non-MDTA) started annually have declined below fiscal 1963 levels; emphasis to be given journeyman skill improvement training is expected to bring the level up to about 1,100 such programs in fiscal 1968.

Programming for fiscal 1968 will reduce slightly the work inputs for general promotion with more attention to account servicing. The objective is to improve efficiency and quality of training afforded in federally recognized and serviced programs. Labor-management apprenticeship committees and employer sponsors will be assisted in updating training standards with an estimated 2,500 programs to be revised in the budget year. The gradual extension of systematic financing and establishment of private training trust funds will enable more program sponsors to provide refresher training at the journeyman level. About one-half of the estimated 22,000 workers reached in the allied industrial training programs will be at the journeyman level in advanced training. The trust of initial promotional contacts will be with employers in industries producing highly complex technical equipment for space and defense programs. This work will be supported by promotion at the national level and through the continuing efforts of the Federal Committee on Apprenticeship to bring about more positive action by government as an employer and indirectly as a contractor, for increased utilization of apprenticeship as a means of skill development.

Bureau field representatives and minority specialists will continue to cooperate with the Employment Service in providing technical advice, assistance and information to further the objectives of the Apprenticeship Information Centers in the following 23 cities:

Baltimore, Md.	Detroit, Mich.	Philadelphia, Pa.
Birmingham, Ala.	Indianapolis, Ind.	Pittsburgh, Pa.
Boston, Mass.	Kansas City, Mo.	Portland, Oreg.
Bridgeport, Conn.	Minneapolis, Minn.	Seattle, Wash.
Camden, N.J.	Nashville, Tenn.	St. Louis, Mo.
Chicago, Ill.	Newark, N.J.	St. Paul, Minn.
Cincinnati, Ohio	Norfolk, Va.	Washington, D.C.
Cleveland, Ohio	Paterson, N.J.	

The centers are sponsored and financed by the Employment Service for the purpose of promoting the apprenticeship system and selection of applicants on an equal opportunity basis. Current information on job openings in the trades, entrance requirements, wages, application procedures, test employed and other information are supplied to interested individuals to better acquaint them with

trade requirements and aid them in obtaining apprenticeship opportunities. Labor and management have found the centers very helpful as a source of candidates for apprenticeship.

Operating statistics available for nine of the centers in operation for twelve months in fiscal year 1966 show approximately 13,200 individuals appeared at those centers during that period. Of these 6,555 were referred to apprenticeship sponsors for interviews. Of this total 2,056 or 31% were placed in apprenticeship programs.

No new centers are proposed for 1968.

Field compliance reviews of apprenticeship practices will be conducted on 2,000 registered programs during the year, unchanged from 1967. The reviews are conducted in compliance with the provisions of Federal regulations (CFR 29, Sub-title A, Part 30) pertaining to nondiscriminatory practices in selection practices and operation of apprenticeship programs.

Current year plans provide for development of reporting procedures on federally registered programs and apprentices to determine racial and other characteristics of individual apprentices in addition to other program information. The reporting system is expected to be operational in 1968.

In addition, the second nation-wide survey of training in industry will begin during April, 1967 with analysis of the data received and preparation of the report to take place in late 1967. Approximately 12,000 establishments will be included in the sample.

The first nation-wide assessment of training in private industry initiated in 1962 was completed and a report published in 1964 at a total cost of approximately $90,000, which included $15,000 in data processing services. This study received widespread attention from the academic research community as well as from various Congressional committees and offices and Government and private organizations who were interested in determining the extent to which private industry trains its own workers in its own plants and the possible implications of a tax incentive for such training. The survey showed only one establishment in five having some type of formal training, including safety programs which accounted for over half of the workers participating in all of the programs. Only a small fraction were being trained in a specific skilled trade. The Bureau of Apprenticeship and Training itself has regularly used these findings in determining various program directions and emphases.

The proposed new nation-wide survey will attempt to uncover more specific information about training in private industry for selected occupations; namely apprenticeable trades, "shortage" occupations, health occupations, and entry jobs for unskilled or disadvantaged individuals. Experience with the earlier survey, particularly with respect to technical and definitional problems, will be utilized to improve the quality of survey returns and to minimize the cost. Specifically, the survey will attempt to serve the widest variety of needs in the manpower program as a whole, and to provide data required to meet other major governmental and private needs. Current cost estimates amount to $125,000, the major portion for technical and data processing services.

CIVILIAN MANPOWER MOBILIZATION

The Bureau participates in the development of programs for civilian manpower mobilization, and in the preparation by the Federal Government for national emergencies and disaster needs.

The Bureau's efforts through fiscal year 1966 have been focused on the development of Reconstruction Task Forces. The task force concept employs the technique of organizing workers, who are accustomed to working together within an industrial organization to perform special mobilization tasks, which are related to their regular duties, and grouping these workers into "task forces" or "work crews."

Task forces are organized and established in thirty-eight locations, chosen for proximity to target areas.

Effective in fiscal year 1967, the operation of the Reconstruction Task Force program is to become the responsibility of State and local officials, including Civil Defense officials. Guidelines have been prepared to assist in the implementation of the transition of this responsibility from the Bureau to State and local officials. Technical consultation, counseling and program recommen-

dations will be provided to State agencies with respect to the Reconstruction Task Force Program.

This transfer of the responsibility for the reconstruction task forces to the State and local officials and the centering of the planning phase of the operation in the national office will eliminate the need for field staff representation. Therefore, the GS–11 Apprenticeship and Training Representative position will be abolished in fiscal year 1968. This will reduce the total obligations for this function from $30,000 in fiscal year 1967 to $24,000 in fiscal year 1968.

The net decrease is composed of the decrease of $6,235 resulting from the abolishment of one GS–11 Apprenticeship and Training Representative position, offset by increased travel and communications costs, plus the decrease of $75 because of one less day of pay for current year staff.

CHANGES FOR 1968

Mandatory changes amount to $78,400.

Program changes amount to $48,700.

A program increase of two positions and $24,000 is realized by the transfer of funding of civil defense functions from the Office of Emergency Planning (2 man-years and $21,500 personal services, $2,500 non-labor costs). An additional four man-years of financeable employment for the 43 new positions financed for only part of the current year ($43,000 personal services, $3,700 non-labor costs) results in a $46,700 program increase. The amount budgeted in 1967 was based on hiring for less than a full year assuming late passage of the appropriation act. This is offset in part by a decrease of $22,000 non-recurring cost of new equipment purchased for these employees in 1967, for a net program change of $48,700.

Workload statistics

[In thousands]

	Actual			Estimate	
	1964	1965	1966	1967	1968
Accounts in workload at end of year:					
Single establishment	35.0	31.5	33.4	35.1	35.2
Multiestablishment	7.4	7.0	7.1	7.4	7.5
Consultations on training	124.8	120.0	129.1	134.1	138.1
Initial	8.7	8.4	11.3	11.8	12.0
Account servicing	79.6	79.7	85.1	88.4	92.1
General promotion	36.5	31.8	32.7	33.9	34.0
New apprenticeship programs started	1.1	1.3	1.4	1.6	1.8
Industrial training programs started	.9	.7	.8	1.0	1.1
Apprentices receiving training during year	216.7	227.0	236.6	246.0	259.0
Apprentice accessions in year	58.5	59.9	63.5	65.0	66.0
Apprentice completions in year	25.8	26.1	25.0	26.0	27.0
Registered apprentices at end of year	167.1	173.1	181.0	193.0	198.0
In federally serviced workload	112.0	116.0	117.6	127.3	130.6
In State agency serviced workload	55.1	57.1	63.4	65.7	67.4

Activity 2. On-the-job training

1967	$1,848,000
Positions	136
1968	$1,885,200
Positions	136

NARRATIVE DESCRIPTION OF THE PROGRAM

Manpower Development and Training Act on-the-job training programs are designed to equip workers with entrance level skills for immediate and continuing employability, to provide remedial training for underemployed workers and those subject to displacement, special training opportunities for workers from minority groups, disadvantaged youth, and other hard-to-train-and-place persons and to help relieve shortages in occupations particularly critical to defense and the

economy. Bureau representatives work directly with employers, management associations, labor unions, and other applicant training groups such as community agencies to prepare training plans schedules, evaluate training facilities and capabilities and install training programs. Programs are incorporated in contracts to reimburse training costs. Contract proposals are reviewed and negotiated and training in progress is monitored for compliance with training standards and contract terms.

A similar program is conducted to develop prime contracts with national organizations of management and labor and multiple plant corporations for training projects in their affiliate units. Arrangements are made for State Apprenticeship Agencies to participate in the MDTA-OJT program under cost reimbursement agreements. In addition, this Activity includes supporting services of research and statistics, planning and evaluating, budget and fiscal services and information.

PROJECTED PROGRAM LEVEL

A program level of 112,000 training opportunities is planned for fiscal 1968. About 65% of the MDTA-OJT program effort will be addressed toward occupational reclamation of the hard-core, disadvantaged unemployed including youth, minorities and the mentally retarded, and the remaining 35% will focus on needs for better trained personnel in the more skilled occupational shortage categories particularly in industries vital to the Nation's defense and economy. About 20% of the scheduled trainees will be in subcontracts of prime national contracts, 25% in multi-occupational community type contracts and the remainder in typical single employer contracts. The target group of disadvantaged will require that in more than one-half the 2,200 estimated prime contracts, remedial and supplemental instruction for the trainee be provided together with the on-the-job component.

Approximately half of the 2,400 contracts estimated to be approved in the current year will continue into or become operational during 1968, thereby increasing the workload of contract supervision.

In addition, the ratio of enrollments to scheduled contracted-for trainees will be improved resulting in an increased workload of trainees actually in training during 1968 as compared to 1967. This will be accomplished through increased emphasis on contract performance and supervision.

During fiscal 1966, 113,527 training opportunities were developed through 2,200 contracts; 49,000 trainees were enrolled of which 30,000 completed training and 4,000 terminated for other reasons. Contributing to the expansion of apprenticeship opportunities are MDTA-OJT pre-apprenticeship programs which provided 13% of the total OJT training openings scheduled for fiscal 1966.

MDTA-OJT contracts designed to promote upgrading within industry and subsequent hiring of the disadvantaged to fill the vacated positions are underway in several industries. As the initial result of a promotional contract sponsored by the International Union of Electrical Radio and Machine Workers, AFL–CIO to provide on-the-job training for 1,500 disadvantaged persons, 158 will be hired at Suckle Electronics, Pennsauken, New Jersey and Leland Airborne Company, Dayton, Ohio and trained to fill positions of upgraded employees.

As another example, a critical shortage of skilled workers hampering production in the metal stamping industry is being met under the terms of a national MDTA-OJT contract with the American Metal Stamping Association. Twelve hundred trainees will benefit from programs the Association will promote in plants of its members that will provide for the upgrading of presently-employed Punch Press Operators to positions as Inspectors and Die Setters. In turn, new workers will be hired and trained as Punch Press Operators.

OJT contracts with national organizations of industry, labor and other groups accounted for 18% of the scheduled trainees during 1966.

The following is a summary of the 31 national contracts presently in effect:

Current national MDTA–OJT contracts

Contractor	*Number of trainees*
Institute of Industrial Launderers, Washington, D.C	1,000
Shields & Co., Illinois	4,160
Import Motors of Chicago, Inc	60
Stuart Co. Division—Atlas Chemical Industries, Inc., Pasadena, Calif	125
A. S. Beck Shoe Corp., N.Y	110
National Association for Retarded Children, N.Y	1,500
MAI Equipment Corp., N.Y	324
National Tool, Die & Precision Machining Association, Washington, D.C	1,800
Railway Express Agency, New York	2,690
International Association of Machinists & Aerospace Workers, Washington, D.C	2,000
National Electronic Association, Indianapolis, Ind	150
National Tire Dealers & Retreaders Association, Washington, D.C	1,000
Institute of Scrap Iron & Steel, Washington, D.C	1,000
Structural Clay Products Institute, Washington, D.C	245
National Oil Fuel Institute Educational Trust, New York, N.Y	500
Workers Defense League,[1] New York, N.Y	100
Social Development Corp.,[1] Washington, D.C	1,775
Chrysler Corp. (250 additional apprentices), Detroit, Mich	250
International Union of Electrical Workers, AFL–CIO, Washington, D.C	1,500
National Silo Association, Chicago, Ill	600
Marriott Hot Shoppes, Washington, D.C	100
Restaurant Operations, Inc., Cheektowaga, N.Y	100
RCA Service Co., Camden, N.J	1,152
Chrysler Motors Corp., Detroit, Mich	1,000
Independent Cash Register Dealers Association, Washington, D.C	125
Hospital Research & Educational Trust, Chicago, Ill	4,000
Tidewater Oil Co., New York, N.Y	1,080
Diaper Service Industry Association, Philadelphia, Pa	700
Automotive Service Industry Association [1]	1,718
Ford Service Industry Training Project Inc.[1]	1,050
National Urban League [1]	------
Total trainees	31,914

[1] P. & D. contracts.

At the beginning of fiscal 1967, about 25,000 trainees were in training; 80,000 are estimated to enroll in the current year, 48,000 to complete and 8,000 to terminate for other causes. At the end of the year, 49,000 are estimated to be in training. Included in 1967 efforts are programs for preparing several hundred mentally retarded individuals for competitive employment in the food service and other industries. Growing shortages in many subprofessional health occupations caused in part by the increased demands under Medicare legislation, and shortages in the machinist and mechanic trades are being partially alleviated through OJT programs. During fiscal 1968, enrollments are expected to total 108,000, completions 64,000, and terminations for other causes 11,000, with 82,000 in training at end of the year. Weeks of training accomplished are estimated to increase from 806,000 in 1966, to 1,898,000 in 1967 and 3,354,000 in 1968. The relationship of enrollments to scheduled trainees currently at 43% is programmed to improve at the rate of 2% per quarter in 1967, and 3% per quarter in 1968. This will be accomplished by improved contract performance monitoring.

The workload data for fiscal years 1966–1968 are summarized by quarter on *Table B*.

CHANGES FOR 1968

Mandatory changes amount to $20,500.

Program changes amount to $16,700.

A program increase of $26,700 which provides an additional 3 man-years of financeable employment for the 27 new positions financed for only part of the current year ($25,700 personal services, $1,000 working capital fund). The amount budgeted in 1967 was based on hiring for less than a full year assuming late passage of the appropriation act. This is offset, in part by a decrease of $10,000 non-recurring cost of new equipment purchased for these employees in 1967, which results in a net program change of $16,700.

TABLE B.—*Estimated on-the-job activities, fiscal years 1966–68* [1]

[In thousands]

	Scheduled trainees		Enrollments		Terminations for all causes				In training		
	End of period, cumulative	During period	End of period, cumulative	During period	Total terminations, cumulative	Total completed, cumulative	Completed in period	Dropouts, cumulative	In training, end of period	Average in training during period	Trainee weeks accomplished
As of July 1, 1965	81		35		25	21		4	10		
Fiscal year 1966:											
1st quarter	98	17	42	7	30	26	4	4	12	11	143
2d quarter	118	20	51	9	37	32	6	5	14	13	169
3d quarter	147	29	63	12	45	39	7	6	18	16	208
4th quarter	195	48	84	21	59	51	13	8	25	22	286
Subtotals for year		114		49			30				806
Fiscal year 1967:											
1st quarter	223	28	101	17	72	62	10	10	29	27	351
2d quarter	265	42	125	24	88	75	14	13	37	33	429
3d quarter	295	30	145	20	102	87	12	15	43	40	520
4th quarter	320	25	164	19	115	99	12	16	49	46	598
Subtotals for year		125		80			48				1,898
Fiscal year 1968:											
1st quarter	346	26	187	23	131	112	14	19	56	53	689
2d quarter	375	29	214	27	150	129	15	21	64	60	780
3d quarter	404	29	243	29	170	146	18	24	73	67	871
4th quarter	432	28	272	29	190	163	17	27	82	78	1,014
Subtotals for year		112		108			64				3,354

[1] Estimates derived from Manpower Administration publication "Key Manpower Facts."

Workload statistics

[In thousands]

	Actual			Estimate	
	1964	1965	1966	1967	1968
MDTA–OJT prime contracts executed	0.3	0.8	2.2	2.4	2.2
Scheduled OJT trainees	13.5	64.7	113.5	125.0	112.0
In federally developed contracts	11.6	57.3	95.4	100.0	89.5
In State agency developed contracts	1.9	7.4	18.1	25.0	22.5

Activity 3. Administration and management services

1967	$410,200
Positions	30
1968	$416,900
Positions	30

NARRATIVE DESCRIPTION OF PROGRAM

This Activity includes the over-all planning, direction, coordination, and evaluation of Bureau policies and programs and the development and implementation of administrative and management plans, policies and procedures included in the areas of budget and fiscal administration, organization management, management analysis, systems management, and general office services.

CHANGES FOR 1968

Mandatory changes amount to $4,300.

Program changes amount to $2,400.

A program increase of $3,800 which provides an additional .3 man-years of financeable employment for the 3 new positions financed for only part of the current year ($3,500 personal services, $300 working capital fund). The amount budgeted in 1967 was based on hiring for less than a full year assuming late passage of the appropriation act. This increase is offset, in part, by a decrease of $1,400 non-recurring cost of new equipment purchased for these employees in 1967. This results in a net program change of $2,400.

Distribution of field staff

	1967			1968		
	Professional	Clerical	Total	Professional	Clerical	Total
Field offices:						
Atlanta, Ga.	35	23	58	35	23	58
Boston, Mass.	25	16	41	25	16	41
Chambersburg, Pa.	47	30	77	47	30	77
Chicago, Ill.	44	27	71	44	27	71
Cleveland, Ohio	40	26	66	40	26	66
Dallas, Tex.	38	25	63	38	25	63
Denver, Colo.	17	11	28	17	11	28
Kansas City, Mo.	31	19	50	31	19	50
New York City, N.Y.	31	19	50	31	19	50
San Francisco, Calif.	22	13	35	22	13	35
Seattle, Wash.	18	14	32	18	14	32
Total field staff	348	223	571	348	223	571

Summary of new positions

Activity 1	Number	Grade	Amount
Departmental:			
Mobilization liaison officer [1]	1	GS-14	$15,629
Secretary [1]	1	GS-4	5,096
Grand total	2		20,725

[1] For transfer of funding of civil defense functions from the Office of Emergency Planning.

FRIDAY, MARCH 3, 1967.

BUREAU OF EMPLOYMENT SECURITY

WITNESSES

MR. ROBERT C. GOODWIN, ADMINISTRATOR
MR. W. R. CURTIS, DEPUTY ADMINISTRATOR
MR. FRANK CASSELL, DIRECTOR, U.S. EMPLOYMENT SERVICE
MR. WILLIAM U. NORWOOD, JR., DIRECTOR, UNEMPLOYMENT INSURANCE SERVICE
MR. FRANK A. POTTER, DIRECTOR, OFFICE OF FARM LABOR SERVICE
MR. EDWARD L. OMOHUNDRO, CHIEF, VETERANS EMPLOYMENT SERVICE
MR. MICHAEL J. NASTICK, CHIEF, DIVISION OF APPROPRIATIONS AND FEDERAL FISCAL ACTIVITIES
MR. STANLEY RUTTENBERG, ASSISTANT SECRETARY FOR MANPOWER

LIMITATION ON GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	1,796	2,158	2,210
11.3	Positions other than permanent	53	45	45
11.5	Other personnel compensation	24	25	30
	Total personnel compensation	1,873	2,228	2,285
12.0	Personnel benefits	136	167	170
21.0	Travel and transportation of persons	10	14	14
23.0	Rent, communications, and utilities	255	328	328
24.0	Printing and reproduction	21	21	21
25.1	Other services	16	16	16
25.2	Services of other agencies	143	152	152
26.0	Supplies and materials	19	20	20
31.0	Equipment	7	5	5
41.0	Grants, subsidies, and contributions	448,001	521,236	554,108
	Subtotal	450,481	524,187	557,119
93.0	Administrative expenses included in schedule for fund as a whole	−450,213	−524,000	−557,107
99.0	Total obligations	268	187	12

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	285	290	290
Full-time equivalent of other positions	7	6	6
Average number of all employees	255	278	279
Average GS grade	7.9	7.9	7.9
Average GS salary	$7,502	$7,841	$8,031

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
1. Unemployment insurance service	223,477	222,566	237,898
2. Employment service	236,032	266,222	282,402
3. Administration and management	25,246	23,399	24,819
4. Contingency fund		12,000	12,000
5. Obligations incurred for above programs in other years	−34,274		
Total obligations	450,481	524,187	557,119
Financing:			
Receipts and reimbursements from: Administrative budget accounts:			
Emergency preparedness functions	−256	−175	
Current employment and labor turnover statistics programs	−12	−12	−12
Unobligated balance lapsing	7,613		
Limitation available from prior year	34,276		
Limitation	492,100	524,000	557,107

Unemployment Compensation for Federal Employees and Ex-Servicemen

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Payments to Federal employees	46,452	31,626	31,000
	2. Payments to ex-servicemen	52,334	29,705	29,000
	3. Trade adjustment allowances	200	4,536	4,536
	4. Trade adjustment activities, State administration	60	464	464
	5. Obligations incurred for unemployment compensation for Federal employees and ex-servicemen program in prior year	−900		
10	Total program costs, funded—obligations	98,146	66,331	65,000
	Financing:			
16	Comparative transfer from other accounts	−260		
17	Recovery of prior year obligations	−1,686	−1,331	
23	Proposed transfer of unobligated balance to "Proposed for separate transmittal"		12,224	
25	Unobligated balance lapsing	30,811	11,439	
29	Appropriation available in prior year	900		
	New obligational authority	127,911	88,663	65,000
	New obligational authority:			
40	Appropriation	131,000	90,000	65,000
41	Transferred to—			
	"Salaries and expenses, Bureau of Employment Security (Public Law 89-426)"	−790		
	"Salaries and expenses, Wages and Hour Division" (Public Law 89-426)	−350		
	"Trade adjustment activities, Office of Manpower Administration" (Public Law 89-426)	−1,000		
	Transferred for pay increases (Public Law 89-426)—			
	"Manpower development and training activities"	−25		
	"Salaries and expenses, Office of Manpower Administrator"	−66		
	"Salaries and expenses, Bureau of Apprenticeship and Training"	−87		
	"Salaries and expenses, Bureau of Employment Security"	−32		
	"Salaries and expenses, Wage and Hour Division"	−264		
	"Salaries and expenses, Bureau of Labor Standards"	−39		
	"Salaries and expenses, Women's Bureau"	−11		
	"Salaries and expenses, Bureau of Employees' Compensation"	−58		
	"Salaries and expenses, Bureau of Labor Statistics"	−242		
	"Salaries and expenses, Bureau of International Labor Affairs"	−15		
	"Salaries and expenses, Office of the Solicitor"	−68		
	"Salaries and expenses, Office of the Secretary"	−35		
	"Federal contract compliance program"	−7		
43	Appropriation (adjusted)	127,911	90,000	65,000
45	Proposed transfer for civilian pay increases—			
	"Salaries and expenses, Office of Manpower Administrator"		−97	
	"Salaries and expenses, Bureau of Apprenticeship and Training"		−79	
	"Salaries and expenses, Labor-Management Services Administration"		−68	
	"Salaries and expenses, Wage and Hour Division"		−481	
	"Salaries and expenses, Bureau of Labor Standards"		−45	
	"Salaries and expenses, Women's Bureau"		−23	
	"Salaries and expenses, Bureau of Employees' Compensation"		−136	
	"Salaries and expenses, Bureau of Labor Statistics"		−243	
	"Salaries and expenses, Bureau of International Labor Affairs"		−20	
	"Salaries and expenses, Office of Solicitor"		−140	
	Proposed transfer for military pay increases—			
	"Salaries and expenses, Bureau of Employees' Compensation"		−5	
	Relation of obligations to expenditures:			
10	Total obligations	98,146	66,331	65,000
70	Receipts and other offsets (items 11-17)	−1,946	−1,331	
71	Obligations affecting expenditures	96,200	65,000	65,000
72	Obligated balance, start of year	1,053	1,240	1,240
74	Obligated balance, end of year	−1,240	−1,240	−1,240
77	Adjustments in expired accounts	−1,366		
90	Expenditures	94,647	65,000	65,000

Salaries and Expenses

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	13,814	14,624	15,334
11.3	Positions other than permanent	166	4	4
11.5	Other personnel compensation	195	127	127
	Total personnel compensation	14,175	14,755	15,465
12.0	Personnel benefits	1,020	1,106	1,160
21.0	Travel and transportation of persons	1,172	1,157	1,170
22.0	Transportation of things	41	53	53
23.0	Rent, communications, and utilities	687	675	677
24.0	Printing and reproduction	479	329	330
25.1	Other services	793	1,183	1,097
25.2	Services of other agencies	527	725	725
25.3	Payment from Office of Emergency Planning	155	131	
26.0	Supplies and materials	210	209	210
31.0	Equipment	77	75	61
41.0	Grants, subsidies, and contributions	547	100	100
99.0	Total obligations	19,883	20,498	21,048

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	1,574	1,597	1,606
Full-time equivalent of other positions	18	0	0
Average number of all employees	1,402	1,430	1,489
Average GS grade	9.7	9.7	9.7
Average GS salary	$10,058	$10,503	$10,704

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Unemployment Insurance Service	3,604	3,998	4,093
	2. U.S. Employment Service	10,469	10,713	10,979
	3. Administration and Management Service	1,292	1,272	1,304
	4. Manpower development and training activities	2,545	2,573	2,694
	5. Farm labor contractor registration activities	377	235	236
	6. Admission and employment in agriculture of nonimmigrant aliens	739	994	1,012
	7. Admission and employment of immigrant aliens	774	713	730
	Total program costs, funded	19,800	20,498	21,048
	Change in selected resources [1]	83		
10	Total obligations	19,883	20,498	21,048
	Financing:			
	Receipts and reimbursements from:			
11	Administrative budget accounts	−215	−131	
13	Trust fund accounts	−15,640	−17,922	−18,328
	Proposed increase for Civilian pay increases		−245	
16	Comparative transfer to/from other accounts	−288	526	
25	Unobligated balance lapsing	86		
	New obligational authority	3,826	2,726	2,720
	New obligational authority:			
40	Appropriation	3,004	2,750	2,720
41	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (80 Stat. 674)		−24	
42	Transferred from "Unemployment compensation for Federal employees and ex-servicemen"	822		
43	Appropriation (adjusted)	3,826	2,726	2,720
	Relation of obligations to expenditures:			
10	Total obligations	19,883	20,498	21,048
70	Receipts and other offsets (items 11-17)	−16,143	−17,772	−18,328
71	Obligations affecting expenditures	3,740	2,726	2,720
72	Obligated balance, start of year		1,141	136
74	Obligated balance, end of year	−1,141	−136	−108
90	Expenditures	2,599	3,731	2,748

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders 1965, $277,000; 1966, $360,000; 1967, $360,000; 1968, $360,000.

General Statement

Mr. Flood. We are happy to have before us, now, another old friend, Mr. Robert Goodwin.

We will put your main statement in the record and you proceed.

(The statement follows:)

Statement by Robert C. Goodwin
Administrator, Bureau of Employment Security

BUREAU OF EMPLOYMENT SECURITY
GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION
AND EMPLOYMENT SERVICE ADMINISTRATION

Mr. Chairman and members of the committee, the estimate of administrative costs to operate employment security system in the States is $557,107,000 for fiscal year 1968. This estimate contains no program expansion and is financed entirely from trust fund revenues. The increase of $33,107,000 over last year's limitation provides only for mandatory costs, primarily salary increases of State personnel, and a small amount for emergency preparedness functions previously funded by the Office of Emergency Planning. Before I discuss the 1968 program in detail I would like briefly to describe the employment security system, and make a general statement on the economic conditions which influence the estimate.

THE FEDERAL-STATE EMPLOYMENT SECURITY SYSTEM

The employment security program can be described as a joint Federal-State endeavor to assist people to prepare for and to get jobs, and to help them through periods of involuntary unemployment. In meeting these objectives the program helps stabilize the Nation's economy.

The major programs of the employment security system are the employment service and unemployment insurance. The first is a nationwide network of about 2,000 public employment offices which finds jobs for people and people for jobs; the other provides payments to insured unemployed workers during periods of involuntary unemployment between jobs. The responsibility for carrying out these programs is shared by the States and the Federal government. This partnership gets the programs to the workers and employers of America through the Federal-State employment security system.

The Bureau of Employment Security, as you know, is the Federal partner. Each State has a department of State government which administers the State's part of the employment security partnership. Similar agencies are found in the District of Columbia, Puerto Rico, the Virgin Islands, and Guam.

Perhaps a few statistics will give you an idea of the magnitude of our work. For example, in fiscal year 1966 more than 10 million jobs were obtained for American workers. Over a million individuals received special job counseling. More than that were given occupational tests. More than 4.5 million unemployed workers received unemployment insurance benefits amounting to $2 billion. The State employment security agencies collected over $3 billion in taxes from 2.5 million employers.

Administrative costs for the operation of the employment security programs are met from Congressional appropriations, with 100 percent grants being apportioned by the Bureau to cooperating State agencies. Taxes paid by employers under the Federal Unemployment Tax Act are the principal source of funds for the Congressional appropriation. However, there is authorization for general revenue appropriations for the employment service under the Wagner-Peyser Act and the Congress has made an appropriation based on this authorization.

The employment services provided run the gamut—from helping a high school student find a summer job to helping an employer staff a new plant, to helping a local community attract new industry.

Recent legislation such as the Manpower Development and Training Act, the Vocational Education Act, the Economic Opportunity Act, and the Civil Rights Act has given new responsibilities to the Employment Service. It is actively involved in various antipoverty programs, particularly in helping disadvantaged groups to become employable through occupational training programs.

And now we are undertaking even more in this area of assisting the disadvantaged and so-called hard-to-employ or unemployable people and giving them a chance to work. Our plan is to "reach out" to all who are willing to work rgardless of age, sex, race, color, creed, educational level, or physical capacity to help them find a productive place in the American economy.

Helping persons when they are unemployed through no fault of their own is the chief purpose of the Bureau's unemployment insurance program. Unemployment insurance benefits help persons to meet their essential, nondeferrable expenses and it acts as an economic stabilizer in times of unemployment.

Involved in the unemployment insurance program are taxes, benefit formulas, actuarial statistics, the taking of claims, the calculation of benefits due, and the payments of benefits—all these and many more, with the end product people helped in time of need.

I have touched on only some of the highlights of the employment security program. If any member of the Committee has questions I will be glad to expand on the subject.

ECONOMIC ASSUMPTIONS

Economic conditions throughout the country have an important impact on both the volume of activity required of the State employment security agencies, and the nature of that activity. Work loads of different parts of the program may be affected in opposite directions. For instance, State claims loads decline with high employment while tax collection activities and certain kinds of record keeping increase. Thus, our assumptions with respect to economic developments during fiscal year 1968 are key to an understanding of our request for funds to carry out the work.

Assuming no major change in the international situation, we believe, in general, that the economy will continue to expand during the coming year, although at a slower rate.

The net effect of this assumption is the expectation that both total and nonagricultural employment will increase steadily, excepting for seasonal movements. Accompanying the increase will be a growth both in the number of establishments subject to State unemployment insurance laws, and in the number of workers employed in these establishments. Both these developments have direct work-load implications for the State agencies.

With respect to insured unemployment, we are assuming that the average weekly volume is already as low as it is likely to go, particularly as the number of workers covered by unemployment insurance (and hence entitled to benefits when they become unemployed) is rising steadily. Average weekly insured unemployment was down to a seasonally adjusted level of 1 million in the second quarter of fiscal year 1967. We are assuming the average weekly volume for fiscal year 1968 will remain at this level of 1 million.

While our overall assumptions with respect to fiscal year 1968 are, I believe, optimistic, you will recognize that they create heavy demands upon the employment security system. In some areas, industries, and occupations the system will be called upon to conduct intensified recruitment and training campaigns in order to meet specific labor shortages; simultaneously, other offices will be involved in problems of temporary local unemployment resulting in increased claims activities and in the need for extensive programs of job development.

Furthermore, even though employment is assumed to rise and unemployment remain low, there are many among the 3 million now unemployed who do not fit into available jobs. These unemployed, plus others who have become discouraged by failure to find work, will need help through such services as training, or education, or counseling in order to make them employable.

In summary, fiscal year 1968 promises to be a year of active and varied demand for the services offered by the employment security system and we must adequately prepare to meet these demands if we are to play our full part in the social and economic development of the country.

ADMINISTRATIVE IMPROVEMENT STUDIES

The Bureau has contracted for two studies which we believe will have great significance and result in greatly improved operating effectiveness. I would like to discuss them briefly.

The management consulting firm of Cresap, McCormick, and Paget was awarded a contract to study the systems used by the Bureau to allocate and supervise the expenditure of funds granted to State employment security agencies. The final report of the study was received on September 22, 1966, and its recommendations have been accepted in principle. The recommendations were reviewed with a Committee of the Interstate Conference of Employment Security Agencies and with the Federal Advisory Council. Both of these groups endorsed the general direction and objectives of the recommendations. The major recommendations include:

1. The development of broad national goals and objectives to provide a framework for State planning, and the establishment of policies that will provide for the assignment of greater responsibility to the States for program planning, evaluation, and financial administration.

2. The use of local and State plans of service to provide a vehicle for expressing local and State needs in program planning and budget requests, and a basis for subsequent measurement of accomplishments.

3. The use of a Federal-State evaluation system based on a program of self appraisal at the local and State levels complemented by a Bureau monitoring program to assure adequacy and accuracy in the State's evaluation program.

4. The development of a management information system which would include cost accounting and measurements of performance effectiveness to provide the necessary information for decision making at all levels of the employment security system.

The study also suggested that a reorganization and redirection of the Bureau's resources would be necessary to fully implement the recommendations in the report. Accordingly, a contract was let to Cresap, McCormick and Paget on

September 19, 1966, to study the Bureau's organization and recommend appropriate changes. A report is due March 19, 1967.

Developmental work on the major recommendations is well underway in the Bureau, with State participation in all phases of the work. Several years will be required to implement fully the recommendations in the report. The developmental work has not yet reached the point to permit us to estimate the new resources that will be needed in the States. We will, however, insure that all possible avenues of savings are taken into account in the development of any estimate of additional resources needed.

The increasing complexity of employment security programs emphasizes the need for local plans and local administration. These recommendations place a premium on local and State capability in meeting local needs. Again, several years will be required to implement the recomendations fully.

The second study concerns the needs of the employment security system for automatic data processing equipment. A contract for such a study was let in June of last year to the Auerbach Corporation, a Philadelphia management consulting firm.

At no time since its inception has there been a more urgent and critical need to improve the management and use of automatic data processing in the employment security system. This arises from the ever-increasing demands for more information from public and government sources on basic program plans and operations, the administration of new programs, and the need for additional and more accessible information on manpower requirements and resources.

While there is this urgent need for greater use of ADP I want to make it clear that State employment security agencies have been leaders in State governments in utilization of ADP. This has been concentrated almost entirely in the field of unemployment insurance and we are continuing to progress in that field with an ever-increasing number of States installing computers and with experimental projects under way in uses of data transmission and source data automation. In other employment security programs there has been only very limited use of ADP principally because of the greater difficulty of converting them to electronic systems.

The Bureau, through its own resources, attempted to develop an overall plan for the full application of computer technology throughout the employment security program. When experience demonstrated that the Bureau did not have sufficient technical staff resources to carry out a study of this magnitude and complexity, the contract was negotiated to conduct the study, develop a conceptual data systems design, prepare systems specifications and assist in the implementation of the model systems.

The contract requires that primary emphasis be given to automating manpower functions and operations, and to determining the feasibility of establishing regional data processing centers. The contractor will evaluate the feasibility of expanding to all occupations and other geographic areas our experimental project (Project LINCS) of computer selection of job applicants to meet employer orders.

Although these new systems will greatly improve our ability to manage resources and to determine where and to what extent economies in operations may be effected, the systems will not be in full operations for several years. In the meantime, however, we are not overlooking any immediate prospects for increasing efficiency of operations and for prompter shifting of funds to work of high priority. Both Bureau and State staffs are continuing to give emphasis to this responsibility.

FISCAL YEAR 1968 INCREASES

Of the total requested increase of $33,107,000 over last year all but $175,000 is for mandatory items. This amount is for emergency preparedness functions which have been funded by allocation from the Office of Emergency Planning in the past.

The net increase for mandatory items is $32,932,000. Of this, $27,885,000 is for salary and fringe benefits increases and $3,178,000 is for rental increases.

The remaining mandatory increases are related to unemployment insurance. These mandatory increases are of two types. The first, amounting to $1,543,000, is the result of continued normal expansion in the economy and arises from the growth in the number of workers protected under State unemployment insurance laws and the growth in the number of employers subject to tax provisions of those laws.

Covered employment has shown substantial growth over the last three years and is now expected to reach a level of nearly 50,000,000 workers by the end of fiscal year 1968. During fiscal year 1968 this growth will result in an additional 1,500,000 newly covered workers. The number of employers subjected to State unemployment insurance laws is expected to increase by 41,000 during 1968, which will bring the number of employers in the system to a total of 2,610,000 by the end of the year.

The second mandatory increase related to unemployment insurance amounts to $1,607,000 and will be needed to cover the estimated continuing costs of administering changes in State unemployment insurance laws. The first-year cost of such change is paid out of the contingency fund.

As reflected in the budget for benefits to ex-servicemen and Federal employees the volume of claims under these programs are assumed to be lower than previously estimated. Consequently there are mandatory reductions of 186 positions and $1,281,000 to reflect the lower administrative cost.

FISCAL YEAR 1968 PROGRAM

Even though we are not requesting any program increases I would like to talk briefly about our program plans for 1968.

UNEMPLOYMENT INSURANCE

One of the most important developments in unemployment insurance in recent years has been the decline in the number of claims filed. We believe the claims workloads reached a minimum a few months ago and the budget estimate is based on the assumption that they will remain at this minimum level during 1968.

The tables and charts appearing in the justifications on pages Grants 22 through 28 in the estimate graphically illustrate the rate of decline in the workloads and staff of four principal claims activities from the level in fiscal year 1963 through the claims estimated for 1967. During this five year period, initial claims have declined 32%, continued claims 45%, contested claims 33%, and appeals 31%. The staff connected with this workload has also declined from a yearly average in 1963 of 17,825 to 11,429 in the current fiscal year, representing a reduction of 36%.

For 1968 we assume that claims workloads under the State program will continue at the 1967 level, and there is therefore no change in the budget estimate for the State claims operations. Continued growth in coverage because of economic expansion and current changes in State laws do result in some mandatory requirement for additional resources, as I indicated earlier.

EMPLOYMENT SERVICE

As I outlined to the Committee last year, operations of the nationwide network of local employment offices—manpower service centers in their communities—were undergoing substantial changes in program. These changes are continuing. In our current economic situation, there are not sufficient experienced workers available to meet the needs of industry. For many an employer, an essential solution is to utilize our unused labor force—the disadvantaged workers, the older works, and the other groups passed over by a prosperous economy.

The role of the employment service is therefore a double one: to match available experienced workers with job opportunities, and to work with employers, new labor entrants and the hard-core unemployed to help solve the employability problems of the workers and the vacancy problems of the employers. The latter role involves one of the major concentrations of effort of the employment service which, as a concept, we call Human Resources Development. During 1968, both roles will be pushed vigorously.

In the upcoming fiscal year about 11 million jobseekers are expected to register with the employment service. This will include some 1.6 million at age 45 and over, 4.6 million youth under age 22, and a half million handicapped persons. Each of these groups is a segment of the total group with which we are concerned in the concept of Human Resources Development.

This is a concept intended to coordinate the activities of many agencies and programs with employment service activities to facilitate the ultimate placement of a worker in a job in which he can perform with satisfaction to himself

and his employer. Essentially Human Resources Development provides a comprehensive service designed to aid individuals in planning their future and in arriving at a decision about their jobs and careers. It includes comprehensive arrangements with other governmental and non-governmental agencies for necessary supportive services which are available to assist in making the worker more employable. The Human Resources Development concept, in short, includes outreach to seek out the worker, personalized help to solve obstacles to his employability, finding a job or developing one for him, after his placement, follow-up assistance to him and to the employer to help assure proper adjustment to the world of work. As a result, individuals may be referred to a job, remedial services available from other agencies, a training program under the Manpower Development and Training Act, preparatory programs preceding training. Neighborhood Youth Corps, Job Corps, or some form of work experience in whatever combination of programs or activities that provide the appropriate sequence of growth and preparation for the individual.

Another important phase of the Human Resources Development program is employer relations. It would jeopardize the success of the effort to prepare workers for jobs if there are no jobs available for them. Also, prospect of a job at the end of an intensive effort is a great incentive and motivating factor to the worker. The real effectiveness of worker outreach is directly related to the ability to have an effective employer relations program that will provide the necessary jobs.

To satisfy the needs of both employers and workers, there must be a job market information program. This involves information such as where jobs are, what is required in the job, where they are expanding, declining, and whether they are permanent or temporary. This supporting information is indispensable to the operation of the system and must be an integral part of every employment office and youth center. It is invaluable to both the private and public sectors in planning to avoid labor shortages.

The efficient administration of our basic employment service programs and those established to carry out the added responsibilities which have evolved over the years, especially since 1960, have necessitated the establishment of new goals and priorities during 1967 and 1968. These goals are intended to achieve the fullest utilization of the Nation's human resources and maintain a balanced utilization of available staff and funds in accordance with Congressional intent. These goals are encompassed in four major categories as follows: Human Resources Development, Job Development and Placement, Manpower and Employment Information, and Administrative and Technical Support.

Redirection of programs, redesignation of staff resources and reassessment of plans on a continuing basis are being undertaken to meet our objectives.

I have discussed the Human Resources Development program in broad terms. I would now like to refer to some of its components.

Services to Older Workers

Our older worker program is designed to provide specialized services to persons over 45 who are experiencing difficulty in securing or holding jobs primarily because of age. This group includes those persons with obsolete skills, a substantial portion of the long-term unemployed; widows forced to return to the job market with little or no work experience; men who suddenly become unemployed because of automation or other factors and who have very little idea of how to secure another job; and many retirees in need of part-time employment to supplement their retirement incomes.

During fiscal 1966, the Employment Service initiated a systematic program for intensified services to older workers which consisted of special services units in five metropolitan areas. Specialists in these units provide a comprehensive and concentrated program of service adapted to the needs of older workers in the communities in which they are located. For the short time these units have operated, significant results in terms of placement services to individuals, who may have otherwise remained unemployed and exhausted their resources or forced onto welfare rolls, have been achieved.

During 1967, the Employment Service has installed similar units in 20 additional cities.

Services to Youth

In the past three years significant new resources have been granted to the States for intensive counseling and placement services for youth. We have

created and staffed Youth Opportunity Centers in metropolitan areas and added to youth service staff in other local employment offices.

In the urban areas Youth Opportunity Centers are located close to slum neighborhoods, and are set up to serve *all* youth and *not* just the disadvantaged. However, with the initiation of the Human Resources Development program directed toward slum residents, greater numbers and proportions of disadvantaged youth will be channeled into the Centers as well as to local employment office facilities.

We estimate the current youth population to be 20.2 million, and in fiscal year 1968 the number will increase by 1.0 million. Services will be provided to youth, in cooperation with Community Action programs in slum neighborhoods, as a part of the program to meet the very complex problems confronting these youth.

The annual President's Youth Opportunity Campaign is also reaching larger numbers of youth needing summer employment. In fiscal year 1967, some 900,000 youth applied for summer jobs at the employment service. This campaign resulted in more than 700,000 agricultural placements and over 240,000 nonagricultural placements by the employment service. We anticipate that these numbers will increase substantially in 1968.

Another important part of our youth program is the Apprenticeship Information Centers. These Centers, in cooperation with the Bureau of Apprenticeship and Training, assist youth to obtain apprenticeship opportunities. The Centers, which operate in major cities, direct their activities primarily toward assisting members of minority groups to enter apprenticeable trades.

Services to Minorities

To help members of minority groups overcome the effects of discrimination and disadvantage, the employment service exerts special efforts such as intensive recruitment and job development.

Members of minority groups have long been denied employment opportunities for reasons not related to performance requirements or occupational qualifications. Such denial prevents full utilization of the labor force and, in many cases, constitutes a violation of the Civil Rights Act of 1964 as well as State and local statutes. There is a special emphasis reflected in all regular employment service functions and specialized services to assist minorities to counteract artificial restrictions and compete favorably in the job market.

Currently, 101 minority groups specialists are allocated to the States. It is their responsibility to provide leadership in the planning and development of programs for serving minority groups, to provide functional supervision of local office activities, to evaluate the effectiveness of services to minorities, and to cultivate and maintain good working relationships and further cooperative efforts with such organizations as the Urban League, the NAACP, the League of United Latin-American Citizens, and other national, State and local organizations concerned with the social and economic problems of minorities.

Services to Handicapped

During fiscal 1968, it is expected that some 500,000 handicapped applicants will be served by employment offices. Illustrative of the specialized services provided this group are the following: 25,000 will be referred to State Divisions of Vocational Rehabilitation for assistance; about 5,000 parolees and probationers will require specialized counseling, selection and referral for training or placement; an estimated 100,000 persons, released from mental hospitals, will require special counseling and placement assistance; a number of persons who have other handicaps such as arrest records and discharges from the military services under other than honorable conditions need help.

Currently, we have 107 specialists who are working toward improving the quantity and quality of local office service in behalf of the handicapped. These specialists develop programs, train local office staff in providing service to the handicapped, and evaluate the effectiveness of the services provided.

Job Development and Placement

Our second major goal is job development and placement. Business and industry provide the major share of job opportunities and they rely more and more on the Federal-State Employment Service for advice on hiring policies and training programs for dealing with those inadequately educated or unprepared for employment.

The employment service must provide leadership and coordination of efforts, disseminate information, and conduct a continuous program of job development activities in cooperation with employers.

Directly related to the services to employers is the need for a strong placement service to match workers with jobs. Work applications, processed for 10.4 million persons in fiscal year 1966, are expected to increase in fiscal years 1967 and 1968 because of population growth and outreach activities. The latter will bring more hard-to-place applicants into local offices, thereby increasing the demands on placement staffs, intensifying the need to develop more effective placement processes, and increasing the need for further job development.

Mass lay-offs by plants which close or relocate result in severe hardships on workers affected. To cope with these problems, special mass lay-offs teams, as well as regular local office staff have been successful in developing reemployment programs for the workers affected. These programs involve community leaders and local employers, retraining programs, interarea recruitment and where needed, referral to community agencies which provide health, social welfare, legal and financial assistance. Special mass lay-off units have been established in 14 States.

Manpower and Employment Information

The Job Market Information program serves industry and workers both directly and indirectly. Information on local, State and national labor force conditions, and projections of future conditions, are furnished directly to workers seeking jobs. The same kind of information is furnished to employers seeking workers for a current job opportunity as well as facts on which to base a decision on plant locations. Indirectly, such information serves their needs by forming the basis for analysis and planning by the employment service and other manpower agencies as well as by other manpower experts and business. A fully comprehensive job market information program is essential to adequate service to the nation's workers and businessmen.

We are seeking advice on how to make the program more useful through the establishment of a Research Advisory Committee. This Committee, chaired by Dr. Arnold R. Weber, Professor of Industrial Relations, Graduate School of Business, University of Chicago, is broadly representative of industry, labor, minority groups, universities, vocational education agencies, and others with a comprehensive understanding of urban and rural manpower problems. The Committee is charged with the responsibilities of (1) determining the kinds of information required by the Employment Service and local employment offices to carry out their role as manpower agencies; (2) reviewing the availability of data from the Department of Labor and other sources to meet emergent and changing needs; (3) evaluating the means by which area job market data are collected and analyzed; (4) reviewing the means by which such data are distributed, both internally and externally; and (5) formulating recommendations for improving the coverage, quality, and utility of this information.

Administrative and Technical Support

Plans of service are operational plans which identify needs of jobseekers, employers and the community for manpower services and identify the agencies and organizations which can provide needed supportive services to jobseekers. They develop the service objective to be accomplished for a fiscal year and provide a basis for the assignment and utilization of staff resources. They also provide a basis for appraisal of the results obtained and resources utilized.

They are being systematically installed and tested with the help of national and regional office staff. As they are installed in selected local offices, State agency staff make installations in other local offices. To facilitate this, training programs involving new techniques and methods for improving local office management and supervision are being developed.

SERVICES TO VETERANS

The public employment service is committed to providing all veterans "the maximum of job opportunity in the field of gainful employment." This includes not only such basic services as employment counseling and job referral, but also new and expanded services designed to meet the particular employment needs of the post-Korean Conflict veterans. To meet these requirements within current staff resources presents a major challenge to the public employment offices.

FARM LABOR SERVICE

Mr. Chairman, I should like now to turn to our programs for the rural work force. I am glad to be able to report that 1966 was a year of progress for farm labor. Production of most crops was up. Farmers generally received higher prices for their products, workers received higher wages, and we made further progress in eliminating our dependence on foreign labor. In this connection, we can report that foreign worker use has fallen from 200,000 in 1964 to 35,000 in 1965, and to only 20,000 in 1966. Foreign farm workers were used in twenty-nine States in 1964. This number was reduced to twelve in 1965, and to eleven in 1966.

However, I do not wish to imply that there were no problems. There were many difficult problems, and many problems remain. A basic problem of rural America is a combination of unemployment and underemployment. In 1959 there were 816,000 unemployed workers in rural areas. But underemployment was equivalent to the full-time unemployment of another 2,217,000 workers. In all unemployment and underemployment combined were equivalent to 18 percent of the rural labor force.

I should like to describe some of the things which employment security is doing to meet that basic problem, and how we propose to strengthen that contribution.

According to U.S. Department of Agriculture estimates, as many as 466,000 individuals worked as agricultural migrants at some time during 1965. We seek to assist these migrating individuals through the interstate clearance program and the Annual Worker plan. Many migrants can be given training which will channel them out of the migrant stream. In most instances, this is probably the most valuable service we can provide to the individual worker and to the economy.

We propose to broaden the Annual Worker plan to include a substantial number of other jobs in rural areas, especially in the canning and food processing industries. It will be structured, where feasible, to provide interlocking periods of local farm and non-farm employment, thus reducing the necessity for frequent migrations.

We will also improve services to migratory farm workers by improving our own ability to exchange labor information. The rapid communications system put into effect this year to link our national and regional offices is an important step in this direction. We are now seeking to make this teletype system available to all the States. When this becomes possible, information on the availability and need for both seasonal and permanent workers can be exchanged in a fraction of the time now needed.

A second large group of rural workers needed assistance is made up of those planning to relocate permanently to some other area. Their number averaged close to a half-million annually during the 1950–1960 period.

Workers planning permanent migration have needs differing from those of seasonal migrants. They need to know what their chances are in an urban labor market. They need to know how to increase those odds through some form of skill training.

Currently, we provide services to this group in a number of ways. We have employment offices in many rural areas that are available for assistance. Also, many benefit from contact with the Smaller Communities Program teams which are operated by the employment service in 15 States. Some prospective relocatees are also currently being assisted by contact with farm labor service representatives who work out of local employment offices in the rural areas. Too, some are being helped through the labor mobility demonstration projects. Ten of the 16 projects completed during the first year of this program's operation in 1965 concerned the movement of workers from rural to urban areas.

The rural-urban migration can be expected to continue, and we propose, to the extent that resources will permit, to extend our services to this group.

The third large group of rural workers we serve is made up of non-migrants—those having no current plans for either permanent or seasonal migration. In 1965, over 3.1 million individuals did some farm wage work. Some of these workers by custom seek seasonal work; some, year-round jobs. Some depend solely upon farm employment. Others supplement this with off-farm employment.

To meet the employment needs of this group, our program must include supporting services of the same sort available in urban areas. This means job

development, selective placement of workers needing special assistance, and referral to both farm and non-farm training opportunities. It is also imperative that counseling and testing facilities be made available to these workers. Only in this way can we properly assist them in preparing themselves to meet changing conditions of employment in rural areas.

We are experimenting with two approaches to the provision of more adequate service to the rural work force. One of these is through the Smaller Communities Program which I mentioned earlier in my statement. Under this program mobile teams of specialists are formed, which then go to rural areas for whatever period is required to provide services. The other approach is to establish and staff a central facility in a large rural area and then to provide specialized services either at the central facility or through visits to satellite offices located away from the central facility. Both these approaches give great promise.

A most important contribution to the improvement of the earning potential of the rural work force is being made through training programs. In the four years during which Federally-sponsored manpower training programs have been operating under the Area Redevelopment Act and the Manpower Development and Training Act, over 25,000 individuals have been approved for training in agricultural occupations.

There is, of course, also a need for expansion of services to farm employers. Farm labor service representatives now provide technical assistance to employers in matters such as the assessment of labor needs, job analysis and simplification, employer-employee relations, and the general area of improvement in working and living conditions. We propose to expand these services, because they result in reduced labor turnover, increased worker productivity, and higher wages.

In brief summary, Mr. Chairman, within the limits of our resources, we propose to improve the kind and quality of services which are available to rural workers; to seek out and train the hard to train; to make additional services available to farm employers in an effort to anticipate and solve various labor problems before they occur.

CONTINGENCY FUND

Financing the State employment security agencies involves unusual aspects not present in the usual appropriations to Federal government agencies for their salaries and expenses. These unusual aspects are the results of outside influences on State agency costs. In recognition of the mandatory nature of these costs, the Congress, since 1950, has provided a contingency amount within the grants to States limitation. Specifically, the contingency amount is available to meet increased costs of administration resulting from changes in State law, increases in the claims workloads, and changes in State compensation plans over those provided for in the State's basic grant.

An illustration of the problem is furnished by the current situation. This year 47 State legislatures will be in session. Some of them will increase salaries for State employees generally, and some will amend their unemployment insurance laws so as to require the State employment security agencies to perform new or additional work. Generally, the increased costs resulting from such action would begin about July 1, 1967, or shortly thereafter. At the time we prepared the estimate now before you, we could not anticipate these actions of the State legislatures. Therefore, they have not been included in the appropriation base for 1968. However, this appropriation request, like those since 1950, provides a contingency amount. For 1968 this is $12,000,000. When the increased costs of law changes and salary increases become known, the allocations for the specific States in which they occur will be increased as required. In FY 1966, contingency funds were granted to 34 State agencies for the increased costs of law changes, and to 49 State agencies for salary increases.

As I indicated earlier, the contingency amount is available also to meet sudden increases in the claims workloads. These increases usually arise from a worsening of the economic situation, a plant closing, or a temporary lay-off involving a large number of workers in a specific State. Such changes in the economy are felt very rapidly at the local employment security offices, and a rapid increase in staff is required to avoid delays in the payment of unemployment insurance benefits to the workers affected.

Prudent fiscal management dictates that before additional funds are provided for these increased costs consideration be given to savings which have occurred in other areas of administration. This is required by the language of the appropriation, and the principle is followed by the Bureau in approving requests for use of contingency funds.

Mr. Chairman, this concludes my statement on the estimate for Grants to States for Unemployment Compensation and Employment Service Administration.

General Statement

Mr. Goodwin. Mr. Chairman and members of the committee, the Bureau of Employment Security is requesting $557,107,000 to operate the employment security system in the States in fiscal year 1968. This total includes no new funds for program expansion. It provides for a net increase of $33,107,000 over last year, but mandatory items account for $32,932,000 of that amount—mainly salary, fringe benefit, and rental increases.

They are identified in my formal statement, Mr. Chairman, but I would like to insert a schedule showing State salary increases in 1967 that must be provided for in 1968. The remaining $175,000 is for emergency preparedness manpower functions previously financed by the Office of Emergency Planning. This is merely a transfer of the funding for this function from the Office of Emergency Planning and does not represent an increase.

(The information follows:)

Full-year cost of salary increases in 1967

	Effective date	Full-year cost in 1968 of salary increases reported in fiscal year 1967 through Jan. 1, 1967
Alaska	July 16, 1966	$3,394
Arkansas	Apr. 1, 1967	156,096
California	July 1, 1966	2,080,158
Colorado	do	168,342
Connecticut	July 1, 1966 and Apr. 1, 1967	465,000
District of Columbia	July 1, 1966	112,070
Georgia	do	400,465
Idaho	Nov. 1, 1966	95,000
Illinois	July 1, 1966	37,000
Indiana	do	144,000
Iowa	do	36,453
Kentucky	July 1, 1966 and Oct. 1, 1966	335,107
Louisiana	July 1, 1966	503,725
Maine	do	81,345
Massachusetts	July 1, 1966 and Nov. 26, 1966	1,729,310
Michigan	July 1, 1966	1,084,173
Minnesota	do	248,062
Mississippi	Aug. 1, 1966	340,497
Missouri	July 1, 1966	372,093
Montana	Sept. 1, 1966	99,213
Nebraska	July 1, 1966	20,256
New Mexico	do	73,451
New York	Sept. 1, 1966	4,140,000
Ohio	June 1, 1967	216,000
Oklahoma	Nov. 1, 1966	9,620
Oregon	July 1, 1966	143,568
Pennsylvania	Jan. 1, 1967	1,195,968
Rhode Island	Sept. 30, 1966	354,000
South Carolina	July 1, 1966	445,000
South Dakota	July 1, 1966, and Oct. 1, 1966	30,682
Tennessee	July 1, 1966	206,020
Texas	Sept. 1, 1966	538,900
Vermont	Nov. 1, 1966	111,444
Virginia	July 16, 1966	21,597
Virgin Islands	July 1, 1966	11,578
Washington	Aug. 11, 1966	297,894
West Virginia	Oct. 1, 1966	230,000
Wisconsin	July 1, 1966	403,650
Total		16,941,131

The average increase resulting from full year State-wide salary increases ($269 per position), plus the average increase resulting from within-grade increases ($150 per position), gives a total increase per position of $419. This amount, when multiplied by the total number of positions, 58,093, gives $24,341,000 the amount required for salary increases in 1968.

SCOPE OF EMPLOYMENT SECURITY PROGRAMS

Mr. GOODWIN. The employment security program encompasses employment service and unemployment insurance activities. The responsibility for carrying out this program is shared by the States and the Federal Government, with the Bureau of Employment Security representing the Secretary as the Federal partner. An agency in each State, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam administers its part of the employment security partnership. Through affiliated State agencies and their 2,000 local public employment offices, the program operates on a National, State, and local level, serving workers and employers in every labor area.

The basic employment service program involves finding jobs for people and people for jobs. Under recent legislation, including the Manpower Development and Training Act, the Vocational Education Act, the Economic Opportunity Act, and the Civil Rights Act, local public employment offices cooperate with other Government agencies and civic organizations in helping the difficult to place—through training and other services—to find a productive place in the American economy.

Unemployment insurance benefits help persons during periods of involuntary unemployment to pay their basic living expenses; and by sustaining purchasing power, the program acts as a stabilizing influence on the economy.

Administrative costs for the operation of the Employment Service and unemployment insurance programs are met from congressional appropriations, with 100 percent grants being made by the Bureau to cooperating State agencies. Taxes paid by employers under Federal Unemployment Tax Act are the principal source of funds for the congressional appropriation.

Perhaps a few statistics will give you an idea of the size of the employment security job. In calendar year 1966, State employment services reported some 10.6 million job placements, both farm and nonfarm.

Mr. FLOOD. Is that good?

Mr. GOODWIN. Yes; it is good. Perhaps not good enough but a pretty good figure. One, however, that we are trying to improve.

Over one and a quarter million individuals received special job counseling, and 2½ million individuals were given aptitude or proficiency tests. Nearly 4.3 million unemployed workers received unemployment insurance benefits amounting to about $1.9 billion. State employment security agencies collected nearly $3 billion in unemployment insurance taxes from some 2.6 million employers during that year.

Of the $32,932,000 net increase included for mandatory items in the fiscal year 1968 budget request, $27,885,000 is for salary and fringe benefit increases; $3,178,000 for rental increases; and the remainder reflects increased costs resulting from a growth in the number of workers protected under State unemployment insurance laws and the number of

employers subject to tax provisions of those laws; changes in State unemployment insurance laws, including higher salaries; and a reduction in Federal unemployment programs for former Federal employees and ex-servicemen.

This year, 47 State legislatures will be in session, and some of them will increase salaries for State employees generally and some will amend their unemployment insurance laws to require the State employment security agency to perform new or additional work. The contingency fund of $12 million is intended to meet unusual costs of this nature, as well as increases in claims workloads resulting from economic changes, plant closures, or layoffs involving large numbers of workers.

Mr. FLOOD. Do you anticipate much of a problem with strikes? The Secretary doesn't, really.

Mr. GOODWIN. No, not in the overall, but at any time in our economy there are a lot of changes going on, some plants are closing and others are opening up.

Mr. FLOOD. You are not looking for any disaster?

Mr. GOODWIN. No; this merely reflects changes that are going on even in good times.

Even though we are not requesting program increases, I want to talk briefly about our program plans for 1968, especially our efforts to improve and strengthen operations within current budget levels and available staff.

HUMAN RESOURCES DEVELOPMENT PROGRAM

Partly because of the current economic situation and the lack of qualified workers to meet the needs of industry, but more importantly because it's the right thing to do, a major role of the Employment Service will be working with the hard-core unemployment to help them become employable. We call this reaching out to those who may have given up trying to find employment our human resources development effort.

Mr. FLOOD. You know, if you people keep working on this hard core, you will all be out of business. You are all emphasizing your work on this hard core.

Mr. GOODWIN. We are not worrying about going out of business Mr. Chairman.

This program involves young, inexperienced workers; workers 45 and over who have been displaced by plant closings or technological change and those who are unskilled; members of minority groups; and the handicapped.

Another and equally important phase of human resources development is getting the cooperation of employers in opening more jobs at the entry level. Not having job openings available would jeopardize the success of our efforts to prepare workers for jobs.

While employment and related services for youth are a part of the human resources development effort, they deserve special attention because of the great expansion of the labor force by young applicants.

In the past 3 years, youth opportunity centers have been established in metropolitan areas close to slum neighborhoods. These centers serve employment needs of all youth applicants, not just the disad-

vantaged, but special efforts are made to assist minorities to complete in the job market. Our services to youth also include recruitment for work-training programs, such as the Neighborhood Youth Corps and the Job Corps; counseling and job placement service to those rejected for military service; the summer-jobs-for-youth program of the President; and establishment of apprenticeship information centers in cooperation with the Bureau of Apprenticeship and Training to assist youth in obtaining apprenticeship opportunities.

FARM LABOR

I am glad to report that 1966 was a year of progress for farm labor. While production of most crops was up and farmers generally received higher prices for their products, workers received higher wages and we made further progress in eliminating our dependence on foreign labor.

Mr. FLOOD. What do you mean when you say that farm labor was up?

Mr. GOODWIN. I said that in general farm prices and farm wages were up during the year.

Foreign worker use has fallen from 200,000 in 1964 to 35,000 in 1965, and to only 20,000 in 1966. Foreign farmworkers were used in 29 States in 1964, 12 in 1965, and only 11 in 1966.

I do not wish to imply that there are no problems. There are many, but we hope to solve some of them by broadening the annual worker plan to include—in the scheduling of employment during the farm season—a substantial number of jobs in the canning and food processing industries. We also expect to make greater use of a teletype system for exchanging information promptly on growers' labor needs and worker supply.

An Employment Service tool for meeting the employment needs of both employers and workers is job market information. It shows where jobs are, what they are, what is required in the job, where employment is expanding or declining, and whether job openings will be permanent or temporary. Job market information helps young people in planning their careers and employers in planning production needs and plant expansions and relocations.

To improve the kind and quality of services we provide, we have contracted for two studies which we believe will result in greater operating effectiveness. One involves the assignment of more responsibility to the States for program planning, evaluation, and financial administration. Another involves the needs of the employment security system for automatic data processing equipment to meet the ever-increasing demands from public and Government sources for more information available from employment security sources. In the meantime we are not overlooking any immediate prospects for improving our organization and our management practices, for increasing the efficiency of operations, and for making the most effective use of available funds. Both Bureau and State agency staffs carry out these responsibilities.

I have only touched on employment security programs. They are many and varied. They include, among other functions, interarea

recruitment for hard-to-fill jobs; professional placement service; working with educational and training authorities for manpower development, training, and utilization; working with community groups for area economic development and stabilization; and in the unemployment insurance program, the taking of unemployment claims, the calculation of benefits due, the payment of benefits, and determination of eligibility. Employment security programs have changed as worker and employer needs have changed, and the programs will continue to change to solve labor problems which develop.

Mr. Chairman and committee members, we are not asking for funds in fiscal year 1968 for new programs but we are not overlooking opportunities for improving operations. We believe that the budget request presented to you will provide for an effective employment security program.

My next statement relates to the appropriation for unemployment compensation for Federal employees and ex-servicemen, and I would like to read it into the record.

General Statement on Unemployment Compensation for Federal Employees and Ex-Servicemen

Mr. Chairman and members of the committee, in previous years this appropriation funded only the unemployment compensation benefits of Federal employees and ex-servicemen. Beginning in fiscal year 1966 the Congress directed that the administrative cost of adjustment assistance services and the cost of adjustment assistance allowances to workers, as directed by the Automotive Products Trade Act of 1965 and the Trade Expansion Act of 1962, be paid from this source. The total fiscal year 1968 estimate is $65 million, which includes $63,600,000 for benefits to former Federal civilian employees and to ex-servicemen, and $1,400,000 for costs under the trade program. The estimate assumes continued improvement in economic conditions and a low volume of unemployment.

As the committee knows, in successive programs beginning with the Servicemen's Readjustment Act of 1944, the Federal Government has provided the protection of unemployment insurance to ex-servicemen following their discharge from the armed services under conditions other than dishonorable. In 1958 this protection was made a permanent addition to title XV of the Social Security Act. Federal civilian workers, likewise, have been afforded this protection since January 1955, also under title XV of the Social Security Act.

Generally, the benefits provided under title XV are paid to ex-servicemen and former Federal civilian workers in accordance with the unemployment compensation law of the State to which the Federal wages are assigned. These State laws govern the amounts as well as the qualifying and eligibility requirements for receipt of the benefits. The temporary protection afforded to ex-servicemen and former civilian employees is similar to the protection that is available to workers in private industry against the risks of involuntary unemployment.

The Automotive Products Trade Act of 1965, Public Law 89–283, implements an agreement between the United States and Canada for free trade in automotive products between the two countries.

Mr. FLOOD. Mr. Goodwin I think at this point you should develop for the record the reason for the act and how it is applied. A lot of people do not know that.

Mr. GOODWIN. We will insert it just after this statement, Mr. Chairman.

Mr. FLOOD. All right.

Mr. GOODWIN. In an effort to assist those American firms and workers in the automotive industry who may be temporarily dislocated as a result of the agreement, the act directs the Secretary of Labor to provide adjustment assistance in the form of weekly allowances and in some cases relocation allowances, as well as special assistance in finding new jobs or assistance in entering training programs.

Of the $63,600,000 estimated for unemployment compensation benefits, $31,300,000 will be required for the ex-servicemen's program and $32,300,000 will be required for the Federal employees' program. The $63,600,000 estimated for the two programs is the same amount as the amount now estimated for benefits in fiscal year 1967. Although the total amount of benefits is the same for both years we expect a higher weekly benefit amount to offset the decreasing workload in fiscal year 1968.

Early reports on the number of military separations in 1968 indicate that the total separations will be about 725,000. However, economic projections for fiscal year 1968 indicate that there will be a higher level of employment which should offset the effect of a higher volume of military separations.

To insure that payments will not be interrupted if the 1968 appropriation proves insufficient, language should be included—as it was in 1967—to permit funds from the subsequent fiscal year to be used, if needed, after March 31, 1968, in the event that time will not permit obtaining a supplemental appropriation from Congress. This provision constitutes a major improvement in the financing of this program and we earnestly request that the same provisional language be included for the fiscal year 1968 appropriation.

The cost of administering the trade program and the allowances to be paid are estimated at $1,400,000 for fiscal year 1968. The State employment security agencies are to provide employment services to the workers found eligible for adjustment assistance. These services include the promotion of new job opportunities and the provision of specialized placement services, as well as for the payment of readjustment and relocation allowances. To provide these services in 1968 to an estimated 1,015 workers estimated to be found eligible for assistance will require $200,000.

This activity also provides for the cost of weekly readjustment and relocation allowances paid to eligible workers until they can find new work or until they are trained for new work. To provide for readjustment and relocation allowance payments to the estimated 930 workers for an average of 16 weeks' eligibility in 1968, and the estimated 85 workers who will be carried over from 1967, will require a total of $1,200,000.

Mr. Chairman, this concludes my statement on the estimate for unemployment compensation for Federal employees and ex-servicemen.

As you requested I will place a statement in the record on the Automotive Products Trade Act.

(The information requested follows:)

SUMMARY OF AUTOMOTIVE PRODUCTS TRADE ACT

The Automotive Products Trade Act of 1965 (Public Law 89-283) implements an agreement between the United States and Canada for free trade in automotive products between the two countries. Title IV of the Act removes all U.S. duties on Canadian automobiles and parts for original equipment. This Act directs that firms and/or groups of workers who suffer dislocation as a result of the operation of the U.S.-Canadian Agreement may petition the President for a determination of their eligibility to apply for the adjustment assistance provided under the provisions of Title III of the Trade Expansion Act of 1962.

The President makes determinations of eligibility to apply for adjustment assistance after the Tariff Commission conducts an investigation and provides him with the necessary information upon which he may base his decisions. He has established the Automotive Agreement Adjustment Assistance Board and delegated to the Board the responsibility with respect to these determinations of eligibility. This Board consists of the Secretary of Labor (Chairman), the Secretary of Commerce, and the Secretary of the Treasury.

Basically the Act authorizes, in an effort to assist those American firms and workers in the automotive industry who may be temporarily dislocated, adjustment assistance in the form of weekly allowances, and in some cases relocation allowances, as well as special assistance in finding new jobs or assistance in entering training programs to prepare them for new jobs. No new language involving the details of this adjustment assistance was put into the Act. Instead, the provisions of Title III of the Trade Expansion Act of 1962 (19 U.S.C., Sec. 1901-1991) were made applicable. These provisions provide that the Secretary of Labor "* * * shall pay or provide such assistance to applicants who are so entitled * * *" and indicates the manner in which this shall be accomplished. The Automotive Products Trade Act, however, establishes new and special standards, including detailed economic criteria for determining the cause of the dislocation, and for establishing the eligibility of firms and/or workers for this assistance.

From the date of the enactment of the legislation until the present time, 11 petitions for eligibility to apply for assistance have been filed. Four of the petitions have been approved and payments are being made to affected workers. The other seven petitions are pending determination.

Mr. FLOOD. Thank you. We will be happy to hear your statement on the salaries and expenses request.

STATEMENT ON BUREAU OF EMPLOYMENT SECURITY, SALARIES AND EXPENSES

Mr. GOODWIN. Mr. Chairman and members of the committee, the fiscal year 1968 estimate for operation of the Bureau of Employment Security is $21,048,000. This is an increase of $657,000 over the adjusted appropriation for fiscal 1967 and provides for mandatory increases only, except for $138,000 to directly finance emergency preparedness functions previously funded by allocation from the Office of Emergency Planning. Mandatory increases for such items as additional pay costs and within-grades, offset by nonrecurring costs net to $519,000.

Mr. Chairman, my statement in support of the request for grants to States describes the studies undertaken to improve the management of the employment security system and to take fuller advantage of au-

tomatic data processing technology. I will not repeat that information here, but I should point out its relevance to the work program and resource needs of the Bureau.

We have consequently undertaken a substantial redirection of the staff efforts of the Bureau's Unemployment Insurance Service so as to accomplish the objectives related to the Federal-State unemployment insurance system which were adopted as a result of the Cresap, McCormick, and Paget study. In 1967 the Service will have made considerable progress toward developing and testing the new management system and new operating methods to take advantage of new technology in automatic data processing and source data automation. In 1968 we expect to concentrate heavily on refining the new systems and extending their installation in State agencies

The Nation has come to recognize the need for an active manpower policy and we are developing a variety of approaches to implement this policy in the U.S. Employment Service and its affiliated State agencies. Detailed discussions of the new directions of the Employment Service programs are contained in my presentation of grants to States and in the budget estimates.

The U.S. Employment Service functions as the overall manpower agency to provide leadership, direction, and coordination of the operations of public employment service offices. This includes developing policies, program activities, procedures, tools and techniques, and guidelines to the States and local offices. These responsibilities entail an efficient job placement service, counseling and testing services to assist workers and employers, intensive services to youth, disadvantaged jobseekers, older workers, handicapped, minority groups and services to smaller communities.

During fiscal year 1967, plans are being developed and implemented to integrate all activities to serve disadvantaged persons into a single coordinated effort under the human resources development program.

Directly relate to these effors are the installaions of plans of service which are currenly underway. These are operational plans which identify needs of jobseekers, employers and the community for manpower service within a fiscal year, identify other agencies and organizations which can provide needed services to jobseekers, and provide a basis for the best utilization and assignment of staff resources.

Coupled with the plans of service installations are the installations of new techniques and methods for improving local office management and supervision, and evaluation of managment and operations and implementation of corrective action.

Fiscal year 1968 will be a year of innovation in improving the basic services provided by the employment security system. Improvements in management will be coupled with a variety of new approaches to continuing problems. We are requesting no increase in staff to implement these proposals.

Mr. Chairman, this concludes my statement on the estimate for Bureau of Employment Security, salaries and expenses. Mr. Omohundro, Chief of the Veterans Employment Service, is here and will be glad to make a statement if the Committee wishes.

Mr. FLOOD. Proceed, Mr. Omohundro.

General Statement Veterans Employment Service

Mr. Omohundro. Mr. Chairman, if I may I would like to submit my formal statement for the record and make some brief remarks.

Mr. Flood. Without objection, it will be made a part of the record at this point.

(The statement follows:)

Statement of Edward L. Omohundro, Chief, Veterans Employment Service, Appropriations Committee

Bureau of Employment Security, Salaries and Expenses

Mr. Chairman and Members of the Committee, it is a real pleasure for me to have the opportunity of appearing before this committee again. Since I appeared last year, the enactment of the Veterans' Readjustment Benefits Act of 1966 has had a great impact on the veteran workload of the public employment offices. As soon as this new GI Bill was signed on March 3, 1966, these offices began registering the young post-Korean Conflict veterans. In terms of volume, new job applications of veterans increased 55% during April-November 1966 over the same period of the previous year, 1,045,000 as compared with 675,000 applications.

This is the first time since the end of the Korean Conflict that young servicemen and women are classified as veterans when they come out of the Armed Forces. At the time they are separated from active duty, their average age is 22.3 years. Since the new GI Bill has no termination date, there will be a cumulative increase in the post-Korean Conflict veteran population. As of November 1966, 4.3 million of these veterans were in civilian life, and the estimated total in 1972, is 7.1 million. It is estimated that nearly three quarters of a million recently separated service personnel will become veterans in 1968.

To carry out the employment provisions of all of the GI Bills—the Servicemen's Readjustment Act of 1944, and the Veterans' Readjustment Assistance Act of 1952, as well as the new law,—the public employment service is committed to providing all veterans "the maximum of job opportunity in the field of gainful employment." This includes not only such basic services as employment counseling and job referral, but also new and expanded services designed to meet the particular employment needs of the post-Korean Conflict veterans. To meet these requirements within current staff resources presents a major challenge to the public employment offices, particularly since they are also called upon to provide much needed services to other groups.

The Bureau's salaries and expenses estimate contains a limitation of $1,801,000 for the Veterans' Employment Service in 1968. This represents an increase of $69,000 over the $1,732,000 appropriated for 1967. All of the increase is to cover mandatory items, particularly within-grade pay increases and a portion of the full year pay costs absorbed in 1967.

During fiscal year 1966, 1,172,500 veterans applied for employment assistance at the local State employment service offices. These veterans were placed in 974,200 non-agricultural jobs. This includes 121,100 job applications and 103,800 job placements of disabled veterans. In addition to referral to job openings, these offices refer veterans to training and retraining courses, especially occupational training which has been established under the Manpower Development and Training Act. During the 4-year period between September 1, 1962, and September 1, 1966, about 76,000 veterans have received MDTA classroom training. Veterans represent 37% of all the men enrolled. In addition, 3,900 female veterans completed this training. While their former occupations are those for which there generally is little demand, these retrained veterans have been prepared for short-supply occupations.

In 1966, 12,300 veterans personally visited our Veterans Employment Service field staff seeking employment and other related assistance. Another 1,700 veterans' problem cases were referred to the field staff from Congressional and other sources for particular attention. The Veterans Employment Service field representatives also made about 36,000 contacts with employers, veterans' organizations and other agencies to promote employment of veterans. In addition,

they made 4,800 local office visits and 1,400 formal evaluations of services to veterans in local public employment offices.

The Veterans Employment Service provides specialized assistance to career military retirees. Upon separation from military service after active duty of 20 or more years, these retirees average 46 years of age, and they usually have little or no experience in civilian employment. Although most employers consider such a military background to be valuable, many of the some 50,000 career military retirees who enter civilian life each year need assistance to make a smooth transition to civilian jobs. The Employment Service Military Retiree Program consists of comprehensive retirement briefings on the military bases which are scheduled well in advance of retirement. This gives the future retiree an opportunity to anticipate and plan for his civilian employment—its requirements, opportunities, possible problem areas. During 1966, about 28,000 military retirees attended 469 such briefings. Many of these veterans subsequently visited the local employment offices for individual employment counseling, aptitude testing, job information on geographic areas of interest, as well as placement assistance.

It might be of interest to note parenthetically that there are currently about 25.7 million veterans in the population of the United States, about 4.3 million of whom are post-Korean Conflict veterans. Veterans, members of their families and surviving dependents make up a total of about 93.5 million persons.

Again, Mr. Chairman, I am pleased to report to you and the Members of the Committee that the American Legion, American Veterans of World War II, and Korea, Disabled American Veterans, the Veterans of Foreign Wars, Jewish War Veterans, and other veterans' organizations have expressed their confidence in and appreciation for the accomplishments of the Veterans Employment Service, the Bureau of Employment Security, and the State employment services by passing resolutions at their last National conventions, endorsing the principle of special employment efforts for veterans.

Mr. Chairman, this concludes my statement on the estimate for the Veterans Employment Service.

Mr. OMOHUNDRO. I do not believe I can bring the chairman up to date on the legislation the Veterans' Employment Service works under because I do not know of any veterans' legislation in the last 25 years the chairman has not been the prime mover on. It works with the Servicemen's Readjustment Act of 1944 and the Veterans' Readjustment Assistance Act of 1952, as well as the Veterans' Readjustment Benefits Act of 1966 that was signed by the President a year ago today.

IMPACT OF NEW GI BILL

The new GI bill has made a terrific impact so far as our workload is concerned due to a redefinition of the word "veteran." Under that definition any veteran who went into service after January 31, 1955, has a status. So our new applications have increased in the public employment offices approximately 55 percent and the veterans' placements have increased approximately 38 percent. Likewise, from the information given to us by the Department of Defense there are between 630,000 and 650,000 men being discharged each year. They will increase to 725,000 for 1968 and up to almost 900,000 for 1969. These men are young. Their average age is 22.3 years and better than 80 percent of them have a high school or better education. In other words, Mr. Chairman, these men are the cream of the labor market and it is our job to try to encourage these young men to take advantage of their educational opportunities and their training opportunities. But if they are ready to go to work immediately, our responsibility is not only to find them a job but to find them the right job where they

will be able to untilize their skills and abilties and also have an opportunity for advancement.

Mr. FLOOD. Are the national veterans organizations of all sorts alerted to all of this?

Mr. OMOHUNDRO. Yes, sir; they have been alerted, Mr. Chairman. In fact, as you know, the American Legion and Disabled Veterans had meetings in Washington this week, and next week the Veterans of Foreign Wars will be in town and all our information is being thoroughly discussed with the organized veterans' groups.

Mr. FLOOD. I have no questions to ask on the Veterans' Employment Service. Do you, Mr. Hull or Mr. Casey?

Mr. HULL. No questions.

Mr. CASEY. I have no questions, thank you.

BUREAU OF THE BUDGET CUT IN GRANTS BUDGETS

Mr. FLOOD. Mr. Goodwin, my spies advise me that you asked the Bureau of the Budget for about $85 million more than you got for grants to States. Why did they cut you back that much? Eighty-five million American dollars got clipped. Why? What did you want, diamonds?

Mr. GOODWIN. No, the figure you are talking about represented our original request.

Mr. FLOOD. That is right.

Mr. GOODWIN. It was based upon a major expansion of the Employment Service. We thought there was a big job to be done in the Employment Service. Most of it was in this area, to take care of some of these newer problems and make the Employment Service a more adequate manpower agency. That is what we had in mind.

Mr. FLOOD. Were you serious?

Mr. GOODWIN. Yes, sir; we were, when we made the request. I am not sure that this item really got out of the Department of Labor. I know we made a request for a larger amount.

Mr. FLOOD. I know you did not get it. What I want to know is, why did you ask for it? Who dreamed it up? You wanted $85 million more for what?

Mr. GOODWIN. We wanted to make general improvements in the public employment service program; we wanted to make improvements in applicant services in the local offices; we had two fairly large items on improvement of the youth services programs. For example, we were going to expand the apprenticeship information centers. We have 24 of them now and this was one item we felt it would be desirable to expand.

On the older worker program, we wanted to do a better and bigger job for older workers. That is a growing problem, as you know.

These are some of the items we had in the $85 million. I think, in looking at a problem of this kind, that you have to face the fact that in a program such as ours there are always expansion possibilities. We are never giving the maximum service to the public but you have to get some kind of balance between fiscal problems, fiscal responsibility, as it were, and the problem you are facing in the local com-

munities over the country. I think it is inevitable in such a situation that we are always asking for more than responsible superiors are able to go along with.

Mr. FLOOD. Yes, but that was not an ordinary cut, that was a big one. You really got clipped.

Mr. GOODWIN. That is right. Some think that this year we were fortunate in holding on to the program we had, which we did. This request does not represent a cut from our operating level for fiscal 1967.

Mr. FLOOD. I understand that.

TRUST FUND AVAILABILITY FOR ADMINISTRATIVE EXPENSES

Now you have this table on page 5. The Secretary says your whole Department is right on the line. You, especially, are just barely on the line regarding the legal limitation on the use of that trust fund. Is that so?

Mr. GOODWIN. Yes, sir.

Mr. FLOOD. If it is so, suppose we have just a little bit of a recession, not a bad one but a little bit of a recession, what would happen? If you are that close, what would you do?

Mr. GOODWIN. We have authorization in our basic legislation to ask the Appropriations Committee to make an appropriation from the general fund of the Treasury. This has been done in the past.

That is one answer to your question. The other answer I think is of longer term significance and perhaps more important. The situation as far as our trust fund is concerned is that Federal unemployment taxes support the trust fund. We have had no change in it since it was established.

Mr. FLOOD. But this morning I heard that the automobile sales are down from last year, and some economists see this as another factor indicating a possible recession. Suppose you have a little recession, what will happen then?

Mr. GOODWIN. I think we would have to ask for relief in our basic legislation from the Ways and Means Committee or ask the Appropriations Committee to make an appropriation from the general fund of the Treasury.

Mr. FLOOD. You had better see Mr. Mills.

STATE RESERVE FUNDS

What is the status of the State reserve funds for claims payments? Are they low?

Mr. GOODWIN. No; the reserves have been growing at a pretty fast rate. As of June 30 of this year they will be $10,540 million.

Mr. NORWOOD. It was $9.8 billion as of December 31.

Mr. GOODWIN. This is an alltime high. But if you relate that figure to the total wages of the country, percentagewise it is not as high as it has been at certain times in the past.

Mr. FLOOD. I did not think so.

YOUTH OPPORTUNITY CENTERS

The most expensive thing you have gotten into since I have been here are these youth opportunity centers. I trust you implicitly, and I want you to be very frank about this. I want your evaluation, because there are rumblings that the cost of these centers is not worth what we were getting out of them. What do you think about it?

Mr. GOODWIN. Youth opportunity centers have been established in about 139 areas. In addition to that, we strengthened the capability of dealing with youth problems in the smaller offices.

Mr. FLOOD. I am talking about the cost.

Mr. GOODWIN. I know. We have about 6,600 jobs involved in the youth program now. Of these, 4,551 are in youth opportunity centers. The expansion was started about 2 years ago. We have been building up, and I would say that we still have not reached the maximum efficiency of the youth program. As I get around and visit these youth opportunity centers and the local offices, it is my observation and conviction after watching them and talking to the people who are involved that they are achieving their objective.

Mr. FLOOD. Now, Robert Goodwin's opinion is very important in this. You read what we said last year in the report. We said:

The committee agrees that these centers are important, but it is the view of the committee the old line basic activities carried out by the employment security agencies of the States are also important and that the budget presented was not in proper balance. The full amount of the budget request has been allowed with the understanding that a better balance will be effected.

What I am interested in is Robert Goodwin's opinion, not Congressman Zilch's.

Mr. GOODWIN. We acted upon that advice by the committee and did reduce by $10 million what we had previously planned to put into the youth program. We brought it down to the point where we believe it is defensible in terms of balance. I would like to insert some statistics on the youth program in the record.

Mr. FLOOD. Fine.

(The information follows:)

SERVICES TO YOUTH ACCOMPLISHMENTS

Employment Service offices, through a nationwide network of facilities, provides an ongoing youth program of counseling, testing, and placement services, and dissemination of current occupational and job market information.

In response to special needs of youth, the Employment Service, since early 1965, has established 166 Youth Opportunity Centers (YOC) in 127 major metropolitan areas. These centers are separate identifiable facilities that provide a young person with one clearly designated place to go for individualized services according to his needs. The YOC emphasizes employability and adds an important element in this new concept of youth employment service, outreach to disadvantaged youth. The YOC provides services to help him overcome deficiencies in education, training motivation, or other areas that affect his employability. In doing this, all the resources of the community are utilized, including health services, educational, social welfare, or governmental or private industrial facilities. Through the employer contacts established through many years of service, the Employment Service can provide job openings for all types of workers, including the inexperienced, newly trained youth.

Within the public employment system, local offices with staff of four or more provide special units for serving youth. In general the youth unit in the local office provides the same service as the YOC. All youth staff are specially trained in youth service activities as part of the continuous effort to improve Employment Service capabilities for meeting the current and anticipated employment-related needs of youth. YOC and local office representatives may be stationed in schools, neighborhood centers, and settlement houses to provide counseling and placement services to youth who are reluctant to visit the local office or who live in remote areas.

Through cooperative arrangements with about half of the nation's high schools, the local Employment Service offers counseling and testing services to young persons who are about to graduate and seek employment or who are potential or actual dropouts. Some high school seniors know the type of work they are qualified for and need assistance only in locating a job. Others have given little thought to the kind of work they want to do and, therefore, need help in determing the most suitable field of work to enter, as well as actual placement assistance.

Potential dropouts, through arrangements with the schools, are referred by the school to a YOC or local Employment Service office where, if appropriate, they are first encouraged by the counselors to stay in school, perhaps with help of a part-time job. If this is not feasible, efforts are made to get him a job or into a training program, according to his needs and abilities.

The Employment Service has been increasing its services to those young men who are rejected by the Armed Forces for educational deficiencies. Under this plan an Employment Service interviewer is assigned to each Armed Forces Examing and Entrance Station (AFEES) where every youth who fails the Armed Forces Qualifications Test (AFQT) because of educational deficiencies is invited for an interview and referred to his local YOC or employment office.

Additional Employment Service responsibilties with respect to youth include services rendered in recruitment, selection, and referral of youth to the Job Corps, the Neighborhood Youth Corps (NYC), and Manpower Development Training Activities training. In fiscal 1966 the Employment Service recruited 85 to 80 percent of all males in the Job Corps and has assisted in recruitment for females for the Women in Community Service (WICS). In fiscal 1966, 40,363 male youth were referred to the Job Corps. The Employment Service has entered into a placement agreement which gives the Employment Service the major responsibility for finding suitable placement, training, or other education for all Job Corpsmen and women referred to the Employment Service upon leaving the centers.

In fiscal year 1966, the Employment Service recruited, selected, and enrolled in NYC projects 225,830 youth who were in need of work experience training. While the youth is enrolled in the NYC projects, the Employment Service provides supportive counseling and job placement or referral to additional training after completion of the projects.

In fiscal year 1966, the Employment Service referred to MDTA training a total of 80,000. From the beginning, youth aged 16 and over have been referred to MDTA institutional and on-the-job (OJT) training programs, but experience with these programs indicated that disadvantaged youth were in need of more than skill training to make them employable. Therefore, under the 1966 MDTA amendments, special training projects for disadvantaged youth were developed which provided individualized plans of occupational development. The Employment Service provides to youth, while in MDTA training, counseling and other supporting services, also job development, placement, and follow up upon completion of training.

Youth services, fiscal year 1966

New applications	4,290,000
Initial counseling	782,000
Total counseling	1,564,000
Individuals tested	1,420,000
Nonagricultural placements	1,840,000
Referrals to MDTA	80,000
Referrals to other training and assistance (Job Corps, NYC, etc.)	58,000

Youth Services Positions

Estimated distribution by city and State for fiscal year 1968

Location	Estimated number of youth served	Outside Youth opportunity centers	Youth opportunity centers	Total	Cost
Alabama	98,900	63	50	113	$1,081,700
Birmingham			(32)		
Mobile			(18)		
Alaska	7,900	3	11	14	176,200
Anchorage			(11)		
Arizona	40,400	8	44	52	594,000
Phoenix			(31)		
Tucson			(13)		
Arkansas	76,700	41	21	62	625,300
Little Rock			(21)		
California	595,100	66	573	639	7,925,100
Anaheim (Orange County)			(28)		
Bakersfield			(15)		
Fresno			(20)		
Los Angeles			(231)		
Sacramento			(26)		
San Bernardino			(36)		
San Diego			(60)		
San Francisco			(106)		
San Jose			(29)		
Stockton			(12)		
Vallejo-Napa			(10)		
Colorado	61,200	22	47	69	715,900
Denver			(47)		
Connecticut	60,900	29	50	79	783,900
Bridgeport			(13)		
Hartford			(24)		
Waterbury			(13)		
Delaware	6,700	3	16	19	182,500
Wilmington			(16)		
District of Columbia	40,800		81	81	933,500
Washington			(81)		
Florida	112,800	56	115	171	1,638,200
Jacksonville			(24)		
Miami			(37)		
Orlando			(14)		
Pensacola			(11)		
Tampa			(29)		
Georgia	82,800	81	57	138	1,416,800
Atlanta			(47)		
Savannah			(10)		
Hawaii	17,900	2	29	31	356,100
Honolulu			(29)		
Idaho	26,800	14	11	25	276,700
Boise			(11)		
Illinois	136,400	59	294	353	3,619,900
Chicago			(241)		
Davenport			(10)		
East St. Louis			(20)		
Peoria			(13)		
Rockford			(10)		
Indiana	103,300	57	97	154	1,497,500
Evansville			(10)		
Fort Wayne			(10)		
Gary-Hammond			(25)		
Indianapolis			(41)		
South Bend			(11)		
Iowa	43,800	58	14	72	739,900
Des Moines			(14)		
Kansas	48,800	36	28	64	628,200
Wichita			(16)		
Kansas City			(12)		
Kentucky	69,300	60	42	102	958,600
Covington			(10)		
Louisville			(32)		
Louisiana	70,400	53	66	119	1,163,400
Baton Rouge			(13)		
New Orleans			(38)		
Shreveport			(15)		
Maine	22,200	20	11	31	297,900
Portland			(11)		
Maryland	67,500	14	77	91	919,300
Baltimore			(77)		

Estimated distribution by city and State for fiscal year 1968—Continued

Location	Estimated number of youth served	Outside Youth opportunity centers	Youth opportunity centers	Total	Cost
Massachusetts	131,000	38	145	183	$1,805,600
Boston			(109)		
Springfield-Holyoke			(21)		
Worcester			(15)		
Michigan	195,700	71	198	269	2,891,200
Detroit			(147)		
Flint			(16)		
Grand Rapids			(20)		
Lansing			(15)		
Minnesota	114,000	39	78	117	1,095,800
Duluth-Superior			(11)		
Minneapolis-St. Paul			(67)		
Mississippi	73,200	58	10	68	686,200
Greenville			(10)		
Missouri	105,600	53	94	147	1,363,300
Kansas City			(30)		
St. Louis			(64)		
Montana	23,400	14	10	24	263,700
Billings			(10)		
Nebraska	33,500	22	20	42	427,900
Omaha			(20)		
Nevada	12,300	3	10	13	136,600
Las Vegas			(10)		
New Hampshire	21,200	10	11	21	206,600
Manchester			(11)		
New Jersey	109,700	29	191	220	2,271,000
Camden			(34)		
Jersey City			(28)		
Newark			(70)		
Paterson			(47)		
Trenton			(12)		
New Mexico	26,800	18	14	32	322,700
Albuquerque			(14)		
New York	356,000	103	594	697	8,173,200
Albany			(28)		
Binghamton			(15)		
Buffalo			(49)		
New York			(416)		
Rochester			(38)		
Utica-Rome			(22)		
Syracuse			(26)		
North Carolina	109,200	122	20	142	1,468,000
Durham			(10)		
Winston-Salem			(10)		
North Dakota	19,400	13	11	24	266,200
Fargo-Moorhead			(11)		
Ohio	221,900	65	289	354	3,545,100
Akron			(26)		
Canton			(15)		
Cincinnati			(46)		
Cleveland			(78)		
Columbus			(36)		
Dayton			(31)		
Lorain-Elyria			(10)		
Toledo			(27)		
Youngstown-Warren			(20)		
Oklahoma	59,700	39	41	80	890,800
Oklahoma City			(24)		
Tulsa			(17)		
Oregon	57,900	25	35	60	608,400
Portland			(35)		
Pennsylvania	259,600	66	368	434	4,192,100
Allentown			(22)		
Erie			(11)		
Harrisburg			(18)		
Johnstown			(12)		
Lancaster			(12)		
Philadelphia			(144)		
Pittsburgh			(39)		
Reading			(11)		
Scranton			(10)		
Wilkes-Barre			(16)		
York			(13)		
Puerto Rico	79,000	59	37	96	752,300
San Juan			(37)		
Rhode Island	15,800	5	35	40	377,300
Providence			(35)		

Estimated distribution by city and State for fiscal year 1968—Continued

Location	Estimated number of youth served	Outside Youth opportunity centers	Youth opportunity centers	Total	Cost
South Carolina	56,100	47	48	95	$987,500
Charleston			(15)		
Columbia			(20)		
Greenville			(13)		
South Dakota	16,400	14	10	24	234,100
Sioux Falls			(10)		
Tennessee	75,000	50	86	136	1,302,700
Chattanooga			(13)		
Knoxville			(21)		
Memphis			(31)		
Nashville			(21)		
Texas	292,000	145	174	319	3,038,200
Dallas			(46)		
El Paso			(16)		
Fort Worth			(23)		
Houston			(50)		
San Antonio			(39)		
Utah	30,500	13	23	36	421,400
Salt Lake City			(23)		
Vermont	12,900	7	10	17	165,200
Burlington			(10)		
Virginia	86,900	59	55	114	1,089,700
Newport News-Hampton			(12)		
Norfolk-Portsmouth			(25)		
Richmond			(18)		
Washington	76,200	32	78	110	1,107,400
Seattle			(47)		
Spokane			(14)		
Tacoma			(17)		
West Virginia	41,800	41	34	75	697,100
Beckley			(11)		
Huntington			(13)		
Wheeling			(10)		
Wisconsin	85,100	52	78	130	1,391,800
Madison			(17)		
Milwaukee			(61)		
Wyoming	8,700	5	10	15	150,000
Casper			(10)		
Virgin Islands	1,200	2		2	18,400
Guam	1,800	1		1	9,900
Total	4,600,100	2,065	4,551	6,616	68,888,000

HUMAN RESOURCES DEVELOPMENT PROGRAM

Mr. FLOOD. Now you have another one of these phrases mentioned in the justification—and this is most unlike you—"Human resource development programs." That is most un-Goodwin-like. This is an appropriations subcommittee. What will that program cost us in dollars?

Mr. GOODWIN. We are putting some of the resources from the MDTA appropriation into this program. About 2,600 jobs are from that source.

Mr. FLOOD. You have not said anything about dollars.

Mr. GOODWIN. The price tag on the MDTA portion is about $26 million.

Mr. FLOOD. Who gave birth to that one?

Mr. GOODWIN. This is in response to the problem you probably have heard more about than any other thing in connection with our appropriation, and that is the effort to do something about the disadvantaged group. The human resources development program is an effort to take the marginal group in the labor force and to make them employable.

Mr. FLOOD. Is this another big city ghetto operation?

Mr. GOODWIN. In part. This is the program that Mr. Ruttenberg was talking about yesterday in connection with the MDTA program. What is meant as far as the employment service is concerned is a redirection of our program to give greater emphasis to services for this group. As Mr. Ruttenberg mentioned yesterday, we are trying to tie in under this umbrella we labeled the human resources development program, the individual approach, the training, MDTA particularly but also other types of training that are available.

SMALLER COMMUNITIES PROGRAM

Mr. FLOOD. What about your smaller communities program? What is the price tag on that one?

You might tell us just for the purpose of the record, what is the smaller communities program.

(The information follows:)

THE SMALLER COMMUNITIES PROGRAM PROVIDING EMPLOYMENT SERVICES TO RURAL AREAS

The United States Employment Service, through its affiliated State agencies, operates the Smaller Communities Program. This program is designed to provide a wide range of employment services to rural areas remote from local Employment Service offices. Mobile teams of trained specialists travel to rural counties and provide rural residents with such services as interviewing, testing, counseling, job development, placement, providing training opportunities, the collection of manpower information, and referral to other service organizations.

By using mobile offices staffed with specialists (including a Youth specialist, a Farm Labor specialist, counselors, and test administrators) the Smaller Communities Program enlists the cooperation of local community development personnel and economically reaches the maximum number of rural residents. It provides them with an opportunity for intensive personal interviews, counseling, aptitude testing, job referral to other service agencies. As a result, the skill aptitudes of the area's labor force are determined in addition to their employment needs. The mobile office places applicants in existing job openings and develops new jobs. Persons requiring occupational training are referred to existing training programs. If appropriate training programs are not already available, the mobile office, in cooperation with local employers, attempts to establish such training. The data developed from the mobile team's intensive survey of the community's human resources are used to prepare a Manpower Resource Report. This report and an Economic Base Report, dealing with the area's physical resources, are used by community groups in the development of programs to attract new industry. The Smaller Communities Program has been helpful in many instances in assisting rural areas to attract new firms and create new jobs.

The 15 States in which 21 mobile teams are now operating are Alabama, Arkansas, Iowa, Maine, Michigan, Minnesota, Mississippi, New Mexico, New York, North Carolina, Oklahoma, Texas, Vermont, Wisconsin, and West Virginia. Kentucky, Oregon, and Virginia are joining the program this year.

Mr. FLOOD. Now what about the money?

Mr. CURTIS. 148 positions are devoted to it and about $1.2 million, Mr. Chairman.

Mr. FLOOD. $1.2 million?

Mr. GOODWIN. If it meets your approval, I would like to suggest we hear from Frank Cassell. Frank has been with us about a year now. He has devoted a great deal of his time to this.

Mr. FLOOD. Mr. Cassell, why don't you come up and tell us about this.

Mr. GOODWIN. He has brought a good deal of vigor to this job.

Mr. FLOOD. Where are you from, Mr. Cassell?

Mr. CASSELL. Chicago, Mr. Chairman.

Mr. FLOOD. Where were you born?

Mr. CASSELL. Chicago.

Mr. FLOOD. How did you get here?

Mr. CASSELL. I was invited.

Mr. FLOOD. You got trapped, did you? You have been here about a year. Are you an economist?

Mr. CASSELL. A businessman.

Secretary WIRTZ. Mr. Chairman, this man had a large part in the Inland Steel employment relations program and came a year ago at my urgent request and by courtesy of his family and that company, and we are very grateful to him for being here.

Mr. FLOOD. We are glad to have you on board.

Mr. CASSELL. I am delighted to be here.

With respect to the smaller communities program——

Mr. GOODWIN. I was thinking of it particularly in connection with the human resources development program.

Mr. FLOOD. In the last couple years some of us, beginning with me, I think, have been getting a little bit bored with this big city ghetto problem. Go ahead.

Mr. CASSELL. I would like to think about the human resources development program as not just big city but as small town, rural, and farm, because all people have certain problems of human development. I would like to expand on Mr. Goodwin's remarks on the smaller communities program. About 20 percent—this is a very rough guess—about 20 percent of the offices we have serve essentially small towns and rural areas in the United States. That adds up to about 500.

Mr. GOODWIN. 541.

Mr. FLOOD. 20 percent of what offices?

Mr. CASSELL. Employment service offices. In that connection we are conducting experiments to see how much better those offices can serve their surrounding communities. These are largely small towns and rural areas.

Mr. FLOOD. $1.2 million?

Mr. GOODWIN. That is right for this particular program. It does not cover the total cost of the 541 offices.

Mr. CASSELL. Some of the activities will be performed by mobile units that reach out in the smaller communities. The 541 offices located in the rural areas have a similar job of reaching out in the communities where they are located and they have the very similar function of any other human resources development program; namely, to reach the individual, work with him, counsel him, give him advice.

Mr. FLOOD. Does he get any part of this $26 million for human resources?

Mr. CASSELL. The $26 million goes right across the board, rural as well as urban.

Mr. FLOOD. You mean some fallout, do you not?

Mr. CASSELL. It is not fallout. The States have been submitting quite carefully worked out plans for urban, rural, and small town development. We are trying very hard not to neglect the rural areas where the people have equally difficult problems as those in the cities.

We are trying to work with these people as we do in the cities.

Many people need help simply because they do not have adequate education or training. Our job is to make them employable and get them jobs in their home areas if at all possible.

Though the rural program may not be big in the dollar sense, in the last year we have been pushing very hard to build programs in the rural areas and to reach the people there. We have had some excellent results in this.

Mr. FLOOD. We are not all running for President or Governor, you know. We are not all impressed by the big city vote and the big city machines, and so on.

Some people, not including Mr. Wirtz, by the way, seem to have forgotten about the rest of the country in the last few years.

WORKERS 45 YEARS AND OLDER

Mr. CASSELL. Our concept of the human resources program cuts not only across the board from the farm, the rural, and the urban but it cuts the other way, too. We are not forgetting that we have to deal with the problems of people, for example, over 45 years of age, which is increasingly a difficult problem.

We anticipate over 1,600,000 applications this year from people over 45 and we will make over 1,300,000 placements of those people. Working with a person 45 and over is a tedious and difficult task. Each of us has this problem of adjustment. It takes a lot more time to work with such people. I do not need to tell people how difficult this problem is, but we think it is worthy of a great deal of attention. A substantial part of our efforts is in the area of making it possible for the 45-year-old person to adjust from a layoff——

Mr. FLOOD. We agree with you. At any rate, I certainly agree with you.

Mr. CASSELL. I average two or three letters a day from people over 45. You would be surprised at the number of people who may be executives who have fully as much difficulty getting another job as a laborer does after 45.

Mr. FLOOD. You know about this club of executives over 40?

Mr. CASSELL. The employment service is working closely with the over 40 clubs to provide mutual help and support.

I point out the older worker aspect of the human resources development program merely to illustrate that we are not concentrating solely on this particular group or that particular group or on any particular part of the country.

Mr. FLOOD. I am also getting a little tired of hearing continually about juveniles and the future of America. I know all about that. You are talking about a subject now which has been neglected, some of us think.

Mr. CASSELL. We have gotten excellent results in some 20 cities or more.

Mr. FLOOD. What do you mean by excellent results?

Mr. CASSELL. Results in helping people who are trying to find a job. First, they get a chance to adjust to the problem. Second, they get a chance to learn how to go about searching for another job. Third, they get the kind of job they would like to have, at least close to the——

Mr. FLOOD. Those 20 cities are all over 100,000 to 200,000?

Mr. CASSELL. It may be over 150,000 but I cannot tell you offhand.

Mr. GOODWIN. A total of 25 cities.

Mr. CASSELL. And they are not all major cities. One of them is Rochester, N.Y.

Mr. FLOOD. Rochester is not a major city?

Mr. CASSELL. I mean it is not one of the 3 million or 4 million population cities.

Mr. FLOOD. Is that it for Mr. Cassell, Mr. Goodwin?

Mr. GOODWIN. For the moment, yes.

JOB DEVELOPMENT

Mr. FLOOD. Thank you very much. Keep up the good work. You have friends in court.

On page 48 you say:

Job development is the process of creating jobs where no available openings apparently exist.

That is a surprisingly logical statement for a bureaucrat and it is probably true. How do you go about doing this? How many jobs have you given birth to since you were here last year? What did you create?

Mr. GOODWIN. Basically, this is done through a job visitation program, in other words, visiting employers. This is combined with information we can furnish the employer about the labor force in that community and then talking to him about what his needs are.

Mr. FLOOD. Who does that?

Mr. GOODWIN. This is done by employees of the local office.

Mr. FLOOD. Are they presumptuous and impertinent? Are they qualified and competent? What sort of people do you have going to an employer?

Mr. GOODWIN. In this area I think they are very competent. This does not mean they tell an employer how to run his business but it does mean that they know as much as anyone about the labor supply and demand of that area, and know it better than the employer knows it.

Mr. FLOOD. Does he think so?

Mr. GOODWIN. I think most of them would say that, yes, not in terms of his own needs but in terms of the supply and demand for the area as a whole. They can give him information that normally he would not have. I think most employers have found this a very worthwhile service.

Mr. CASEY. With reference to this, they started a program in Houston and had relatively good success. They have formed a committee where the active man is the local regional director of the Texas Employment Service.

Mr. FLOOD. Do you know about this?

Mr. GOODWIN. Yes, this is Mr. Homer Jackson. They have done an outstanding job there.

Mr. CASEY. He is very enthused about it, and he has had great success there.

Take item B, the entry level of jobs. Mr. Jackson was telling me about one example of a pulpmill in Houston. For the entry level

you had to have at least a high school education, and also the unions wanted promotion to inside the mill from the woodyard. They had to work with the employer and the union to get them to agree to lower the entry standards, and let those who had no high school education, and could not advance, go to work the woodyard and have the others more qualified come directly into the shop rather than starting in the woodyard.

Those now in the woodyard could not get a job before but they do now. Working in the woodyard without advancement is better than standing around in the streets.

That is one example of what he has done.

Mr. FLOOD. And it is a good one.

Mr. GOODWIN. This has been a very successful operation in Houston. Mr. Jackson has done a good job.

As you know, Mr. Chairman, in the last year we have had a relatively tight labor situation in certain skilled operations. What the Employment Service has suggested in many situations is not only adjustment of the requirements for hiring——

Mr. FLOOD. Even in my district there are newspaper ads looking for people. Did you ever think you would live that long?

Mr. GOODWIN. Your district has made a tremendous amount of progress economically.

Mr. FLOOD. It is hard to believe. I never thought I would live that long.

Mr. GOODWIN. I felt somewhat the same way but they have made a lot of progress.

IMMIGRATION AND NATIONALITY ACT AMENDMENTS

Mr. FLOOD. Another one of my pet subjects is the Immigration and Nationality Act. Obviously I have a parochial interest in that because of the makeup of my district but also across-the-board nationally.

On page 52 you state:

> By fiscal 1968 program modifications will be adopted which will materially affect the volume of immigration cases.

This I do not understand. What changes? How will the volume be affected? I want to know that particularly.

Mr. GOODWIN. We have been moving in the direction of identifying occupations that are generally in short supply.

Mr. FLOOD. You have a list of those?

Mr. GOODWIN. Yes.

Mr. FLOOD. Is it a secret? Do you carry it around in your wallet?

Mr. GOODWIN. We have what we call a schedule A which lists the occupations which are in short supply generally over the country.

The process for admitting those people——

Mr. FLOOD. Would you insert some information on that in the record?

Mr. GOODWIN. Yes.

The process for admitting people in occupations on that list is a much more simplified process. That is what we refer to here.

As you know, the law contemplates that we keep out those who seek to enter where there are unemployed people in occupations——

Mr. FLOOD. Put that in the record. This is something everybody goes to the Congressman about. This will affect many Members of the House.

Mr. GOODWIN. I suggest we give a full explanation of this in the record, Mr. Chairman.

Mr. FLOOD. Yes. This is something close to a Member of the House. First thing they do is call or write the Congressman.

(Information follows:)

AMENDMENTS TO THE IMMIGRATION AND NATIONALITY ACT

The 1965 Immigration Act (Public Law 89-236) amended the system for admitting immigrants by phasing out the National Origins Quota system by June 30, 1968 and substituting a "preference system" of selection for aliens from countries outside the Western Hemisphere. Also, the Act provided for augmenting the skills of our labor force with scarce manpower wishing to migrate from abroad while protecting American workers and working conditions. This provision greatly expanded the role of the Labor Department in the immigration process.

In Section 212(a)(14) of the Act, aliens seeking permanent admission to the United States for *employment* are required to obtain a certification from the Secretary of Labor before a visa can be issued. The Secretary of Labor must determine and certify to the Secretary of State and Attorney General that there are not sufficient workers available in the United States and the employment of such aliens will not adversely affect the wages and working conditions of similarly employed United States workers.

The labor certification is required for four categories of immigrant admissions: from countries outside the Western Hemisphere by third preference aliens (members of the professions and scientists and artists of exceptional ability), sixth preference aliens (skilled and unskilled workers) and nonpreference aliens immigrants not seeking admission under preferences 1-7); and lastly, from Western Hemisphere countries by "special immigrants" (immigrants born in any indepedent country of the Western Hemisphere or the Canal Zone).

Certifications are determined by identification of occupations on Schedules and individual case review.

Schedule A, the certification list, consists of a list of defined specialties in the professions, sciences and arts which are in short supply nationally and are certified in advance.

Schedule B, the noncertification list, consists of a list of lesser skilled occupations and occupational groups with minimum training requirements for which a supply of United States workers exists and the Department of Labor, if requested, could not now issue a certification.

Schedule C lists a variety of occupations generally in short supply in certain areas of the country, and all other occupations in the professions, sciencies and arts not listed on Schedule A. No job offer is required and cases are forwarded by Consular and Immigration officers directly to the Labor Department's national office for determination because of fluctuations in the Schedule and administrative efficiency.

All Schedules are published in the *Federal Register* and their occupational content is continually analyzed and revised in terms of changing job market, economic, and labor supply-demand conditions. (See attachments.)

Except for cases involving occupations listed on Schedules A, B, or C, individual case reviews are made by the Department of Labor. The employer wishing to hire an alien informs the Local Public Employment Service office of the job specification. The local officer investigates and documents the availability of United States workers and the prevailing wage of the occupation in the area. On the basis of this information, the Bureau of Employment Security regional office determines whether to certify or decline to certify the job for alien employment.

Any alien or prospective employer denied a certification may request a reconsideration or review by the Secretary of Labor.

PART 60—IMMIGRATION

RULES AND REGULATIONS

(Federal Register, vol. 30, page 14979, 12-3-65, vol. 31, page 16412, 12-23-66, vol 32, page 867, 1-25-67)

TITLE 29—LABOR

SUBTITLE A—OFFICE OF THE SECRETARY OF LABOR

PART 60—IMMIGRATION; AVAILABILITY OF, AND ADVERSE EFFECT UPON, AMERICAN WORKERS

These rules implement provisions of the Immigration and Nationality Act which become effective on December 1, 1965. Under these provisions certain classes of persons cannot be admitted to the United States until determinations of the kind made in these rules have been made. The new 29 CFR Part 60 will become effective immediately.

Signed at Washington, D.C., this 29th day of November 1965.

W. WILLARD WIRTZ,
Secretary of Labor.

Sec.
60.1 Purpose and scope.
60.2 Certification and noncertification schedules.
60.3 Requests for certification not covered by schedules.
60.4 Reconsideration of review by the Secretary of Labor.

AUTHORITY.—The provisions of this Part 60 issued under sec. 212(a)(14) of the Immigration and Nationality Act of 1952, as amended by Public Law 89-236 (79 Stat. 911).

§ 60.1 Purpose and scope

Sections 101(a)(27)(A) and 203 of the Immigration and Nationality Act were amended on October 3, 1965, to require as a condition to the admission of any "special immigrant", any nonpreference immigrant under paragraph 203(a)(8), and any preference immigrants under paragraphs 203(a)(3) or 203(a)(6) that the Consular Officer be in receipt of a determination made by the Secretary of Labor pursuant to the provisions of section 212(a)(14) of the Act. Accordingly, the immigrants for whom the 212(a)(14) certification is made a condition precedent to admission to the United States are as follows:

(a) Third preference immigrants who are described as "qualified immigrants who are members of the professions, or who because of their exceptional ability in the science or in the arts, will substantially benefit prospectively the national economy, cultural interest, or welfare of the United States." (Section 203(a)(3).)

(b) Sixth preference immigrants who are described as "qualified immigrants who are capable of performing specified skilled or unskilled labor, not of a temporary or seasonal nature, for which a shortage of employable and willing persons exists in the United States." (Section 203(a)(6).)

(c) Nonpreference immigrants who are described as "other qualified immigrants strictly in the chronological order in which they qualify." (Section 203(a)(8).)

(d) Special immigrants who are described as "an immigrant(s) who was born in any independent foreign country in the Western Hemisphere or in the Canal Zone and the spouse and children of any such immigrant, if accompanying or following to join him." (Section 101(a)(27)(A).) The determination and certification required to be made by the Secretary of Labor is described in section 212(a)(14) of the Act as follows:

> Except as otherwise provided in this Act, the following classes of aliens shall be ineligible to receive visas and shall be excluded from admission into the United States:
>
> (14) Aliens seeking to enter the United States, for the purpose of performing skilled or unskilled labor, unless the Secretary of Labor has determined and certified to the Secretary of State and to the Attorney General that (A) there are not sufficient workers in the United States who are able, willing, qualified, and available at the time of application for a visa and admission

to the United States and at the place to which the alien is destined to perform such skilled or unskilled labor, and (B) the employment of such aliens will not adversely affect the wages and working conditions of the workers in the United States similarly employed. The exclusion of aliens under this paragraph shall apply to special immigrants defined in section 101(a)(27)(A) (other than the parents, spouses, or children of United States citizens or of aliens lawfully admitted to the United States for permanent residence), to preference immigrant aliens described in section 203(a) (3) and (6), and to nonpreference immigrant aliens described in section 203(a) (8) ;

§ 60.2 Certification and noncertification schedules

(a) DETERMINATION.—To reduce the delay in processing an alien's request for visa, the determination has been made by the Secretary of Labor pursuant to section 212(a)(14) that—

(1) For the categories of employment described in Schedule A and in the geographic areas therein set forth, there are not sufficient workers who are able, willing, qualified, and available for employment in such categories, and the employment of aliens in such categories and in such areas will not adversely affect the wages and working conditions of workers in the United States similarly employed.

(2) For the categories of employment described in Schedule B, the deter mination and certification required by section 212(a)(14) cannot now be made.

(b) APPLICABILITY.—The determinations set forth in paragraph (a) of this section above shall apply to all visa petitions made or pending after November 30, 1965, and shall remain in effect until the Schedules are amended. Unless otherwise indicated in the Schedules, their geographic applicability is the United States, which means the continental United States, Alaska, Hawaii, Puerto Rico, Guam, and the Virgin Islands.

(c) MODIFICATION.—The Secretary may amend the Schedules described in paragraph (a) of this section, at any time upon his own initiative or upon written petition of any person requesting the inclusion or omission of any occupation or the modification of the application of the Schedules to any geographical area and setting forth reasonable grounds therefor. Such petition should be filed by mail with the Secretary of Labor, U.S. Department of Labor, Washington, D.C., 20210.

§ 60.3 Request for certification not covered by § 60.2

(a) Any alien, or person in his behalf, seeking admission to the United States under sections 101(a)(27)(A) (other than the parent, spouse, or child of a U.S. citizen or alien lawfully admitted to the United States for permanent residence), 203(a)(6), or 203(a)(8) whose category of employment is not included in the certification Schedule A or noncertification Schedule B described in § 60.2 or Schedule C referred to in paragraph (b) of this section may request a 212(a)(14) certification by filing a Form ES–575–A describing the alien's qualifications and a Form ES–575–B describing his prospective employment in the United States. These forms and instructions concerning their use, completion and transmission may be obtained from any consular office, any office of the Immigration and Naturalization Service, or any local office of a State employment service. These forms should not be filed directly with the U.S. Department of Labor in Washington, D.C.

(b) Any alien seeking admission to the United States otherwise subject to the provisions of paragraph (a) of this section whose category of employment is described in Schedule C may request a 212(a)(14) certification by filing a Form ES–575–A describing his qualifications and may omit filing a Form ES–575–B describing his prospective employment in the United States. Instruction for filing in these circumstances are available from U.S. Consular offices abroad and Embassies and Immigration and Naturalizations Service offices. Such instructions will where appropriate require aliens to indicate where they will reside. When the Consular offices abroad or the Immigration and Naturalization Service send the ES–575–A's to the Department of Labor, all sources of labor in the area of residence will be reviewed and certification will be issued depending on the circumstances at that time. If the local review shows workers are available, or that wages or working conditions will be adversely affected, the certification will not be issued. Applications should not be sent directly to the U.S. Department of Labor by the alien.

(c) Schedule C is a list of occupations which have been found to be in short supply generally, although not nationwide as in Schedule A. Schedule C is reviewed continuously to be sure that the list will be kept current. If information shows adverse effects are occurring from the use of immigrant workers, or if an adequate supply of qualified workers becomes available, the occupation will be removed from Schedule C promptly.

§ 60.4 Reconsideration or review by the Secretary of Labor

Any alien or prospective employer denied a certification pursuant to § 60.3 may request reconsideration or review by the Secretary of Labor. Requests for reconsideration or review should be made in writing to the Secretary of Labor, U.S. Department of Labor, Washington, D.C. 20210, and should set forth reasonable grounds therefor.

SCHEDULE A

RULES AND REGULATIONS

(Federal Register, vol. 31, No. 248, p. 16412, Dec. 23, 1966)

TITLE 29—LABOR

SUBTITLE A—OFFICE OF THE SECRETARY OF LABOR

PART 60—IMMIGRATION: AVAILABILITY OF, AND ADVERSE EFFECT UPON, AMERICAN WORKERS

§ 60.2 Certification and noncertification schedules

(a) DETERMINATION.—To reduce the delay in processing an alien's request for visa, the determination has been made by the Secretary of Labor pursuant to section 212(a)(14) that—

(1) For the categories of employment described in Schedule A and in the geographic areas therein set forth, there are not sufficient workers who are able, willing, qualified and available for employment in such categories, and the employment of aliens in such categories and in such areas will not adversely affect the wages and working conditions of workers in the United States similarly employed.

The schedules at the end of 29 CFR Part 60 are revised to read as follows:

SCHEDULE A

Group I: Persons who received an advance degree in a particular field of study from an institution of higher learning accredited in the country where the degree was obtained (comparable to a Ph. D. or master's degree given in American colleges or universities).

Group II: Persons who have received a degree conferred by an accredited institution of higher learning in any of the following specialties or have experience or a combination of experience and education equivalent to such a degree:

Accounting and Auditing.[1]
Aeronautical Engineering.
Architecture.[1]
Chemical Engineering.
Chemistry.[1]
Civil Engineering.[1]
Dietetics.[1]
Electrical Engineering.
Electronic Engineering.
Industrial Engineering.[1]
Mathematics.
Mechanical Engineering.
Metallurgy and Metallurgical Engineering.
Nuclear Engineering.
Nursing.
Pharmacy.
Physical Therapy.[1]
Physics.

[1] Occupation added December 23, 1966.

Group III: (a) Any person of any religious denomination whose regular profession or occupation is to conduct religious services, which he is authorized by his denomination to perform, and who is seeking admission to the United States in order to engage principally in such work.

(b) Any person of any religious denomination having a religious commitment, such as a Monk, Nun, Brother, Missionary and others, who is seeking admission to the United States to perform the duties required of him by virtue of such commitment.

(c) Any other person seeking admission to the United States to perform duties related to the nonprofit operation of a religious organization (1) if the duties which he will perform involve special skills, training and experience which the alien possesses and which are related to the religious objectives of the organization and (2) if he intends to be engaged principally (more than 50 percent of his working time) in such duties. Examples of persons coming within this subgroup are cantors and translators of religious tracts or texts who have the special capability of conveying through the translation the spiritual message to which such tracts or texts are directed and who will be engaged in such endeavors.

An operation may be considered nonprofit for purposes of Group III if the receipts from the operation will be used exclusively in furtherance of the philanthropic or religious purposes of the organization.

GROUP II OCCUPATIONAL DEFINITIONS

These definitions are intended as descriptive guidelines and not as mandatory qualification requirements.

ACCOUNTING AND AUDITING.—The application of the principles of accounting or auditing to examine, analyze, or interpret accounting records for the purpose of giving advice or preparing statements and installing or advising on systems of recording costs or other budgetary and financial data.

AERONAUTICAL ENGINEERING.—The application of the principles and theories of aeronautical engineering to solve problems and design and construct aircraft, spacecraft, and missiles, utilizing accessory techniques of mechanical, electrical, electronic and powerplant engineering. Typical specializations are aerodynamics, design, electronics, flight-testing, structural dynamics, thermodynamics, and weapons-control research.

ARCHITECTURE.—The application of the principles and theories of architecture to design and construct buildings, marine craft, and related structures according to aesthetic and functional factors.

CHEMICAL ENGINEERING.—The design of chemical-plant equipment and research to develop and improve processes for manufacturing chemicals and products, such as gasoline, synthetic rubber, plastics, detergents, cement, and paper and pulp, applying principles and technology of chemistry, physics, mechanical and electrical engineering and other related fields.

CHEMISTRY.—Research in the chemical and physical properties and compositional changes of substances. Specialization generally occurs in one or more branches of chemistry, such as organic chemistry, inorganic chemistry, physical chemistry, analytical chemistry, and biochemistry.

CIVIL ENGINEERING.—The application of the principles and techniques of civil engineering to perform a variety of engineering work in planning, designing, and overseeing construction and maintenance of structures and facilities, such as roads, railroads, airports, bridges, harbors, channels, dams, irrigation projects, pipelines, powerplants, water and sewage systems, and waste disposal units. Typical specializations are construction: hydraulics; structures; purification plants; city planning; materials; and airport, railroad, irrigation, sewage disposal, sanitary, and highway engineering. Frequently requires knowledge of industrial trends, population growth, zoning laws, and State and local building codes and ordinances.

DIETETICS.—The application of the principles of nutrition to plan menus and diets and direct the preparation and serving of meals. Includes activities involved with food service programs designed to feed individuals and groups with special nutritional requirements in schools, restaurants, and other public or private institutions. Participation in research or instruction in the field of nutrition.

ELECTRICAL ENGINEERING.—The application of the laws of electrical energy and the principles of engineering for the generation, transmission, and use of electricity for domestic, commercial, industrial and military consumption. Design and development of machinery and equipment for production and utilization of electric power. Typical specializations are power generation and distribution, atomic power generation, electrical and electronic equipment manufacturing, radio and television broadcasting, research, and telephone, telegraph, and electronic computer engineering.

ELECTRONIC ENGINEERING.—Research and development concerned with design and manufacture of a variety of electronic apparatus and devices and their application to commercial, military, scientific and medical equipment, processes, and problems, utilizing principles and theories of electronic engineering. Direction of operation and maintenance of electronic equipment and recommendations to correct designs based upon operational evaluation.

INDUSTRIAL ENGINEERING.—The application of the principles of industrial engineering to perform a variety of engineering work concerned with the design and installation of integrated systems of personnel, materials, machinery, and equipment, utilizing accessory techniques of mechanical and other engineering specialties. Typical specializations are plant layout; production methods and standards, cost control, quality control; time, motion, and incentive studies, and methods, production, and safety engineering.

MATHEMATICS.—The development of methodology in mathematical statistics and actuarial science; the application of original and standardized mathematical techniques to the solution of problems in science, engineering, management, military strategy, and operations analysis; and the mathematical statement of problems for solution by data-processing systems.

MECHANICAL ENGINEERING.—The application of the principles of physics and engineering for the generation, transmission, and utilization of heat and mechanical power, and for the design and production of tools and machines. Typical specializations are power generation and transmission, hydraulics, instrumentation, automotive engineering, railroad equipment engineering, heating and ventilating, air conditioning, machine design, and research.

METALLURGY AND METALLURGICAL ENGINEERING.—The application of the principles of metallurgy and metallurgical engineering to the extraction of metals from ores; the processing and refining of them into final form; and the design and development of metallurgical process methods. Accessory techniques used are those found in chemistry, geology, ceramics, mineralogy, and in mining, chemical, and mechanical engineering.

NUCLEAR ENGINEERING.—The application of scientific knowledge of nuclear reactions and radiations, and principles of engineering for the production of heat and power, transmutation of elements, and production of neutrons, gamma radiation, and radioisotopes.

NURSING.—The application of the art and science of nursing which reflects comprehension of principles derived from the physical, biological, and behavioral sciences. Nursing includes the making of clinical judgments concerning the observation, care, and counsel of persons requiring nursing care, the administration of medicines and treatments prescribed by the physician or dentist; the participation in activities for the promotion of health and the prevention of illness in others.

Preparation for nursing practice is obtained through an organized program of study approved by a governmental or other competent authority in the alien's country. High school graduation or its equivalent is a prerequisite. The program of study includes theory and practice in the following clinical areas: Obstetrics, surgery, pediatrics, psychiatry, medicine. Evidence of successful completion of the foregoing program of study is required for performance in this field.

PHARMACY.—The compounding of prescriptions written by physicians, dentists, and other authorized medical practitioners; and the bulk selection, compounding, dispensing, and preservation of drugs and medicines.

PHYSICAL THERAPY.—The treatment of patients with disabilities, disorders, and injuries to relieve pain, develop or restore function, and maintain performance, using physical means, such as exercise, massage, heat, water, light, and electricity, as prescribed by a medical doctor.

PHYSICS.—Research into phases of physical phenomena, developing theories and laws on basis of observation and experiments, and devising methods to apply

laws and theories of physics to solve problems in such fields as science, engineering, medicine, and production.

Signed at Washington, D.C., this 20th day of December 1966.

W. WILLARD WIRTZ,
Secretary of Labor.

SCHEDULE B

RULES AND REGULATIONS

(Federal Register, vol. 31, No. 248, page 16413, Friday, December 23, 1966)

TITLE 29—LABOR

SUBTITLE A—OFFICE OF THE SECRETARY OF LABOR

PART 60—IMMIGRATION: AVAILABILITY OF, AND ADVERSE EFFECT UPON, AMERICAN WORKERS

§ *60.2 Certification and noncertification schedules*

(a) DETERMINATION.—To reduce the delay in processing an alien's request for visa, the determination has been made by the Secretary of Labor pursuant to section 212(a)(14) that:

(2) For the categories of employment described in Schedule B, the determination and certification required by section 212(a)(14) cannot now be made.

SCHEDULE B

Bakers' Helpers.
Bartenders.
Bookkeepers II.
Busboys.
Carpenters' Helpers.
Charwomen and Cleaners.
Clerks, Hotel.
Clerks and Checkers, Grocery Store.
Cooks' Helpers.
Domestic Day Workers.
Electric Truck Operators.
Elevator Operators.
Fishermen and Oystermen.
Floor Man, Floor Boy and Floor Girl.
Groundskeepers.
Housemen and Yardmen.
Janitors.
Kitchen Workers and Helpers.
Laborers, Farm.
Laborers, Mine.
Laborers, Common.
Library Assistants.
Loopers and Toppers, Textile.
Maids, Hotel.
Material Handlers.
Packers, Markets, Bottlers, and Related.
Painters' Helpers.
Routemen Helpers.
Sailors and Deck Hands.
Sewing Machine Operators and Hand-Stitchers.
Street Railway and Bus Conductors.
Truck Drivers' Helpers.
Ushers, Recreation and Amusement.
Warehousemen.
Welders' Helpers.

OCCUPATIONAL DEFINITIONS

BAKERS' HELPERS.—Perform routine tasks to assist bakers in the production of baked goods. Involves such activities as greasing pans, moving and distributing ingredients and supplies, and weighing and measuring ingredients according to instructions.

BARTENDERS.—Prepare, mix, and dispense alcoholic beverages for consumption by bar customers. Also compute and collect charges for drinks.

BOOKKEEPERS II.—Keep records of one facet of an establishment's financial transactions. Responsible for maintaining one set of books, and specialize in such areas as accounts-payable, accounts-receivable, or interest-accrued.

BUSBOYS.—Facilitate food service in an eating place by performing such tasks as removing dirty dishes, replenishing linen and silver supplies, serving water and butter to patrons, and cleaning and polishing equipment.

CARPENTERS' HELPERS.—Perform routine tasks to assist carpenters in building wooden structures. Involves such activities as conveying tools and materials about work site, sawing lumber to specified size, holding lumber for nailing, and oiling and cleaning tools and equipment.

CHARWOMEN AND CLEANERS.—Keep premises of commercial establishments, office buildings, or apartment houses in clean and orderly condition by performing such tasks as mopping and sweeping floors, dusting and polishing furniture and fixtures, and vacuuming rugs. Work according to set routines.

CLERKS, HOTEL.—Perform a variety of routine tasks to accommodate hotel guests. Involves such activities as registering guests, dispensing keys, distributing mail, collecting payments, and adjusting complaints.

CLERKS AND CHECKERS, GROCERY STORES.—Itemize, total, and receive payment for purchases in grocery stores, usually using cash register. Often assist customer in locating items, stock shelves, and keep stock-control and sales-transaction records.

COOKS' HELPERS.—Perform a variety of routine tasks to assist workers engaged in preparing food. Involves such activities as cleaning and cutting food, weighing and measuring ingredients, carrying and distributing equipment about work area, and cleaning equipment.

DOMESTIC DAY WORKERS.—Perform a variety of routine domestic duties in a household according to employer's instructions. Involves such activities as cleaning and dusting, making beds, and washing and ironing clothing. Usually work on a day-to-day contract basis.

ELECTRIC TRUCK OPERATORS.—Drive gasoline or electric-powered industrial trucks or tractors equipped with forklift, elevating platform, or trailer hitch to move and stack equipment and materials in a warehouse, storage yard, or factory.

ELEVATOR OPERATORS.—Operate elevators to transport passengers and freight between building floors.

FISHERMEN AND OYSTERMEN.—Hunt, catch, and/or trap fish, using such equipment as lines, nets, and pots; work shellfish beds and harvest shellfish.

FLOOR MEN, FLOOR BOY AND FLOOR GIRL.—Perform a variety of routine tasks in support of other workers in and around such work sites as factory floors and service areas, frequently at the beck and call of others. Involves such tasks as cleaning floors, materials, and equipment; distributing materials and tools to workers; running errands; delivering messages; emptying containers; and removing materials from work area to storage or shipping areas.

GROUNDSKEEPERS.—Maintain grounds of industrial, commercial, or public property in good condition. Involves such tasks as cutting lawns, trimming hedges, pruning trees, repairing fences, planting flowers, and shoveling snow.

HOUSEMEN AND YARDMEN.—(1) Perform routine tasks to keep hotel premises neat and clean. Involves such tasks as cleaning rugs; washing walls, ceilings, and windows, moving furniture, mopping and waxing floors, and polishing metalwork. (2) Maintain the grounds of private residences in good order. Typical tasks are mowing and watering lawns, planting flowers and shrubs, and repairing and painting fences. Work on instructions of private employer.

JANITORS.—Keep hotel, office building, apartment house, or similar building in clean and orderly condition, and tend furnaces and boilers to provide heat and hot water. Typical tasks are sweeping and mopping floors, emptying trash containers, and doing minor painting and plumbing repairs. Often maintain residence at place of work.

KITCHEN WORKERS AND HELPERS.—Perform routine tasks in kitchen of restaurant. Primary responsibility is to maintain work areas and equipment in a clean and orderly fashion. Involves such tasks as mopping floors, removing trash, washing pots and pans, transferring supplies and equipment, and washing and peeling vegetables.

LABORERS, FARM.—Plant, cultivate, and harvest farm products, following instructions of supervisors, often working as members of a team. Typical tasks are watering and feeding livestock, picking fruit and vegetables, and cleaning storage areas and equipment.

LABORERS, MINE.—Perform routine tasks in underground or surface mine, pit, or quarry, or at tipple, mill or preparation plant. Involved such tasks as cleaning work areas, shoveling coal onto conveyors, pushing mine cars from working face to haulage road, and loading or sorting material onto wheelbarrow.

LABORERS, COMMON.—Perform routine tasks in an industrial construction or manufacturing environment. Typical tasks are loading and moving equipment and supplies, cleaning work areas, and distributing tools. Work upon instructions according to set routine.

LIBRARY ASSISTANTS.—Keep library records, sort and shelve books, issue and receive such library materials as books, firms, and phonograph records; and perform a variety of routine clerical tasks to relieve librarians of detail work. Answer routine inquiries and refer matters requiring professional assistance to librarians.

LOOPERS AND TOPPERS, TEXTILE.—(1) Tend machines that shear nap, loose threads, and knots from cloth surfaces to give uniform finish and texture. (2) Operate looping machines to close openings in toe of seamless hoses or join knitted garment parts. (3) Loop stitches or ribbed garment (parts on points of transfer bar to facilitate transfer of garment) parts to needles of knitting machine.

MAIDS, HOTEL.—Clean hotel rooms and halls; sweep and mop floors, dust furniture, emply wastebaskets, make beds.

MATERIAL HANDLERS.—Load, unload, and convey materials within or near plant, yard or worksite, under specific instructions.

PACKERS, MARKERS, BOTTLERS, AND RELATED.—Pack products into containers, such as cartons or crates; mark identifying information on articles; insure filled bottles are properly sealed and marked; often working with team on or at end of assembly line.

PAINTERS' HELPERS.—Assist painters in preparing and applying protective and decorative coats of paint to surfaces. Typical tasks are arranging and assembling scaffolding, preparing surfaces for painting, and cleaning equipment and work areas.

ROUTEMEN HELPERS.—Aid routemen in providing sales, service, or deliveries of goods to customers over an established route. Involves such tasks as loading and unloading trucks, carrying merchandise to and from trucks, and collecting payments.

SAILORS AND DECK HANDS.—Stand deck watches and perform a variety of tasks to preserve painted surfaces of ship, and maintain lines, running gear, and cargo handling gear in safe operating condition. Involves such tasks as mopping decks, chipping rust, painting chipped areas, and splicing rope.

SEWING-MACHINE OPERATORS AND HAND-STITCHERS.—(1) Operate single- or multiple-needle sewing machines to join parts in the manufacture of such products as awnings, carpets, and gloves. Specialize in one type of sewing machine limited to joining operations. (2) Join and reenforce parts of such articles as garments, and curtains, sew buttonholes and attach fasteners to articles, or sew decorative trimmings to articles, using needle and thread.

STREET RAILWAY AND BUS CONDUTORS.—Collect fares or tickets from passengers,

issue transfers, open and close doors, announce stops, answer questions, and signal operator to start or stop.

TRUCK DRIVERS' HELPERS.—Assist truck drivers by loading and unloading vehicles, securing items in position on truck to prevent damage, delivering and stacking merchandise on customers premises and collecting payments or obtaining receipt.

USHERS (RECREATION AND AMUSEMENT).—Assists patrons at entertainment events in finding seats, searching for lost articles, and locating facilities.

WAREHOUSEMEN.—Receive, store ship and distribute materials, tools, equipment, and products within establishments as directed by others.

WELDERS' HELPERS.—Assist workers in welding, brazing, and flame and arc cutting activities by performing such routine tasks as moving equipment and supplies; cleaning work areas, equipment, and materials; connecting hoses; starting engines; and setting workpiece in place.

Signed at Washington, D.C. this 20th day of December 1966.

W. WILLIARD WIRTZ,
Secretary of Labor.

(Additional information)

OCCUPATIONAL TITLES (16) DELETED FROM SCHEDULE B, DECEMBER 23, 1966

Attendants, Parking Lot.
Attendants (Service Workers such as Personal Service Attendants, Amusement and Recreation Service Attendants).
Automobile Service Station Attendants.
Cashiers II.
Chauffeurs and Taxicab Drivers.
Clerks (general office).
Counter and Fountain Workers.
Guards and Watchmen.
Housekeepers.
Launderers, Cleaners, Dyers, and Pressers.
Porters.
Sales Clerk, General.
Telephone Operators.
Truck Drivers and Tractor Drivers.
Typists, lesser skilled.
Waiters and Waitresses.

SCHEDULE C

RULES AND REGULATIONS

(Federal Register, Vol. 32, No. 16, p. 867, January 25, 1967)

TITLE 29—LABOR

SUBTITLE A—OFFICE OF THE SECRETARY OF LABOR

PART 60—IMMIGRATION: AVAILABILITY OF, AND ADVERSE EFFECT UPON, AMERICAN WORKERS

§ 60.3 Request for certification not covered by § 60.2

(a) Any alien, or person in his behalf, seeking admission to the United States under sections 101(a)(27)(A) (other than the parent, spouse, or child of a U.S. citizen or alien lawfully admitted to the United States for permanent residence), 203(a)(6), or 203(a)(8) * * *.

(b) Any alien seeking admission to the United States otherwise subject to the provisions of paragraph (a) of this section whose category of employment is described in Schedule C may request a 212(a)(14) certification by filing a Form ES–575–A describing his qualifications and may omit filing a Form ES–575–B describing his prospective employment in the United States. Instructions

for filing in these circumstances are available from U.S. Consular offices abroad and Embassies and Immigration and Naturalization Service offices. Such instructions will where appropriate require aliens to indicate where they will reside. When the Consular offices abroad or the Immigration and Naturalization Service send the ES–575–A's to the Department of Labor, all sources of labor in the area of residence will be reviewed and certification will be issued depending on the circumstances at that time. If the local review shows workers are available, or that wages or working conditions will be adversely affected, the certification will not be issued. Applications should not be sent directly to the U.S. Department of Labor by the alien.

(c) Schedule C is a list of occupations which have been found to be in short supply generally, although not nationwide as in Schedule A. Schedule C is reviewed continuously to be sure that the list will be kept current. If information shows adverse effects are occurring from the use of immigrant workers, or if an adequate supply of qualified workers becomes available, the occupation will be removed from Schedule C promptly.

A new Schedule C is added to the end of Part 60 to read as follows:

GROUP I OCCUPATIONAL DEFINITIONS

ACCOUNTING CLERK.—Post details of business transactions; total accounts, using adding machines; and compute and record interest charges, refunds, cost of lost or damaged goods, freight or express charges, rentals, and other similar items. (Six months training and six months experience are generally necessary for satisfactory work performance in this field.)

AIRCRAFT-ASSEMBLERS-INSTALLERS, GENERAL.—Join wings and tail assemblies to fuselages and install landing gears, power-plants, propellers, and equipment, such as doors, windows, bulkheads, and control stand armament assemblies, according to specifications, using wrenches, shears, drills, and rivet guns. (Six months training and six months experience are generally necessary for satisfactory work performance in this field.)

AIRPLANE INSPECTORS.—Examine airframes, engines, and operating equipment to insure that repairs are made according to specifications, and certify airworthiness of aircraft. (Six years training is generally necessary for satisfactory work performance in this field.)

AIRPLANE MECHANICS.—Service, repair, and overhaul aircraft and aircraft engines to insure safety and airworthiness. Involves such tasks as assembling wings, fuselages, landing gears, control cables, and fuel and oil tanks, using a variety of equipment; and testing engine operation, using testing equipment, to replace worn or damaged parts. (Four years training is generally necessary for satisfactory work performance in this field.)

AIRPLANE PILOTS, COMMERCIAL.—Pilot airplanes to transport passengers, mail, or freight, or for other commercial purposes. (Two years training is generally necessary for satisfactory work performance in this field.)

ARC WELDERS.—Weld metal parts together, as specified by layout, diagram, work orders, or oral instruction, using electric arc welding equipment. (Two years training is generally necessary for satisfactory work performance in this field.)

ASSEMBLERS, SUBASSEMBLIES, AIRCRAFT.—Assemble parts, such as spars, ribs, and braces to form structural subassemblies, such as air foils, rudders, flaps, stabilizers, elevators, ailerons, fins, fuselage tops and bulkheads, doorframes, doors, and windows, according to specifications. (One year's training is generally necessary for satisfactory work performance in this field.)

ASSEMBLY MECHANICS, EXPERIMENTAL AIRCRAFT.—Fabricate, assemble, and install parts and assemblies, such as armaments, power plants, and plumbing and hydraulic systems in experimental aircraft or missiles. (Two years training is generally necessary for satisfactory work performance in this field.)

AUTOMOTIVE-BODY REPAIRMEN.—Repair damaged bodies and body parts of automotive vehicles, such as automobiles and light trucks. (Four years training is generally necessary for satisfactory work performance in this field.)

SCHEDULE C

GROUP I

Accounting Clerks
Aircraft-Assemblers-Installers, General
Airplane Inspectors
Airplane Mechanics
Airplane Pilots, Commercial
Arc Welders
Assemblers, Subassemblies, Aircraft
Assembly Mechanics, Experimental Aircraft
Automobile-Body Repairmen
Automobile Mechanics
Automobile Upholsterers
Bakers
Boring-Machine Operators
Boring-Machine Set-Up Operators, Jig
Boring-Mill Set-Up Operators, Horizontal
Cabinetmakers
Chassis Assemblers
Chefs
Clothes Designers
Combination Welders
Compositors
Coppersmiths, Ship
Cylindrical-Grinder Operators
Dental-Laboratory Technicians
Draftsmen
Drop-Hammer Operators
Electrical-Appliance Servicemen
Electrical-Instrument Repairmen
Electrical Repairmen
Electricians, Airplane
Electric-Motor Repairmen
Electrocardiograph Technicians
Electroencephalograph Technicians
Electronics Mechanics
Form Builders, Aircraft
Gamma-Facilities Operators
Household-Appliance Repairmen
Inspectors, Floor
Instrument Men, Aircraft
Interior Decorators
Jewelers
Key-Punch Operators
Linemen
Loftsmen, Ship
Machinists
Maintenance Mechanics
Maintenance Men, Factory or Mill
Medical Technologists
Milling-Machine Operators
Millwrights
Nurses, Practical
Office-Machine Servicemen
Orthoptists
Patternmakers, Plaster, Aircraft
Pipefitters, Ship
Production Planners
Psychiatric Aides
Radio-Repairmen
Screw-Machine Operators, Production
Secretaries
Sheet-Metal Workers
Shipfitters
Shoe Repairmen
Skilled Garment Occupations, Master Tailors and Dressmakers
Specialty Cooks
Stenographers
Stonecutters, Hand
Structural-Steel Workers
Surigcal Technicians
Systems Engineers (Data-Processing)
Technicians, Engineering and Physical Sciences
Television Service-and-Repairmen
Template Makers, Aircraft
Test-Reactor Operators
Tool-and-Die Makers
Tool-Grinder Operators
Tool Planners
Turret-Lathe Operators
Watchmakers
Wheel-Alinement Mechanics

GROUP II

Any person qualified as a professional or who has exceptional ability in the sciences or arts and whose occupation is not listed on Schedule A. (Certification requires full documentation as defined in instructions for completion of the Form 575–A.)

AUTOMOBILE MECHANICS.—Repair and overhaul automobiles, buses, trucks, and other automotive vehicles. Involves such tasks as repairing shock absorbers and similar parts; relining or adjusting brakes, alining front ends; and rewiring ignition systems, lights, and instrument panels. (Four years training is generally necessary for satisfactory work performance in this field.)

AUTOMOBILE UPHOLSTERERS.—Repair or replace upholstery in automobiles, buses and trucks. (Four years training is generally necessary for satisfactory work performance in this field.)

BAKERS.—Prepare bread, rolls, pastries, muffins, biscuits, or other baked goods according to recipes in bakery, hotel, restaurant, or other establishments. Measure and mix ingredients to form dough or batter. Cut dough and mold it into loaves or various desired shapes and pour batter into pans to make cakes. Place shaped dough in greased pans or batter in cake tins for baking in oven for specified period of time, adjusting controls to regulate temperature. Prepare and cook ingredients for pie fillings, puddings, custards, or other desserts. (Three years training is generally necessary for satisfactory work performance in this field.)

BORING-MACHINE OPERATORS.—Set up and operate one or more boring machines to bore, drill, mill, or ream metal parts according to specifications, tooling instructions, standard charts, and knowledge of boring procedures. (Six months training and six months experience are generally necessary for satisfactory work performance in this field.)

BORING-MACHINE SET-UP OPERATORS, JIG.—Set up and operate machines to drill, bore, ream, or tap holes in metal workpieces, such as jigs, fixtures, dies, or gauges, according to knowledge of tooling and jig-boring procedures. (Three years training is generally necessary for satisfactory work performance in this field.)

BORING-MILL SET-UP OPERATORS, HORIZONTAL.—Set up and operate horizontal boring, drilling, and milling machines to perform machining operations, such as milling, drilling, boring and reaming, on metal workpieces, such as machine, tool or die parts, analyzing specifications and deciding on tooling according to knowledge of shop mathematics, metal properties, and machining procedures. (Three years training is generally necessary for satisfactory work performance in this field.)

CABINETMAKERS.—Construct and repair wooden articles, such as store fixtures, office equipment, cabinets and high grade furniture, according to blueprints or drawings, using woodworking machines, and handtools. Trim parts of joints, bore holes, glue, fit and clamp parts and subassemblies together to form complete unit. (Four years training is generally necessary for satisfactory work performance in this field.)

CHASSIS ASSEMBLERS.—Assemble chassis of electronic equipment, such as radio and television receivers, electric organs, and record players, using handtools and power tools and following wiring diagrams or sample assemblies. (Three months training and six months experience are generally necessary for satisfactory work performance in this field.)

CHEFS.—Supervise, coordinate, and participate in activities of cooks and other personnel engaged in preparing and cooking foods in hotel, restaurant, or other establishments. (Four years training is generally necessary for satisfactory work performance in this field.)

CLOTHES DESIGNERS.—Create designs and prepare patterns for new types and styles of men's, women's and children's wearing apparel or knitted garments. (Four years training is generally necessary for satisfactory work performance in this field.)

COMBINATION WELDERS.—Weld metal parts together according to layouts, blueprints, or work orders, using both gas welding or brazing and any combination of arc welding processes. (Two years training is generally necessary for satisfactory work performance in this field.)

COMPOSITORS.—Set type by hand and machine, and assemble type and cuts in a galley, for the printing of articles, headings, and other printed matter, determining type, size, style, and compositional pattern from work order. (Six years training is generally necessary for satisfactory work performance in this field.)

COPPERSMITHS, SHIP.—Lay out, cut, bend, and assemble pipe sections, pipefittings, and other parts from copper, brass, and other nonferrous metals according to blueprints to construct or repair ships and boats. (Four years training is generally necessary for satisfactorily work performance in this field.)

CYLINDRICAL-GRINDER OPERATORS.—Set up and operate one or more external grinding machines to grind external cylindrical and tapered surfaces of rotating metal workpieces to blueprint specifications, following tooling instructions and standard charts, and applying knowledge of grinding procedures. (Four years training is generally necessary for satisfactory work performance in this field.)

DENTAL-LABORATORY TECHNICIANS.—Construct and repair dental appliances, such as crowns, inlays, and wire frames, according to dentist's prescriptions.

(Four years training is generally necessary for satisfactory work performance in this field.)

DRAFTSMEN.—Prepare clear, complete, and accurate working plans and detail drawings from rough or detailed sketches or notes, engineering ideas, specifications, and calculations of engineers, architects, and designers for use in building or manufacturing. (Four years training is generally necessary for satisfactory work performance in this field.)

DROP-HAMMER OPERATORS.—Set up and operate closed-die drop hammers to forge metal parts, following work order specifications and using measuring instruments and handtools. (Two years training is generally necessary for satisfactory work performance in this field.)

ELECTRICAL-APPLIANCE SERVICEMEN.—Install, service, and repair stoves, refrigerators, dishwashing machines, and other electrical household appliances, using handtools and test meters and following wiring diagrams and manufacturer's specifications. (Three years training is generally necessary for satisfactory work performance in this field.)

ELECTRICAL-INSTRUMENT REPAIRMEN.—Repair, calibrate, and test instruments, such as volt-meters, ammeters, resistance bridges, galvanometers, temperature bridges, and temperature controlling and recording gauges and instruments, using jewelers' handtools, electricians' tools, and measuring instruments. (Four years training is generally necessary for satisfactory work performance in this field.)

ELECTRIC REPAIRMEN.—Repair, maintain, and install electrical systems and equipment, such as motors, transformers, wiring, switches, and alarm systems. (Four years training is generally necessary for satisfactory work performance in this field.)

ELECTRICIANS, AIRPLANE.—Install, adjust, and maintain electrical wiring, switches, and fixtures in airplanes. (Three years training is generally necessary for satisfactory work performance in this field.)

ELECTRIC-MOTOR REPAIRMEN.—Repair electric motors, generators, and accessory equipment, such as starting devices and switches, using handtools, power tools, precision gauges, and electrical test instruments. (Two years training is generally necessary for satisfactory work performance in this field.)

ELECTROCARDIOGRAPH TECHNICIANS.—Record electromotive variations in action of heart muscle, using electrocardiograph machines, to provide data for diagnosis of heart ailments. (Two years training is generally necessary for satisfactory work performance in this field.)

ELECTRO ENCEPHALOGRAPH TECHNICIANS.—Measure impulse frequencies and differences in electrical potential between various portions of the brain, using equipment that records data as a series of irregular lines on a continuous graph to be used by medical practitioners in diagnosing brain disorders. (Two years training is generally necessary for satisfactory work performance in this field.)

ELECTRONICS MECHANICS.—Repair electronic equipment, such as computers, industrial controls, radar systems, telemetering and missile control systems, transmitters, antennas, and servomechanisms, following blueprints and manufacturers' specifications, and using handtools and test instruments. (Four years training is generally necessary for satisfactory work performance in this field.)

FORM BUILDERS, AIRCRAFT.—Builds forms, fixtures, or templates of wood, metal or plastic for use in production of airplanes, following blueprints. (Four years training is generally necessary for satisfactory work performance in this field.)

GAMMA FACILITIES OPERATORS.—Irradiate materials in a gamma canal (water-filled irradiating tank) for experimental purposes, and receive and store spent nuclear fuel elements and materials from completed experiments. (Two years training is generally necessary for satisfactory work performance in this field.

HOUSEHOLD-APPLIANCE REPAIRMEN.—Repair gas and electric appliances and equipment, such as refrigerators, ranges, washing machines, hot-water heaters, toasters and irons, using handtools. (Four years training is generally necessary for satisfactory work performance in this field.)

INSPECTORS, FLOOR (MACHING SHOPS).—Test or examine machinery parts, materials, and assemblies at assembly, inspection, or machining stations in machine shops, to insure conformance to blueprints or other specifications. (Two years training is generally necessary for satisfactory work performance in this field.)

INSTRUMENT MEN, AIRCRAFT.—Overhaul, repair, and test aircraft instruments, using precision handtools and following blueprints, work orders, and manufacturers' specifications. (Four years training is generally necessary for satisfactory work performance in this field.)

INTERIOR DECORATORS.—Plan and design artistic interiors for homes, hotels, ships, commercial and institutional structures, and other establishments. (Four years training is generally necessary for satisfactory work performance in this field.)

JEWELERS.—Fabricate and repair various jewelry articles, such as rings, brooches, pendants, bracelets, and lockets. (Three years training is generally necessary for satisfactory work performance in this field.)

KEY-PUNCH OPERATORS.—Operate alphabetic and numeric key-punch machines, similar in operation to electric typewriters, to transcribe data from source material onto punch cards and produce prepunched data. (Six months training and six months experience are generally necessary for satisfactory work performance in this field.)

LINEMEN.—Erect wood poles and prefabricated light-duty metal towers, cables, and related equipment to construct transmission and distribution powerlines and to conduct electrical energy between generating stations, substations, and consumers. (Four years training is generally necessary for satisfactory work performance in this field.)

LOFTSMEN, SHIP.—Lay out lines of ship to full scale on moldloft floor and construct templates and molds to be used as patterns and guides for layout fabrication of various structural parts of ships. (Four years training is generally necessary for satisfactory work performance in this field.)

MACHINISTS.—Set up and operate machine tools, and fit and assemble parts to make or repair metal parts, mechanisms, tools, or machines, applying knowledge of mechanics, shop mathematics, metal properties, and layout machining procedures. (Four years training is generally necessary for satisfactory work performance in this field.)

MAINTENANCE MECHANICS.—Repair and maintain, in accordance with diagrams, sketches, operation manuals, and manufacturer's specifications, machinery and mechanical equipment, such as cranes, pumps, engines, motors, pneumatic tools, conveyor systems, production machines, and automotive and construction equipment, using handtools, power tools, and precision-measuring and testing instruments. (Four years training is generally necessary for satisfactory work performance in this field.)

MAINTENANCE MEN, FACTORY OR MILL.—Repair and maintain machinery, plumbing, physical structures, and electrical wiring and fixtures of commercial and industrial establishments in accordance with blueprints, manuals, and building codes, using carpenters' electricians', and plumbers' handtools. (Four years training is generally necessary for satisfactory work performance in this field.)

MEDICAL TECHNOLOGISTS.—Apply technical knowledge in fields of medicine and perform chemical, microscopic, and bacteriologic tests to provide data for use in treatment and diagnosis of diseases, usually under supervision of physician. (Four years training is generally necessary for satisfactory work performance in this field.)

MILLING-MACHINE OPERATORS.—Set up and operate one or more milling machines to mill plane or curved surfaces in metal workpieces, such as machine, tool, or die parts, according to specifications and deciding on tooling according to knowledge of milling procedures. (Four years training is generally necessary for satisfactory work performance in this field.)

MILLWRIGHTS.—Install machinery and equipment according to layout plans, blueprints, and other drawings in an industrial establishment, using hoists, lift trucks, handtools, and power tools. (Four years training is generally necessary for satisfactory work performance in this field.)

NURSES, PRACTICAL.—Assist in care of hospital patients, under direction of nursing and medical staff. Involves such tasks as bathing and dressing bed patients; cleaning rooms and changing bed linens; administering prescribed medications and making notations of amounts and quantities; taking and recording temperatures, pulses, and respiration rates; sterilizing equipment and supplies, using germicides, sterilizers, or autoclaves; preparing food trays, feeding patients, and recording food and liquid intake and output. (Six months training and six months experience are generally necessary for satisfactory work performance in this field.)

OFFICE-MACHINE SERVICEMEN.—Repair and service office machines, such as adding, accounting, calculating machines, and typewriters, using handtools, power tools, micrometers, and welding equipment. (Four years training is generally necessary for satisfactory work performance in this field.)

ORTHOPTISTS.—Teach persons with correctable focusing defects to develop and use binocular vision (focusing of both eyes). Measure visual acuity, focusing ability, and eye-motor movement of eyes, separately and jointly, using various equipment. (Two years training is generally necessary for satisfactory work performance in this field.)

PATTERNMAKERS, PLASTER, AIRCRAFT.—Build plaster and clay patterns used for making sand molds from which tools and parts used in aircraft manufacturing are cast. (Five years training is generally necessary for satisfactory work performance in this field.)

PIPEFITTERS, SHIP.—Lay out, install, and maintain ships' piping systems, such as steam heat and power, hot water, hydraulic, air pressure, and oil lines, following blueprints, and using handtools and shop machines. (Five years training is generally necessary for satisfactory work performance in this field.)

PRODUCTION PLANNERS.—Plan and prepare production schedules for manufacture of industrial or commercial products. (Four years training is generally necessary for satisfactory work performance in this field.)

PSYCHIATRIC AIDES.—Assist mentally ill patients, working under direction of nursing and medical staff. Involves such tasks as bathing, dressing, and grooming patients; accompanying patients to and from wards for treatment and examination, and administering prescribed medications; encouraging patients to participate in social and recreational activities; observing patients to insure that none wander from grounds or to detect unusual behavior; and restraining or aiding them to prevent injury to themselves or other patients. (Six months training and six months experience are generally necessary for satisfactory work performance in this field.)

RADIO REPAIRMEN.—Repair radio-receivers, phonographs, recorders, and other electronic-audio equipment, using circuit diagrams, test meters and handtools. (Four years training is generally necessary for satisfactory work performance in this field.)

SCREW-MACHINE OPERATORS, PRODUCTION.—Tend one or more previously set up single-or-multiple spindle screw machines, equipped with automatic indexing and feeding mechanisms, to perform series of machining operations on metal bar stock on production basis. (Three months training and six months experience are generally necessary for satisfactory work performance in this field.)

SECRETARIES.—Schedule appointments, give information to callers, take dictation, type, and otherwise relieve officials of clerical work and minor administrative and business details. (Two years training is generally necessary for satisfactor work performance in this field.)

SHEET-METAL WORKERS.—Fabricate, assemble, install, and repair sheet metal products and equipment, such as control boxes, drainpipes, ventilators, and furnace castings, according to job order or blueprints. (Four years training is generally necessary for satisfactory work performance in this field.)

SHIPFITTERS.—Lay out and fabricate metal structural parts, such as plates, bulkheads, and frames, and braces them in position within hull of ship for riveting or welding to construct or repair ships and boats. (Four years training is generally necessary for satisfactory work performance in this field.)

SHOE REPAIRMEN.—Repair or refinish shoes, following customers' specifications, or according to nature of damage, or type of shoe. (Three years training is generally necessary for satisfactory work performance in this field.)

SKILLED GARMENT OCCUPATIONS, MASTER TAILORS AND DRESSMAKERS.—Perform all tasks required to design and produce finished made-to-measure garments or perform equivalent tasks requiring tailoring skills in the manufacture or alteration of readymade or tailored apparel. Such persons must be all-around skilled tailors capable of performing all the tasks involved in tailoring or dressmaking crafts. (Five years training is generally necessary for satisfactory work performance in this field.

SPECIALTY COOKS.—Prepare, season, and cook soups, meats, vegetables, desserts, and other foodstuffs for consumption in restaurants or other establishments. (Three years training is generally necessary for satisfactory work performance in this field.)

STENOGRAPHERS.—Take dictation, in shorthand, of correspondence, reports, and other matter, and transcribe dictated material, using typewriter. (One year's training and one year's experience are generally necessary for satisfactory work performance in this field.)

STONECUTTERS, HAND.—Cut, shape, and finish granite, marble, and/or other types of stone according to diagrams or patterns. (Three years training is generally necessary for satisfactory work performance in this field.)

STRUCTURAL-STEEL WORKERS.—Raise, place, and unite girders, columns, and other structural-steel members to form completed structures or structure frameworks, working as members of a crew. (Four years training is generally necessary for satisfactory work performance in this field.)

SURGICAL TECHNICIANS.—Perform a variety of tasks before and during operation to assist medical team. Involves such tasks as washing, shaving, and sterilizing operative area of patients; placing equipment and supplies in operating room according to surgeon's directions, and arranging instruments; maintaining supply of specified fluids during operation; adjusting lights and equipment as directed; and washing and sterilizing used equipment. (Two years training is generally necessary for satisfactory work performance in this field.)

SYSTEMS ENGINEERS (DATA-PROCESSING).—Study information-assembling and filing problems of establishments, plan suitable punched-card procedure, and design card and report forms. Revise and refine existing punched-card procedures in line with technical developments, and prepare instruction manuals covering use and maintenance of machine. (Six years training is generally necessary for satisfactory work performance in this field.)

TECHNICIANS, ENGINEERING AND PHYSICAL SCIENCES.—Solve practical problems encountered in fields of specialization, such as those concerned with development of electrical and electronic circuits, and establishment of testing methods for electrical, electronic, electromechanical, and hydromechanical devices and mechanisms. Applying engineering principles and techniques to solve, design, develop, and modify problems of parts or assembles for products or systems. Apply natural and physical science principles to basic or applied research problems in fields such as metallurgy, chemistry, and physics. Technicians in these various fields work in direct support of engineers and scientists, utilizing theoretical knowledge of fundamental scientific, engineering, mathematical, or draft design principles. (Four years training is generally necessary for satisfactory work performance in this field.)

TELEVISION SERVICE-AND-REPAIRMEN.—Repair and adjust radios and television receivers, using handtools and electronic testing instruments. (Four years training is generally necessary for satisfactory work performance in this field.)

TEMPLATE MAKERS, AIRCRAFT.—Design and fabricate templates of wood, paper, sheet metal, and plastic used for laying out reference points and dimensions on metal plates, sheets, tubes and structural shapes for fabricating, welding, and assembling into structural metal products. (Four years training is generally necessary for satisfactory work performance in this field.)

TEST-REACTOR OPERATORS.—Set up and control operation of nuclear reactors in which nuetrons and gamma rays are used to study structure of atoms, determine properties of materials, and create radioisotopes and radio-active fission products for research purposes. (Four years training is generally necessary for satisfactory work performance in this field.)

TOOL-AND-DIE MAKERS.—Analyze variety of specifications, lay out metal stock, set up and operate machine tools, and fit and assemble parts to make and repair metal-working dies, cutting tools, jigs, fixtures, gauges, and machinists' handtools, applying knowledge of tool and die designs and construction, shop mathematics, metal properties, and layout, machining, and assembly procedures. (Four years training is generally necessary for satisfactory work performance in this field.)

TOOL-GRINDER OPERATORS.—Set up and operate grinding machines, such as surface and universay, carbide, drill, and tool-and-cutter grinders, to sharpen cutting tools to specifications, using knowledge of abrasives and metal properties. (Four years training is generally necessary for satisfactory work performance in this field.)

TOOL PLANNERS.—Determine tools, fixtures, and equipment to be used and plan sequence of operations for fabrication and assembly of products, such as airplane assemblies, automobile parts, cutting tools, and ball bearings. (Four years training is generally necessary for satisfactory work performance in this field.)

TURRET-LATHE OPERATORS.—Set up and operate turret lathes to perform series of machining operations, such as turning, facing, boring, and tapping, on metal workpieces, such as machine, tool, or die parts, analyzing specifications and

deciding on tooling according to knowledge of machining operations. (Four years training is generally necessary for satisfactory work performance in this field.)

WATCHMAKERS.—Repair, clean, and adjust mechanisms of instruments, such as watches, time-clocks, and timing switches, using handtools and measuring instruments. (Four years training is generally required for satisfactory work performance in this field.)

WHEEL-ALINEMENT MECHANICS.—Aline wheels, axles, frames, torsion bars, and steering mechanisms of automotive vehicles, such as automobiles, buses, and trucks. (Two years training is generally necessary for satisfactory work performance in this field.)

Signed at Washington, D.C. this 20th day of January, 1967.

W. WILLARD WIRTZ, *Secretary of Labor.*

SUMMARY OF BUDGET REQUEST FOR UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. FLOOD. Let us go down to unemployment compensation. The 1967 appropriation is $90 million, of which only $66,331,000 will be used, largely because of the increased employment opportunities during the last several months.

The request is for $65 million for 1968. What can you do about that or what can this committee do about that unless there is an error in bookkeeping or a conspiracy or some criminal violation or outright fraud, so far as the cost is concerned?

Mr. GOODWIN. It cannot be controlled. It is just a matter of making the best estimate we can for the appropriation.

Mr. FLOOD. That is all there is to it.

Mr. GOODWIN. That is right. If it is too high we return money. If it is too low we have to come back for a deficiency. There is no way you can avoid the payment.

TRADE ADJUSTMENT PROGRAM

Mr. FLOOD. Under this trade adjustment program, suppose you bring us up to date on delevopments that affect that program.

Mr. GOODWIN. I would like to suggest that Bill Norwood talk on this point.

Mr. NORWOOD. Payments under the Automotive Products Trade Act result from an agreement between Canada and the United States. The first determination that there was an adverse effect occurred late in fiscal 1966.

We have had thus far in fiscal 1967 three additional actions determining that there was an adverse effect. The determinations to date apply to roughly 1,300 workers in four different locations.

Mr. FLOOD. That number has gone down, has it not?

Mr. NORWOOD. It always does. Petitions almost always state that there is a larger number of workers involved than actually is the case after the Tariff Commission completes its investigation. Actually there have been payments through mid-January for 773 workers and the amount was $862,000.

Mr. FLOOD. Your estimate in the justifications is $1,200,000.

Mr. NORWOOD. That is the estimate for 1967.

Mr. FLOOD. How much have you spent so far?

Mr. NORWOOD. $862,334 through mid-January.

There are presently pending an additional seven petitions that have not yet been acted upon as to whether they meet the criteria. It is difficult to estimate whether or not the $1,200,000, which is the part that is for allowances, will be sufficient. It depends upon the determination on behalf of the President by the Automotive Agreement Adjustment Assistance Board.

It is for that reason that we also have in the language of the bill a provision that up to $5 million of this total of $65 million could be used for this purpose. It is just an attempt to try to take care of the contingency of our being badly off in the estimate. It is extremely difficult to predict.

SUMMARY OF BUDGET REQUEST—SALARIES AND EXPENSES

Mr. FLOOD. For salaries and expenses, 1967 is $20,391,000, and for 1968 you are requesting $21,048,000.

There is a shift of this trade adjustment activity to the International Affairs Bureau.

Mr. GOODWIN. Yes.

Mr. FLOOD. What makes you think they can do a better job than you can?

Mr. GOODWIN. The Secretary has given them responsibility for that part of the job which has to do with relationships with the Tariff Commission, international trade, and so on.

Mr. FLOOD. I know that.

Mr. GOODWIN. Mr. Norwood's organization still does carry on a basic function with respect to this, development of any plans needed with the States, estimates on what is needed, and so on. The function we have been doing we will continue to be doing, but there is no request here.

Mr. FLOOD. Your total request is $18,328,000 from the trust fund and $2,720,000 from the general funds. Your main job obviously is directly connected with trust fund activities. What do you charge in general funds?

Mr. GOODWIN. Mostly the Manpower Development Training Act funds.

Mr. FLOOD. Mostly?

Mr. GOODWIN. All but $26,000 for two positions transferred to us last year from the Manpower Administration.

Mr. CURTIS. At one time these general funds were in the MDTA appropriation but now it is in ours.

Mr. FLOOD. All right.

Mr. GOODWIN. We haven't really a legal base for charging the MDTA activities to the trust fund account.

Mr. HUDSON. This action was taken by the Appropriations Committees to transfer the Federal MDTA activities for BES to this program rather than funding it in the MDTA account. They did the same thing for the Bureau of Apprenticeship.

MODIFICATION OF FINANCIAL MANAGEMENT PHILOSOPHY

Mr. FLOOD. On page 33 you have some marvelous language—"modification of the Bureau's financial management philosophy." Could you possibly be a little more specific? What does this modification involve and what is to be gained by it?

Mr. GOODWIN. I would like to take just a moment and describe how this got started and what we are trying to do, Mr. Chairman.

Mr. FLOOD. I don't blame you.

Mr. GOODWIN. We used to make our allocations to the States for employment service operations on the basis of workload accomplishments. We concluded back 6 or 7 years ago that this was leading to some distortion in our program. The States were smart enough to figure out that certain kinds of placements paid off better than others and it made us decide we had to get away from that. We went to a different kind of budget from the States which did not give us really objective data to make program determinations, to determine whether one State was doing better than another State, and this sort of thing.

We then let a contract with a consulting firm to take a look at our entire operation and see whether they could advise us on criteria for the allocation and control of funds. We were interested in making these allocations on as completely an objective and defensible basis as possible so that no State would be able to claim we were playing favorites one against the other.

We engaged Cresap, McCormack, & Paget, a consulting firm, to make this study. In the process the study was expanded in terms of other potential changes that would give us a better management system. They have come up with recommendations which we have now accepted in principle and——

Mr. FLOOD. This includes financial management, then?

Mr. GOODWIN. Yes, sir; and program control. The recommendations they have made start really with a plan of service at the local office level which would be developed by the States and submitted to us for approval. It would be the basis for requests for money and this would be done in line with national standards and objectives set by the Secretary of Labor. It would then give us a specific plan against which we could audit and control expenditures.

Mr. FLOOD. What do you mean by modification? What do you modify? This is the word which concerned me most.

Mr. GOODWIN. It all represents a change from the way we are doing it now. That is what we mean by modification.

Tied in with this effort is another study on automatic data processing. As you know, we have some very big operations in this program, big machine operations. This is particularly true of unemployment insurance. We have had automatic data processing equipment in unemployment insurance for a number of years but we are now studying the whole program operation to see what changes we need to make and what extensions we need to make in the use of automatic data processing. We are exploring the possibility of applying this to the Employment Service operation, extending it in unemployment insurance, and to use it in the development of management information that can

be used by the local office, the State agency, and by us here. This would give us the basic data——

Mr. FLOOD. When do we start paying for it? What kind of money are you talking about?

Mr. GOODWIN. We don't know at this point what it will add up to.

Mr. FLOOD. It is a big deal?

Mr. GOODWIN. Yes, it is. There are certain parts of this operation where our experience would indicate that the introduction of automatic data processing will lower the costs. Mr. Norwood can give you a very good story on what has happened in unemployment insurance, lowering costs through the use of automatic data processing.

There is a combination of improvement in service involved here, though.

EXAMPLE OF APPLICATION OF AUTOMATIC DATA PROCESSING

Mr. FLOOD. Mr. Norwood, let us use this as an example and put in the record a good statement on the use of this equipment in unemployment insurance, as exhibit A.

Mr. NORWOOD. Application of data processing?

Mr. FLOOD. Yes.

(Information follows:)

STATEMENT WITH RESPECT TO EXPERIENCE OF THE UNEMPLOYMENT INSURANCE SERVICE WITH AUTOMATIC DATA PROCESSING

Automatic Data Processing has been used extensively in unemployment insurance administration almost throughout the program's history. Punched card systems were used for almost all of the storage of workers' wage records and for the benefit determination and payment processes and were applied extensively to tax accounting. These punched card systems were accelerated when higher speed sorters, collators, calculators and tabulators became available, particularly in the mid 50's.

With the advent of the electronic computer a series of conversions were started which have extended automatic processing to even larger segments of the work of State agencies. The first computer was installed in 1956; and the number of State agencies using them has expanded to where 28 States were using computers for UI processes as of June 30, 1966 with 4 more added or to be added duing FY 1967.

This use of ADP has enabled State agencies to absorb workload increases in the unemployment insurance operations to which the equipment can be applied with only slight increases or even decreases in the number of employees:

Comparison of workloads and positions, selected unemployment insurance functions, fiscal years 1953 and 1966

	Workloads			Positions		
	Fiscal year 1953 (thousands)	Fiscal year 1966 (thousands)	Percent change	Fiscal year 1953	Fiscal year 1966	Percent change
Employer accounts	1,542	2,433	+57.8	2,055	2,146	+4.4
Wage records	133,658	154,053	+15.3	1,135	914	−19.5
Benefit payments	29,885	42,628	+42.6	1,857	1,604	−13.6
Monetary determinations	4,492	5,516	+22.8	1,517	1,616	+6.5
Total positions				6,564	6,280	−4.3

Had positions increased in direct proportion to the workload additional costs of some $18 million would have been incurred for salaries and employee benefits for these processes in FY 1966. This was accomplished at an annual cost of approximately $7 million for added or higher cost equipment and for computer programmers, plus conversion costs of approximately $3 million.

With roughly 85 percent of the routine processes now converted to computers, the Unemployment Insurance Service is concentrating increasingly on newer technology which will reduce the costs of preparing data for input and of file maintenance and clerical processes in the local offices. The success of these efforts will depend on the feasibility of optical scanning and data transmission systems, the first of which are now in early use or design stages.

FARM LABOR CONTRACTOR REGISTRATION PROGRAM

Mr. FLOOD. A couple years ago I went to a big show which was quite an exhibition. You created a farm labor contractor registration program. Why they invited me I am not clear, but there I was.

It was a very big thing. There was an elaborate statement and there was a lot of beating of the breast.

Now the people who are close to these things tell me this is not so and it has laid an egg.

Mr. GOODWIN. It hasn't laid an egg, but you will remember that this was pursuant to a law passed by the Congress.

Mr. FLOOD. That is a poor excuse. I know that.

Mr. GOODWIN. I am not giving an excuse but wanted to get it in proper perspective.

The program requires that crew leaders must get a license if they meet certain conditions, I think nine or more employees, and that they obtain insurance.

Mr. FLOOD. I know that. I asked you what happened to it.

Mr. GOODWIN. The problem has been on the matter of insurance. The kind of insurance that is involved is a very expensive type of insurance so that a great many crew leaders have not been able to afford it.

Mr. FLOOD. I have heard that.

Mr. GOODWIN. This has meant that many of them have just dropped out and are no longer operating as crew leaders. In some cases they have broken up the crews so they are small enough to get under the law and in some places we think they are operating illegally.

We have taken steps in the last year—Mr. Potter can give you more on the story—we have taken steps in the last year by working with insurance agencies to set up a little different type of insurance and still meet the requirements of the law, but at lower rates.

Mr. FLOOD. Will you and Mr. Potter, for the benefit of the members who are concerned about this—and there are a number—have the record show what this problem is more clearly?

Mr. GOODWIN. Yes, we will be glad to.

(The requested information follows:)

FARM LABOR CONTRACTOR REGISTRATION ACT

Substantial progress was made in the administration of the Farm Labor Contractor Registration Act during calendar year 1966. In calendar year 1965, 1,389 certificates of registration and employee identification cards were issued

as compared to 1,949 in 1966, almost a one-third increase in the number of registered contractors and regular or full-time employees.

During 1966, 831 contractors purchased insurance which protected approximately 25,000 migrant workers. This was the first time that a really substantial number of migrant workers and their families were covered for injury or death resulting from automobile accidents. However, three problems continue to slow the extension of the benefits of the Act to interstate migrant workers. These are:

1. The inability of most farm labor contractors to obtain and pay for the required automobile liability insurance.

2. The difficulty of identifying and locating unregistered contractors and regular or full-time employees subject to the provisions of the Act.

3. The investigation and enforcement of the Act.

I. *Insurance.*—The most serious impediment in registering farm labor contractors has been the automobile liability insurance requirements of the Act. The Act requires automobile liability insurance which affords protection in the amount of $5,000 for bodily injury to or death of one person, $20,000 for bodily injury to or death of all persons injured or killed in any one accident, and $5,000 for the loss or damage in any one accident to the property of others.

The insurance problem exists because the typical automobile liability policy excludes employees of the insured and does not provide coverage for personal property carried by the insured. This meant that if any migrant workers was considered the employee of the contractor in whose vehicle he was riding, neither he nor his personal property was protected. Arrangements to eliminate both the employee and the personal property exclusion was possible. However, cost of such policies ranges between $900 and $2,500.

The insurance requirements are one of the most important reasons why the Act should be vigorously enforced. No contractor should be permitted to transport migrant workers until his vehicle is properly insured. Hardly a year passes when a farm labor contractor is not involved in a highway accident. Last year, near Ozark, Alabama a migrant bus carrying 32 migrant workers left the highway and turned over in a ditch. In this accident, 12 died and 17 were injured. Another migrant bus collided with a tree near Bloomsburg, Pennsylvania killing one worker and injuring 17 of the 21 in the bus. In the Alabama accident, the contractor involved was not registered, and the contractor involved in the Pennsylvania accident had purchased insurance which was cancelled just prior to the accident. As a result, in neither case were the migrant workers covered by insurance. The case involving the Alabama accident has been referred to the Justic Department for appropriate action.

The insurance problem has been alleviated to some extent by the development of a Farm Labor Contractor Liability Endorsement. This endorsement conforms an ordinary automobile liability policy to the requirements of the Act. Although the required insurance is now available and its cost substantially reduced from what it was, insurance is still expensive and costs more than many contractors can afford.

Although the cost of obtaining automobile liability insurance has hindered registration, this has been only one obstacle to a contractor's obtaining insurance. Other problems created by the liability insurance requirement are: (a) The market for automobile insurance tends to be restricted and most liability insurers are not anxious to cover farm labor contractors; (b) Those contractors unable to buy liability insurance on the voluntary market must resort to assigned risk plans, a process which may be expensive and time-consuming; (c) Automobile liability insurance is often not available for less than a one-year period although many contractors do not need the insurance for an entire year.

Although the Farm Labor Contractor Liability Endorsement has made it easier for contractors to obtain the required automobile liability insurance, if contractors were required to purchase only accident insurance, the problems just enumerated would be solved because: (a) Insurers are anxious to market accident coverage and a broad market would be available in contrast to the narrow liability market; (b) The need to resort to assigned risk plans would be eliminated; (c) Insurers are generally willing to write accident coverage for periods less than a year; (d) Accident insurance would be much less expensive than liability insurance.

If the requirement that contractors obtain automobile liability insurance were eliminated, it would inure to the benefit of the migrant workers. The reason is that accident insurance has one crucial advantage over liability insurance.

It pays regardless of fault. In contrast, a worker may only collect under a liability policy if he can prove fault on the part of the insured, and if he can prove that he is free of contributory negligence. An accident policy has been developed to add flexibility to our insurance program. However, it must be purchased in conjunction with an automobile liability policy before a certificate of registration authorizing the transportation of migrant workers can be issued.

II. *Locating Unregistered Contractors.*—The difficulty of finding farm labor contractors after they have departed from the State of residence is a serious problem. A little more than two years of experience has made it clear that farm labor contractors will not voluntarily register and comply with the provisions of the Act. This means that we must seek out those subject to the Act and secure their compliance with its provisions. This is difficult and requires extensive and time-consuming field work. Our present field staff trained in this activity is limited and during the period when contractors are engaged in interstate agricultural employment this staff is constantly on the move.

III. *Enforcement.*—At the present time, the criminal provisions of the Act are our primary avenue of enforcement. However, to obtain a criminal conviction in the Federal courts is difficult and presents serious problems. Also, the criminal penalty provided in the Act is a fine of not more than $500 which has not proved to be much of a deterrent. Efforts are being made to improve our investigative procedures and to utilize our limited staff to the greatest extent possible. However, if the law contained a clear provision to permit the Secretary of Labor to seek injunctive relief, our ability to enforce the Act would increase considerably. Last year we made almost 400 investigations, many of which indicated violations of the Act. However, because these violations had to be treated as a crime, the procedures to bring a violator to justice were time-consuming and complicated.

Mr. FLOOD. Thank you very much.

YOUTH OPPORTUNITY CENTER

Mr. SHRIVER. I have just one or two questions.

In your statement you made, on page 4 you said in the past 3 years youth opportunity centers have been established in metropolitan areas. How extensive has the establishment of that been?

Mr. GOODWIN. They have been or will be established in 139 areas over the country. The youth opportunity centers have been established primarily in the larger cities, but we then took a substantial part of the resources and made them available to existing local offices to strengthen those local offices in their youth work. About 2,100 positions were distributed among the smaller offices in addition to the regular youth opportunity staff of 4,551.

PRICES FOR FARM PRODUCTS

Mr. SHRIVER. On that same page you say farmers generally receive higher prices for their products. My mail from my farmers in Kansas does not indicate that. Maybe you got your information from the Secretary of Agriculture.

Mr. GOODWIN. This is a spotty thing to some extent, but I think that the statement is justified based upon the reports from the Department of Agriculture on the overall picture.

COST OF SALARY INCREASES

Mr. SHRIVER. Under grants, on page 12, under the full-year cost of salary increases in 1967, I do not understand why not all of the States are included.

Mr. GOODWIN. They do not all go up each year. This follows the action of a statewide authority or the legislature. Sometimes within grades, for instance, can be done by executive authority but most of these larger amounts are by action of the State legislature. We would have another list next year, Mr. Congressman, and we might have an entirely different set of States on it.

Mr. SHRIVER. This is based upon the State's salary scales?

Mr. GOODWIN. Yes.

Mr. SHRIVER. Only those that have been increased during 1967 would be shown?

Mr. GOODWIN. That is correct.

GAO INVESTIGATION OF TEACHER PLACEMENT PROGRAM IN WISCONSIN

Mr. SHRIVER. I had a question about one of the GAO reports concerning a program in Wisconsin that was investigated by the GAO and report made during the year 1966. Do you recall this?

Mr. GOODWIN. Yes.

Mr. FLOOD. Investigation of what, may I ask? Did you say "teacher placement"?

Mr. GOODWIN. Yes. In this area we disagreed with the position taken by the GAO. They seemed to be saying that if a function is performed by anyone else, then the employment service ought to get out of it.

We think that a different set of criteria ought to be applied in terms of determining whether or not a service is needed in a State and whether it is wanted in that State.

Mr. SHRIVER. This concerns activities of the Wisconsin teacher placement division and the Neenah-Menasha employment office. These activities are financed from the unemployment trust fund.

a. The Neenah-Menasha office engaged in activities not essential in servicing the needs of the community. They have dealt mostly with a few large employers and their services were provided to out-of-territory applicants who could be serviced by other offices. The community has a low unemployment rate, a predominant single industry, and is within 15 miles of the Appleton and Oshkosh employment offices. As a result of their activities, they (1) have provided preferential services to certain employees, (2) have supplanted employers' normal function of hiring and inducting workers, (3) may even have inconvenienced applicants in seeking employment, and (4) have tended to induce employers to refrain from the direct hiring of applicants.

They also said this has occurred in other States.

I am wondering what your response to this would be and if anything has been done in connection with the situation that GAO pointed out.

Mr. GOODWIN. The Secretary responded to this report in a letter dated August 1, 1966.

Mr. FLOOD. Should not the record show this?

Mr. SHRIVER. I would suggest you insert your response in the record.

Mr. FLOOD. Without objection, it will be inserted.

(The information follows:)

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, August 1, 1966.

Hon. WILLIAM L. DAWSON,
Chairman, Committee on Government Operations,
2157 Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: We appreciate the opportunity to offer our views and comments on the Comptroller General's report entitled "Potential Savings Through Consolidation and Reduction of Certain Employment Service Activities in Wisconsin."

We prepared a reply to the draft of this report in March 1965. Many of the comments in our earlier reply are still pertinent. We have updated our remarks and have included those comments from our previous response which are timely and appropriate.

The recommendations in this GAO report parallel many of the conclusions and recommendations in previous reports. We believe the conclusions are not entirely compatible with the broad responsibility of the Department of Labor, under the Wagner-Peyser Act. Regarding the recommendations that we direct our recruiting efforts to individuals and groups requiring public assistance and establish servicing priorities, we feel that such actions would avoid our basic responsibilities. In order to function as the arm of the Nation's manpower agency, the Employment Service must attempt to serve all applicants and employers who request services.

In our view, the function of the Employment Service is not merely to find jobs for the unemployed. Clearly this is an important aspect of its function but we believe that it has a much broader function—one of promoting the best use of American manpower by aiding individuals to find the most suitable jobs and employers to hire the most efficient employees. This enables job holders to move from one occupation to another as present day needs vary and workers' skills increase. Dramatic changes in the Nation's economy and labor force have affected all facets of the job market. Technological advances, the rapid growth in size and important shifts in the composition of the labor force, and recent legislation to combat racial discrimination and eradicate poverty have created a new perspective for and challenge to the Employment Service. Employment Service efforts must be increased, not curtailed, in order to make adequate contribution to the well-being of individual job seekers and to the national economy. The Employment Service can perform adequately only if it provides active and efficient service at all times in all areas and makes placements in all occupations without regard to temporary shortages of qualified applicants or to the efficiency of other means of finding jobs.

We believe Congress has indicated its agreement with the purposes of the Employment Service in accordance with the above criteria. The Wagner-Peyser Act, although enacted in a period of heavy unemployment, contains no directive that service be given to the unemployed only. It provided for the establishment of employment offices "for men, women, and juniors who are legally qualified to engage in gainful occupations." This broader purpose was specifically endorsed by the Senate Subcommittee on Employment and Manpower in its 1964 report (Committee print, p. 94) when it pointed out that: ". . . the public employment service cannot and should not be restricted to placing the unemployed. An employment service which cannot service the already employed cannot effectively service the unemployed. The employer's concern is to recruit competent employees, not to take the unemployed off the labor market . . ." "From the standpoint of efficient utilization of manpower, it is also important to place an already employed worker in a job for which he is better suited as well as to bring an unemployed person into employment. In fact, the ungrading process then makes room at the bottom for the unemployed."

The Bureau and the Wisconsin agency gave careful consideration to the recommendations submitted by the GAO. Several of the recommendations have been accepted and appropriate changes in the Wisconsin operations have been made.

As of January 1, 1966, the Neenah-Menasha Office became a branch of the Appleton office. The Wisconsin agency reports that this consolidation has resulted in a savings in personnel costs and in many ways has improved the effectiveness of Employment Service functions in that common job market area. Additional savings were realized in the area of records and reports and the coordination of activities between Neenah-Menasha and Appleton has improved to a very considerable degree.

The Wisconsin agency has also curtailed specific kinds of services provided in the caddy program, in the arrangement with a large merchandising company, and in services for several Milwaukee department stores.

The Wisconsin agency has made no significant changes in the teacher placement division; however, application of electronic data processing techniques are under consideration. The Wisconsin teacher placement is organized along the guidelines issued by the Bureau which recommend operation of this service from a State level. Teacher placement is not a localized placement service; it serves a statewide and interstate job market and so cannot function effectively if operated at the local office level.

We appreciate and have benefited from suggestions offered by the Comptroller General's report.

Sincerely,

W. WILLARD WIRTZ,
Secretary of Labor.

Mr. SHRIVER. It is still the position of the Department, as it was when this letter was written?

Mr. GOODWIN. Yes.

Mr. FLOOD. What is the conclusion? Where do you wind up?

Mr. GOODWIN. Basically that this group needs services as badly as any group.

Take, for instance, the matter of the income of these teachers. They are not a high paid group. This is a group that would feel it very keenly if they were forced to pay a fee for this service. We felt that they are as much entitled to the service as any other group.

We took a look at the specialized operations, the second point the controller made, and we felt the volume there was large enough to justify the small amount of additional cost that was involved and that what the State was doing was justified.

Mr. SHRIVER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Casey?

Mr. CASEY. No questions.

Mr. FLOOD. Thank you.

JUSTIFICATION MATERIAL

GRANTS TO STATES

Amounts available for obligation

	1967	1968
Limitation or estimate	$524,000,000	$557,107,000

Obligations by activity

	Limitation, 1967	Estimate, 1968	1968 change
1. Unemployment insurance service:			
(a) State Unemployment Insurance Service	$203,292,000	$218,810,000	+$15,518,000
(b) Federal Unemployment Insurance Service	6,454,000	5,482,000	−972,000
(c) Administration and Management	12,820,000	13,606,000	+786,000
2. Employment service:			
(a) Youth services	65,354,000	68,888,000	+3,534,000
(b) Farm	18,010,000	19,105,000	+1,095,000
(c) Other	161,654,000	172,102,000	+10,448,000
(d) Administration and management	21,017,000	22,295,000	+1,278,000
3. Administration and management	23,399,000	24,819,000	+1,420,000
4. Contingency fund	12,000,000	12,000,000	
Total obligations	524,000,000	557,107,000	+33,107,000

Obligations by object

	Limitation, 1967	Estimate, 1968	1968 change
District of Columbia Employment Service:			
Total number of permanent positions	290	290	
Positions other than permanent	6	6	
Average number of all employees	278	279	+1
11 Personnel compensation	$2,227,500	$2,284,700	+$57,200
12 Personnel benefits	167,000	170,400	+3,400
21 Travel and transportation of persons	14,000	14,000	
23 Rent, communications, and utilities	328,000	328,000	
24 Printing and reproduction	21,000	21,000	
25 Other services	16,000	16,000	
Services of other agencies	152,000	152,000	
26 Supplies and materials	20,000	20,000	
31 Equipment	5,000	5,000	
Other States:			
41 Grants, subsidies, and contributions	521,049,500	554,095,900	+33,046,400
Total obligations	524,000,000	557,107,000	+33,107,000

Summary of changes

1967 limitation	$524,000,000
1968 estimate	557,107,000
Change	+33,107,000
Mandatory items:	
Increases:	
Additional funds are needed to finance the increase in personal services costs resulting from statewide compensation plan changes effective in fiscal year 1967 and increments to be paid during fiscal year 1968	+24,341,000
Additional funds are needed to provide for the increased cost of OASI taxes provided by the Social Security Act, and adoption of or increases to State retirement and health benefit plans	+3,544,000
Additional funds are needed for increased costs for nonpersonal services due to higher rentals	+3,178,000
Increase due to growth in unemployment insurance program coverage	+1,543,000
Tax and wage records workloads are expected to increase because of an estimated growth in the number of subject employers from 2,569,000 in 1967 to 2,610,000 in 1968 and in the number of covered workers from 47,670,000 in 1967 to 49,200,000 in 1968.	
Increases for changes in State laws	+1,607,000
During the 1966 legislative sessions, several State legislatures enacted amendments to their State unemployment insurance laws which will increase their administrative costs in fiscal year 1968. These increased costs will be covered by contingency funds during fiscal year 1967. The additional costs which are continuing in nature, rather than 1-time or transitional, must be provided for in the base budget for subsequent fiscal years.	
Subtotal, mandatory increases	+34,213,000
Decrease: Reduction in administrative costs for unemployment compensation for Federal employees and ex-servicemen due to lower claims workload	−1,281,000
Subtotal, mandatory changes	+32,932,000
Program item:	
Increase: Funding of civil defense functions formerly financed by Office of Emergency Planning	+175,000
Total change	+33,107,000

Activity 1. Unemployment insurance service

1967	$222,566,000
1968	237,898,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity includes administration of the State unemployment insurance programs which have been enacted pursuant to the Social Security Act and the Federal Unemployment Insurance Tax Act. The program operates through a Federal-State partnership in which the amounts necessary for proper administration of the State laws are borne by the Federal Government; and except for meeting the requirements of limited standards in the Federal laws, the States are responsible for developing their own programs. They are also allowed wide latitude in administering their programs while the Federal partner provides leadership and technical assistance and oversees the use of the funds granted for administration.

The two major functions are the collection of taxes from employers who are subject to State unemployment insurance laws and the payment of unemployment compensation to unemployed workers eligibile under State unemployment insurance laws. The State agencies also administer locally the federally enacted programs for payments of unemployment compensation to ex-servicemen and to civilian employees of the Federal Government.

CHANGES FOR 1968

Mandatory changes amount to +$15,332,000.
Program changes: None.

Program statistics

	1966 actual	1967 estimate	1968 estimate
Number of covered workers	46,118,500	47,670,00	49,200,000
Number of covered employers	2,433,000	2,569,000	2,670,000
State UI staff	24,049	22,649	22,996
Average weekly benefit amount	$38.51	$39.69	$40.70
Average number of weeks of benefits	11.6	11.6	11.6
Benefit dollars paid out	$1,895,000,000	$1,690,000,000	$1,740,000,000
Number of workers paid benefits	4,345,000	3,660,000	3,660,000
Tax dollars collected (thousands)	$3,067,000	$3,000,000	$3,000,000
Amount of State reserves (thousands)	$9,003,000	$10,540,000	$11,790,000

BASIS FOR THE ESTIMATE

Budget estimates for carrying out the unemployment insurance program in the States are based on economic assumptions and the workloads associated with the assumed level of insured unemployment. From these indicators workload estimates are projected which are translated into position requirements. Other factors such as rate of conversion to Automatic Data Processing or the fraud investigation functions do not lend themselves to a straight-line correlation in estimating costs. Budgetary needs for such functions are estimated through program analysis.

Approximately two-thirds of the staff currently required for unemployment insurance operations are engaged in taking and processing claims for unemployment benefits. These staff requirements are dictated by the volumes of claims which have been declining over the past several years but not all of them in

proportion to the decline in insured unemployment. The chart appearing on Grants–22 reflects the relative rates of decline in the four major workloads resulting from unemployment claims from the levels of fiscal year 1963 to the averages for the 12 months ending September 30, 1966 as follows: insured unemployment, 40 percent; initial claims which are filed at the beginning of a period of unemployment, 32 percent; continued claims which are filed for each week of unemployment and are the basis for the insured unemployment estimates, 40 percent; contested claims which represent those where the claimants eligibility is subject to question on the basis of the reason for his unemployment, 24 percent; and appeals which represent formal hearings on issues of claimant eligibility, 22 percent.

The staff which has been required to handle these workloads has been reduced from 17,825 in 1963 to 11,429 in 1967. The charts appearing on pages Grants–23 through 28 reflect the relative declines in workloads and in number of positions required for each of the major processes. Despite the normal expectation of higher unit costs at lower output volumes, the reduction in staff has been nearly proportionate to the decline in workloads. A better assessment of productivity in these functions may be had by comparison with fiscal year 1953. Estimated benefit workloads for 1967 and 1968 are at the lowest levels since 1953 and represent an even lower percentage of covered workers than the 1953 rate. A review of productivity in this full cycle shows that productivity has improved by an average of 15 percent.

Approximately one-third of the Unemployment Insurance staff is currently required to collect taxes and to maintain records of the tax accounts of employers and the wage credits of covered workers. These workloads have increased steadily over the years and are expected to increase further as the economy grows.

However, productivity improvements since 1953 have enabled the system to absorb a 73 percent increase in tax returns with an increase of only 43 percent in tax positions and a 23 percent increase in workers' quarterly wage items with 11 percent fewer positions in the wage record functions.

Overall, the productivity improvement from 1953 has been 16.2 percent. In the absence of this productivity improvement the program administration costs would be $27 million greater in fiscal year 1968.

To a very substantial degree, the productivity improvements have been achieved since 1953 through improved Automatic Data Processing technology which has resulted in current annual costs attributable to the Unemployment Insurance operations of approximately $7,500,000 for equipment and programmers. (Equipment operators are charged to the production functions.) In addition, in 1968 there will be costs, not yet determined, of preparation for installation of new computer systems which will have to be financed by budgetary adjustments. In other years, these costs have ranged from $500,000 to $1,500,000.

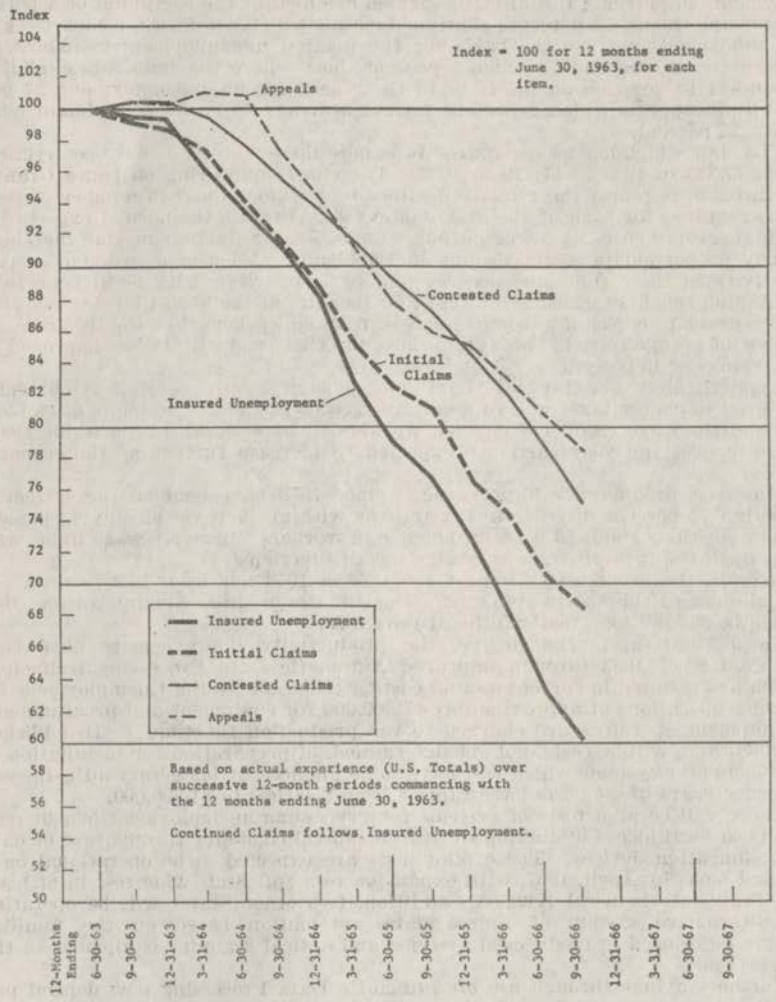
There will be pilot tests of systems for processing unemployment benefit payments in local offices by linking them to a central computer through use of data communication devices. These pilot tests are expected to be operational on a limited basis by April, 1967, with expansion to a full State-wide test in at least one State late in fiscal 1968. In addition, two other States will be operating an alternative system of source data automation based on the familiar plastic plate used in credit card systems and optical scanning equipment in the central offices.

Further savings through use of Automatic Data Processing now depend primarily on major breakthroughs in source data automation. As a consequence, savings cannot be relied on for 1968 and have not been forecast in the budget projections.

GRANTS-22

INDEX OF UNEMPLOYMENT INSURANCE OPERATIONS
CLAIMS PROCESSING WORKLOADS

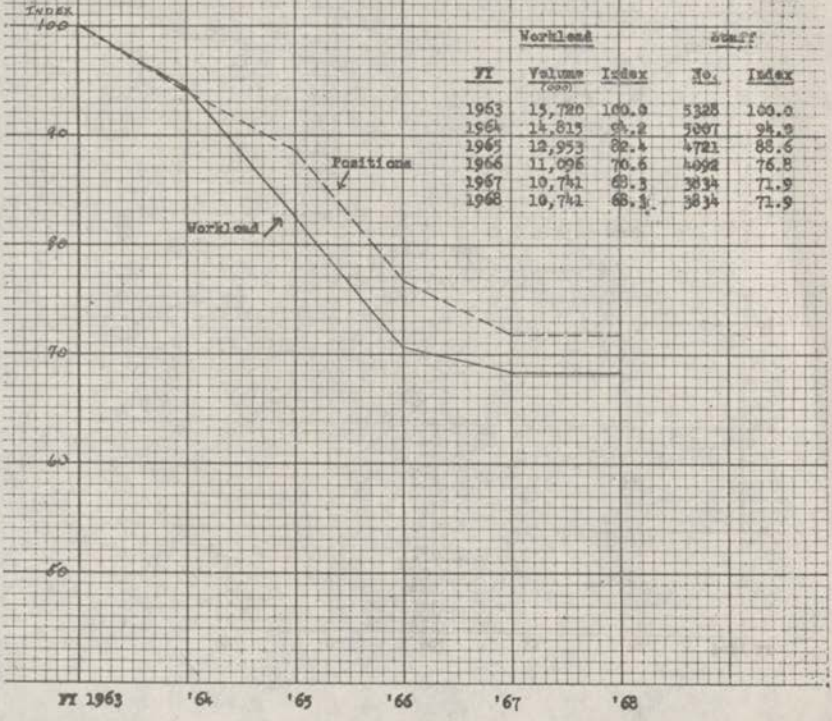
To illustrate change in workload components with change in the level of Average Weekly Insured Unemployment



Initial Claims

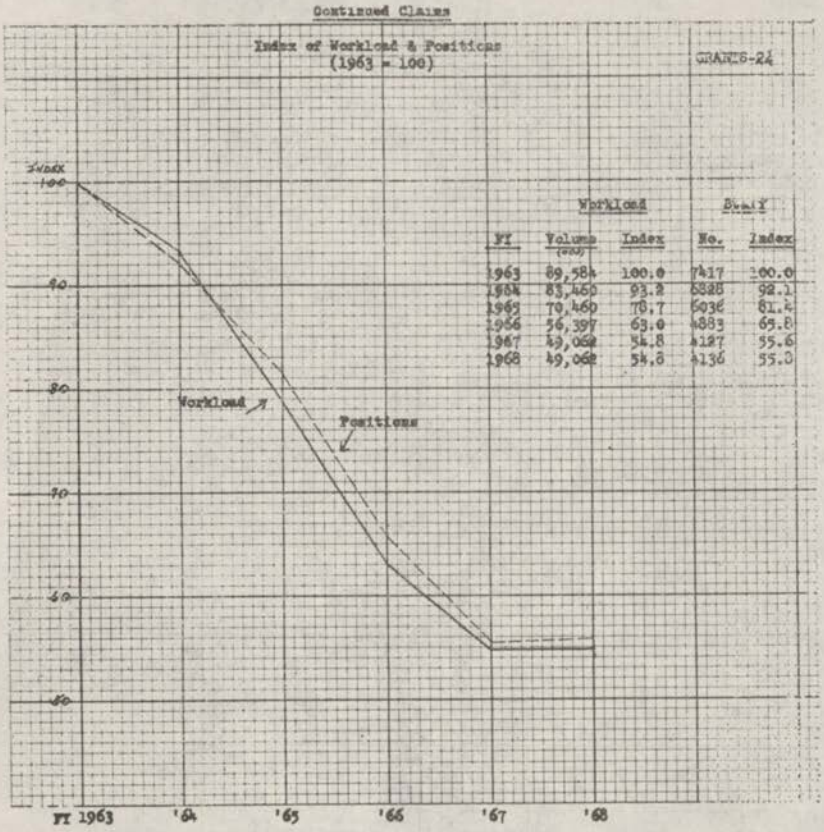
Index of Workload & Positions
(1963 = 100)

GRANTS-23



	Workload		Staff	
FY	Volume (000)	Index	No.	Index
1963	15,720	100.0	5328	100.0
1964	14,815	94.2	5007	94.0
1965	12,953	82.4	4721	88.6
1966	11,096	70.6	4092	76.8
1967	10,741	68.3	3834	71.9
1968	10,741	68.3	3834	71.9

Continued Claims

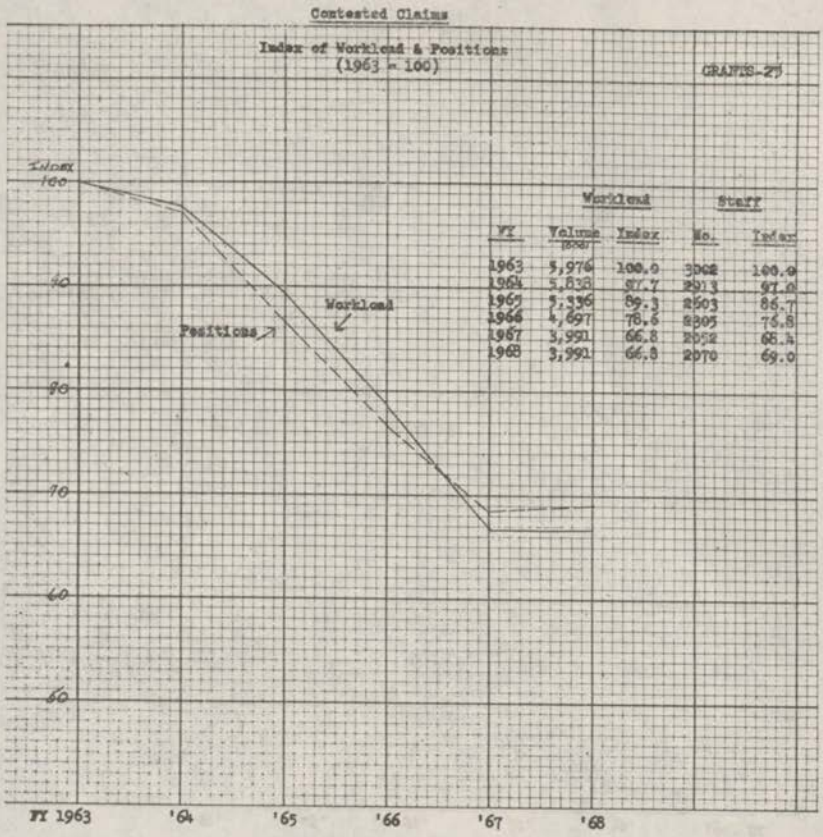


	Workload		Staff	
FY	Volume (000)	Index	No.	Index
1963	89,584	100.0	7417	100.0
1964	83,460	93.2	6828	92.1
1965	70,460	78.7	6036	81.4
1966	56,397	63.0	4883	65.8
1967	49,062	54.8	4127	55.6
1968	49,062	54.8	4136	55.8

Contested Claims

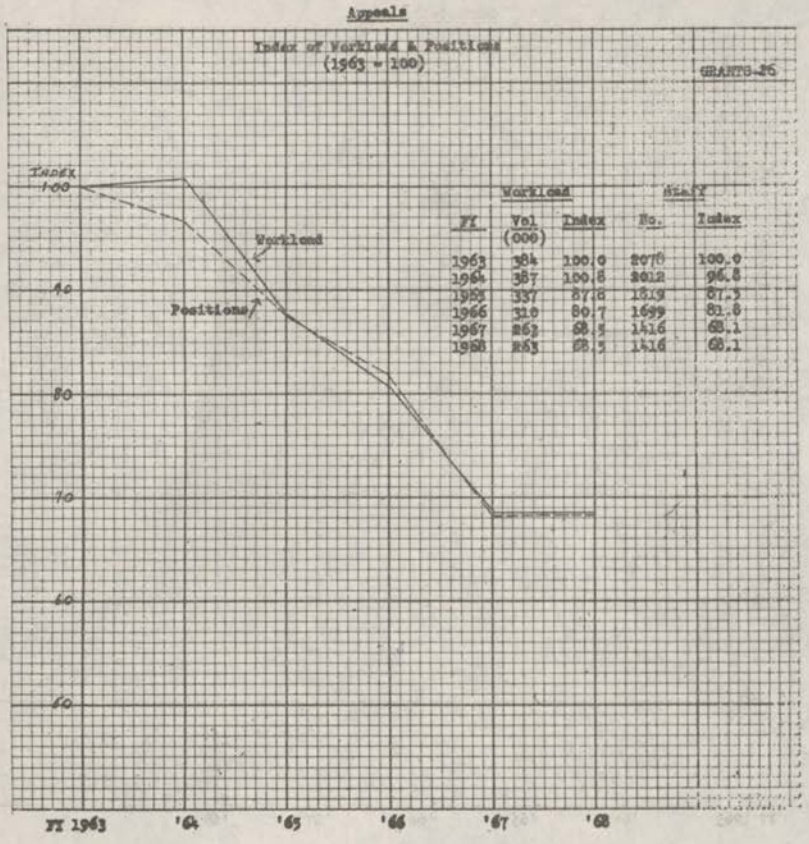
Index of Workload & Positions
(1963 = 100)

GRAPH-27



	Workload		Staff	
FY	Volume (000)	Index	No.	Index
1963	5,976	100.0	3002	100.0
1964	5,838	97.7	2913	97.0
1965	5,336	89.3	2603	86.7
1966	4,697	78.6	2305	76.8
1967	3,991	66.8	2052	68.4
1968	3,991	66.8	2070	69.0

Appeals



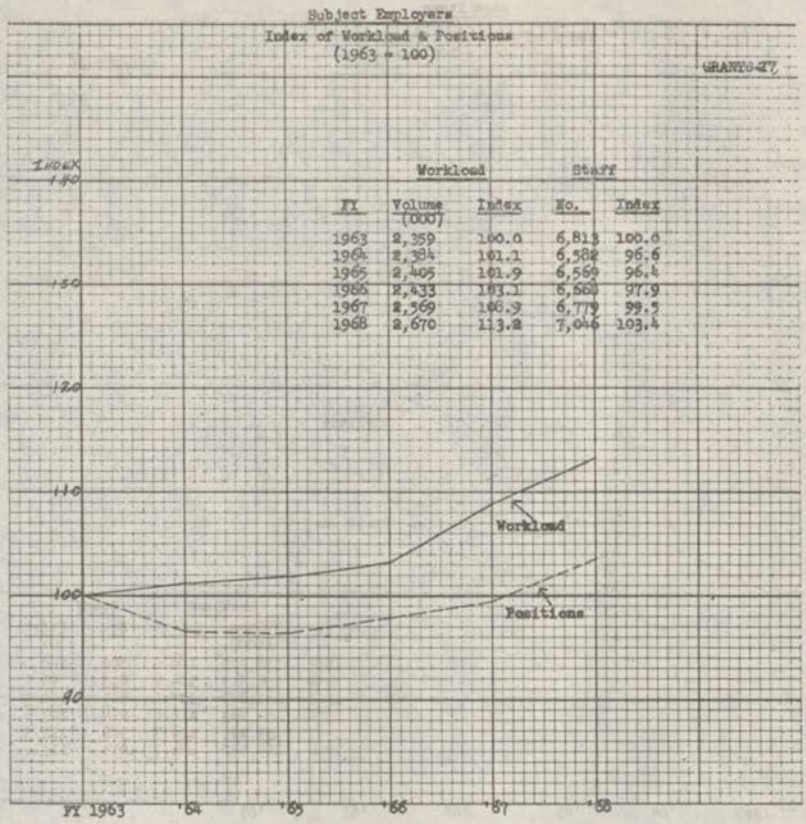
	Workload		Staff	
FY	Vol. (000)	Index	No.	Index
1963	384	100.0	2070	100.0
1964	387	100.8	2012	96.8
1965	337	87.8	1819	87.9
1966	310	80.7	1699	82.0
1967	263	68.5	1416	68.1
1968	263	68.5	1416	68.1

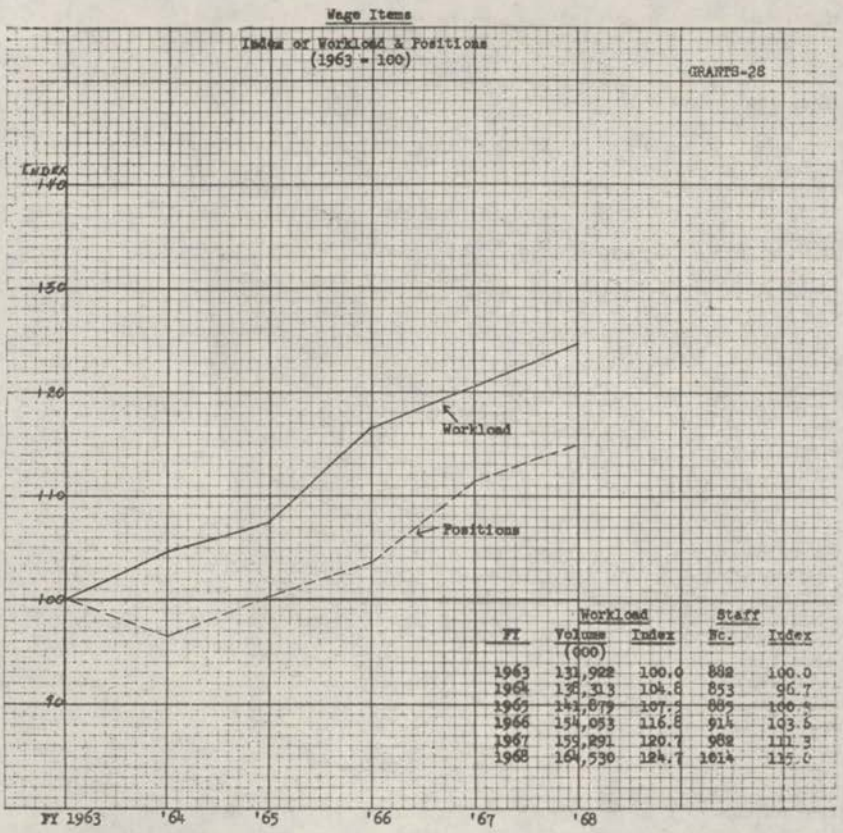
Subject Employers

Index of Workload & Positions
(1963 = 100)

GRANTS-27

	Workload		Staff	
FY	Volume (000)	Index	No.	Index
1963	2,359	100.0	6,813	100.0
1964	2,384	101.1	6,582	96.6
1965	2,405	101.9	6,569	96.4
1966	2,433	103.1	6,669	97.9
1967	2,569	108.9	6,779	99.5
1968	2,670	113.2	7,046	103.4





FY	Workload Volume (000)	Workload Index	Staff No.	Staff Index
1963	131,922	100.0	882	100.0
1964	136,313	104.8	853	96.7
1965	141,679	107.5	885	100.4
1966	154,053	116.8	914	103.6
1967	159,291	120.7	982	111.3
1968	164,530	124.7	1014	115.0

STATUS OF THE PROGRAM

Fiscal year 1966 was characterized by continued growth in covered employment and by the lowest level of unemployment insurance claims activities since the Korean War. More than $3 billion in taxes was collected from 2.4 million employers. Benefit payments amounted to $1.9 billion, the lowest payout for any fiscal year since 1957. Because of continued high tax collections and the decline in benefit costs, the total of the State reserves had increased to $9 billion by the end of the fiscal year 1966. The $3 billion in tax collections is approximately the same as was collected during each of the preceding three fiscal years. The downward trend in average employer tax rates continued with growth in payrolls subject to the tax, offsetting the effect of the lower tax rates. States continued to show a satisfactory record of collection of taxes due, with no material increase in employer delinquency. Two States had changes in State law coverage provisions effective January 1, 1966. Michigan extended coverage to firms having from 1–3 employees and New York extended coverage to households employing 1–3 domestic workers.

In fiscal years 1967 and 1968 it is anticipated that the growth in the number of subject employers will continue with some delayed impact from the changes in the New York and Michigan coverage extensions because of delayed registrations of newly covered employers. The downward trend in average employer tax rates is expected to continue in calendar years 1967 and 1968.

Continuing the trend of the past several years the level of unemployment insurance claimants fell throughout fiscal year 1966. The downward trend in the number of unemployment insurance claimants has continued for five years,

with recent weeks indicating an average level for the fiscal year 1967 of 1 million claimants per week. This same level is expected to continue in fiscal year 1968.

While the level of benefits was the lowest in many years, there were still 4.3 million persons who received one or more payments and 903,000 who remained unemployed long enough to exhaust their entitlement to benefits. The characteristics of the unemployed differed somewhat from periods of higher unemployment with a somewhat larger proportion of women, older workers, and unskilled and service workers. There were fewer workers from manufacturing, reflecting fewer mass layoffs. Conditions of fuller employment opportunities resulted in a higher rate of voluntary quits with a commensurate rise in issue cases and disqualifications. The same factors are expected to be present during the remainder of fiscal year 1967 and in 1968.

The proposed Unemployment Insurance amendments considered but not enacted by the Congress in 1966 may well affect the course of State legislation. It is anticipated that 1967 will be a particularly active year with 47 State legislatures meeting. Particular attention will probably be devoted to the weekly benefit amount provisions of State laws and to taxable wage base and tax rate provisions.

Activity 2. Employment service

1967	$266,035,000
1968	282,390,000

NARRATIVE DESCRIPTION OF PROGRAM

The United States has been undergoing an industrial, economic and social transformation since World War II which is reflected in a rapid increase in population, expansion of business, introduction of new production techniques with accompanying changes in jobs, widespread geographic shifts in plant location, and accelerated movement of population from rural to urban areas.

These forces of change and progress are not new. But what is new is the magnitude of the resulting problems and the inadequacy of basic legislation and many present institutions to deal effectively with many facets of these changes. Ironically, while we are entering the third year of relatively full employment and progress, poverty exists among the ghetto population of our urban complexes; among the poor whites, Negroes, and Indians in rural pockets; and among youth, older workers and the severely disadvantaged. Unfortunately, these individual and social problems are not solvable by traditional methods.

Out of our emerging awareness that new approaches are needed to deal with the economic and social problems of our day, has come a new concept: that of an active manpower policy. Essentially, such a policy seeks to achieve optimal efficiency of the job market by improving knowledge of available job opportunities, developing or increasing the skill levels of the population, and facilitating the process of matching workers and jobs. Within the past four years Congress has enacted legislation in which there are specific provisions relating to the complex of manpower problems. And in all cases, the implementation of these legislative enactments directly involves the United States Employment Service and its affiliated State agencies which constitute the Federal-State employment service system.

This system comprises a nationwide network of about 2,000 local offices administered by State agencies under Federal leadership with funds provided by Federal grants. Each local office operates as the manpower service center of the community and is primarily concerned with finding jobs for workers seeking employment, recruiting workers to fill employers' job openings, providing specialized services to job applicants who encounter serious difficulties in the job market, cooperating with other government agencies and with local groups to resolve the manpower problems of the area and providing job market information to all these users of such information.

As an aid to youth, particularly those who are inexperienced and disadvantaged, Youth Opportunity Centers, provide counseling and testing services, and other specialized functions which culminate in selection and referral to educational and vocational training programs, job development, referral to the facilities of other community agencies working with youth, placement on part-time and full-time jobs, and follow-up services. The Youth Opportunity Centers also provide such services to young men turned down by Selective Service for

educational deficiencies by reaching out to them through contacts at the Armed Forces examining and entrance stations immediately upon their rejection. As a part of the intensive services program to youth, personnel are out stationed in urban neighborhood areas where they contact the hard core disadvantaged youth who would not by themselves seek the services of the Employment Service.

The local offices also carry out specialized programs in vocational and employment counseling and job development for older workers, the handicapped, members of minority groups, and workers with obsolete skills. Special attention is given to the employment problems of veterans.

To provide workers and employers with a basis for making sound employment decisions and to facilitate other basic operations, local offices gather and interpret information regarding current and anticipated employment and turnover data. They prepare estimates of future changes in occupational demand and supply with particular emphasis on the effects of automation, technological change, and other industrial innovations. Job opportunity information is secured to more effectively match men and jobs, and area employment and unemployment information is prepared for use in planning, developing, and carrying out action programs and for area economic analysis.

Local offices also provide other services to employers such as job analysis, aptitude and proficiency testing and assistance in establishing in-plant training. They cooperate with community organizations seeking to expand employment opportunities through the formulation and execution of plans to develop an area's economy and maintain formal arrangements for the exchange of services and employment information with the vocation schools, vocational rehabilitation, antipoverty and other agencies within the individual States.

In addition the system of local employment offices provides special services to the Nation's farmers and farm workers. They recruit and place year-round farm workers, help farmers meet critical seasonal labor needs and help farm workers increase their annual gainful employment. This is done by scheduling workers groups for successive seasonal jobs in different places. Local offices also organize day haul programs for youth and others not normally in the farm work force to meet peak seasonal needs. In addition to the basic placement of agricultural workers, local offices also cooperate with State and community organizations in programs seeking to improve the welfare of migrant workers and their families.

CHANGES FOR 1968

Mandatory changes amount to +$16,180,000.

Program changes: Funding of civil defense functions formerly financed by Office of Emergency Planning, +$175,000.

CIVIL DEFENSE

Based on Federal guidelines provided to States pursuant to Executive Order 11000, State employment security agencies have developed manpower plans and associated documents for the use of their facilities and capability in the mobilization of civilian manpower with respect to any national emergency including a nuclear attack upon the United States. Such plans and documents include individual State (in many instances local) manpower plans, individual State emergency operating procedures for the guidance of State and local employment service personnel, memoranda of understanding between State employment security agencies and departments of State government, provision for operations from an alternate headquarters site, guidelines for pre-positioning in local public employment offices of stand-by orders for key occupations in the Department of Army installations.

Heretofore, the State employment security agencies' defense readiness activities have been funded through appropriations made to the Office of Emergency Planning and allotted to them through the Department of Labor and its Bureau of Employment Security. The funds requested for fiscal year 1968 will provide the keeping of existing State and local manpower plans and related documents up-to-date and maintaining intact the existing Federal-State local capability and partnership essential for the effective mobilization of civilian manpower. To accomplish these objectives during fiscal year 1968, State employment security agencies will:

1. Serve as occupational information source to the local boards of the Selective Service System on critical occupations.
2. Maintain through updating the State plans for the emergency management of manpower.
3. Correlate the utilization of manpower to any on-going mobilization effort.
4. Maintain operating procedures and manuals for the management of manpower.
5. Maintain and test plan for continuity of State employment security operations in event of a nuclear attack.
6. Implement at State and local office level the memoranda of understanding between the Department of Labor and Federal agencies.
7. Update stand-by orders for key occupations needed by Department of Army installations in event of mobilization and pre-position in cooperation with them in local public employment offices.
8. Review local plans for management of manpower in a national emergency.
9. Implement Bureau of Employment Security guidance on adjusting manpower operations to any on-going, foreseeable, or possible mobilization effort.

A total of $175,000 will be required for the above activities in fiscal year 1968.

BASIS FOR THE ESTIMATE

Cost elements for Employment Service activities are affected by the number and type of applicants seeking work, whether they are readily placeable or not, and by the conditions of the economy in each local office area.

Increasing population and labor force growth, especially the continuing surge of youth into the work force, the dislocations of mature workers resulting from changing technologies and plant relocations together with pressure for experimentation with in-depth services to the hard-core unemployed, will result in an increased demand for public employment office services in fiscal 1968. About 11 million job seekers are expected to register with the Employment Service in fiscal 1968. This is expected to include over 1.6 million job seekers age 45 and over, about 4.6 million youth under age 22, and a half million handicapped workers. Applicants are an uncontrollable workload for the Employment Service: only unemployment insurance claimants are required to register; all others use the Employment Service on a voluntary basis.

To maintain the quality and quantity of its services within present authorizations, the Employment Service is reviewing assignments as priorities, redirecting programs and reassigning resources from lower priority activites to program areas where the need is greatest.

Despite, and partially as a result of, our growing economy and declining unemployment rate, the proportion of persons in the unemployed work force with severe employment problems is increasing. To alleviate this problem, it has been necessary to initiate programs such as the Human Resources Development Program, especially designed to serve disadvantaged segments of the country's population.

This recently inaugurated program is concerned with reaching out and developing the employability of the hard-core unemployed in nearly 150 major metropolitan areas plus rural areas, by providing intensive employability services, training and work experience. This also involves job solicitation on an individual applicant basis and the promotion of equal opportunity with employers on behalf of individual applicants—a difficult, time-consuming job-finding activity. The funds available in fiscal 1967 provide for a modest beginning of the Human Resources Development program. When one considers that for every person reached in the ghetto neighborhoods and referred to employment, or NYC, MDTA, or Job Corps training programs, there are five or six others who need intensive counseling and job development services. Clearly, an aggressive and comprehensive job development program is needed to complement the Human Resources Development program.

There are nearly 3 million employers in areas served by Employment Service local offices. To find the job opportunities with which workers could be matched, the Employment Service local offices must establish effective working relationships with more employers. The offices must keep informed of employers' changing needs, present the qualifications of job seekers currently available or who can be trained, and assist in the modification of job specifications to permit use of their skills. Information on labor supply and demand must also be provided to employers, educators, and other local groups to facilitate community employment

efforts to improve utilization of their manpower resources. Compounding job development difficulties has been the movement of many firms to suburban areas, thereby creating additional problems of travel time and costs in job development efforts. The Employment Service must increase the scope of its job-finding efforts if it is to provide adequate assistance to job seekers residing in the central city ghetto areas.

Efforts to improve the interarea clearance system will continue in fiscal year 1968. This system provides a means of matching workers for whom no suitable job openings can be found in the areas where they reside with job vacancies in other areas that cannot be filled with local workers. Research and planning in this program will emphasize the use of automatic data processing systems, elimination of unnecessary paperwork and reduction of channels of communication.

Occupational job market information is critical to the operation of a comprehensive manpower system. A start has been made in fiscal 1967 by providing for manpower requirements and resources surveys in twenty metropolitan areas. This program should be expanded and a national system of reporting and interpretation developed. An extensive resource survey program for metropolitan areas which would encompass a significant portion of the manpower labor force should be operative in at least 55 additional areas. All possible means of improving current operations are being explored to provide resources for expansion of this program.

The Employment Service is continuing to develop new techniques to increase effectiveness of utilization of resources. For example, a self-registration procedure is provided to save interviewing time when the applicant can prepare an adequate application himself. Another example is the use of telephone and direct mail contacts to help find jobs instead of more time consuming personal visits to employers. Such methods are used wherever these methods can most efficiently serve the job-finding purpose. Still another example is the adjustment of local office hours to assure that they are best suited to the needs of job seekers which in turn makes maximum use of staff resources.

In view of the increased demands for service expected in fiscal year 1968, it is evident that it will be necessary for the Employment Service to husband its resources carefully and utilize them in a manner that will provide fullest possible service in the area and for the purposes where the needs are the greatest.

STATUS OF THE PROGRAM

Employment Service

The House Committee on Appropriations, in its report concerning the fiscal year 1967 budget request, took note of the fact that a substantial reduction in State programs was planned but that at the same time a substantial increase was budgeted for the Youth Opportunity Centers. The report goes on to state that:

> "The Committee agrees that these centers are important but it is the view of the Committee that the old-line, basic activities carried out by the employment security agencies of the States are also important and that the budget presented was not in proper balance. The full amount of the total budget request has been allowed by the Committee with the understanding that a better balance will be effected"

In accordance therefore, with the Committee's directive, the Bureau has reassessed plans, redirected programs and redesignated staff resources. This is in 1967, being carried out on a continuing basis. The overall objective to achieve the fullest utilization of the Nation's human resources and at the same time the most effective and balanced utilization of available staff and funds are encompassed in four major categories, as follows:

Human Resources (employability) Development
Job Development and Placement
Manpower and Employment Information
Administrative and Technical Support

The Employment Service program will continue to move in this direction in fiscal year 1968. The Bureau believes that, with careful planning within the framework of present staff in the State agencies, substantial progress can be made toward achieving its objectives. As stated above the programs have been developed in full cognizance of the need for balance in employment security activities. The emphasis on the four broad categories noted and the new approaches they entail will update the old-line functions to better meet the problem of the 1960's.

Employment Service workloads, fiscal years 1966–68

[In thousands]

	Actual, fiscal year 1966	Estimated, fiscal year 1967	Estimated, fiscal year 1968
1. Services to applicants:			
Number of new applications	10,442	10,800	11,000
Number of individuals counseled [1]	1,096	1,134	1,150
Number of counseling interviews [1]	1,969	2,041	2,300
Number of individuals tested [1]	2,330	2,415	2,450
2. Service to employers:			
Nonagricultural referrals	13,746	13,837	13,887
Agricultural referrals	4,773	5,500	5,500
3. Nonagricultural placements including AHA	6,804	6,850	6,875
Agricultural placement	4,337	5,000	5,000
4. Special applicant groups:			
Youth applications	4,157	4,363	4,600
Older worker applications	1,568	1,620	1,650
Handicapped applications	448	475	525

[1] Excludes manpower development and training activities.

Human Resources Development

The White House Conference on Civil Rights made extensive recommendations concerning the need for "Human Resources Development Centers in areas of substantial Negro unemployment" and further recommended that "these Centers should take an individualized approach to the job, training, and related needs of workers with especially serious job market problems." A modest beginning toward the implementation of this recommendation was made by the Employment Service in fiscal year 1966 and the program is continuing with all available resources in fiscal year 1967. The Human Resources Development Program calls for a plan of action from each State employment service indicating the manner in which it plans to deploy staff to provide comprehensive manpower services to disadvantaged youth and adults, recognizing, of course, that the depth and dimensions of the problem far exceed the resources available to deal with it. The following specific activities are essential to the program:

(1) Outreach to individuals;

(2) Determination of needs of individuals to develop employability;

(3) Referral to needed supportive health and welfare services;

(4) Referral for training;

(5) Intensive job development with employers;

(6) Referral to youth and adult work programs such as the Neighborhood Youth Corps and the Job Corps as well as placement of those "graduating" from such programs;

(7) A job market information program to determine where job opportunities exist and how they can best be filled by the hard-core unemployed; and

(8) Essential administrative and supervisory support.

This program is now underway and the results are promising. On the basis of experience thus far, State employment services have confirmed that:

(1) Unemployment rates among the disadvantaged and the minorities are double and, in many areas, more than triple those for the area as a whole;

(2) Underemployment is an even more serious problem which seriously hampers efforts to reach and serve the disadvantaged;

(3) A majority of those reached require intensive, time-consuming services accompanying follow-up efforts to insure that the entire process is not aborted because of such factors as (a) the disadvantaged applicant fails to show up, (b) the employer fails to make special provision to keep the applicant on the job, or (c) the training agency does not make special provision to keep the applicant in the training program;

(4) One of every two reached requires some type of health or welfare service essential to acceptance for training or employment and to survival in training and on the job. These services range from mental, physical and dental health to day care and family service counseling;

(5) Job development efforts, to be successful, require a revolutionary approach in which the employer is willing to accept his fair share of workers who are vir-

tually unskilled and untrained and to provide training and supportive services on the job which go far beyond traditional induction training responsibilities;

(6) New and innovative approaches must be devised to link publicly financed work programs, training programs, supportive health, education and welfare services and employment opportunities in competitive employment in such a manner as to serve the complex needs of the severely disadvantaged.

Fiscal year 1966 and 1967 allocations for Human Resources Development activities constitute the basis for a beginning effort. Experience in demonstration programs in Chicago, Houston, Los Angeles, St. Louis, and Rochester, New York, indicate that the program can be extended with maximum effectiveness to other metropolitan areas where the need is very great. There is, in addition, a need to provide such service to rural pockets of poverty primarily with mobile teams. Further, there is a need to augment staff assigned to complementary activities which provide special services to such individuals as minority group members, youth, older workers, the physically and emotionally handicapped, and veterans.

1. *Outreach Activities.*—

a. Urban Area Outreach: During the current year, staff available for specific activities related to the Human Resources Development Program in ghetto neighborhoods of major metropolitan areas have endeavored to:

(1) Accelerate the total human resources development effort, including outreach.

(2) Provide for in-depth services required by the disadvantaged in order to make them "job ready."

(3) Insure that those reached and referred to jobs receive the supportive services they need to remain employed.

b. Outreach in Smaller Communities: People in small towns have never received their appropriate share of the kind of employment service assistance available in urban areas. Existing employment service offices are often too remote from many small communities to provide meaningful services. There are approximately 1,900 counties in the United States without local employment offices. It is the goal of the Smaller Communities Program to reach out to these areas and provide services to increasing numbers of the 17½ million low income rural citizens who reside there. Refinements in approaches developed through experience are used to increase coverage. A person-to-person approach is employed to contact and help those disadvantaged persons who have lost the motivation to rise above the way of life they have come to accept as inevitable. Emphasis is being placed on providing increased services to those sections of the South, Appalachia, and certain parts of Texas, Oklahoma, and Iowa whose inhabitants suffer from persistently low income.

In fiscal year 1966, the program, utilizing a total of 100 positions, operated in 15 States and served 45 counties. A total of 51,000 applicants were interviewed and provided job market information; 15,800 were counseled; 14,900 were tested (General Aptitude Test Battery, etc.) 1,230 placements were made; 660 were referred to the Neighborhood Youth Corps, 1,650 were referred to training under the Manpower Development and Training Act; 300 were referred to Job Corps; and 750 were referred to other agencies such as Vocational Rehabilitation, Welfare, etc. In addition, Human Resources reports were prepared on each of the 45 counties and Economic Base Reports were prepared on 30 counties. This information was used by county officials and voluntary groups in efforts to attract new nonagricultural industries to the area. The program has been extended to three additional States and 24 additional counties with the 48 additional positions allocated in fiscal year 1967.

2. *Services to Youth.*—Youth, and particularly those from ghetto neighborhoods and rural pockets of poverty, constitute a major constituency of the Human Resources Development Program. In the past three years a large proportion of resources, representing 6,616 positions by fiscal year 1967, has been allocated to the development of intensive counseling and placement services for youth by the creation and staffing of Youth Opportunity Centers (YOC) and in the provision of special youth serving staffs in other local employment offices. For the most part, Youth Opportunity Centers have been located in proximity to but not physically within ghetto neighborhoods, and have been set up to serve *all* youth and *not* just the disadvantaged. With the initiation of the extensive human resources development program directed to ghetto neighborhoods in fiscal year 1967, greater numbers and proportions of disadvantaged youth will be

channeled into YOC's and other local employment office facilities. It is anticipated that this trend will be accelerated as the human resources development program in both urban and rural areas progresses.

The overall numbers involved present a prodigious problem in the coming year. The youth population is expected to increase by about one million in 1968 over the 20.2 million in 1967. Since a great number of the additional youth will come from low income, poorly educated families living in ghetto neighborhoods and rural slums, their problems of vocational adjustment are expected to be most severe.

Services to the seriously disadvantaged carried out in cooperation with community action programs in ghetto neighborhoods require greater staff time because of the very complex nature of the problems confronting these youth as a result of the environment, cultural and family backgrounds from which they come.

The annual President's Youth Opportunity Campaign is reaching more youth needing summer employment each year. From May through August 1966, 914,000 youth applied for summer jobs and 543,000 employers responded to the President's appeal to provide employment for them. The campaign resulted in 743,000 agricultural placements and 241,000 non-agricultural placements of youth in summer jobs. It is anticipated that these figures will be substantially exceeded in fiscal year 1968.

In fiscal year 1966, 4,157,000 youth filed applications for work; 703,000 new applicants were counseled; and 1,826,000 non-agricultural placements were made. It is estimated that this activity will increase to 4,363,000 new applications in fiscal year 1967 and 4,600,000 in fiscal year 1968; 739,000 initial counseling interviews in fiscal year 1967 and 779,000 in fiscal year 1968; 1,866,000 non-agricultural placements in fiscal year 1967 and 1,876,000 in fiscal year 1968.

The case histories below illustrate the type of youth that is being served, the variety of supportive services and some indication of individual successes.

Case #1

Gerald M. had only one year of high school, and that treminated in 1963. But Gerald went into Job Corps last year and earned himself a good recommendation from the camp director. While there, he brushed up on his academics and also studied Electronic Assembly and Basic Electricity.

Geralds first intreview at Woodlawn Youth Opportunity Center was on March 22 of last year. The counselor was impressed with Gerald's mature bearing and intelligence, but the situation was "no suitable openings." He returned four more times and was referred on four jobs. The fourth referral finally put Gerald where he wanted to be. He was hired by the Naidinger Manufacturing Company as a relay tester.

The foreman there phoned the YOC last week and gave us a great ending to this story, "Send us more like M.," he said, and added, "If Gerald stays with us, he's got himself a career right here."

There is little we need to add except to say that Gerald's starting pay is $2 per hour—Not bad for an 18 year old!

Case #2

Horace Y. first came to our office with his father on February 1, 1965. The family consisted of Horace, age 19, a younger sister 12, his mother 49 years, and his father 62. The father was a disabled coal miner, who had not had steady employment for the past 10 years and the mother had never worked outside of her home. The family was receiving Aid to Dependent Children. They lived in a run-down three-room house. Neither parent had finished the 8th grade in school.

Horace had only gone to the 8th grade in school and had dropped out when he was 15 years of age because, he said, "I couldn't learn too good." He said he liked to work with his hands and did part-time work for neighboring farmers. The mother told us that he did all the odd jobs around the house because the father's health was bad. The case worker said Horace was a "good boy" but he had never had a chance.

The little town where Horace was born had a population of around 700 people. He had never been away from home a day in his life, except to visit an aunt living in a nearby town about 20 miles away. He had never been on a bus or a

train, and when we notified him that he was being assigned to a Job Corps Camp in Albuquerque, New Mexico and would ride in an airplane he looked a little concerned and then said, "I guess the plane would be safe, won't it?"

Horace made the trip to camp safely and upon his arrival wrote the counselor a card. He thanked us for sending him, but we could hardly make out his words and sentences, the spelling and writing were so bad. We kept in touch with him through an aunt who lived near. She let us read all the letters he sent her and he wrote her every week. The first letters were very poor, but after the first seven months, the improvement was unbelievable.

He dropped in to see us on his Christmas leave. He said he wanted to thank us again for giving him a "second chance." He said he was being transferred to another camp soon where he was going to learn to be a welder. He said he knew he could get a job anywhere after he came home from camp because now he knew how to read and write and was also getting a chance to learn a trade. He said, "I didn't think I could do it, but I did!"

Case #3

Hal is a young male applicant 19 years of age, married, with one child, and wife expecting another, who migrated to this city six months ago. He had been unemployed approximately three months since coming to Chicago. When one of the community workers visited this home and interviewed the family, it was discovered that they were in dire need, not only of employment, but also food. It was questionable whether they would be able to remain in the home of friends, since they were unable to pay rent.

This case was brought to the attention of the counselor who immediately saw the necessity of securing employment for the youth and emergency assistance in the form of food, rent, etc. This created a problem in view of the fact that public assistance could not be granted to this family because of the County Residence law. However, the counselor was able to find immediate employment which necessitated the youth taking the physical examination, as well as having to have certain safety equipment such as shoes, etc. for the job.

Counselor continued her efforts in seeking supportive services needed by this family. Her persistent efforts resulted in securing emergency assistance for the family in the form of money for food, rent, working clothes and shoes which would carry the family until the youth received his first pay. As an aftermath, the young man who is employed on the evening shift is now taking basic education training to increase his present education level, which is at the sixth grade.

3. *Apprenticeship Information Centers.*—Another important component of the total Human Resources Development Program is the promotion of apprenticeship opportunities for youth and young adults, particularly from minority groups. This program is carried out by the Employment Service in major cities through Apprenticeship Information Centers. The main function of the Centers is to assist minority members to enter apprenticeable trades.

This is accomplished by:

a. Working with unions, employers and Joint Councils to change attitudes and beliefs which stand in the way of apprenticeships for minorities;

b. Reviewing and reducing arbitrary selection requirements which screen out minority members;

c. Determining more precisely what job opportunities exist in apprenticeable occupations; and

d. Coaching young people to be better able to deal with application, testing and interviewing procedures which may inadvertently or purposely bar apprenticeship opportunities for minority groups.

There are currently 24 Apprenticeship Information Centers located in major metropolitan areas, each staffed by at least three persons for a total of 76 positions.

In fiscal year 1966, 24,000 persons filed applications at these centers and 10,000 were referred to apprenticeship sponsors. Applications are expected to increase to 32,000 in fiscal year 1967 and to 40,000 in fiscal year 1968. Referrals to sponsors are also expected to increase, to 13,000 in fiscal year 1967 and to 17,000 in fiscal year 1968.

4. *Services to Older Workers.*—An important aspect to the Human Resources Development Program is the provision of specialized services to applicants over

45 who are experiencing difficulty in getting or holding a job primarily because of age. This group includes those with obsolete skills; a substantial portion of the long-term unemployed; widows with little or no work experience forced to return to the job market; men who suddenly become unemployed and have no idea of how to go about job-hunting; and retirees in need of part-time employment to supplement their retirement incomes. It also includes many Negroes, Spanish-Americans and other who are in the "double jeopardy," job-wise, because of age and minority group status. Many require individual counseling and job development services as well as group services to guide and to motivate their search for a new job.

In fiscal year 1966, the Employment Service initiated a systematic program for intensified services to older workers. Service units were established in five major metropolitan areas on a project basis. Staffs of specialists in these units provide a comprehensive and concentrated program of service adapted to the needs of middle-aged and older workers in the communities in which they are located. Even in the short time these units have operated, significant results are seen in terms of counseling and placement services to individuals who otherwise might have remained unemployed for lengthy periods.

In fiscal year 1967, the Employment Service is installing similar units in 20 additional cities, bringing the total positions for specialized services to older workers to 528. It is anticipated that older worker applications will increase from 1,568,000 in fiscal year 1966 to 1,620,000 in fiscal year 1967 and 1,650,000 in fiscal year 1968. Because the applicants recruited by the intensive service units will include substantial numbers of the "hard to place" workers, individuals counseled are expected to increase from 98,000 in fiscal year 1966 to 215,000 in fiscal year 1967 and 236,000 in fiscal year 1968. Placements of older workers are expected to rise from 1,306,000 in fiscal year 1966 to 1,344,000 in fiscal year 1967 and 1,424,000 in fiscal year 1968.

5. *Services to Minoritics.*—Members of minority groups have long been denied employment opportunities for reasons not related to performance requirements or occupational qualifications. Many employers, labor organizations, employment agencies, and groups of workers have traditionally created artificial barriers against certain workers because of their race, religion, color, sex, or national origin. Such denial prevents full utilization of the labor force and, in many cases, constitutes a violation of the Civil Rights Act of 1964 as well as State and local statutes.

The Human Resources Development Program is designed to reach increasing numbers of Negroes, Spanish-Americans and others in ghetto neighborhoods. It is also designed to serve American Indians whose unemployment rate is three times that of other minority groups. Full service to them requires the assistance of minority specialists in State and local offices.

To help members of these groups overcome the effects of discrimination and disadvantage, the Employment Service exerts special efforts such as intensive recruitment, promotional effort and job development. This emphasis must be reflected in all regular employment service functions as well as in specialized services to assist minorities to counteract artificial restrictions and compete favorably in the job market. In addition, the Employment Service must cultivate and maintain good working relationships and cooperative efforts with such organizations as the Urban League, the NAACP, the League of United Latin-American Citizens, and other national, State and local organizations concerned with the social and economic problems of minorities and the indigent.

Currently, 101 minority specialist positions are allocated to the States. It is their primary responsibility to provide leadership in the planning and development of the program, to provide functional supervision of local office activities, and to evaluate the effectiveness of services to minorities. Some of the activities undertaken are:

a. Training of local staff in the objectives, procedures and techniques of improving services to minority groups.

b. Reviewing and evaluating local office services to minority groups and reviewing local office compliance with the Civil Rights Act of 1964.

c. Planning and carrying out educational and promotional activities to encourage employers to expand job opportunities for minority groups.

d. Assisting local office managers to appraise the need for special emphasis in specific areas of service to minority groups.

e. Developing and maintaining the cooperation of employers, unions, government agencies, and various organizations engaged in promoting and assuring equal opportunity for all workers on the basis of their job qualifications.

f. Developing and directing programs to encourage minority group persons to improve their skills and employability through vocational training and education.

6. *Services to the Handicapped.*—In fiscal year 1966, the State employment services placed 298,000 handicapped workers or about 65 percent of the 448,000 such individuals from whom applications were received. It is expected that the number of handicapped applicants will reach 475,000 in fiscal year 1967 and 525,000 by fiscal year 1968. It is also estimated that initial counseling interviews will increase from the 152,000 conducted in fiscal year 1966 to 164,000 in fiscal year 1967 and 177,000 in fiscal year 1968. Placements of handicapped applicants are estimated at 323,000 for fiscal year 1967 and 350,000 for fiscal year 1968. Included in this anticipated workload are the following groups requiring specialized services:

a. An estimated 25,000 applicants will be referred to State Divisions of Vocational Rehabilitation, an increasing number of whom are very severely handicapped persons who require intensive, individualized attention.

b. About 5,000 parolees and probationers requiring counseling, selection and referral for training and placement.

c. An increased number of persons rehabilitated under the Federal Offenders Rehabilitation Program.

d. An increased number of persons reached in outreach programs who have physical disabilities and other handicaps such as arrest records or discharge from the military services under other than honorable conditions which stand in the way of employment.

e. An estimated 100,000 persons released each year from mental hospitals who are considered ready for return to normal living but who require special placement and counseling assistance.

In addition to the responsibility for functional direction of the program, specialists in services to the handicapped are responsible for providing training and assistance to the thousands of interviewers and counselors in State employment services who have contact with handicapped applicants for work. It is estimated from a recent survey that there are 4,000 State employment service personnel who need basic or refresher training in services to the handicapped.

At the present, some 107 specialist positions are devoted to improving both the quantity and quality of local office service in behalf of the handicapped.

7. *Services to Veterans.*—The Veteran's Readjustment Benefits Act of 1966 extended to post-Korean veterans (those who served only after January 31, 1955) the same "maximum of job opportunity" which the earlier GI Bills provided war veterans. Enactment of the new law requires that provision be made for handling the resulting increased workload of the public employment service. Upon passage of the new GI Bill on March 3, 1966, a backlog of 3.8 million post-Korean veterans immediately were covered by its employment provisions, as of November 1966, there were 4.3 million such veterans in civil life. For the first time since the end of the Korean Conflict, coverage also extends to virtually all members of the Armed Forces at the time they are separated from activity duty. An estimated 725,000 veterans will be separated during fiscal year 1968.

In fiscal year 1966, 1,172,500 veterans registered for employment in the State local offices. These veterans were placed in 974,200 jobs. Approximately 103,800 of these jobs were filled by disabled veterans. In fiscal 1967, an estimated 1,600,000 veterans will make application for employment at the local offices, and an estimated 1,400,000 will be placed. This includes an estimated 110,000 job placements of disabled veterans. An increased workload is projected for fiscal year 1968.

Local office veterans employment representatives are primarily responsible for accomplishments in this area. In the first quarter of fiscal year 1967, veterans placements have increased by over 35 percent from the similar period last year—from 228,400 to 309,400. Local office employees interview and counsel veterans: they assist in converting skills acquired during military training to civilian job requirements; they refer them to training projects to upgrade skills learned during military service; they refer them to job opportunities.

The Veterans Employment Service has cooperated with base commanders in arranging employment briefing sessions at military installations to provide as-

sistance to prospective military retirees. In fiscal year 1966, 469 comprehensive employment briefings were arranged, for a total of 28,000 career military retirees. Frequently, arrangements are made for more intensive interviews on an individual basis at employment service local offices. These employment service orientation sessions for retirees are held in conjunction with the Defense Department, the Veterans Administration, the Civil Service Commission, and other governmental agencies. An extension of this type of briefing will have to be made to provide a similar orientation to the new post-Korean veterans. Other specialized services will be needed to help them make a smooth transition from military to civilian employment. These services are to be provided both on the military bases and at local employment offices. In addition, increased liaison with the some 190 military hospitals will provide employment assistance to recuperating servicemen who anticipate future employment.

This will be the first time that many of the post-Korean veterans, whose average age at time of separation is 22, have faced the problem of locating civilian employment which utilizes their abilities to the maximum. They need to be advised on how to go about getting a job and/or job training and how to relate their military experience and other capabilities to civilian jobs.

Job Development and Placement

1. *Employer Relations.*—Our Nation's manpower and skill shortage problems require that Government and industry share the responsibility of remaking jobs to fit people and working with people to enable them to fill jobs. Human resources development is meaningless unless there is a job in the immediate future for the unemployed, the disadvantaged and the handicapped.

Job development for people not having the desirable amount of training and/or experience for maximum job performance is not easy. Employers must be persuaded to reverse past policy and hire the hard-to-employ. It means that the Employment Service must continue and expand its effort to create a climate in which all other available forces—employers, unions, community agencies unite with it—and *act*. One operating example of this kind of cooperation is the Plans for Progress organization made up of about 400 major industrial firms. Another encouraging development is that certain long-time critics of Federal social programs, namely, industries and trade associations are now urging businessmen to become involved.

Business and industry provide the major share of the job opportunities. It is to the Federal-State Employment Service that increasing numbers of employers, large and small, turn for guidance and advice on hiring policies and job development and training programs for dealing with those inadequately educated or prepared for employment. Local Employment Service offices are providing monthly reports of increasing employer, union, and community cooperation in the restructuring of jobs and elimination of unrealistic hiring practices which enhance the employment of "disadvantaged" youth and adults.

This is understandable since equal opportunity and civil rights legislation have had an impact upon the employer's traditional desire to hire only the best qualified job applicants, who can become productive and profitable employees with a minimum amount of training. Changing these employer attitudes requires continuing efforts by job development and placement staff of the Employment Service.

The Employment Service must provide leadership and coordination of efforts, dissemination of information, and a continuous program of job development activities in cooperation with employers. Such a program cannot be left to chance nor be considered a casual affair if there is to be any progress in our country's efforts to bring the "disadvantaged" minorities into the mainstream of our economy.

"Job Development" is the process of creating jobs where no available openings apparently exist. To this end the job developer attempts to change existing employment practices and attitudes so that:

a. Highly skilled jobs are restructured into component units at different skill levels permitting utilization of lesser skilled and unskilled personnel, and at the same time, permitting more effective utilization of the skilled personnel.

b. Entry level jobs are redefined to permit employment of people who could not meet previously established requirements which may be higher than the job actually demands, e.g., high school graduation.

c. More steps in the promotional ladder of a job sequence are provided to permit utilization of personnel who cannot meet presently established standards, e.g., establishing such jobs as laboratory aides, draftsman aides, garage washrack attendants, etc.

Many employers particularly large companies, have voluntarily engaged in job development activities in order to meet man-power skill shortage problems. Most employers, however, have not yet made the effort. Some perhaps lack the know-how. They must be persuaded to do so. Some techniques to accomplish this are:

a. Studies of individual employer's needs and development of realistic recommendations by qualified industrial service representatives and placement staff of the local Employment Service offices.

b. Dissemination of information about successful experience of other employers by Employment Service staff through local and national employer trade and professional associations, publications, and meetings.

c. Provision of assistance to employers in preparing job analyses so that skill levels may be realistically determined.

d. Establishment of special advisory industry committees at both national and local office level to develop guidelines for use by employers.

Job development followed by placement are fundamental in employer, union, and community relationships which must be fostered at the national, State, and local levels. Specially trained and competent staff must be available in the Employment Service, for the techniques of job development are neither easily mastered nor superficial in application. This is particularly true in those local Employment Service offices where the same staff members are responsible for both the job development and placement functions. In such instances, staff members must not only work with the employer in developing jobs, but also determine, on an individual basis, the skills, aptitudes, and strengths of applicants and then match them with jobs.

The potential for developing these job opportunities is tremendous. By 1968 there will be over 3,000,000 employing establishments but at present Employment Service resources permit personal contact with employers at the rate of only 964,000 per year—less than one contact with each employer over a three year period. Promotional telephone contacts with employers are used to contact those in outlying sections, and to supplement personal visits. Even so, less than half the employers were contacted by the 1,338,000 such calls made in fiscal year 1966.

Precise figures on the number of people devoted to these activities in the State agencies are not available. However, there has been a decline in visits to employers down 38 percent from fiscal year 1962 to fiscal year 1966. This decline is due in large part to increasing applicant workloads coupled with the impact of new programs on the existing staff. The number of employer visits and promotional telephone contacts in fiscal years 1967 and 1968 is expected to remain it approximately the same level experienced in fiscal year 1966.

The number of employers served by the Employment Service has been growing each year but still remains at less than one-third of the employing establishments. To provide work opportunity exposure to the disadvantaged as well as others, it is essential that more employers be reached. In fiscal year 1966, 1,045,000 employers requested referral of workers by the Employment Service. An increase of 1,080,000 employers in fiscal year 1967 and 1,120,000 in fiscal year 1968 is expected to result from greater concentration on employers not previously served and Employment Service involvement in the many new employment related programs.

2. *Placement Services.*—If the Employment Service is to provide a strong effective placement service in our expanding economy, its efforts in the placement process and supportive services must be maintained. The final goal of the applicant—whether he has just lost his job, has been unemployed for a long period, or is undergoing counseling or training—is to find a satisfactory job, and he will judge the Employment Service according to the service he receives. The employer will judge the Employment Service on its ability to fulfill his manpower needs by referring applicants who are either qualified to fill his job openings or have the potential to be trained to do so.

As noted earlier, work applications, processed for more than 10.4 million persons in fiscal year 1966, are expected to increase in 1967 and 1968 to 10.8 and 11 million respectively, partly because of population growth and partly because of outreach activities. The latter will bring more hard-to-place applicants into local offices, which will increase the demands on placement staffs and intensify the need to develop more effective placement processes.

Placements (nonagricultural) of applicants totaled 6,804,000 in fiscal year 1966 and are expected to increase to 6,850,000 in fiscal year 1967 and 6,875,000 in fiscal year 1968. The 1,096,000 initial counseling interviews conducted in fiscal year 1966 are expected to rise to 1,134,000 in fiscal year 1967 and 1,150,000 in fiscal year 1968. To aid in evaluating aptitudes and qualifications, 2,320,000 tests were administered in fiscal year 1966 and increases to 2,415,000 in fiscal year 1967 and 2,450,000 in fiscal year 1968 are expected.

3. *Employment Dislocations.*—An aggressive comprehensive Employment Service program is needed nationally to assist individuals and communities to cope with severe employment dislocations primarily due to plant shut-downs. Such dislocations result in large numbers of workers with similar or related skills being thrust into the labor market at the same time.

Typically, a high proportion of these workers: are older workers with limited education and narrow skills; have strong attachments to their employers and communities and do not have recent job hunting experience. Workers affected by mass layoffs clearly need special intensive reemployment services. Frequently the communities involved, never having experienced a mass layoff, are in need of guidance and leadership. In addition, the sudden termination of employment for large groups of workers puts the affected local office and the State agency through the severest test, frequently without time for adequate preparation. Under pressure from community leaders, workers, unions, minority group organizations and newspapers, the local office must act promptly and effectively to deal with the crisis.

Through the joint efforts of the Employment Dislocation Unit and the local office staff, successful reemployment programs have been developed which include the following elements:

a. an intensive job development campaign which involves community leaders and area employers;

b. individual and group counseling based upon the recognition of the special problems faced by these workers;

c. where appropriate, an all-out effort to interest eligible workers in retraining;

d. effective use of interarea recruitment and on-site recruitment by out of area employers;

e. where required, referral to community agencies which could provide health, social welfare, legal and financial assistance.

In the absence of a well directed reemployment program for workers affected by mass layoffs, many would ultimately join the ranks of the hard-core unemployed or accept jobs far below their previous skill and wage levels.

Mass layoffs units, utilizing 64 positions have been organized in 14 States.

4. *Interarea Recruitment.*—The interarea recruitment system operated by the Employment Service is a vital element of the job development and placement program of the manpower function. This system supports the functions of employment service offices when they are unable to resolve the needs of employers and applicants locally. Some of the national goals served or aided are:

a. Relocation of workers out of work due to mass layoffs or industry cut-backs.

b. Orderly recruitment assistance to employers, especially defense contractors, when they are faced with the need to recruit workers from distant localities.

c. Placement assistance to disadvantaged workers entering the labor market through the Human Resources Development Program when employment opportunities are not available in their local areas.

There is an immediate need to overhaul the system so that it may become an effective modern adjunct to services provided employers and workers. This system, to be effective, must be easy to use, provide quick responses, and neither generate excessive paperwork nor use unnecessary channels. It must provide for direct communication and action between the local offices serving the employer and the worker when each are in different localities.

Specific proposals have been advanced by the Secretary's Task Force, and in the Manpower Act of 1966 passed by the Senate calling for establishment of "multi-job-market interstate clearance centers."

The proposed improvements when implemented will:

a. increase placements in hard-to-fill occupational categories and skill shortage areas.

b. Decrease the number of unfilled job openings in the nationwide labor market by aiding employers who cannot recruit workers from the local area.

c. Permit quick and effective placement of workers who are in the labor market due to mass layoffs or cut-backs.

d. Provide the public employment service with a flexible system designed to meet the continual changing needs of the nationwide labor force, community of employers, and the disadvantaged citizens. At present 123 positions are available to achieve these objectives.

5. *Immigration.*—The overall goal of the 1965 Amendments to the Immigration and Nationality Act is to expedite the entry of aliens possessing skills currently in short supply, or those whose education and talent will be advantageous to the United States, and to prevent adverse effect on resident workers which could result from admission of aliens without employable skills. The amendments, effective December 1, 1965, substantially increased the scope and intensity of the Departments' responsibility in certifying job openings for employment of aliens.

Currently, certifications are made by lists of occupations and professions and by individual case review of employer job offers to aliens. Through published regulations, advance certifications are issued for selected shortage occupations in which qualified aliens may be admitted without an individual review (Schedule A) and for occupations with a surplus of available workers in which aliens currently cannot be certified (Schedule B).

In cases requiring a job offer, the intending employer files at the local office a form outlining the job requirements and specifications along with an application from the alien. The local office serves as a fact-finding agent of the Department and provides the Bureau of Employment Security with local information on the availability of United States workers and prevailing wages in the area. The test of availability may encompass, as necessary: a search of the files for applicants for referral to the employer, advertising, contacts with unions and professional organizations, a review of employer layoff schedules, a study of anticipated supply of workers in training programs, and an extension of the order to interarea recruitment.

On the basis of such data supplied by State agencies, a decision is made by the national or the regional office to certify or decline to certify the job for alien employment.

By fiscal 1968 program modifications will be adopted which will materially affect the volume of immigration cases. These modifications include: (1) expanding the number of occupations on Schedule A, (2) reducing the number of occupations on Schedule B, and (3) implementing a third schedule, Schedule C.

The changes in Schedules A and B are due to changes in labor supply and demand which affect certifications under Section 212(a) (14).

The implementation of a Schedule C procedure will eliminate the job offer requirement for 80 occupations and will permit certain aliens to apply through Immigration and Nationality Service and the consulates, directly to the Bureau of Employment Security national office for certification.

Fourth quarter fiscal 1966 data were annualized and adjustments made to account for the impact in fiscal 1968 workload of modifications in Schedules A and B and the creation of Schedule C. Under present procedures, the State agencies would process an estimated 58,800 cases in fiscal 1968. However, adjustments for the modification of Schedule A and B and the creation of Schedule C in fiscal 1968 will have the net effect of increasing State agency workload by 9,800 cases.

Although State agencies were allocated 170 positions in fiscal 1966, regional field evaluations made in May and June 1966 indicated that substantially more State agency positions were actually being used. It was estimated at least 200 State agency positions were utilized on immigration activity. These additional people were borrowed from other programs to process the cases. Thus, in fiscal year 1966, about 294 cases were processed per State agency position utilized. Increased experience, further training and streamlining of procedures will improve State agency staff accomplishment by fiscal 1968.

Manpower and Employment Information

A major overhaul of the area job market information program is currently under way in order to strengthen the role of the local employment service office

as the manpower agency in its community and to accumulate and disseminate the kinds of employment and unemployment data needed to improve the functioning of the job market.

As one of the first steps in approaching those goals, the Employment Service has established a Research Advisory Committee. This Committee, chaired by Dr. Arnold R. Weber, Professor of Industrial Relations, Graduate School of Business, University of Chicago, is broadly representative of industry, labor, minority groups, universities, vocational education agencies, and other persons with a comprehensive understanding on urban and rural manpower problems and government programs. The Committee is charged with the responsibility of (1) determining the kinds of information required by the Employment Service and local employment offices to carry out their role as manpower agencies; (2) reviewing the availability of data from the Department of Labor and other sources to meet emergent and changing needs; (3) evaluating the means by which area job market data are collected and analyzed; (4) reviewing the means by which such data are disseminated, both internally and externally; and (5) formulating recommendations for improving the coverage, quality, and utility of this information.

Our objectives are to provide:

Educators with improved data on current long-range occupational demand and supply forecasts for use in planning, developing, and evaluating vocational training under the Manpower Development and Training Act, Vocational Education Act of 1963, and work-training programs under welfare and antipoverty programs.

Counselors with better information than is now available on employment requirements to improve job counseling and vocational guidance services.

New entrants in the job market and workers changing jobs with information needed for making sound vocational and career decisions in light of changing technology and skill requirements.

The private sector of the economy with current and forecasted employment, unemployment, labor demand and supply information including occupational and industry detail, for use in manpower planning.

Government and community agencies with job market data in appropriate form for local, State, and regional planning for economic development and utilization of human resources.

The local public employment offices with more complete job market information for use in matching workers and jobs, serving employers, operating an interarea recruitment system, assisting workers in making occupational adjustments, and planning manpower program actions specifically geared to the employment situation and unemployment problems in each local area.

Local employment offices, government and nongovernmental agencies with localized data on unemployment conditions in problem neighborhoods within major cities for antipoverty and manpower development actions to enhance the employability and job opportunities of workers disadvantaged by age, race, lack of education, and physical or mental handicaps.

National and State employment service offices with summary data on job market conditions in all major labor areas for long-range planning, budgeting, current policy guidance and program emphasis.

To accomplish the objectives, the Bureau will expand its present program to comprehensive studies of *long-range* manpower requirements and resources for States and major areas. These studies are essential to the role which the Employment Service system plays in the Nation's job market and by the obligations imposed on the system by new manpower legislation enacted in the first half of the 1960's.

The information generated by these studies improves the tools available to the local employment service for counseling, testing, guidance, and placement services for a large share of the available labor supply.

During 1965, for example, nearly 11 million jobseekers registered for employment at the local public employment offices.

The Employment Service also plays a large role in the job market for youth as shown by the fact that some 40 percent of all applicants for work were persons under 22 years of age. Many millions of new workers will be entering the labor force for the first time in fiscal year 1968 or making job changes because of continuing economic growth or in response to technological change. Hundreds of thousands of other workers will be enrolled in or completing Manpower

Development and Training Act or vocational educational courses, or entering or "graduating" from the Job Corps and Neighborhood Youth Corps. Job market information is needed to provide appropriate long-range guidance in making vocational choices, and to identify occupations for which training is needed to enhance the employability and enlarge job opportunities for hard-core unemployed workers.

A major source of information for relating unemployed workers to specific training and job opportunities are the "Manpower Requirements and Resources" surveys which are conducted in all major areas and States. These studies collect current employment data and two- and five-year employment forecasts by specific occupation and industry arrayed against the labor supply available to fill these jobs. More specifically, the analysis of the supply of workers has as its objective the identification of actions needed to adapt the available supply of workers to current and anticipated job demands.

These surveys serve as a basis for long-range planning for vocational education purposes, manpower training under Manpower Development and Training Act, Neighborhood Youth Corps, Job Corps, and other anti-poverty program training activities, immigration activities, and employment service planning needs. Information from this source is widely used by employers in plant location surveys and in planning their own staffing and training policies. It is also used by State, local government and community development organizations to plan economic development programs to expand local employment opportunities.

Some 20 "Manpower Requirements and Resources" surveys are conducted annually throughout the United States. Although there are 231 metropolitan areas in the country and innumerable rural areas on which such information should be available, present resources permit only 60 positions to be devoted to this activity.

In addition to long-range job market analysis, the Bureau proposes to improve area labor reports. These reports include data on employment distribution by industry, and unemployment level and rate for the entire metropolitan area, short-range employment outlook, analysis of labor demand and supply, and manpower program actions being taken by the Employment Service and other agencies to meet current short-range unemployment problems. These reports can and should be significantly improved as a basis for current program actions in meeting skill shortages and in aiding in the occupational adjustment of the unemployed. This will be accomplished in three ways:

(a) A system of analysis is to be developed and introduced that breaks down metropolitan area statistics into data for subsections and focuses more sharply on the unemployment conditions in the cities and neighborhoods where unemployment problems are greatest. For use in developing solutions to unemployment problems, there is a growing need for more information on the number of unemployed workers and characteristics of the workforce in poverty neighborhoods in the Nation's large metropolitan areas. Data from the 1960 Census indicate that about 400,000 unemployed persons were at that time concentrated in neighborhoods of heavy unemployment in 37 metropolitan areas. However, there is no *current* information on the magnitude of the problems on an area-by-area basis.

(b) The number of metroplitan areas covered by this program has remained fixed at 150 since 1953—although 231 areas are now identified as Standard Metropolitan Statistical Areas. A more effective job can be done in interarea recruitment, identifying skill shortages and area employment trends, as well as in other operations with a more extensive reporting system.

(c) The quality of our current area unemployment estimates will be improved. At the present time, the only current information on total unemployment in local labor areas is that developed by State employment security agencies using standardized techniques and procedures developed by the Bureau of Employment Security's United States Employment Service. These estimates are playing an increasingly important role in the administration of various new law and programs—such as the Public Works and Economic Development Act of 1965. Since the nature and extent of Federal assistance to local areas under these programs is contingent on the rate of current unemployemnt in the area, as measured by the statistics, it is important that these statistics be as accurate as possible.

A research program is planned for fiscal year 1968 to improve techniques, based on household surveys being conducted in cooperation with the Bureau of Census

in representative metropolitan areas, with significant concentrations of disadvantaged workers and unemployment problems, in addition to the 18 areas now being surveyed. Using the data collected in these areas, techniques will be devised for measuring unemployment in "ghetto area" sub-sections of cities. There are 588 positions currently assigned to State agencies for collecting, analyzing, and disseminating area job market information.

Administrative and Technical Support

Goals for an effective public employment service system responsive to the changing needs of the people of this Nation have been reflected in the objectives included in this budget under the broad categories of Human Resources Development, Job Development and Placement, and Manpower and Employment Information.

To achieve these objectives major improvements in the management of the Employment Service at local, State, and Federal levels are proposed. These improvements are based on:

Local range plans covering at least five years.

Local office plans of service establishing goals and objectives to be accomplished each year, and

Annual budgets that reflect such planning.

The plans will reconcile grassroot needs with the Nation's goals and vice versa, or both the short and long run.

A more effective exchange of information between local, State and national levels is being undertaken to establish a basis for these plans, goals to be reached, and objectives to be accomplished by the whole system with respect to operations and programs. The plans reflect flexibility, openness to innovation and clear direction for the employment service system.

1. *Plans of Service, Improved Management System and Evaluations.*—The United States Employment Service is accelerating and extending its efforts to improve the management of State administrative offices and the management and operations of local offices. This involves the continuing participation of State agency management specialists, independently and in cooperation with national and regional office, staff, in at least the following three major management improvement areas: (1) providing training and guidance in installing and using local and State office plans of service; (2) field testing and installing other new and improved management and supervisory tools and techniques; and (3) participating in and maintaining a program of evaluations of local and State administrative offices, including follow through on recommendations for improvements. More specific definitions of these management improvement activities and plans for their implementation are:

a. Plans of Service: A local office plan of service is an operational plan which: (1) identifies the needs of jobseekers, employers, and the community for manpower services, (2) identifies the agencies and organizations which can provide needed supportive services to jobseekers, (3) develops the service objectives to be accomplished for a fiscal year, (4) provides a basis for the assignment and utilization of staff resources, and (5) provides a basis for appraisal of the results obtained and resources utilized.

State agencies are participating with regional and national office staff in making pilot installations of plans of service in selected local offices. Following these pilot installations each State agency will extend these installations.

In fiscal 1968, State agencies will further extend the installation of plans of service to additional metropolitan areas. In addition, they will participate in the development and testing of State office plans of service. One State in each region will develop a State office plan during fiscal 1968.

b. Installation of New Techniques and Methods for Improving Local Office Management and Supervision: Guides are presently being developed in the national office to complement the installations of plans of service. They will provide local office managers and supervisors with improved techniques and new tools to obtain a more fully integrated and effective management and supervisory system. In particular, they will be geared to the use of new and improved techniques to coordinate, control, and evaluate the attainment of the goals set forth in the local office plan of service.

During fiscal year 1968 the guides will be further refined and the methods installed, with State agency participation, on a pilot basis in at least one local office in each region.

c. Evaluations of Management and Operations and Implementation of Corrective Actions: Long-term improvements in operations and management at all organizational levels within a State employment service are obtained by training and developing State agency personnel in using up-to-date management and evaluation methods. State agency personnel are provided training in: (1) evaluation of the management and operations of all programs in local offices serving different size areas, and the administrative office of a State agency, and (2) development and execution of a plan for correcting weaknesses found in the evaluation phase. Following this training State agency personnel will extend this program to all local offices in the State. During fiscal year 1967, the evaluation phase of this program was completed in three States in addition to the seven States in which the program had been previously completed.

The objective in fiscal year 1968 is to install the management and operation improvement program in eight additional States. Although these State agencies have already taken steps to improve various management and operational weaknesses on the basis of recommendations made through this program, additional and more measurable benefits can be realized if all State agencies that need them are provided the management specialists to carry the program to the point of completion in all their local offices.

As an additional part of the overall management and operations improvement program, State agencies critically review the number, type, and location of local offices and the boundaries of field supervisory districts to assure that the employment service needs of the entire State are being served most efficiently and effectively in relation to each community's needs and available resources.

No specific allocations have been made to the States for these activities. The work is being done by present personnel, mainly local office and State management staffs, as part of their regular duties.

2. *Automatic Data Processing.*—Improved management of the employment service system requires the creation and maintenance of an effective, large-scale information system utilizing the most efficient automatic data processing and communications techniques. The Employment Service's present, predominantly manual information system is incapable of meeting the massive and increasingly complex needs of manpower programs. Existing computer applications were developed to meet specific needs of a given function or organizational component rather than overall agency requirements, without the benefit of centralized coordination. Consequently, they evidence only isolated effectiveness.

It is imperative that the Employment Service employ the most effective data-processing and communications technologies available to assure the timely flow of employment market information as well as qualitative and quantitative data on the nature and effectiveness of manpower services. It is equally essential to provide an automated support system for nationwide use in matching the qualifications of large numbers of workers with multiple job requirements.

During fiscal year 1967, a private consulting organization is making a comprehensive study of management, operations and research information requirements and associated data processing problems on all levels of the Federal-State public employment service. This study offers an unprecedented opportunity to develop a coordinated system of computer applications in the manpower area, and will also provide:

a. An appraisal of existing uses of automatic data processing and communications techniques in terms of their contribution toward achievement of employment service goals.

b. Identification of specific areas adaptable to additional computer applications.

c. An evaluation of the feasibility of expanding Project Labor Inventory Communications System (LINCS) for nationwide use in matching jobs and workers in all or a substantial number of occupations.

d. An analysis of the feasibility of establishing regional data processing centers.

e. Definitive specifications for model data systems, complete and ready for release to equipment suppliers.

f. Forms redesign, source data automation specifications, and other documentation essential to complete and effective operations.

g. A design for an information system that will effectively serve the needs of employment service program managers on all levels and be capable of later incorporation into a total management information system.

Project LINCS, a major system component, is presently operating in the San Francisco, Sacramento and Los Angeles local employment service offices. Extensive study is being conducted to determine common and variable hiring requirements governing occupations other than those presently served. Results of this study are being indexed in preparation for extending this computer application within California and incorporating it into model systems in other States.

Also during the year, the economic practicality of face-to-face interviews in employer-applicant negotiation via closed-circuit television will be reappraised. Currently 31 positions are being used for these activities.

3. *Cost/Benefits Analysis.*—The need to initiate a cost/benefits analysis program within the Federal-State employment security system is among the top priorities. This program is designed to provide information for program planning, evaluation and improvement of local office operations. The program will focus on benefits derived by applicants and employers from services rendered by the Employment Service in relation to the costs of these services.

During fiscal year 1966 limited work began in the national office in planning and formulating this program.

The program is being initiated on a small scale in four States during fiscal year 1967 and will be extended to additional States in fiscal year 1968.

Steps to be taken by State agencies to carry out the program include:

a. Restructuring of special studies and Evaluation and Demonstration projects being conducted by State Employment Security agencies to include cost/benefit analysis wherever practicable.

b. Reexamination and redesign of existing data collection programs and explorations of the proposed cost accounting system to enable use of statistical and financial reporting as a basis for a modified cost/benefit study.

c. Development of methods for a national survey of applicants and employers to identify the types of applicants and employers using the Employment Service and to relate the characteristics to the type of services requested and received. Both applicants and employers will be followed-up periodically over an extended period of time to determine the results of various types of services. The data collected in this survey will be used as benchmark information or a basis for evaluating the costs of effecting new programs or changes in program emphasis.

d. Designing small scale in-depth operational studies of ongoing research. These studies will include, where appliable, cost/benefit dimensions.

The plans outlined above will necessitate reassignment of staff from lower priority programs.

4. *Occupational Analysis.*—Occupational analysis field centers obtain, analyze, and develop occupational information about all jobs, their requirements and their interrelationships for use in the basic employment service operations of placement, counseling, and job market information reporting, and in programs concerned with development and utilization of manpower. Typical functions include:

a. Collection of basic occupation information at job sites and from other sources such as unions, trade associations, and professional societies;

b. Identifying and keeping abreast of technological changes in industry and the effects of these changes on job duties, and plant staffing and hiring requirements;

c. Designing and conducting special studies to evaluate and improve job analysis tools and techniques;

d. Providing technical assistance to State agencies in the use and application of occupational analysis tools, techniques, and materials in placement and other activities.

e. Preparing:

(1) definitions for the *Dictionary of Occupational Titles*, job descriptions, occupational guides, staffing patterns, and physical demands analyses;

(2) special publications providing information covering new occupations and those changing as a consequence of technological advances; and

(3) training materials for use in instructing employment service personnel in job analysis techniques and the applications of occupational analysis products.

Increasing demands are being made on the centers resulting from the commitment of the Employment Service to an active manpower policy. Illustrative of these demands are reqeusts for special types of information to serve specific groups or programs, such as:

a. Identification of jobs suitable for youth and other individuals having less than a high school education;

b. Studies involving the restructuring of jobs and the provision of ladders or promotions needed to broaden the employment opportunities available to disadvantaged persons;

c. Data on the physical demands of jobs and the techniques needed to assist in the vocational rehabilitation of the handicapped; and

d. Job analysis information to serve as a basis for vocational curriculum development in training and retraining activities.

Such programs have immediate use for the kinds of occupational data that can be obtained only through a nationwide organization such as the field centers.

Existing occupational analysis centers are located in: (1) Los Angeles, (2) Seattle, Washington, (3) Madison, Wisconsin, (4) St. Louis, Missouri, (5) Detroit, Michigan, (6) Raleigh, N. Carolina, (7) Bloomfield, New Jersey (suburb of Newark), and (8) Washington, D.C. and comprise a total of 145 positions.

5. *Test Development.*—Occupational test development has as its objective the development of measures for the appraisal of the vocational potentialities of individuals. One of the problems with which the program is presently concerned is that many individuals lack job readiness because they are so poorly educated and their verbal skills are so low that their vocational potentialities cannot be properly assessed with existing measures when they seek help from the Employment Service. Educationally deficient applicants need non-reading aptitude test service, as well as measures of their basic skills in reading and arithmetic so that they can be referred to suitable training and employment opportunities. Therefore, research is needed to develop more appropriate appraisal measures for use with these individuals.

State Occupational Test Development Analysts collect data for studies in accordance with assignments made by the national office. Thirty-seven State agencies are participating in this activity during fiscal year 1967.

Development of a non-reading edition of the General Aptitude Test Battery (GATB) is in progress. During fiscal year 1967, basic standardization data on 14 experimental non-reading aptitude tests are being obtained by 25 State agencies. During fiscal year 1968, 37 State agencies will do additional research on these new tests.

A project to develop job readiness tests (achievement tests of basic skills in reading and arithmetic) is being conducted. Items for the tests were constructed under contract with the American Institutes for Research. Twenty-eight State agencies are participating in studies to investigate the effects of variations in test administration upon achievement test performance and to analyze the items constructed by the American Institutes for Research in fiscal year 1967. Thirty-seven States agencies will collect data for the standardization of the new job readiness tests of basic reading and arithmetic skills in fiscal year 1968.

In fiscal year 1967, 37 State agencies are conducting GATB validation studies for about 55 occupations. In fiscal year 1968, State Occupational Test Development Analysts will conduct GATB validation studies on new occupations, particularly those occupations resulting from technological changes. They will also collect data for the modernization of the Employment Service's Oral Trade Questions, many of which have become obsolete as a result of technological changes. The 37 State agencies will conduct GATB validation studies for about 55 occupations. Each study will involve about 75 cases. Each of 20 State agencies will conduct 10 studies to modernize Oral Trade Questions.

In fiscal year 1967, item construction will have been completed for an interest-temperament inventory designed to measure interest and temperament components in the third edition of the Dictionary of Occupational Titles. In fiscal year 1968, State Occupational Test Development Analysts will collect data for studies to be conducted on the new interest-temperament inventory and on other measures in non-cognitive areas such as motivation, emotional maturity, and adjustment. Twenty State agencies will be involved in this research.

We now have 127 positions assigned to these activities.

Farm Placements.—In fiscal year 1966, farm placements totaled 4.3 million, reflecting a decline of 28.3 percent from the 1965 level of 6.0 million. An indeterminable portion of this loss was attributable to expanding mechanization in various harvesting activities, and as such, are beyond recovery. However, strong reasons existed for believing that much of the decline was due to contemporary difficulties and could be reasonably adjusted in the following year. Accordingly, a placement level of 5 million was estimated for fiscal year 1967. Ironically, however, while many of the State agencies initiated remedial actions and showed encouraging gains in the first four months of the fiscal year, these were offset by heavier losses in other States. The net result is a placement decline of 261 thousand (or 10.4 percent) from the experience of fiscal year 1966 for the same four-month period. The bulk of this loss, as in fiscal year 1966, was in the pool-type (day-haul) and crew placement categories, especially the former, in which placement is reported on a man-day basis.

In the course of the last few years, and particularly since the termination of the Mexican Farm Labor Program on December 31, 1964, State employment security agencies have been faced with some extremely difficult problems in the farm area. On the one hand agencies have been constantly pressed by growers to recruit and refer more capable domestic workers for harvesting activities, and this has received major program emphasis. On the other hand, while concentrating on higher performance in the selection and referral process, and in follow-up and retention services, practically all agencies have sacrificed many thousands of placement credits per year in order to conserve staff time for improved services to workers and employers. The manner of doing this was simply by ceasing to supervise many pool-type (day-haul) operations which the agencies had previously established. Only placement credit for added workers could be thenceforth claimed and reported, none for day-to-day continuity of operation. The agencies were required to maintain memoranda of attendance and duration of these unsupervised day-haul installations and to report the information annually on ES–225, Post-Season Report. However, as indicated, no continuous placement credit accrues from these unsupervised operations, neither do they constitute reportable workloads on ES–209, Report of Local Office Activities. Following is a summary of pool-type operations established by the agencies, but unsupervised in 1965:

Number of States reporting	37
Number of unsupervised day-haul points	3,670
Estimated man-days of employment in fiscal year 1965 [1]	23,653,969

[1] Does not consider time lost because of weather.

Any employment security agency is free to resume control of these operations, and if all elected to do so, it can be seen that total placement volume would exceed 20 million in any year. Office of Farm Labor Service considers that so long as a significant service continues to be given both workers and growers through these means, it is in the interest of good management to permit it. Nonetheless, it should be recognized that the system does result in lowering the volume of reportable workload productivity.

In fiscal year 1966, agencies were encouraged to resume control of significant employment security established pool-type operations, but not at the expense of reducing quality in other program areas. Several agencies followed through; others stated they could not afford the staff. In general, agencies attach little real value to placement volume, per se, but lean strongly to the belief that greater recognition should be accorded the type and quality of service rendered the agricultural public. We concur with this. The magnitude of placement alone offers no real measurements of service, neither can it be equated with staff services. Consider, for example, placement in the following States in fiscal year 1966 and their relationship to staff services:

	Farm positions in agency	Placements	Crew and man-day placements	Placements per staff position
California	333.6	164,428	12,747	495
Michigan	70.7	93,460	86,288	1,322
Mississippi	39.7	313,468	312,922	7,896
Texas	204.7	370,528	346,320	1,810

The States shown above are among the top farm labor users in the nation. Statistically, similar relationships between staff and placement are not uncommon in many States. Obviously, there are factors that account for the apparent imbalance. In respect to the States mentioned above, the following explanations are made:

California: Has the most diversified crop pattern in the country—well over 200 different crops, many of them in the high labor-using category. This State is a leader in modern farm practices and management, skill and task needs are extensive and require careful selectivity. (It should be stated that the agency has had some administrative problems in respect to man-day placement work which tended to reduce productivity in this placement class).

Michigan: This State has 21 high labor-using crops; makes extensive use of interstate workers (crews) and local day-haul operations, the latter requiring a minimum of staff screening. Skill demands growing in scope and volume with expanding mechanization, requiring increasing attention to selection and referral of job applicants.

Mississippi: Literally a one-crop (cotton) State; volume need is for pickers and choppers, requires little screening and activities lend well to day haul.

Texas: Historically, a one-crop (cotton) State; but growing fast in other row crops. Bulk of demand is for pickers and choppers, requires little applicant screening, and lends well to day-haul and crew operations.

In the last three fiscal years, and particularly since the ending of the Mexican Farm Labor Program, agencies have entered extensively into what is locally termed "follow-up and retention services." These services consist of many actions undertaken in the area of employer and worker relations and are designed to influence stability of the seasonal farm labor force. Although not formally programed, "retention" services have become an integral part of placement work in many areas, particularly since the ending of the Mexican program.

The benefits to workers and employers accruing from the "retention" services have become clearly apparent. There is increasing evidence of improved working and housing conditions; better wages; longer job tenure; higher gross earnings; and decreased turnover resulting in reduced need for constant recruitment. The movement will be formally programed for nationwide use in fiscal year 1967, and will be strongly emphasized in fiscal year 1968 and subsequent years.

Follow-up and retention services, which in some States cover as many as 30 different functional areas, admittedly take up more staff time than the simple mechanics of referral and placement, as heretofore practiced. For example, staff time related to the placement of an individual has increased from 17.5 minutes in 1964 to 35.5 minutes in 1966. Similarly, the volume of placement by individual selection has moved from 8.1 percent to 18.2 percent of total placements in that time, reflecting greater emphasis in the selection and referral process.

Viewed quantitatively from the national aspect, placement work by the State agencies in fiscal year 1966 was 13.3 percent below projections (5 million), and 28.3 percent below experience of fiscal year 1965. It is apparent that much of the shrinkage in placement volume has been due to the practice of converting supervised pool-type operations to non-supervised status. It is equally apparent that technological advance is producing increasing demands for workers of a different caliber—men who can operate and maintain a mounting array of costly, complex field machinery and equipment, and for workers with the capability of adaptation to this machine environment.

There is ample evidence that State agencies have moved strongly to meet the new demands in American agriculture, while still serving the older order of field needs. As they relate to manpower, these transitions have demanded, and continue to demand a higher quality of service from the public employment system. Those demands were and are being met. While it is difficult or even impossible to measure "quality," the efforts expended in meeting the demands are reflected in the increasingly high ratios of placement through selective interviews, and in the increased staff time necessary to perform them. It is recognized that new standards of performance must emerge, which will lend themselves to the evaluation of both quality and quantity performance.

Activity 3. Administration and management

1967	$23,399,000
1968	24,819,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides the executive leadership and administrative support services for the manpower and income maintenance programs carried out by the State agencies. It develops and coordinates plans, policies, and procedures necessary to attain national and State manpower objectives; prepares and submits budget requests supported by Plans of Service and other appropriate justifications; directs and supervises the execution of the approved budget and related programs; identifies the need for legislative authority and develops appropriate proposals; allocates resources within the agency; evaluates performance in the State and local offices, directs the collection and dissemination of economic and statistical data of value in the operation of the program; prepares and transmits required fiscal and statistical reports; provides centralized services in such activities as personnel administration, administrative and business management, staff training, electronic data processing, and civil defense planning; and, develops and maintains all major relationships outside the agency with groups having an interest in the employment security program.

CHANGES FOR 1968

Mandatory changes amount to +$1,420,000.
Program changes: None.

BASIS FOR THE ESTIMATE

During the past several years the total number of personnel provided for program operations has increased, without increases in the staff resources which are called upon to provide the administrative support to program operations. It should be recognized that program modifications have an impact on the administrative support services, which are called upon to recruit and train employees in new or revised programs; to amend organizational structures and implementing instructional material; to make space arrangements; to procure and provide equipment, supplies, and other facilities for the increased staff; and, to evaluate performance and account for the disposition of additional resources. Because the increased workload in the administrative management functions has been absorbed without additional positions, the fiscal year 1967 base for this activity is considered an absolute minimum.

STATUS OF THE PROGRAM

This activity covers certain administrative, staff and technical services functions in the 54 State employment security agencies. Executive functions include the activities of the commissioners, board members, administrators, executive directors, and the heads of the Unemployment Insurance and Employment Service components in each State agency. Positions assigned to this activity are engaged also in the field supervision of local offices, supervision of the time distribution program at the State agency level, personnel and training activities, legal and public information services, office services functions, management analysis and internal audit duties, electronic data processing activities, and functions related to the preparation, analysis and validation of statistical reports and economic or program research.

Program accomplishments in fiscal year 1966

During fiscal year 1966 four additional State agencies installed ADP equipment bringing to 30 the total number of agencies utilizing such equipment. In addition, seven State agencies now using EAM equipment completed feasibility studies and selected computers which are scheduled for installation during fiscal year 1967.

Eighteen State agencies developed and began issuing for the first time regular monthly analyses of key State economic statistics. Additional reporting requirements were met by State agency research and reporting staffs with no increases in personnel being made for this purpose. A program for the validation of statistical reporting was expanded during fiscal year 1966 to eight additional State central offices and thirty-two additional local offices.

State personnel management technicians participated in the staffing of the Youth Opportunity Centers and strengthened their agencies' techniques and practices for assuring equal employment opportunity in internal agency personnel management.

Program emphasis in fiscal year 1967

Major administration and management emphasis is being given to preparation for implementing the Employment Security Data Systems Study. These preparations include increasing ADP equipment and staff capabilities and working with the Auerbach Corporation to identify applications and determine needs as outlined in the General Statement to this document. Continuing attention is also being given to the automation, within State employment security agencies, of fiscal and statistical reporting and of budget documents. An increased allocation of resources and effort is being made to support out-service training in areas such as counseling, management, research and statistics, and electronic data processing. Jointly with Federal staff, State agency personnel are working on the simplification and combination of budget and fiscal reporting forms. Equal employment opportunity for State employment security positions in receiving increasing emphasis.

In order to help provide financial support for the increased emphases outlined above, a major effort is being undertaken to improve management and reduce costs in State agency administration during fiscal year 1967.

Problems to be Confronted in Fiscal Year 1968

Major problems facing the administration and management activity in fiscal year 1968 are:

1. The following tentative goals have been established in connection with the Employment Security Data Systems Study: (1) to have equipment installed in 3 model States by fiscal year 1969, such equipment tailored to provide for fully automating (within the framework of existing technology) all appropriate operations and information handling in the States of Utah, Florida, and Michigan; and (2) to have achieved full automation (within the framework as stated above) of technology and cost benefit considerations in the States of Utah, Florida and Michigan by fiscal year 1970. Accordingly, the 3 model States must issue system specifications to vendors; write procedures, flow charts and programs in anticipation of equipment delivery; and install ADP equipment—all during fiscal year 1968. During this same period, the remaining fifty-one agencies must develop the staff capability to "model" themselves after these three States as set forth in goal (2).

2. Implementation of the organizational and financial administration recommendations of the Cresap, McCormick and Paget reports will also be a substantial and time-consuming project during fiscal year 1968.

3. Statistical reporting procedures must be simplified so that State staffs can absorb new requirements and demands without increased personnel. A particularly demanding additional reporting requirement which will be inaugurated late in fiscal year 1967 and implemented throughout fiscal year 1968 will be the requirement that race be identified on many statistical reports. It is estimated that this requirement will generate 175 more man-years of reporting work in the approximately 2,000 local offices, and 50 more man-years of reporting work in the State central offices.

4. In order to accomplish the additional programs and projects contemplated for fiscal year 1968 within the framework of existing resources, an energetic State agency effort to improve management and reduce costs will be necessary. This effort will represent a particularly difficult problem in the Administration and Management Activity because this activity will have responsibility for the promotion and coordination of management improvement and cost reduction efforts.

Activity 4. Contingency fund

1967	$12,000,000
1968	12,000,000

NARRATIVE DESCRIPTION OF PROGRAM

The purpose of the contingency fund is to assure that funds will be available to meet increased costs of administration resulting from changes in a State law or increases in the number of claims filed and claims paid or increased salary costs resulting from changes in State salary compensation plans which are applicable to employees of the State, generally.

CHANGES FOR 1968

Mandatory changes.—None.
Program changes.—None.

BASIS FOR THE ESTIMATE

Estimates for the contingency fund are based primarily on experience. The following table reflects the contingency earnings in the past year and the estimate for fiscal years 1967 and 1968. The increase in 1968 results from anticipated salary increases and changes in State laws since 47 State legislatures will be meeting in 1967.

	1966 actual	1967 estimate	1968 estimate
Salary increases	$15,090,827	$13,000,000	$15,000,000
State law changes	3,206,895	1,000,000	3,000,000
Workload increases	2,658,758	1,500,000	1,500,000
Total earnings	20,956,480	15,500,000	19,500,000
Financed from contingency	2,387,000	12,000,000	12,000,000
Financed from normal budgetary adjustments	18,569,480	3,500,000	7,500,000

Grants to States, fiscal year 1967 monthly obligations and employment

	Obligations (thousands)	Positions used
July	$41,084	57,383
August	40,922	56,830
September	39,939	55,865
October	39,972	55,399
November	41,931	55,921
December	44,030	56,011
Total (6 months)	247,878	
Postage as of Dec. 31, 1966	4,197	
Total	252,075	
Available remainder of year	[1] 271,925	
Total, fiscal year 1967 limitation	524,000	

[1] Includes $4,581,000 for postage.

Obligations for the first six months of fiscal year 1967 were affected by several factors. Due to the continuing resolution, the States were without an operating budget during the first four months and obligational authority was resricted to the fiscal year 1966 appropriation level. Program increases, requested on a full year basis, could not be allocated until the appropriation request had been approved. Increment costs for such items as salary and benefits occur mainly during the year and not at the outset.

Comparison of personal and nonpersonal services for fiscal years 1965, 1966, 1967, and 1968

[In thousands]

	1965 actual	1966 actual	1967 estimate	1968 estimate	Change between 1967 and 1968
Personal services costs	$320,610	$351,301	$370,978	$396,592	+$25,614
Retirement and contributions	33,453	38,762	42,639	46,442	+3,803
Total, personal services cost	354,063	390,063	413,617	443,034	+29,417
Supplies	6,908	7,735	7,360	7,403	+43
Communication services	6,154	6,947	7,195	7,237	+42
Travel	7,434	8,494	8,824	8,876	+52
Printing and binding	385	629	666	670	+4
Rents, equipment	7,447	7,636	8,178	8,226	+48
Repairs and alterations equipment	741	837	785	790	+5
Rents, premises	31,910	35,553	40,113	43,527	+3,414
Repairs and alterations premises	666	1,373	696	700	+4
Heat, light, and water	3,269	3,479	3,949	3,972	+23
Equipment purchases	2,399	2,945	1,238	1,245	+7
Outservice training	100	2,400	2,400	2,400	
Executive development	20	85	85	85	
Miscellaneous total	6,295	7,456	8,116	8,164	+48
Subtotal	73,728	85,569	89,605	93,295	+3,690
Postage	8,366	8,853	8,778	8,778	
Total, non-personal-services cost	82,094	94,422	98,383	102,073	+3,690
Unobligated balance	19,479	7,615			
Contingency			12,000	12,000	
Total	455,636	492,100	524,000	557,107	+33,107

Explanation of personal service cost increase for 1968	$25,614,000
It is estimated that increases in 1968 related to the base number of positions for fiscal year 1967, as explained in the Mandatory Changes, will be $15,627,000 for Statewide compensation plan changes and $8,714,000 for increment costs for a total increase of $24,341,000 in 1968. The balance of the increase for personal service cost, $2,366,000 is related to the 347 new positions in UI and $175,000 for the 36 civil defense positions. These amounts are reduced by $1,268,000 due to the decrease in base Unemployment Insurance positions.	
Explanation of fringe benefit cost increases for 1968	3,803,000
The estimated increase in fringe benefits from 11.3 percent to 11.5 percent of base personal services for 1968 will require $3,544,000. An additional $272,000 is related to the 347 new positions requested for fiscal year 1968 mandatory increases. These amounts are reduced by $13,000 due to the decrease in base Unemployment Insurance positions.	
Explanation of nonpersonal cost increases for 1968	3,690,000
With exception to the rents-premises category, the nonpersonal cost increases listed below are related to the 347 new mandatory positions in the Unemployment Insurance Service for growth in workload and State law changes. The $3,414,000 in rents-premises is needed for the full years expense of rent increases incurred during 1967 which must be provided for in 1968, rent increases which will occur in 1968 and rental costs related to the new positions.	
Category (Mandatory nonpersonal cost increases):	
Supplies	43,000
Communication	42,000
Travel	52,000
Printing and binding	4,000
Rents—Equipment	48,000
Repairs and alterations—Equipment	5,000
Rents—Premises	3,414,000
Repairs and alterations—Premises	4,000
Heat, light, and water	23,000
Equipment purchases	7,000
Miscellaneous total	48,000
Total nonpersonal services	3,690,000
Total personal and nonpersonal services increases for fiscal year 1968	33,107,000

Fiscal year 1967 personal and nonpersonal services costs by activity

[In thousands]

	Activity 1	Activity 2	Activity 3	Activity 4	Total
Personal services costs	$161,264	$192,760	$16,954		$370,978
Retirement and contributions	18,535	22,155	1,949		42,639
Total, personal services cost	179,799	214,915	18,903		413,617
Supplies	3,200	3,824	336		7,360
Communication services	3,127	3,739	329		7,195
Travel	3,836	4,585	403		8,824
Printing and binding	290	346	30		666
Rents, equipment	3,555	4,249	374		8,178
Repairs and alterations, equipment	341	408	36		785
Rents, premises	17,437	20,843	1,833		40,113
Repairs and alterations, premises	302	362	32		696
Heat, light, and water	1,717	2,052	180		3,949
Equipment purchases	538	643	57		1,238
Outservice training	1,043	1,247	110		2,400
Executive development	37	44	4		85
Miscellaneous total	3,528	4,217	371		8,116
Subtotal	38,951	46,559	4,095		89,605
Postage	3,816	4,561	401		8,778
Total, non-personal-service costs	42,767	51,120	4,496		98,383
Contingency				$12,000	12,000
Total	222,566	266,035	23,399	12,000	524,000

Fiscal year 1968 personal and nonpersonal services costs by activity

[In thousands]

	Activity 1	Activity 2	Activity 3	Activity 4	Total
Personal services cost	$173,347	$205,211	$18,034		$396,592
Retirement and contributions	20,214	23,109	2,119		46,442
Total, personal services cost	193,561	229,320	20,153		443,034
Supplies	3,215	3,850	338		7,403
Communication services	3,143	3,763	331		7,237
Travel	3,855	4,615	406		8,876
Printing and binding	291	348	31		670
Rents, equipment	3,573	4,277	376		8,226
Repairs and alterations, equipment	343	411	36		790
Rents, premises	18,906	22,631	1,990		43,527
Repairs and alterations, premises	304	364	32		700
Heat, light, and water	1,725	2,065	182		3,972
Equipment purchases	541	647	57		1,245
Outservice training	1,042	1,248	110		2,400
Executive development	37	44	4		85
Miscellaneous total	3,546	4,246	372		8,164
Subtotal	40,521	48,509	4,265		93,295
Postage	3,816	4,561	401		8,778
Total, non-personal-services costs	44,337	53,070	4,666		102,073
Contingency				$12,000	12,000
Total	237,898	282,390	24,819	12,000	557,107

Explanation of Administrative Adjustment to Fiscal Year 1967 Final Action

The fiscal year 1967 Grants to States appropriation was realigned to provide a more equitable distribution of both positions and dollars. The 1967 final Congressional action contained 51,993 direct operating positions and 6,286 overhead positions. Of the direct operating positions 53 percent performed employment

service functions while 47 percent served under the unemployment insurance activity. Despite the fact that the Employment Service maintained the larger portion of direct positions, the 6,286 overhead positions were apportioned with 41 percent to direct Administration and Management; 34 percent to the Unemployment Insurance Service and only 25 percent to the Employment Service. This obvious imbalance of overhead distribution evolved over a period dating back to 1963 when the Unemployment Insurance Service's operations were greater than the Employment Service's. At that time, a distribution of overhead positions was based on the personnel strengths of the two services. In the ensuing years, the majority of direct operating positions swung from the Unemployment Insurance Service to the Employment Service. This took place due to the steady decrease in insured unemployment and the continued increase in employment service programs. However, the distribution of overhead positions was never adjusted to reflect this shift.

To make the overhead distribution more realistic, a review of the administrative, staff and technical services positions was conducted by the Employment Service, the Unemployment Insurance Service and the Administration and Management Service. Each of the sixteen categories which comprise the Administrative Staff and Technical function were reviewed to determine which service was the beneficiary of the various support categories. The resulting action was a reduction in Unemployment Insurance and Administration and Management Service positions which subsequently were credited to the Employment Service. In addition, the review concluded that some positions were being utilized in areas other than their budget activity designation. For example, an inspection of the building maintenance function revealed an inequitable distribution between the Unemployment Insurance Service and the Employment Service. To properly charge the total building maintenance positions between these two activities, the Employment Service became the recipient of positions formerly carried under the Unemployment Insurance activity. The net effect of the above position adjustments and the corresponding dollar changes are illustrated in the following table.

Administrative adjustment to fiscal year 1967 final action for limitation on grants to States

[Dollars in thousands]

Activity	Fiscal year 1967, final congressional action		Fiscal year 1967, final action adjusted		Change	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
1. Unemployment insurance service:						
State unemployment insurance service	23,588	$220,222	23,139	$203,292	−449	−$16,930
Federal unemployment insurance service	735	6,140	735	6,454	.....	+314
Administration and management	2,122	16,342	1,460	12,820	−662	−3,522
Total activity 1	26,445	242,704	25,334	222,566	−1,111	−20,138
2. Employment service:						
Youth	6,616	65,354	6,616	65,354	.....	.....
Farm	2,051	16,310	2,051	18,010	.....	+1,700
Other	19,003	149,712	19,227	161,654	+224	+11,942
Administration and management	1,569	12,610	2,392	21,017	+823	+8,407
Total activity 2	29,239	243,986	30,286	266,035	+1,047	+22,049
3. Administration and management	2,595	25,310	2,659	23,399	+64	−1,911
4. Contingency	.....	12,000	.....	12,000	.....	.....
Total	58,279	524,000	58,279	524,000	.....	.....

Summary of positions by activity

Activity	Limitation 1967	Changes to 1967 limitation	Estimate 1968
1. Unemployment insurance service:			
a. State unemployment insurance service	23,139	[1] +347	23,486
b. Federal unemployment insurance service	735	[2] −186	549
c. Administration and management	1,460		1,460
2. Employment service:			
a. Youth service	6,616		6,616
b. Farm	2,051		2,051
c. Other	19,227	[3] +26	19,253
d. Administration and management	2,392		2,392
3. Administration and management service	2,659		2,659
Total	58,279	+187	58,466

[1] Increase due to growth in unemployment insurance program coverage (170 positions) and changes in State unemployment insurance laws (177 positions).
[2] Reduction in administrative costs for unemployment compensation for Federal employees and ex-servicemen due to lower claims workload.
[3] Transfer of funding of civil defense functions from Office of Emergency Planning.

SUMMARY OF NEW POSITIONS

None.

JUSTIFICATION MATERIAL

Unemployment Compensation for Federal Employees and Ex-Servicemen

Amounts available for obligation

	1967	1968
Appropriation or estimate	$90,000,000	$65,000,000
Proposed transfer due to civilian and military pay increases [1]	−1,337,000	
Recovery of prior year obligations	1,331,000	
Proposed transfer for program supplementals [2]	−12,224,000	
Unobligated balance lapsing	11,439,000	
Total fund availability or estimate, revised	66,331,000	65,000,000

[1] Proposed transfer due to civilian and military pay increases:

	In thousands
Proposed transfer due to civilian pay increases:	
"Salaries and expenses, Office of Manpower Administrator"	−$97
"Salaries and expenses, Bureau of Apprenticeship and Training"	−79
"Salaries and expenses, Labor-Management Services Administration"	−68
"Salaries and expenses, Wage and Hour Division"	−481
"Salaries and expenses, Bureau of Labor Standards"	−45
"Salaries and expenses, Women's Bureau"	−23
"Salaries and expenses, Bureau of Employees' Compensation"	−136
"Salaries and expenses, Bureau of Labor Statistics"	−243
"Salaries and expenses, Bureau of International Labor Affairs"	−20
"Salaries and expenses, Office of Solicitor"	−140
Proposed transfer for military pay increases:	
"Salaries and expenses, Bureau of Employees' Compensation"	5

[2] Proposed transfer for program supplementals:

"Salaries and expenses, Bureau of Employees' Compensation" (Relocation Act costs)	−20
"Salaries and expenses, Bureau of Solicitor" (Relocation Act costs)	−8
"Claims and expenses, Bureau of Employees' Compensation" (amendment to the Federal Employees Compensation Act)	−12,196

Obligations by activity

Description	Appropriation revised, 1967	Estimate, 1968	1968 change
1. Unemployment compensation for Federal employees	$32,926,000	$32,300,000	−$626,000
2. Unemployment compensation for ex-servicemen	32,005,000	31,300,000	−705,000
3. Trade adjustment allowances	1,200,000	1,200,000	----------
4. Trade adjustment activities State administration	200,000	200,000	----------
Total obligations	66,331,000	65,000,000	−1,331,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
13. Benefits for former personnel	$64,931,000	$63,600,000	−$1,331,000
14. Gants, subsidies, and contributions	1,400,000	1,400,000	----------
Total obligations	66,331,000	65,000,000	−1,331,000

Summary of changes

	Direct appropriations	Recovery of prior-year obligations	Total availability
1967 appropriation	$90,000,000	$1,331,000	$91,331,000
1967 unobligated balance lapsing	−11,439,000	----------	−11,439,000
1967 proposed transfer due to civilian and military pay increases [1]	−1,337,000	----------	−1,337,000
1967 proposed transfer for program supplementals [2]	−12,224,000	----------	−12,224,000
1967 appropriation, revised	65,000,000	1,331,000	66,331,000
1968 estimate	65,000,000	----------	65,000,000
Total change	----------	−1,331,000	−1,331,000

[1] Proposed transfer due to civilian pay increases:

	In thousands
"Salaries and expenses, Office of Manpower Administrator"	−$97
"Salaries and expenses, Bureau of Apprenticeship and Training"	−79
"Salaries and expenses, Labor-Management Services Administration"	−68
"Salaries and expenses, Wage and Hour Division"	−481
"Salaries and expenses, Bureau of Labor Standards"	−45
"Salaries and expenses, Women's Bureau"	−23
"Salaries and expenses, Bureau of Employees' Compensation"	−136
"Salaries and expenses, Bureau of Labor Statistics"	−243
"Salaries and expenses, Bureau of International Labor Affairs"	−20
"Salaries and expenses, Office of Solicitor"	−140
Proposed transfer for military pay increases: "Salaries and expenses, Bureau of Employees' Compensation"	−5

[2] Proposed transfer for program supplementals:

"Salaries and expenses, Bureau of Employees' Compensation" (Relocation Act costs)	−20
"Salaries and expenses, Bureau of Solicitor" (Relocation Act costs)	−8
"Claims and expenses, Bureau of Employees' Compensation" (amendment to the Federal Employees Compensation Act)	−12,196

FEDERAL EMPLOYEES

Mandatory items:	
Increase:	
To provide for a higher average weekly benefit amount. It is estimated that the average weekly benefit amount will be $43.40 in fiscal year 1968, $1.80 higher than currently estimated for fiscal year 1967. This reflects the increases in the State unemployment maximum weekly benefit amount.	+$1,300,000
Decrease:	
Reduction due to lower number of weeks compensated. Based on an assumed improvement in the economic conditions in fiscal year 1968, it is estimated there will be 744,000 weeks compensated compared to 776,000 weeks compensated in fiscal year 1967.	−1,300,000
Reducation due to action by Congress which eliminated the use of Federal benefit prior year funds for subsequent year appropriations	−626,000
Subtotal	−626,000

EX-SERVICEMEN

Mandatory items:	
Increase:	
To provide for a higher average weekly benefit amount. It is estimated that the average weekly benefit amount will be $42.50 in fiscal year 1968, $1.70 higher than estimated for fiscal year 1967. This reflects the increases in the State unemployment maximum weekly benefit amount.	+1,300,000
Decrease:	
Reduction due to lower number of weeks compensated. Based on an assumed improvement in the economic conditions in fiscal year 1968, it is estimated there will will be 722,000 weeks compensated compared to 753,000 weeks compensated in fiscal year 1967.	−1,300,000
Reduction due to action by Congress which eliminated the use of Federal benefit prior year funds for subsequent year appropriations	−705,000
Subtotal	−705,000
Total changes	−1,331,000

Activity 1. Payments to Federal employees

1967	$32,926,000
1968	32,300,000

NARRATIVE DESCRIPTION OF PROGRAM

Title XV of the Social Security Act, as amended, provided for the payment of unemployment compensation of unemployed Federal employees. The program started on January 1, 1955. The claims of unemployed Federal employees are processed by State unemployment insurance agencies on the same basis as claims

of other unemployed workers whose employment is covered under the State unemployment compensation law. In the Virgin Islands benefits are paid in accordance with the provisions of the District of Columbia unemployment compensation law. Under this program Federal funds are allocated to the States, which act as agents for the Federal government, for the payment of benefits.

CHANGES FOR 1968

	1966	1967	1968	Change
1. Increase in average weekly benefit amount	$39.58	$41.60	$43.40	+$1,300,000
2. Decrease in number of weeks compensated	1,070,389	776,000	744,000	−1,300,000
3. Elimination of prior year fund availability				−626,000
Net change				−626,000

The higher average weekly benefit amount in fiscal year 1968 reflects the increases in the State unemployment insurance maximum weekly benefit amounts.

Based on the assumption that the State insured unemployment rate will be slightly lower in FY 1968 than in FY 1967, it is anticipated that there will be 32,000 fewer weeks compensated in the UCFE program.

Activity 2. Payments to ex-servicemen

1967	$32,005,000
1968	31,300,000

NARRATIVE DESCRIPTION OF PROGRAM

Public Law 848 of the 85th Congress approved August 28, 1958, amended title XV of the Social Security Act to create a permanent program of unemployment compensation for ex-servicemen to be administered similarly to the program of unemployment compensation for civilian employees of the Federal government. A claim for benefits by an eligible ex-serviceman is processed under the unemployment insurance law of the State in which he first files his claims after his most recent release from active service.

CHANGES FOR 1968

	1966	1967	1968	Change
1. Increase in average weekly benefit amount	$37.87	$40.80	$42.50	+$1,300,000
2. Decrease in number of weeks compensated	1,282,411	753,000	722,000	−1,300,000
3. Elimination of prior year fund availability				−705,000
Net change				−705,000

The higher average weekly benefit amount in fiscal year 1968 reflects the increases in the State Unemployment Insurance maximum weekly benefit amounts.

Based on the assumption that the State insured unemployment rate will be slightly lower in FY 1968 than in FY 1967, it is anticipated that there will be 31,000 fewer weeks compensated in the UCX program.

BENEFITS PAID FOR UNEMPLOYMENT COMPENSATION FOR UNEMPLOYED FEDERAL WORKERS AND EX-SERVICEMEN

Fiscal year 1966 actual

Month	Federal employees	Ex-servicemen	Total
July	$3,201,116	$4,458,621	$7,659,737
August	3,789,572	5,304,700	9,094,272
September	3,343,150	4,645,147	7,988,297
Total, 1st quarter	10,333,838	14,408,468	24,742,306
October	3,154,606	3,724,051	6,878,657
November	3,433,745	3,718,661	7,152,406
December	3,803,045	4,333,980	8,137,025
Total, 2d quarter	10,391,396	11,776,692	22,168,088
January	3,973,752	4,837,320	8,811,072
February	4,383,993	4,607,931	8,991,924
March	4,862,317	4,744,612	9,606,929
Total, 3d quarter	13,220,062	14,189,863	27,409,925
April	3,761,589	3,598,967	7,360,556
May	3,318,761	2,980,275	6,299,036
June	3,300,179	2,889,258	6,189,437
Total, 4th quarter	10,380,529	9,468,500	19,849,029
Total for year	44,325,825	49,843,523	94,169,348

BENEFITS PAID FOR UNEMPLOYMENT COMPENSATION FOR UNEMPLOYED FEDERAL WORKERS AND EX-SERVICEMEN

Fiscal year 1967 estimated

Month	Federal employees	Ex-servicemen	Total
July [1]	$2,637,500	$2,431,800	$5,069,200
August [1]	3,329,000	3,257,700	6,586,700
September [1]	2,744,400	2,552,800	5,297,300
Total 1st quarter	8,710,900	8,242,300	16,953,200
October [1]	2,489,700	2,111,500	4,601,200
November [1]	2,851,700	2,463,600	5,315,300
December	2,958,600	3,024,900	5,983,500
Total 2d quarter	8,300,000	7,600,000	15,900,000
January	2,600,000	2,700,000	5,300,000
February	2,500,000	2,600,000	5,100,000
March	2,700,000	2,700,000	5,400,000
Total 3d quarter	7,800,000	8,000,000	15,800,000
April	2,600,000	2,600,000	5,200,000
May	2,500,000	2,500,000	5,000,000
June	2,389,100	2,357,700	4,746,800
Total 4th quarter	7,489,100	7,457,700	14,946,800
Total for year	32,300,000	31,300,000	63,600,000

[1] Actual rounded.

BENEFITS PAID FOR UNEMPLOYMENT COMPENSATION FOR UNEMPLOYED FEDERAL WORKERS AND EX-SERVICEMEN

Fiscal year 1968 estimated

Month	Federal employees	Ex-servicemen	Total
July	$2,400,000	$2,400,000	$4,800,000
August	2,400,000	2,400,000	4,800,000
September	2,500,000	2,400,000	4,900,000
Total 1st quarter	7,300,000	7,200,000	14,500,000
October	2,500,000	2,300,000	4,800,000
November	2,600,000	2,400,000	5,000,000
December	2,800,000	2,700,000	5,500,000
Total 2d quarter	7,900,000	7,400,000	15,300,000
January	3,200,000	3,100,000	6,300,000
February	3,100,000	3,000,000	6,100,000
March	3,300,000	3,200,000	6,500,000
Total 3d quarter	9,600,000	9,300,000	18,900,000
April	2,600,000	2,600,000	5,200,000
May	2,500,000	2,500,000	5,000,000
June	2,400,000	2,300,000	4,700,000
Total 4th quarter	7,500,000	7,400,000	14,900,000
Total for year	32,300,000	31,300,000	63,600,000

Activity 3. Trade adjustment allowances

1967	$1,200,000
1968	1,200,000

NARRATIVE DESCRIPTION OF PROGRAM

The activity provides for assistance to workers in the form of weekly adjustment allowances to employees partially or totally separated from firms which make products affected by the operation of the U.S. Canadian Automotive Agreement. In addition to weekly readjustment allowances, the Trade Expansion Act provides for payment of relocation allowances to heads of families who cannot find jobs where they reside and have an offer or have obtained suitable employment of long duration in another area. The allowance includes cost of moving the workers and his family, plus a lump sum to cover additional personal cost resulting from the move.

CHANGES FOR 1968

1967 estimate					$1,200,000
	Number of workers	Average received allowance	Average weekly allowance	Total cost	
Carryover from 1967: Workers pending placement	85	10	$72	$61,000	
New petitions in 1968 APTA:					
Workers pending placement	780	18	72	1,010,000	
Workers receiving MDTA training	125	10	72	90,000	
Workers to be relocated	25	5	72	9,000	
Total, weekly allowances	1,015			1,170,000	
Relocation moving expenses: 25 workers, at $1,200 each				30,000	
Grand total, allowances, 1968					1,200,000
Total change					

Trade adjustment assistance is payable under certain conditions to workers who lose their jobs as a result of an increase in imports. Such payments are made in accordance with the provisions of Title III of the Trade Expansion Act of 1962 (19 U.S.C., sec. 1901–1991).

The Automotive Products Trade Act of 1965 (Public Law 89–283) implements an agreement between the United States and Canada for the free trade in automotive products between the two countries. In order to provide adjustment assistance to workers who lose their jobs due to the working of the agreement, the provisions of Title III of the Trade Expansion Act were made applicable. These provisions provide that the Secretary of Labor ". . . shall pay or provide such assistance to applicants who are so entitled . . ." and indicated the manner in which this shall be accomplished. The Automotive Products Trade Act, however, established new and special standards, including detailed economic criteria for determining the cause of the dislocation, and for establishing the eligibility of firms and/or workers for this assistance.

Worker adjustment assistance benefits will be paid to automotive workers under APTA in accordance with the adjustment assistance provisions of the Trade Expansion Act. Such adjustment assistance is expected to cost $1,200,000 in 1968. This includes $1,170,000 for allowances of which $61,000 is related to approximately 85 eligible workers who carry over entitlement from 1967 and $1,109,000 is related to 1,015 workers whose entitlement will be established in 1968. Relocation of 25 workers will cost a total of $30,000 at an average cost of $1,200 per relocation.

During fiscal year 1967 claims have been filed for allowances to be paid to workers from the Ford Division, Pennsauken, New Jersey, Fisher Body Works, Grand Rapids, Michigan, and Fram Filter Co., Birmingham, Alabama, and the Gabriel Shock Absorber Co. of Cleveland, Ohio. The record to January, 1967 is as follows:

	Ford, New Jersey	Fram, Alabama	Fisher, Michigan	Gabriel, Ohio	Total
Number of affected workers	200	150	600	450	1,400
Number filing claims	148	86	578	330	1,142
Number paid allowances	133	82	304	300	819
Weeks compensated	3,350	1,490	4,500	3,200	12,540
Amount of allowances [1]	$234,300	$97,000	$329,000	$224,000	$884,300

[1] Includes reimbursement to State agency for unemployment insurance benefits paid.

In fiscal year 1966 allowances of $34,635 were paid to 42 workers from the Ford Division, Pennsauken, New Jersey.

Although only 819 persons have been found eligible for allowances to date with respect to the four certified petitions, we expect that there will be additional claimants from these companies becoming entitled to benefits during the fiscal year. In addition, we anticipate other petitions will be certified during fiscal year 1967 covering a total of 1,040 workers. To date, one additional petition by workers of the Borg-Warner Co. at Memphis, Tennessee covering approximately 130 workers has been filed but not yet certified.

Experience under APTA has been so limited as to provide no sound basis for projecting costs in 1968. One decision by Fisher Body Works of Grand Rapids, Michigan, has affected over 500 workers. The State agency estimate is that more than $550,000 in allowances will be paid to these workers before they are all able to find suitable work, and before their entitlement expires. In view of the impossibility of predicting where and when other such actions are going to take place, this budget request is in reality a request for a contingency fund to be available as needed to cover the costs resulting from certified petitions. It is conceivable that no more petitions will be filed with the result that 1968 allowance costs will be only the amount necessary to cover the residual entitlement on current petitions. Conversely, only a few petitions filed and approved in the next year could result in a substantial workload well in excess of the 930 workers

that we estimate will be newly entitled to allowances in 1968. Our request is based on our best estimate of the number of workers who will be included in certified petitions. In the event that the number of workers is less or the average length of unemployment is lower, some part of the allowance funds will remain unexpended.

The estimated cost of the claims of the four certified groups of workers plus those that we estimate will file petitions during 1967 is $1,200,000. Based on limited experience with this act, it is estimated that the fiscal year 1968 activity will approximate that of 1967.

Activity 4. State administration-trade adjustment activities

1967	$200,000
1968	200,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the services by the State Employment Security agencies in the administration of the worker adjustment assistance provisions authorized by the Automotive Products Trade Act of 1965. To provide these services will require the State Employment Security agencies to investigate worker employment histories in order to determine worker entitlement to adjustment assistance allowances; to administer the payment of allowances; to pay relocation expenses of workers transferred to a new area of residence; to determine if there were refusals to accept training without good cause, thus causing workers to lose their eligibility for allowances; to make weekly certification for training; to process and make payments of subsistence and travel expenses; to consult trainee and training facility concerning termination of training; to determine whether a weekly training payment should be denied; to prevent, detect and collect overpayments by examining the records of each separate payment; to prosecute for fraud; to furnish information for the annual report on activities under the Act; and to furnish information for investigation of anticipated economic impacts or other agreements contemplated under Section 202 of the Act.

In addition, the State Employment Security agencies will furnish employment services in the local offices of the State affected for the workers estimated to be found eligible for adjustment assistance. State agencies will promote new job opportunities and provide specialized placement services. Specialized and intensive counseling, testing and placement services will be utilized to reduce reliance on trade adjustment benefits and to return adversely affected workers to full employment as quickly as possible. All efforts will be made to locate suitable employment affording a reasonable expectation of long-term duration either in the area of residence or in another area within the United States.

Finally, the State Employment Security agencies in the State concerned will need to provide staff training, procedural development and overall program supervision.

In fiscal year 1967 to date, we have allocated funds to administer the APTA program in four States on the basis of workload which has developed under the four certified petitions.

The allocation is as follows:

Michigan	$71,839
Alabama	10,831
New Jersey	21,412
Ohio	23,316
Total	127,398

Additional funds will be allocated as the need arises.

CHANGES FOR 1968

1967 estimate				$200,000
	Workload	Unit time (hours)	Hours	
Allowance payment processing:				
Number of determinations	930	4	3,720	
Number of payments	16,265	½	8,130	
Number of relocations	25	20	500	
Total, payment processing			12,350	
ES activities:				
Counseling, testing, referral to employment or training	930	18	16,750	
Special relocation	25	20	500	
Total, ES activity			17,250	
Total, direct hours			29,600	
Overall administration: Includes training, procedures development, evaluation, and overall supervision—35 percent of direct hours			10,400	
Total hours			40,000	
Cost per hour			$5	
Total cost of State administration, 1968				200,000
Total change				

Administrative expenses of State Employment Security agencies in connection with trade adjustment assistance are estimated to be $200,000. This will include the cost of determining worker eligibility and payment of allowances; counseling, testing, referral and placement services and general staff training, procedural development and overall program administration. The funds will be distributed to State agencies in proportion to each State's share of the trade adjustment assistance activity during the year. A total of 21 positions will be needed in the State agencies to administer the program, which approximates the estimated number of positions for 1967.

JUSTIFICATION MATERIAL

Bureau of Employment Security, Salaries and Expenses

Amounts available for obligation

	1967		1968	
	Trust fund	General revenue	Trust fund	General revenue
Appropriation or estimate	$17,922,000	$2,750,000	$18,328,000	$2,720,000
Proposed supplemental for pay increases (Public Law 89-504, effective July 3, 1966)	+245,000			
Comparative transfer to the Office of the Secretary	−398,000	−28,000		
Comparative transfer to Bureau of International Labor Affairs for trade adjustment activities		−100,000		
Appropriation or estimate, revised	17,769,000	2,622,000	18,328,000	2,720,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		change, 1968	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Unemployment insurance service	299	$3,998,400	299	$4,093,100	.....	+$94,700
(a) Unemployment insurance	174	2,302,800	174	2,357,700	.....	+54,900
(b) Administration and management	74	1,029,400	74	1,053,500	.....	+24,100
(c) Regional offices	51	666,200	51	681,900	.....	+15,700
2. U.S. Employment Service	841	10,582,100	850	10,979,300	+9	+397,200
(a) U.S. Employment Service	318	4,092,100	323	4,257,200	+5	+165,100
Regional offices	151	1,951,300	155	2,066,200	+4	+114,900
(b) Farm labor service	98	1,098,600	98	1,124,800	.....	+26,200
Regional offices	56	655,800	56	677,200	.....	+21,400
(c) Veterans employment service	141	1,755,900	141	1,801,000	.....	+45,100
(d) Administration and management	77	1,028,400	77	1,052,900	.....	+24,500
3. Administration and management	108	1,271,900	108	1,304,100	.....	+32,200
(a) Office of the Administrator	40	517,800	40	528,000	.....	+10,200
(b) Administration and management	68	754,100	68	776,100	.....	+22,000
4. Manpower development and training activities	205	2,597,000	205	2,694,000	.....	+97,000
5. Farm labor contractor registration activities	14	234,600	14	236,000	.....	+1,400
(a) State administration	.....	100,000	.....	100,000	.....	.....
(b) Federal administration	14	134,600	14	136,000	.....	+1,400
6. Admission and employment in agriculture of nonimmigrant aliens	70	994,300	70	1,011,600	.....	+17,300
7. Admission and employment of immigrant aliens	60	712,700	60	729,900	.....	+17,200
Total obligations	1,597	20,391,000	1,606	21,048,000	+9	+657,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	Change, 1968
Total number of permanent positions	1,597	1,606	+9
Average number of all employees	1,430	1,489	+59
11 Personnel compensation	$14,754,900	$15,465,100	+$710,200
12 Personnel benefits	1,106,600	1,159,900	+53,300
21 Travel and transportation of persons	1,157,500	1,169,800	+12,300
22 Transportation of things	52,700	52,700	.....
23 Rent, communications, and utilities	699,000	676,700	−22,300
24 Printing and reproduction	328,800	330,500	+1,700
25 Other services	1,182,400	1,097,300	−85,100
Services of other agencies	725,100	725,100	.....
26 Supplies and materials	209,100	210,000	+900
31 Equipment	74,900	60,900	−14,000
41 Grants, subsidies, and contributions	100,000	100,000	.....
Total obligations	20,391,000	21,048,000	+657,000
Working capital fund items included above	(966,100)	(973,000)	(+6,900)

Summary of changes

	Trust fund	General revenue	Total
1967 enacted appropriation	$17,922,000	$2,750,000	$20,672,000
Proposed supplemental for pay increases (Public Law 89-504, effective July 3, 1966)	+245,000		+245,000
Comparative transfer to Office of the Secretary [1]	−398,000	−28,000	−426,000
Comparative transfer to Bureau of International Labor Affairs [2]		−100,000	−100,000
1967 appropriation, revised	17,769,000	2,622,000	20,391,000
1968 estimate	18,328,000	2,720,000	21,048,000
Total change	+559,000	+98,000	+657,000
Mandatory items:			
Increases:			
Net additional cost to restore pay costs absorbed in 1967	+200,000	+90,000	+290,000
Net additional cost of within-grade promotions effective for part year in 1967	+162,900	+23,300	+186,200
Net cost of within-grade promotions becoming effective in 1968	+126,500	+20,400	+146,900
Decreases:			
Nonrecurring extra day of pay of current year staff	−58,200	−7,700	−65,900
Nonrecurring rental transfer to GSA		−24,200	−24,200
Total, mandatory items	+431,200	+101,800	+533,000
Program items:			
Increases: Funding of civil defense function formerly financed by the Office of Emergency Planning (9 positions; $124,700 personal services, $13,300 nonlabor costs)	+138,000		+138,000
Decreases: Nonrecurring equipment costs for new positions in 1967	−10,200	−3,800	−14,000
Total, program items	+127,800	−3,800	+124,000
Total change	+559,000	+98,000	+657,000

[1] Includes 24 trust fund positions and 1 general revenue position transferred for audit functions.
[2] Includes 8 positions for trade adjustment activities.

Activity 1. Unemployment insurance service

1967:	
Amount	$3,998,400
Positions	299
1968:	
Amount	$4,093,100
Positions	299

NARRATIVE DESCRIPTION OF PROGRAM

The Unemployment Insurance Service is responsible for the operation of the Federal-State Unemployment Insurance System comprising three major income maintenance programs, State unemployment insurance, unemployment insurance for ex-servicemen, and unemployment insurance for Federal employees. The Service's overall responsibility is to insure adequacy and prompt payment of benefits and to oversee continued efforts toward improvement of operations and administration. The Service provides leadership and technical support for the States in program, managerial, operational, actuarial and research efforts. The

Service reviews State laws for adequate performance; consolidates and reviews the State and Federal budget requests and allocates the Congressional appropriation for State administration of the Unemployment Insurance program in conjunction with the Administration and Management Service; assists in development of new State and Federal legislation; directs the administration of the programs of unemployment compensation for Federal employees and for ex-servicemen. Regional Directors for the Unemployment Insurance Service represent the Service in the field in matters relating to the income maintenance program; maintain effective working relationships with State officials responsible for program administration; provide leadership, guidance, interpretation, and assistance to State Employment Security agencies in carrying out program objectives and operations; reviews State budget estimates and submit recommendations; and evaluate State operations and recommend improvement where necessary.

Past accomplishments

Activities of the Unemployment Insurance Service are reflected in detail in the workloads appearing on page 371. Some highlights in recent years are:

1. To cope with problems of management under conditions of declining workloads, the Unemployment Insurance Service has developed standards and methods (a) for determining minimum staff needs to maintain service for all areas and a cadre of supervisory and professional staff; (b) for determining the type and frequency of service at places with sparse workloads; (c) for adjusting space under lease to current needs and (d) for consolidating staff assignments in areas outside the larger cities so as to maintain service by competent staff under adequate management control.

2. To strengthen the adjudication of contested claims the Unemployment Insurance Service developed and trained State agency staff in the operation and maintenance of a quality control system by which first line supervisors analyze case records, identify weaknesses and take remedial action. In operation in more than half the States, the system is credited by State officials with significant improvements.

3. To improve effectiveness of tax audits the Unemployment Insurance Service analyzed costs and results of audits according to reasons for selecting employers to be audited. As a result States were encouraged to audit more employers whom they have reason to believe owe additional taxes and to audit fewer employers on a random basis. The net amount of additional taxes collected from the audit program increased from $10,285,710 in fiscal year 1962 ($42.83 per audit) to $20,692,880 in fiscal year 1966 ($82.52 per audit). While the number of audits made increased from 240,152 in fiscal year 1962 to 250,762 in fiscal year 1966, the overall time spent on audits decreased.

4. To assist States in developing greater staff competency job descriptions and minimum qualifying requirements were developed for key professional entry classes. Arrangements were completed and curricular plans developed under which, during 1967, approximately 1200 State Unemployment Insurance staff members will receive special out-service training conducted by universities. The training, while on an academic level, is on subjects directly related to the field of work of the trainees. One-week training courses are being given to over 600 claims examiners and 450 field auditors and two weeks of training is being given to 150 appeals referees.

5. To modernize methods of operation the Unemployment Insurance Service has done extensive research and development work in potential uses of real time data processing systems using long-distance communications and has worked with two State agencies to set up pilot tests which are expected to begin in April 1967. Meanwhile explorations have been carried on in potential uses of optical scanning equipment with one experiment under way.

6. To support sound decisions on program content and financing the Unemployment Insurance Service has: (a) started a program in more than half the States to establish continuous records of the wage earning and unemployment experience of a sample of covered workers; (b) released a manual on methods of estimating benefit costs and revenue for use by State agencies' actuarial staffs; (c) conducted annual seminars to train State technicians in cost and revenue estimating techniques; and (d) provided substantial conservative assistance to two states which have undertaken studies of the feasibility of covering agricultural workers.

1967–1968 Program

The estimate for fiscal 1968, providing for no increase in staff, reflects a substantial re-direction of the Bureau's goals for management of the Federal-State Unemployment Insurance system, which is now in process. The continuing growth toward full employment in the nations economy in recent years has brought a steady reduction in Unemployment Insurance workloads. At the same time new computer technology has continued to effect important changes in State Unemployment Insurance operating systems. In the Bureau's role however, the net effect of these changes has been to increase rather than diminish its functions in most respects. The 44 percent decline in State Unemployment Insurance staff over the past 7 years has in itself created many problems of management and control, and has placed new demands on the Bureau for assistance to the States in devising methods for adjusting to lower levels of claims operations.

The re-direction of the Unemployment Insurance Service efforts which is now in process and will continue in 1968 calls for a substantial reduction in the technical assistance heretofore given the State agencies in the form of field evaluations of operating effectiveness, and consultation on specific operating problems. An estimated 15 positions diverted from this activity in fiscal year 1967–1968 will be made available for the higher priority work which we are now emphasizing in the following critical areas:

1. Development of performance standards and a system of evaluations to ascertain effectiveness of State performance.
2. Development of cost standards and a supporting work measurement system.
3. Development of new operating methods to take advantage of new technology in ADP and Source Data automation.

No net cost reduction is estimated for fiscal 1968. The above three items of management improvement will represent a major departure from present practices in the Federal-State administration of Unemployment Insurance. In fiscal 1967, the major effort will be in the development and testing of the new management systems. In fiscal 1968, the major effort will be in the installation and perfection of the new systems through actual practice.

The Bureau's essential staff services in many other important areas are in no way diminished by the reduction in the level of operations in the States. The observance by the States of Federal law requirements and of agreements between the Secretary and the States require continued surveillance. Assistance to the States on program research, actuarial analyses and the formulation of new State legislation will require undiminished attention from the Bureau.

CHANGES FOR 1968

Mandatory changes amount to +$98,000.

Program changes amount to —$3,300.

The program change for this activity provides for a decrease of —$3,300 resulting from non-recurring equipment costs for new positions in 1967.

Workload statistics

	Actual		Estimated	
	1965	1966	1967	1968
Review of proposed or enacted legislation, rules, regulations, legal opinions, appeals decisions [1]	67,614	61,930	62,830	56,225
Miscellaneous inquiries from employers, labor organizations, claimant, Congressmen, State and Federal agencies	5,460	4,024	3,900	3,900
Evaluation of, or assistance to, States in evaluating a major phase of a State's operation [1]	352	303	223	198
Preparation of appropriation requests, analysis of State budgetary requests and recommendation of allocations for UI administrative cost and title XV administrative costs (basic and supplemental) [2]	347	451	640	416
Assist State agencies on specific operating problems through consultation in the field or in the national office (assignments) [1]	34	30	20	15
Conduct training of regional or State staffs or other Federal agencies in a major phase of program planning, operations, or management (number of training sessions)	10	14	25	25
Advise and assist States in conducting actuarial studies of benefit costs or other program studies or in developing training or benefit formulas [3]	125	142	155	155
Obtain from Federal agencies information concerning major layoffs and notify State agencies (cases)	85	200	200	200
Central control file of exservicemen and UCFE claimants (cards filed) and correspondence to be conducted with States covering duplicate assignment of wages, duplicate filing or incomplete reporting, etc. (letters) [4]	362,602	291,429	284,300	281,300
Maintenance of ledgers for UCFE-UCX benefit payments (number of reports)	636	636	636	636
Major projects to develop management and operating systems: [5]				
In process	1	3	7	8
Completions	0	0	1	3

[1] The 1967 and 1968 decreases are planned reductions to make staff resources available for training of regional or State staffs and to carry out major projects to develop management and operating systems.

[2] The 1967 increase reflects a new procedure requiring monthly review of advance obligational authority pending enactment of Federal appropriation for title XV benefits. The decrease in 1968 compared to 1966 is attributable to the high number of supplementals in 1966.

[3] The 1967 increase is made possible by the Bureau's completion in 1966 of some research guides which will stimulate State research activity and facilitate Bureau review and comment on research plans.

[4] Reflects a decline in UCFE-UCX claims, and a partially offsetting increase due to trade adjustment allowance claims.

[5] The major projects are:

1. Local office on-line payments through data communications connections with State office.*
2. ADP total system for UI operations and management information.
3. Management control manual.*
4. Guides on organization structure for effective UI administration.*
5. Evaluation system.
6. Work measurement system.
7. Performance standards.
8. Cost standards.
9. Service to claimants study (completed in 1967).

*To be completed in 1968.

Activity 2. U.S. Employment Service

1967:	
Amount	$10,582,100
Positions	841
1968:	
Amount	$10,979,300
Positions	850

NARRATIVE DESCRIPTION OF PROGRAM

The United States has been undergoing a gigantic industrial and economic transformation, reflected in a rapid increase in population and labor force, the expansion of business, the introduction of new production techniques with accompanying changes in jobs, and widespread geographic shifts in industrial location. Also, increasing productivity on the farms through mechanization and more efficient procedures, has accelerated the movement of population from rural to urban areas.

These forces of change and progress are not new. What is new is the rate at which they are taking place, the magnitude of the resulting problems, and the inadequacy of present institutions, practices, and legislation to deal effectively with the many facets of these changes. The new problems are too complex, too difficult, and too interrelated to permit quick and easy solutions.

The Nation has come to recognize the need for a new and active manpower policy. The basic elements of such a policy have been defined and a variety of approaches are rapidly being developed. Within the past three years the Congress has enacted legislation in which there are specific provisions relating to the complex of manpower problems. In each of these the implementation directly involves the United States Employment Service and its affiliated State agencies which constitute the Federal-State employment service system.

The United States Employment Service functions as an overall manpower agency, providing national leadership, direction, and coordination for program and operations to a nationwide system of public employment offices. To carry out these responsibilities, it develops basic policies, program activities, procedures, tools and techniques, and guidelines to assist State and local offices to effectively provide:

(a) an efficient job placement service in all occupations for all workers and employers;

(b) employment counseling and testing services to assist both workers and employers to meet their employment needs;

(c) intensive services for all youth, including a nationwide system of Youth Opportunity Centers, which provide counseling and testing, selection and referral to educational and vocational training programs, job development, part-time placement, including summer work, and referral to the facilities of other community agencies working with youth;

(d) similar intensive services to older workers, especially those with obsolete and obsolescent skills, utilizing both older worker specialists and, in major metropolitan areas, older worker service units;

(e) specialized services for other disadvantaged job seekers, such as handicapped and minority groups;

(f) employment services to smaller communities where full-time offices are not economically feasible;

(g) assistance to communities in the formulation and execution of plans to develop the economic potentialities of the community and make the most effective utilization of its manpower resources;

(h) occupational and manpower information and area employment and unemployment information for use in developing action programs to locate isolated pockets of unemployment and poverty and for general economic analysis, including working with other components of the Manpower Administration on special job studies;

(i) greater mobility of labor by guiding necessary shifts of workers between geographic locations and across occupational and industrial lines.

During fiscal year 1966, plans were developed and are now being implemented to integrate all activities designed to serve the disadvantaged into a single coordinated approach which has been designated the Human Resources Development program. This effort has increased the administrative responsibilities of

employment service program staff and has necessitated an even closer coordination of employment service operations with activities financed under Manpower Development and Training Activities and other related Federal programs.

A specialized service evaluates local office job counseling and placement services for veterans, and interprets and carries out policies of the Secretary of Labor pertaining to placement of veterans.

The Office of Farm Labor Service develops policies, program objectives, and operating procedures for a nationwide program to service the needs of farm workers and farm employers. As an integrated part of that program, the Service assists State agencies in carrying out the Secretary of Labor's overall regulations relating to interstate recruitment and determines the availability of domestic farm labor.

Past Accomplishments

Demands on national and regional office staff of the United States Employment Service are many and varied, requiring specialized staff in each individual aspect of the program. They include requests from the States for technical assistance; the requirement for nationwide coordination and direction of the multiple employment service programs; the implementing and follow-up of various demonstration projects of previous years and the need to translate Administration policy into a concrete, effective manpower system. While the concept of "matching men with jobs" is still valid, the Employment Service plays a much greater role in shaping the nation's economic destiny. Since the 1960's, the Employment Service has been required to continually redirect its plans and efforts to meet the needs resulting from rapidly occurring technological innovations, the necessity to reach and serve hard-core unemployed and various disadvantaged worker groups and implementation of recently enacted manpower legislation.

In fiscal years 1965 and 1966 the Bureau conducted respectively 225 and 235 evaluations of State agency program activities at the State and local levels. On the local office level, they are carried out by direct observation, comparing the overall balance of the program with special programs. Activities are examined for utilization of resources with employer demands and the quality of service to applicants. Field assistance to States in program activities totaled 300 in fiscal 1965 and 330 in fiscal 1966. This assistance is provided primarily by regional office staff who assist in developing plans for State agencies to improve their programs. The analysis and classification of labor areas provides employment data useful to the Bureau in setting up employment security programs and also provides useful information for other agencies. In fiscal year 1965, 600 areas were analyzed and classified. This was increased to 650 in fiscal year 1966. In each fiscal year, 1965 and 1966, 20 area skill surveys were conducted. These surveys serve a two-fold purpose in that they indicate what skills are required for local employers and provide prospective outside employers with information pertaining to available labor supply.

An example of such redirection can be found in the Human Resources Development program. During fiscal year 1966 initial planning for and a modest beginning of this program occurred. The program will result in a change in the practice of serving only those who come into a public employment office to one where Employment Service staff, assisted by all available resources in the community, seek out persons who would not otherwise avail themselves of employment office services and refer them to job openings or, if necessary, to training or such supportive services necessary to improve their employability.

Too often, local labor is not available in the volume needed to met local seasonal needs. To satisfy employer requirements, the Farm Labor Service must reach out to recruit and arrange for the movement of thousands of workers from areas and States of known supply. These are highly essential functions in which the Federal staff of the Farm Labor Service are strongly involved. In 1965, and continuing into 1966, the successful performance of these functions became progressively more complex and difficult. For example, in May 1965, with recruitment strongly under way for the early and midsummer crop needs, there were 17 States with total unemployment rates of 3.5% or less; 8 of the States had unemployment rates of less than 2%. In May of 1966, there were 32 States where the total unemployment rates were 3.5% or less, two of which (Iowa and New Hampshire) were less than 2.0%. These unemployment levels reflect the tight labor market conditions that have been characteristic throughout the country in the last two years.

In the tightening labor market, it has been necessary to embark on a widespread recruitment effort to bring new workers into the farm labor market. These interstate activities have resulted in measurable success. In fiscal 1966, interstate job orders numbered 7,841 or 214 in excess of the employer order volume for 1965. Placements in out-of-area recruitment totaled 551,193 in fiscal 1966, an increase of 5,534 over 1965.

The Farm Labor Service's sustained emphasis on the recruitment of interstate domestic agricultural workers has resulted in significant reductions in employment of foreign workers since the termination of Public Law 78 at the end of 1964. The number of foreign workers brought into the United States for seasonal agricultural work declined from 200,000 in 1964 to about 36,000 in 1965 and less than 25,000 in 1966. Eighteen States which had used foreign workers in one or more crop activities in 1964 did without them in 1965; while in most of the other ten States in which they had been used in 1964, lesser numbers were used in fewer activities in 1965. This trend continued in 1966, with a concurrent rise in domestic worker employment.

Approximately 100,000 additional United States workers had employment in agriculture in 1965 because of the relatively smaller number of foreign agricultural workers admitted for seasonal employment. In addition, farm wages have risen substantially in most areas with some of the greatest increase occurring in States in which foreign seasonal farm workers had previously been extensively employed.

Specific examples of successful interstate recruitment programs that have resulted in reduction or elimination of reliance on foreign workers to meet seasonal agricultural labor needs are:

1. *Michigan.*—In 1964 nearly 13,000 Mexican contract workers and 3,500 domestic workers were employed in the harvesting of pickles at peak. In 1965, and again in 1966, the use of foreign workers was eliminated.

2. *Florida.*—In the 1964–65 season, foreign workers were employed in sugar cane, citrus, strawberries, tomatoes, celery and sweet corn. The use of foreign workers was completely eliminated during the 1965–66 season in all crops except sugar cane and citrus. Moreover, in citrus only, about 600 foreign workers were employed for just a few weeks following the January 1966 freeze.

3. *Sugar beets.*—Over 10,000 Mexican nationals were employed in sugar beet preharvest activities in the Mountain and Great Plain States in 1964. In 1965, and again in 1966, only domestic workers were employed in sugar beets.

4. *California tomatoes.*—Since 1964 there has been a dramatic reduction of the number of foreign workers employed in this crop. Over 15,000 additional workers were employed in 1966 harvesting tomatoes than in 1964. And the reliance on foreign workers was decreased from 84 percent of the total work force in 1964 to 15 percent in 1966.

5. *Lumber and woods products.*—Farm Labor Service functions were expanded to include the responsibility for administering the manpower requirements of the lumber and woods products industry which employs over 600,000 workers. The manpower problems of this industry, although similar to those of agricultural industries, are both complex and unique.

In 1966 attention was focused on the Northeastern area which for years has imported temporary foreign woodsmen to supplement the domestic labor force. These foreign workers have done most of the cutting work. To reduce this dependence on alien labor, Federal staff were engaged in extensive domestic worker recruitment programs in Louisiana, Mississippi, Virginia, West Virginia, and Pennsylvania. In addition, training programs, designed to teach unemployed workers the basic skills necessary to obtain work in the lumber and wood products industry, were established.

The South is on the threshold of a great expansion of the wood pulp industry which will require an additional 100,000 workers to the labor force. This, coupled with recurring shortage of workers in the Northeast, indicates a strong need for additional training programs to equip unemployed domestic workers with at least the basic skills.

1967–1968 Program

The need to provide technical assistance to the States in improving their services to the disadvantaged cannot be postponed. The job is big and the consequences of neglect are dangerous. Assistance has to be provided to all local areas that need technical help in developing programs and in giving services to minority groups, to the handicapped, to youth, to older workers, and to newly-designated veterans of the "Cold War." Training of managers, executives and State office specialists will be emphasized to alleviate this problem.

Local office staff will be trained in methods of presenting the positive advantages of hiring the disadvantaged. With the growth in the number of multistate firms, the job of promoting acceptance of such job-seekers cannot be delayed. The hiring policies such firms establish often set patterns which smaller firms follow.

Technological and economic change and the movement of industry cause layoffs and worker displacements. To cope with the employment effects of these changes, interarea recruitment and placement systems of the employment service must be improved without delay. Employment service research to make full use of automatic data processing is called for.

The Nation has embarked on an effort to improve its vocational education efforts so that workers can be retrained for occupations in which there is reasonable opportunity for employment. The Employment Service has undertaken to broaden the occupational, industry and area coverage of its information on job market conditions which can be used by educators, and by individuals as well as by employers and communities in manpower planning. The development of techniques and technical assistance for carrying out such surveys in local communities and assistance to the States in analyzing job market conditions must be strengthened. Equally important is the need to improve methods for estimating urban and rural unemployment rates. To better cope with job skill shortages, more complete job vacancy information is needed.

Increased emphasis will be devoted to the Human Resources Development program in 1968. This program is more fully described in the Grants to States request and is funded from a variety of sources. In essence, it represents a coordinated approach and application of all the basic employment service activities to serve the most deprived groups in the workforce.

A major thrust of the Employment Service in 1968 will be to improve its management information system at all levels and to train staff to make effective use of improved management information and techniques with the States and national office. Work cannot be delayed in initiating a cost-accounting system, cost-benefit studies and the development of a sound management information system. Local plans of service reflecting community manpower service needs must be introduced with reasonable speed in all local offices. The local plans provide basic information needed for all manpower planning.

The expansion of in-service and out-service training of employment service staff and new improved training materials are necessary steps to improve the Employment Service.

The increasing and changing demands on the Employment Service will require it to seek out and implement further improvement and economy in its operations as well as redirect and reassign resources from lower priority programs to those where the needs are the greatest. This will be accomplished by continuing reassessment of plans and activities and promptly initiating actions indicated by the reassessment.

No new programs are contemplated for 1968. The workload statistics shown reflect the Farm Labor Services estimated work schedule for 1968. In general, they are not at the same levels as anticipated in 1967.

To meet all of the increased demands on the national and regional offices the Service will strive to carry out the basic functions provided in previous years, as well as to improve their operation.

CHANGES FOR 1968

Mandatory changes amount to +$265,300.

Program changes amount to +$131,900.

The program change for this activity provides for an increase of 9 positions and $138,000 and a decrease of —$6,100 resulting from non-recurring equipment costs for new positions in 1967.

Civil Defense Functions

Federal plans and associated documents have been developed pursuant to Executive Orded 11000 for correlating the utilization of manpower to the needs of any mobilization effort in which the nation may become engaged. Such plans and documents include: the National Manpower Plan, policy statement on the establishment, functions, and organization of national, regional, and area labor management committees, list of activities and occupations essential and critical to the mobilization effort, data for the National Resource Evaluation Center, guidelines for the utilization of the Federal-State employment security system in the mobilization of civilian manpower, interdepartmental memoranda of understanding, provision for alternate headquarters sites and for the designation and use of executive reservists.

The emergency preparedness activities for Fiscal Year 1968 are to be primarily of the "maintenance-type" associated with the liaison and developmental activity related to updating existing plans and planning documents and correlating their use to any on-going mobilization effort in which the nation is engaged. They include the following:

1. Issue changes to guidelines provided State employment security agencies on adjusting manpower operations or developing manpower plans for any on-going or possible mobilization effort; and evaluate and review their procedures and operating for conformance with Federal guidelines, policies, and standards.

2. Coordinate Bureau of Employment Securtiy emergency preparedness activities.

3. Provide Department of Labor coordination for emergency preparedness activities in the coterminous regions of the Office of Emergency Planning and the Office of Civil Defense (OEP–OCD's regions).

4. Maintain and test plan for continuity of Bureau of Employment Security operations outside the Washington, D. C. area in event of a nuclear attack, and maintain and test similar plans in OEP–OCD regions.

5. Train executive reservists, and recruit replacements or additions to executive reserve roster.

6. Maintain rapport and consult with regional labor-management committees; provide secretariat services for meetings of such committees and maintain committee membership.

7. Provide membership for Interagency Committee on Essential Activities and Critical Occupations, and secretariat services for its meetings and its relations with governmental and non-governmental groups and individuals.

8. Evaluate petitions for additions to the Department of Commerce list of currently essential activities and the Department of Labor list of critical occupations, and maintain a continuing review of the latter list for deletions consistent wtih the foreseeable mobilization requirements.

9. In conjunction with the Department of Defense, maintain a continuing review of the Department of Labor list of critical occupations for screening the ready reserve to promote the optimum utilization of such skills in meeting military and civilian needs.

The funding of the foregoing activities requires 9 positions, (7 professional, 2 clerical and $138,000). Heretofore, Bureau of Employment Security defense readiness activities have been funded through appropriations made to the Office of Emergency Planning.

Workload statistics

	Actual		Estimated	
	1965	1966	1967	1968
EMPLOYMENT SERVICE				
Evaluation of State agency program activities	225	235	250	250
Evaluation of program activities; analyses of State annual and supplemental budget requests, program performance, etc	800	800	810	810
Field assistance to States in program activities, organization and management, and training activities	300	330	350	350
Analysis and classification of labor areas:				
Major	150	150	150	150
Small	450	500	600	600
Occupational and manpower information studies, job openings, etc	85	94	180	180
Area skill surveys	20	20	20	20
Job definitions, classifications, and descriptions prepared	[1] 21,300	9,700	12,200	12,200
Analysis of Employment Service activities	53	62	128	130
Occupational tests developed	50	58	65	87
Promotional contacts with multi-State employers	51	105	81	100
Occupational guides prepared	350	400	500	500
Industry manpower surveys	5	6	6	6
FARM LABOR SERVICE				
Review of farm program workload activities; analysis of State annual and supplemental budget requests	818	803	790	778
State program evaluations, initial and followup	35	45	50	50
Semimonthly review of area in-season farm labor area reports (ES–223) [2]	3,500	3,500	2,100	2,000
Instructional and training materials for ES personnel (items printed) [3]	73	62	68	68
Pamphlets and technical aids produced and issued	18	29	35	35
Training meetings on farm labor subjects	20	27	25	25
Determinations and certifications re alien entry requests under Public Law 414 for permanent agricultural employment	10,859	5,500	7,500	7,500
Farm job orders reviewed and cleared for interstate recruitment: [4]				
Number of orders cleared	7,600	7,814	7,600	8,000
Number of workers involved	400,000	405,513	400,000	415,000
Farm labor camp housing inspections [5]	1,000	1,480	1,500	1,500
Review of in-season reports (ES–232) for wage finding purposes	580	559	600	600
Prevailing wage findings	500	542	560	560
VETERANS EMPLOYMENT SERVICE				
Total number of veterans making application for employment in local offices	1,197,200	1,172,500	1,600,000	1,700,000
Total number of disabled vetearns making application for employment in local offices	121,600	121,100	130,000	140,000
Total number of veteran nonagricultural placements	932,900	974,200	1,400,000	1,500,000
Total disabled veteran nonagricultural placements	99,200	103,800	110,000	120,000
Number of local-office visits by State veterans employment representatives	4,536	4,759	5,000	5,000
Number of local office evaluations by State veteran employment representatives	1,488	1,368	1,700	1,700
Number of veterans visiting offices of State veterans employment representatives [7]	12,238	12,297	15,000	16,000
Number of veterans employment problem cases referred to VES [6]	3,181	1,704	2,000	3,000

See footnotes at end of table.

Workload statistics

	Actual		Estimated	
	1965	1966	1967	1968
Number of contacts made by State veterans employment representative:				
Employer	7,336	7,016	7,500	7,500
Veteran organizations	13,120	13,542	13,500	13,500
Other	16,069	15,395	15,500	15,500
Total contacts [7]	36,525	35,953	36,500	36,500
Number of performance evaluations of State veterans employment representatives offices by national office staff	50	52	52	52

[1] Abnormal workload in fiscal year 1965 includes definitions and classifications prepared for the 3d edition of the Dictionary of Occupational Titles published in July 1966. Workload was prepared with the assistance of occupational analysts detailed from the State agencies.
[2] Beginning in the 2d quarter of fiscal year 1967, reports will be received semimonthly in areas of critical labor shortages and monthly for all other areas.
[3] Not previously reported.
[4] Replaces former "Interregional movements" item.
[5] Working with State health agencies.
[6] Workload items over which VES has no control.
[7] Represents personal and telephone contacts with other Federal and State governmental agencies, labor unions, private organizations, and community groups on veterans employment activities.

Activity 3. Administration and management

1967:	
Amount	$1,271,900
Positions	108
1968:	
Amount	$1,304,100
Positions	108

NARRATIVE DESCRIPTION OF PROGRAM

This function provides leadership to the employment security system, and executive direction for the Bureau of Employment Security. In this concept it establishes programs and formulates plans to improve these programs; formulates policies to be followed by Bureau staff; establishes and maintains effective Federal-State relations; monitors performance and accomplishments of State employment security agencies; and maintains special liaison with, and provides services to the Federal Advisory Council and the Interstate Conference of Employment Security Agencies.

In addition to general support functions such as mail and messenger service, the Administration and Management activity also includes those program responsibilities which can be performed more economically and effectively by a centralized staff. In the fiscal management areas the activity includes such functions as estimating and justifying requests for all funds for Bureau needs, for State administrative costs, and for Federal Unemployment Compensation and allowance programs, planning and controlling administrative allocations and expenditures after appropriations are received; providing for fiscal accountability; improving financial management in the State agencies; and conducting financial and management audits of State agencies.

Administrative management responsibilities include providing information to the public; administering State merit system standards and improving State personnel management; providing leadership in the development of Bureau automatic data processing programs and assistance to the State agencies on matters involving data processing and transmission facilities; performing overall economic research and analysis; maintaining a Federal-State statistical reporting program; and performing internal business management functions.

Past accomplishments

A variety of programs and special projects were conducted by the Administration and Management Service of the Bureau of Employment Security during the

past fiscal year to improve internal administrative management. Illustrative of these efforts are the following:

ORGANIZATIONAL AND MANAGEMENT STUDIES

Using its own management analysts, the Bureau conducted and/or assisted with in-house studies of organizational elements which had management problems reflected in large backlogs of work, or which confronted problems in the assumption of new or modified responsibilities. Studies were made of organizational units processing mail, planning and implementing youth programs, providing automatic data processing services, processing statistical reports, handling the fiscal management responsibilities of the Bureau, processing requests for foreign workers, providing technical assistance to State agencies in their unemployment insurance programs, etc. The results of these studies were reflected in recommendations for changes which brought about related administrative actions involving, in some cases, reorganizations and redistribution of workload and resources, and, in other cases, redesign of procedures.

In addition to in-house management studies, the Bureau sought the advice of private consulting firms on certain problems which required observation by specialists not available in the Bureau. Included in this effort was a Study of Systems Used to Determine and Control State Grants, conducted by Cresap, McCormick and Paget. The recommendations in this study have been accepted in principle and implementation work is currently in progress. A second study, by Auerbach Corporation, was initiated after the Bureau had proceeded as far as it was able in identifying the needs for automatic data processing in the employment security system. The Auerbach Corporation will shortly produce a conceptual plan for automating operations to the maximum feasible extent.

Apart from these efforts to study its own administrative practices, the Service has participated in studies conducted by the Manpower Administration and the Department which have involved mail, messenger, and office services; space utilization; management information; program planning and budgeting; cost reduction; employee-management relations; personnel administration; auditing; and financial management. Some of these studies have resulted in transfers of functions, or realignments of responsibilities, while others are yet to be implemented.

EMPLOYEE DEVELOPMENT

During the past fiscal year, training programs were conducted or arranged to improve the capability of staff, and to acquaint staff with new legislation. In addition to arrangements for individual employee's training under the Government Employees Training Act, there was in-housing training, such as that for all top executives on the Civil Rights Act to give emphasis to the Equal Employment Policies of the Department. Another example was the training of top executives of the Bureau by the Department of Defense Computer Institute in an appreciation course on the benefits of automatic data processing.

Conflict of Interest questionnaires were obtained from all Bureau employees making recommendations or decisions involving money, and these were reviewed to identify any questionable interests on the part of Bureau employees. This program was conducted in accordance with Departmental instructions.

MANAGEMENT IMPROVEMENT AND COST REDUCTION

To give substance to the objectives set forth in the government-wide management improvement and cost reduction program, the Bureau made organizational and procedural arrangements for the establishment of an Management Improvement Cost Reduction Program—in the Bureau itself, and in State agencies. This program is coordinated by the Administration and Management Service. Guidelines were prepared and issued, along with techniques for identifying high-cost activities, and training was conducted on the operations of the system. As a result of the program, priority activities were handled at the expense of less-essential functions, which were eliminated or placed in abeyance. Also, additional controls were placed on travel authorizations, personnel vacancies, and miscellaneous expenditures.

RESTORATION OF AUDIT DISALLOWANCES

Under Federal legislation, State agencies are required to restore any Federal funds which the Secretary of Labor finds were not expended in accord with the

purpose granted or were expended in an amount in excess of that necessary for proper and efficient administration. Despite having a replacement guarantee provision in their laws, many State agencies have failed to restore audit exceptions taken to expenditures. The past fiscal year saw the beginning of an intensive effort to clear the books of these audit exceptions, and in the process to improve financial management in State agencies.

Of more importance than these activities were the efforts to improve administrative management in State employment security agencies. Noteworthy among these efforts were:

THE INTENSIFICATION AND EXTENSION OF TRAINING PROGRAMS FOR STATE AGENCY EMPLOYEES

Increased funds made available for the training of State's agencies' staffs enabled expansions of training opportunities for a significant number of employees. Nationwide training programs were conducted on Civil Rights and Equal Employment Opportunities, fiscal management, and employment service programs. New training programs conducted by universities and colleges were initiated in technical subjects not previously available to State agency staffs, including tailor-made training courses for employment counselors, local office managers, and budget officers.

ADMINISTRATIVE REVIEWS OF STATE AGENCIES

To provide technical assistance to State agencies on management functions, the Service follows various procedures, ranging from the return of comments and recommendations on documented proposals, to comprehensive on-site administrative reviews which probe into all areas in an agency's management operations. These comprehensive reviews cover organizational structure, methods of control, distribution of work, delegation of authority, office procedures, work flow, office layout, financial management, staff training, personnel administration, research and reporting, and utilization of automatic data processing equipment. Less comprehensive reviews are made of specialized areas, such as personnel administration, fiscal management, or statistical reporting.

During the past fiscal year, comprehensive administrative reviews were made in three State agencies; automatic data processing equipment request from 29 State agencies were reviewed; evaluations of financial administration programs were made in 11 States; every State had a review of its research and reporting program; financial audits were conducted in 24 State agencies; and comments and recommendations were prepared for 10 State agencies on organizational or administrative proposals. In total, the Administration and Management staff in the national office made 142 visits last fiscal year to State agencies to conduct one or another of the several types of administrative reviews mentioned above. In a majority of the cases, the reviews resulted in changes were mutually agreed upon by the State agency and the Bureau toward the improvement of agency administration.

EXTENSION OF AUTOMATED PROCESSES IN MANAGEMENT FUNCTIONS

Through on-site technical assistance provided to State agencies by Bureau specialists, a number of agencies are studying the posibility of automated application to such management activities as payrolling, statistical reporting, personnel reporting, and property controlling. These activities which utilize a large amount of staff resources, and a successful transfer of operations from manual methods to machine would appear to hold promise for future savings in State agencies.

EXTENSION OF LETTER OF CREDIT PROCEDURES

After developing procedures for making granted funds available to State employment security agencies through Letters of Credit issued for a single appropriation, the system was tested and improved to the extent that it could be applied to all other Federal funds made available by the Bureau. During the past fiscal year, cash flow to State agencies was simplified by procedural amendments, and continuous work with problem States has now resulted in a smooth and timely process.

1967–1968 Program

Since administrative support must be furnished to new and modified program operations, the period ahead will involve the redirection of administration and management resources as dictated by program needs. This is to say that administration and management must be prepared to implement program decisions with policies and procedures responsive to the program needs which evolve, whether these be reflected in revised budget and accounting processes, statistical reporting changes, or any other type of management support required to assure the successful achievement of program goals.

In addition to the normal task of adjusting support resources to meet the needs of the program services, the administration and management activity has several special projects of its own to carry out in the coming months. These include:

DEVELOPMENT AND INSTALLATION OF A COST ACCOUNTING SYSTEM

In accord with a commitment of the Department of Labor to install an accrual cost accounting system by December 31, 1968, the Bureau will devote effort to assure that accounting systems compatible with the Department's are established for the Bureau's salaries and expense accounts, as well as for State grants allocated by the Bureau. To fulfill its responsibilities in this connection, the Bureau must participate in the development and installation of its own accrual cost accounting system, and adapt that system to the different needs in State agencies. The latter responsibility will involve review of accounting requirements in the States, modification of the system to meet the needs of State governments, training of State agency staff in the complex accounting procedures involved, and technical assistance in establishing the accounting system in States requiring aid.

REVIEW AND REVISION OF STATISTICAL REPORTS

Inasmuch as new needs for information constantly arise, the statistical reporting program in the employment security system must be reviewed and updated continuously, in order to delete lower priority reports and thus provide the resources for new reporting requirements. Studies will be made of currently required reports to identify those which can be deleted or simplified. Also, studies will be made of processing procedures in an effort to simplify collection, audit and tabulation, in the interest of economy.

IMPLEMENTATION OF AUTOMATIC DATA PROCESSING SYSTEMS STUDY

The Bureau shortly will receive a conceptual plan for the automation of processes throughout the employment security system under a contract with a private management consulting firm. The conceptual plan is expected to define basic automatic data processing applications in all types of operations. Within the administration and management areas there appears to be savings potential in the automation of activities related to budget preparation, execution, and control; statistical and economic data collection and reporting; accounting control and fiscal reporting; equipment and supply inventory and control; personnel management; payrolling operations; and, many other administrative management functions. During fiscal years 1967–1968, staff effort will be given to the appraisal of the technical notes and conceptual plan delivered by the consultants; to the development of plans for progressing the project in model States; and to the provision of leadership and technical assistance to State agencies in the promotion of efficient, effective, and economical automatic data processing applications.

INSTALLATION OF THE DEPARTMENT'S MANAGEMENT SYSTEM IN STATE AGENCIES

It is indicated that the Secretary of Labor contemplates the introduction of the Department's Management System in State employment security agencies. To realize this intent will require a considerable amount of work in adapting the system to the program structure and administrative procedures in the different State agencies. Studies will have to be made to determine the specific areas in the Management System which require modification; implementing instructions will have to be prepared; and training will have to be given to responsible State employees.

The size of the task can be comprehended in the light of 59 jurisdictions which will have to be covered by the system, with information flowing from over 2,100

local offices. Since the system involves program planning for 5 years in the future, as well as the preparation of financial plans, performance measurements, cost-benefit analyses, and other complex calculations and prognostications, there will be involved a significant redirection of normal procedures by the State agencies.

MODIFICATION OF BUREAU'S FINANCIAL MANAGEMENT PHILOSOPHY

The acceptance of recommendations made by a private management consulting firm's study of systems used to determine and control State grants will affect significantly certain administration and management responsibilities. Currently underway are efforts to implement the consultant's recommendations for simplification in the budgeting and accounting procedures, and for establishing self-evaluation programs in State agencies. Still to be developed are feasible methods of decentralizing budget and financial management decisions to regional offices; analysis techniques for determining equitable allocations of nonpersonal service funds; techniques for appraising staff requirements in administrative and support functions; and workload or other performance measurements of administrative management activities. Effort will be devoted in the months ahead to the development of techniques and methods for resolving the problems related to the foregoing recommendations of the consultants'.

CHANGES FOR 1968

Mandatory changes amount to +$33,000.
Program changes amount to —$800.
The program changes for this activity provides for a decrease of —$800 resulting from a non-recurring equipment costs for new positions in 1967.

Workload statistics

	Actual		Estimated	
	1965	1966	1967	1968
Development of economic assumptions and estimates of economic related data	23	23	23	23
Review of State assumptions, estimates, and experience	150	150	150	150
Review of State needs for research and reporting	53	53	53	53
State training reports and proposals reviewed	270	330	350	350
Development of standards and guides	11	14	15	15
Financial audits of State agencies	35	24	28	28
Administrative management reviews of State agencies	3	3	2	2
State ADP equipment requests reviewed	16	29	30	30
Evaluation and administrative reviews conducted	3	10	27	27
Reports production:				
Fiscal	35	69	95	95
Statistical	10	52	100	100
USES	5	28	40	40
UI	------	2	15	15
OFLS	------	5	20	20
Technical assistance visits to State agencies [1]	139	142	130	130
Training conferences [1]	13	38	43	43
State budgets approved	1,210	2,774	3,000	3,000

[1] These include visits and conferences held by all units of A. & M.S.

Activity 4. Manpower development and training activities

1967:	
Amount	$2,597,000
Positions	205
1968:	
Amount	$2,694,000
Positions	205

NARRATIVE DESCRIPTION OF PROGRAM

The Bureau of Employment Security provides, through the State employment security system, for the operating programs necessary to carry out the Manpower

Development and Training Act activities assigned to State employment security agencies. The Bureau exercises leadership, direction, coordination and control throughout the Federal-State system. It provides the operating instructions and procedures for determining locally the specific occupations for which training should be undertaken; for the testing, counseling, selection, referral and placement services subsequent to training to be furnished unemployed and underemployed workers by the local offices; and for making payments of trainee allowances, subsistence and transportation. The Bureau works closely with the United States Office of Education, Department of Health, Education, and Welfare on all matters related to institutional training. The Bureau has been delegated the Secretary of Labor's responsibility for Federal review and approval of proposed institutional training programs. The Bureau also collaborates with the Bureau of Apprenticeship and Training on matters requiring State employment security agency participation in the development of on-the-job training.

The Bureau's regional offices provide direct technical assistance to States in conducting skill surveys, in training project identification and development, in the counseling, testing, selection and referral of unemployed workers to training and in the maintenance of necessary records and reports. Regional representatives, jointly with the Department of Health, Education, and Welfare and the Bureau of Apprenticeship and Training review and approve training projects.

Past Accomplishments

During fiscal years 1963 through 1966, a total of 8,582 projects for 496,201 trainees were approved. Of this number, 2,827 projects for 159,682 trainees were approved in fiscal year 1966. As of June 30, 1966, it was estimated that 405,000 persons had enrolled in training courses and that 222,000 had completed training. The figures for fiscal year 1966 were 164,700 and 96,000 respectively. Approximately 89 percent of the graduates had found some employment since training.

Training has been offered in more than 600 occupations but the most popular occupations have been secretary-stenographer, hospital and institutional attendant, general machine operator, typist and clerk-typist, miscellaneous mechanics and repairman, welder, automobile mechanic, licensed practical nurse, auto-body repairman and general office clerk. Approximately 59.5 percent of the trainees have been male, 34.5 percent non-white, 49.5 percent non-high school graduates, 38 percent unemployed 15 weeks or over, 14.6 percent under 19 years of age and 10.1 percent 45 years and over. Percentages do not vary significantly by fiscal year.

1967–1968 Program

The Bureau will provide the Nationwide direction to State agencies in servicing 280,000 individuals, an increase of 30,000 over fiscal year 1967. During fiscal 1967, the Manpower Development and Training Act training program is placing increased emphasis on reaching the hardcore disadvantaged unemployed (65 percent of the 250,000 persons to be trained). Among those groups on which greater emphasis will be placed are older workers (37% of the disadvantaged vs. 12% in 1966), school dropouts (81% vs. 51%), and long-term unemployed (80% of the disadvantaged adults vs. 47% of all adults). These disadvantaged individuals will require more intensive services by the State Employment Security agencies in order to provide the person-to-person or trainee-oriented approach. The 1968 program plan maintains this design.

Provision of training and other subsidiary services to trainees will be much more difficult to administer. It is the Bureau's responsibility to maintain a program to reach those unemployed whose needs are greatest. To accomplish this a national program must be designed which will go into the slums and ghettos where unemployment and poverty problems are greatest. By so doing, a sizable contribution will be made in reducing the tensions that erupted into violent demonstrations in many areas as well as in carrying out the basic objectives of the program. The fiscal 1968 program must seek out and place into training and employment those individuals with multiple problems which stem from economic, social and educational inequities.

Experience indicates that many of the long-term disadvantaged have not been reached by various programs which have been established to develop employability and to provide employment, even those that were specifically designed to assist disadvantaged persons. The failure of these programs was largely due to inadequate recognition of the degree of disillusionment, poverty, ill health,

and lack of motivation among the severely disadvantaged. A person-to-person approach involving close and continuing assistance by Employment Service staff is essential to assure that each individual achieves the vocational objectives most suitable to his needs. Training programs must be developed that are structured to meet the special needs of these disadvantaged workers: i.e. programs offering the greatest possibility of effective employability and vocational success. The Bureau will have to administer a wide range of programs dealing with skill needs, motivation, rehabilitation and remedial education. Such a broadening of program activity will require significantly greater attention of professional staff services in relation to the number of trainees served.

Another factor relates to reductions which have occurred in unemployment that call for increased emphasis upon the upgrading of employed workers to meet emerging skill shortages. These workers must be replaced by drawing entry workers from the pools of the remaining unemployed. This pool is composed mainly of the severely disadvantaged who have limited employability in their present state.

CHANGES FOR 1968

Mandatory changes amount to +$100,800.

Program changes amount to −$3,800.

The program change for this activity provides for a decrease of −$3,800 resulting from non-recurring equipment costs for new positions in 1967.

Workload statistics

	Actual		Estimated	
	1965	1966	1967	1968
State administrative and program reviews (evaluations) to appraise the administration of the MDTA programs for—adherence to Federal laws and regulations (number of evaluations)	38	41	41	50
Development and revision of procedures, handbooks, guides, training units and manuals of procedures for State agency operations (pages)	350	250	460	500
Central control file of MDTA and ARA trainees for purposes of preventing excessive or duplicate payments and to prevent payments during a period of ineligibility (cards filed) and correspondence to be conducted with States covering duplicate filing or incomplete reporting, etc. (letters)	141,900	186,909	192,000	198,000
Field assistance to States in program activities	217	337	501	501
Evaluation of program activities, program performance, etc	66	80	89	89
Public relations items—articles, pamphlets, etc., promoting the MDTA program	10	12	12	12
Analyses of MDTA program activities reports, etc	[1] 4,307	[2] 18,618	[3] 30,492	[3] 30,492
Training project approvals including redevelopment area training	2,718	3,850	4,400	4,400
Training project reviews	5,000	6,000	8,000	8,000
Meetings and conferences	34	44	52	52
Financial audits of States' accounts	35	24	28	28
State budget requests processed	235	245	245	245
Project proposals recorded and controlled	1,400	[3] 2,630	2,750	2,750
OJT contracts recorded and controlled (all contracts)	771	2,200	2,400	2,400
Grants to State agencies	80	43	25	25
Notices of obligational authority and grants prepared	1,300	650	400	400

[1] Workload based on ES–238 project report which was discontinued.
[2] Workload based on new system of trainee review.
[3] Additional 202 projects under section 241.

Activity 5. Farm labor contractor registration activities

1967:	
Amount	$234,600
Positions	14
1968:	
Amount	$236,000
Positions	14

NARRATIVE DESCRIPTION OF PROGRAM

This Activity provides for the registration and regulation of persons engaged, under certain conditions, in the activity of a farm labor contractor, and full-time or regular employees of such contractors. Under authority delegated to it, the Office of Farm Labor Service within the Bureau of Employment Security is responsible for all functional activities, except legal services, involved in the implementation of the Act. These responsibilities include: publicizing requirements of the Act of the Secretary's regulations (CFR 29; 40–40.1) relating thereto, and for the receiving and transmittal of applications for registration, complaints and appeals; reviewing applications and recommending the issuance, denial, revocation or suspension of certificates; and conducting necessary investigations relating to these actions.

Past Accomplishments

INSURANCE PROBLEM

The Farm Labor Contractor Registration Act requires insurance which affords protection in the amount of $5,000 for bodily injury to or death or one person, $20,000 for bodily injuries or death to all persons in one accident, and $5,000 for loss or damage to property of others in any one accident.

Every year migratory farm workers are involved in highway accidents. Two of the most serious occurring in 1966 were as follows:

At Ozark, Alabama, 32 migrant workers were involved in a bus accident when the bus left the highway and overturned in a ditch. Of this number 12 died and 17 were injured. At Bloomsburg, Pennsylvania, a bus containing 21 passengers collided with a tree killing one worker and injuring 17 others. In neither case was the crew leader registered nor did he carry insurance to protect the migrant workers as required by the Act. It is interesting to note that in neither of these accidents was another automobile involved. The primary reason for the insurance requirement is, of course, to cover just these types of situations. The persons killed and injured in these accidents are the least able to pay for their hospitalization and medical care and the survivors of these dead migrant workers are the least able to recover from these tragedies.

Although the insurance required by the Act would never fully compensate the survivors or the injured, had there been insurance, at least some compensation would have been available to assist them. While it is true that criminal action as provded in Section 9 of the Act may possibly be instituted against the violating crew leaders, this will not pay hospital and doctor bills or help the families of the dead.

The insurance problem under the law arose because the Act requires liability coverage of all third persons. However, the typical automobile liability policy excludes employees of the insured and does not provide coverage for personal property carried by the insured. This meant that if any migrant worker was considered the employee of the contractor in whose vehicle he was riding, he was not protected. It also meant that personal property carried by migrant workers was not protected against loss or damage. During the first year of operation, it was discovered that a policy which eliminates the employee exclusion and the personal property exclusion was simply not available. Consequently, an accident policy was authorized to plug this gap. The contractor could possibly arrange to eliminate both the employee and personal property exclusion from this policy. The cost of such policies ranged between $900 and $2,500.

To eliminate that situation, an endorsement was developed which provides that the contractor is insured against libility for damage to persons or property arising out of the transportation of migrant workers within the meaning of the Act. When this endorsement is added to an automobile liability insurance policy the policy conforms to the requirements of the Act. Although the Bureau has little or no control over the rate charged for insurance policies, the endorsement was rated at 50% of the standard bus rate in a State. For example, a contractor who garages his vehicle in Florida and transports migrant workers up the east coast, perhaps to Vermont, might pay a premium of $591 for an annual insurance policy on a 13 to 20-passenger bus. This premium assumes, however, that the contractor avoids certain high rate areas such as Philadelphia and New York, and that the highest rate territory through which he would pass would be Baltimore, Maryland. By also avoiding Baltimore, he might reduce his premium to $388.

It was decided that there was merit in continuing the practice of allowing the contractor to substitute an accident policy for the passenger hazard coverage contained in the liability policy. If a contractor were to buy the liability endorsement without the passenger hazard provision included, his premium would again be reduced 50% of the bodily injury portion of the bus rate. At the present time, the accident policy is being sold by one insurer on the basis of $3.85 per seat for the first 4 months and 75¢ a seat for each month thereafter. Other rating methods may be used. Experience may reduce or raise these rates.

Many companies selling automobile liability insurance are not anxious to sell policies to farm labor contractors. This means that most contractors must purchase their insurance through assigned risk plans. However, accident insurance is readily available and contractors have less difficulty purchasing this type of insurance. The cost of insurance has been reduced considerably by the adoption of the endorsement and has helped improve the registration process. However many contractors are still unable or unwilling to afford the insurance now available. Another problem in connection with insurance is the financial soundness of the company which sells it. The Bureau has the responsibility of determining that a contractor buys his insurance from an insurer capable of meeting its claims responsibility.

The insurance requirements of the Act are one of the most important reasons why the Act should be vigorously enforced. No crew leader should be permitted to transport migrant workers across a State line until he has satisfied the Regional Administrator that his vehicle is properly insured. While every effort is now being made to determine that these crew leaders are insured, there are still too many who are escaping their responsibilities.

PUBLICITY OF THE ACT

The initial phase of registration in the Spring of 1965, accompanied by a great deal of nationwide publicity, brought response from roughly one-fourth of the estimated total number of subject contractors. It can be reasonably assumed that those who responded represented the more law-abiding, responsible type of contractor. Yet, even of these, only about one-half (870) could meet the insurance requirements.

WORKLOADS

The workloads of this program in the 18 months since its inception, i.e., January 1, 1965, through June 30, 1966, are below original expectations. They are not representative of what could have been achieved had there been fewer impediments to contend with. While some improvement is possible because of the modified insurance requirements, there will not likely be any upsurge in voluntary registrations. Intensive field work will be necessary to induce registration.

The registration period under this Act is on a calendar year basis, and since the bulk of out migrations occur in the spring, the majority of registrations also occur at that time, i.e., in the last half of the fiscal year (January-June).

In the subsequent months, merging into fiscal 1966, voluntary applications for registration became fewer. The insurance aspect was not, apparently the main impediment. Applications were encouraged even though the insurance provision could not be met immediately, and publicity to this effect has been strong and constant. It became clear that the great bulk of the labor contractors were unwilling to become identified. Because of this, it seemed equally clear that they must be located and interrogated while actually engaged in interstate employment. In fiscal year 1966 this was put to the test, and attention was focused on the eastern seaboard migratory movement, involving the Atlanta and Chambersburg regions. The test was limited to these two regions for two reasons (1) the field staff for the entire country consisted of 5 professional workers, and (2) the two regions are heavily involved in crew employment. The exercise paid off, since it was credited with inducing the flow of most of the 1,144 new applications in fiscal 1966.

1967–1968 Program

The primary objectives and program emphasis will be directed to increasing registration coverage to reduce the backlog of unregistered labor contractors subject to the Act, and extend insurance coverage through negotiations with underwriters.

Efforts will be applied vigorously toward the compliance aspects of the program. Forceful field compliance actions in areas of interstate employment is necessary to bring the contractors in line. Workload productivity in fiscal year 1968 is not expected to be greater than that estimated for fiscal year 1967 but must be maintained at the same level in order to ensure minimum compliance with the Act.

CHANGES FOR 1968

Mandatory changes amount to +$1,400.
Program changes: None.

Workload statistics

	Actual [1]		Estimated [2]	
	1965	1966	1967	1968
Local offices of State employment security agencies:				
FLCRA contracts by State agencies	100,000	40,000	35,000	30,000
Outside meetings attended by State agency personnel	186	30	30	30
Review and transmittal of applications for certificates of registration and identification cards (initial and renewals) to regional offices	1,850	2,142	2,500	2,500
Regional offices, Bureau of Employment Security:				
Review and processing of applications for certificates of registration and identification cards (initial and renewals)	1,777	2,142	2,500	2,500
Issuance of certificates of registration and identification cards (initial and renewals)	870	1,910	2,300	2,300
Review and processing of cases proposing denial, suspension, or revocation of certificates of registration and identification cards	125	327	75	75
Investigations conducted to determine compliance with act	145	397	400	400
Review and processing of incomplete applications for certificates of registration and identification cards	100	160	200	200
Training conferences conducted in states and regions	40	20	15	5
National Office, Bureau of Employment Security:				
Review of cases forwarded by regional offices proposing denial, suspension, or revocation of certificates of registration and identification cards	125	327	75	75
Review of investigations and determinations of action to be taken	300	397	300	300
Evaluations of program operations		2	2	2
Training conferences conducted in regions	7	2	1	1

[1] See past accomplishments.
[2] See forecast of anticipated program performance.

Activity 6. Admission and employment in agriculture of nonimmigrant aliens

1967:	
Amount	$994,300
Positions	70
1968:	
Amount	$1,011,600
Positions	70

NARRATIVE DESCRIPTION OF PROGRAM

Under this activity the Office of Farm Labor Service is concerned with (1) implementing the Regulations (Title 20 CFR 602.10) of the Secretary of Labor governing applications for foreign workers for temporary agricultural employment in the United States; (2) developing and maintaining prevailing wage and job data in connection with the Regulations; (3) providing special recruitment assistance to State employment agencies on behalf of employers subject to the Secretary's Regulations; and (4) providing administrative support services to handle the additional workloads involved.

The functions performed are in connection with the admission of non-immigrant aliens under the Immigration and Nationality Act (8 U.S.C. 1184) for employment in agriculture.

Past Accomplishments

This program was established in fiscal year 1966 following termination of the Mexican Farm Labor Program in mid fiscal year 1965. A total of 149 positions were approved by the Congress for fiscal year 1966, but only 82 positions were apportioned for use in that year. This staffing level was adequate and achieved its purpose. In fiscal year 1966, while average seasonal domestic farm employment was 14,800 (2.2%) less than in fiscal year 1965, certification of foreign workers declined 68.4%, i.e., from 130,900 to 41,300. In fiscal year 1967 the Bureau reduced positions for this activity to 70. The attached chart "Workload Statistics" sets forth the work performed in insuring compliance with the Secretary of Labor's Regulations during fiscal year 1966. During this period special assistance was furnished State employment agencies in connection with recruiting of agricultural workers.

Number of foreign seasonal agricultural and woods workers authorized and employed, by State, fiscal year 1966

State	Total		
	Number authorized	Number employed	Number employers
California	23,022	20,182	794
Florida	9,275	9,055	389
Connecticut	566	470	17
Maine	9,690	6,135	956
	(4,865)	(2,237)	(99)
Massachusetts	533	354	8
New Hampshire	835	321	34
	(510)	(82)	(9)
New York	460	383	66
	(180)	(103)	(1)
Rhode Island	60	44	14
Vermont	175	84	15
	(125)	(34)	(12)
Virginia	775	760	34
West Virginia	300	270	23
Total	45,691	38,058	2,350
	(5,680)	(2,456)	(121)

NOTE.—Figures in parentheses relate to "Woods" program.

1967–1968 Program

Estimates of future needs for foreign supplemental farm labor are difficult to develop with any great degree of reliability. It is certain that advances in mechanization and agricultural technology will continue to reduce the need for seasonal farm labor. As this occurs, the need for foreign labor will also decline. In fiscal years 1967 and 1968, it is expected that with existing staff resources, certification of foreign labor can be held to a maximum of 30,000.

In fiscal year 1967 there were 2,125 employers of foreign workers; it is estimated that this number of employers will decline to 1,800 in 1968. Workloads will be proportionate to these levels. These are the best estimates that can be obtained, considering projected labor market conditions and the effects of mechanization. However, should the national unemployment rate drop below 3.5%, extremely tight labor market conditions would be expected to prevail in agriculture. In such a circumstance, the use of foreign labor could possibly be in excess of the estimates shown.

The table below shows the number of foreign workers certified and employed during the first half of fiscal year 1967. This workload occurs primarily during this period of time and certifications during the remainder of the year will be at a greatly reduced level. As noted earlier the annual estimate is a maximum of 30,000.

Number of foreign seasonal agricultural and woods workers authorized and employed, by State, fiscal year 1967 to date

	Totals		
	Number authorized	Number employed	Number employers
California	7,775	7,773	908
Florida	9,384	8,835	389
Connecticut	50	50	1
Maine	8,542	6,112	501
	(4,473)	(3,084)	(116)
Massachusetts	315	297	34
New Hampshire	501	431	54
	(136)	(136)	(14)
New York	770	720	59
	(35)	(35)	(3)
Rhode Island	85	58	8
Vermont	218	205	17
	(128)	(128)	(10)
Virginia	525	374	33
West Virginia	225	200	53
Total	28,390	25,055	2,057

Note.—Figures in parentheses related to "Woods" program.

Workload experience for the first quarter of fiscal year 1967 shows it to be fairly compatible with estimates.

CHANGES FOR 1968

Mandatory changes amount to +$17,300.
Program changes: None.

Workload statistics

	Actual		Estimated	
	1965 [1]	1966	1967	1968
Validation of employer crop and acreage, productivity and labor needs	500	43,000	28,300	30,000
Assessment of employer efforts to recruit domestic labor	500	30,000	23,500	25,000
Determination of employer adherence to "criteria" conditions	1,200	2,500	2,100	2,000
Investigation of employer and worker complaints	500	325	250	200
Investigation of alleged crop losses due to labor shortages	40	80	80	80
Investigation of labor disputes involving "criteria" employers	10	75	50	75
Recommendation for use of foreign labor	350	100	2,125	[2] 2,200
Determination of prevailing wage rate	100	525	600	750
Housing inspections	1,300	1,400	1,000	1,200

[1] From Jan. 1, 1965, only, effective date of Secretary's regulations.
[2] Includes "woods" program, formerly reported by USES. Figures in 1965 and 1966 represent group counts whereas 1967 and 1968 estimates represent individual count due to a change in procedures relating to employer associations.

Activity 7. Admission and employment of immigrant aliens

1967:
Amount $712,700
Positions 60
1968:
Amount $729,000
Positions 60

NARRATIVE DESCRIPTION OF PROGRAM

Department of Labor immigration responsibilities under the Immigration and Nationality Act, Public Law 414, as amended in 1965, are threefold; with respect to permanent admissions, (1) under Section 212(a)(14), prospective immigrant

workers must have prior certification from the Secretary of Labor that sufficient United States workers are not available and that admitting the alien will not adversely affect similarly employed United States workers: (2) under Section 204(b) of the Act, the Secretary is responsible for advising the Attorney General and the Secretary of State on the qualifications of immigrant workers; and (3) with respect to temporary admissions, under Section 214(c), by agreement with the Attorney General, the Secretary of Labor, in an advisory capacity, certifies that persons capable of performing such service or labor cannot be found in the United States and that such employment is in accordance with employment service policies.

Past Accomplishments

The Bureau's limited experience in this program and recently enacted amendments make it necessary to outline in some detail the procedures and regulations governing certification of immigrant aliens.

Labor certifications under Section 212(a)(14) are determined by individual case review and identification of occupations on Schedule A (certification list) and B (noncertification list). Within the framework of procedures and regulations in nonschedule occupations, a job offer is required unless the alien has qualification as a member of the professions or is one who is exceptionally qualified in the arts or sciences.

In permanent cases requiring a job offer, the intending employer files at the local office outlining job requirements and specifications along with data furnished by the alien. The local office serves as a fact-finding agent for the Department and provides the Bureau of Employment Security with local inform-taion on the availability of United States workers and prevailing wages in the area. On the basis of such data, the Bureau of Employment Security national office or regional office determines whether or not to certify the job for alien employment and forwards the decision to the employer, the Immigration and Naturalization Service or the consulate, as appropriate.

In permanent cases involving occupations listed on the Schedules, advance certifications are issued for aliens with skills and abilities in short supply nationally (Schedule A) and noncertifications are issued in advance for occupations which cannot now be certified because of an oversupply of United States workers (Schedule B).

An alien seeking admission as a member of the professions or as one exceptionally qualified in the arts or sciences submits a statement of qualifications together with supporting documents attesting to education, training and experience. Except for aliens qualifying under Schedule A, an individual review is made for availability and adverse affect and, upon request, an advisory opinion concerning aliens qualifications is furnished to the consular officer or immigration service officer.

Labor certifications for temporary admissions under Section 214(c) are generally determined by individual case review in the same manner as for permanent admissions.

The following Bureau of Employment Security national and regional office activities are necessary for implementing the Department of Labor's immigration responsibilities:

a. Makes final determinations in all permanent and temporary cases, except involving occupations on Schedules A and B.

b. Issues guidelines and provides technical assistance to State agencies including the training of State staff.

c. Coordinates certification activity with other Federal agencies (Departments of State, Justice, Commerce, and Defense).

d. Conducts field evaluations and post-audit of determinations to insure compliance to policy, procedures and regulations in the field.

e. Processes requests for review and reconsideration of determinations (appeals) made to the Secretary of Labor.

f. Prepares administrative reports and conducts special studies of problems developed by admission of alien workers.

g. Provides information to Congress, and the public on activities, research, policies, procedures, and individual case determinations.

h. Provides, at respective levels, contacts with labor organizations, professional organizations, elected officials, attorneys, employers, aliens, and other groups concerning alien labor.

i. Develops and continually evaluates content and applicability of Schedules A, B, and C in terms of changing labor supply and demand.

j. Makes economic analyses and conducts studies concerning adverse affect on wages and working conditions.

k. Maintains and improves Department of Labor immigration activity reporting systems for public and administrative use.

During the first half of 1966, much criticism was made of Department of Labor certification activity because of the backlog of cases. To meet this problem and process the cases, it was necessary to borrow staff from other functions, authorize overtime, and continually revise and simplify procedures.

Since the time the 1965 amendments were first implemented, procedures have been continually reviewed, revised and simplified to expedite the processing of case determinations and update the program to meet changes in the economy and job market. To date, many improvements have been made.

For example, the decision making process has been progressively decentralized to the regional offices, factfinding requirements have been modified, and the occupational content of Schedules A and B has been updated to meet changes in labor supply and demand.

The 1965 Immigration Act became effective December 1, 1965. Initially, certification activity was slow as aliens and employers became familiar with the new law and new procedures. In the last seven months of fiscal year 1966, the Labor Department made 21,648 permanent case determinations of which 17,447 were approved. In addition, through the use of Schedule A, the Immigration and Naturalization Service and the Department of the State approved an estimated 6,600 workers.

1967–68 Program

Workload estimates for fiscal years 1967 and 1968 are based upon a projection of the fourth quarter fiscal year 1966 Department of Labor permanent case determinations, and workload activity of the State Department and Immigration and Naturalization Service. Also, it is necessary to make adjustments for the expansions of Schedule A, reduction in the number of occupations on Schedule B and the implementation of Schedule C. By fiscal year 1968, it is anticipated these additional program improvements will have been adopted and will materially affect the volume of immigration cases.

The changes in Schedules A and B are due to changes in the labor supply and demand which affect 212(a)(14) certifications. The implemenation of a Schedule C procedure will eliminate the job offer requirement for about 110 occupations generally in short supply and will permit certain aliens to apply through the Immigration and Naturalization Service and the consulates, directly to the national office for certification.

Under present procedures the national office and regional offices will make 60,256 permanent case determinations in fiscal year 1968. (Temporary case determinations are not included in this projection but the caseload item increased from 363 in fiscal year 1961 to 1,964 in fiscal year 1966).

By adjusting for modifications in Schedules A and B and the creation of Schedule C, the national and regional offices will make 108,129 permanent case determinations in fiscal year 1968, a net increase of 47,873. This estimate could be conservative because a recent analysis of the total case output for the 13 weeks ending September 24, 1966, indicates a strong upward trend. (Up 26.6% over the fourth quarter fiscal year 1966, total case output.)

Even with these improvements and assuming that increased experience, further training and streamlining of procedures by fiscal year 1968 will continue to improve case processing efficiency, it is estimated that backlogs will continue to grow. At the present time, staff resources have been diverted to process the fiscal 1966 and 1967 workloads. Caseload and related workload cannot be controlled because cases develop as employers, aliens or interested parties file a request for certification. At the same time, because of the legislated responsibility and public and political interest in the program, workload must be kept current.

Other time consuming workload items should increase greatly in fiscal year 1968. It is anticipated that there will be 2,163 requests for reconsideration (appeals) (Regulation in Federal Register, December 3, 1965), a net increase of 966. It will be necessary to post-audit 10,813 permanent case determinations in fiscal year 1968. Post-audits have not been done on a systematic basis but are a necessary function to assure compliance with policy, procedures and standards.

Not only will the present continuing research and reporting workload be necessary in fiscal year 1968, but additional workload will be required to maintain

and review the new Schedule C, to develop methodology for special studies to be conducted by State agencies and provide technical assistance for such studies.

CHANGES FOR 1968

Mandatory changes amount to +$17,200.
Program changes: None.

Workload statistics

	Actual	Estimated	
	1966	1967	1968
Permanent case determinations	[1] 27,900	[2] 84,192	[2] 108,129
Request for reconsiderations (appeals)	558	1,683	2,163
Post adult review	[3] 430	8,419	10,813

[1] Program initiated Dec. 1, 1965.
[2] Includes estimated adjustments for revision of schedules A and B and implementation of schedule C.
[3] Fiscal year 1966 post audit not conducted on a continual basis. Figures represent 1 sample audit.

Distribution of field staff

	1967			1968		
	Professional	Clerical	Total	Professional	Clerical	Total
Atlanta, Ga	28	14	42	29	14	43
Boston, Mass	24	11	35	24	11	35
Chambersburg, Pa	22	11	33	23	11	34
Chicago, Ill	23	11	34	22	11	33
Cleveland, Ohio	23	11	34	23	11	34
Dallas, Tex	26	12	38	27	12	39
Denver, Colo	23	9	32	24	9	33
Kansas City, Mo	21	10	31	21	10	31
New York, N.Y	28	12	40	28	12	40
San Francisco, Calif	48	19	67	48	19	67
Seattle, Wash	20	10	30	21	10	31
Subtotal	286	130	416	290	130	420
Veterans employment service	77	52	129	77	52	129
Total	363	182	545	367	182	549

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, $15,465,100

This estimate provides for 1,606 full-time positions or 1,489 man-years. Of this, 507 man-years and $5,347,000 are allocated to field personnel compensations and 982 man-years and $10,118,100 for departmental. Includes a decrease of $685,100 to meet the limitation on average compensation established by the Bureau of the Budget.

Personnel benefits, $1,159,900

This estimate is an increase of $53,300 over the 1967 estimate and will provide for related personnel benefits as follows:

	1967	1968	Change
Employees' group life insurance	$48,000	$50,300	+$2,300
Employees' health benefits	95,700	96,500	+800
Contributions to Civil Service Commission retirement fund	932,200	979,900	+47,700
Refunds, awards, and indemnities	12,000	12,000	
Contributions under the Federal Insurance Contribution Act	18,700	21,200	+2,500
Total	1,106,600	1,159,900	+53,300

Travel and transportation of persons, $1,169,800

This estimate is an increase of $12,300 over 1967 and provides for the program increase as follows:

	1967	1968	Change
37,287 days of travel at $16 per diem	$590,300	$596,600	+$6,300
Mileage and transportation costs	544,000	549,800	+5,800
All other transportation costs	23,200	23,400	+200
Total	1,157,500	1,169,800	+12,300

Transportation of things, $52,700

This estimate provides for the moving of household goods, shipment of supplies, printed material and Post Office mailings and is the same as in 1967.

Rent, communications and utilities, $676,700

This estimate provides for communications and rental of office space as follows:

	1967	1968	Change
Rents	$203,400	$179,200	−$24,200
Paid official mail	46,300	46,300	
Communication services, including telephone calls, GSA telecommunications, teletype and telegrams	151,600	151,600	
Working capital fund	297,700	299,600	+1,900
Total	699,000	676,700	−22,300

Printing and reproduction, $330,500

This estimate reflects an increase of $1,700 over 1967 and provides for the printing of forms, publications and schedules as follows:

	1967	1968	Change
Publications:			
Employment Security Review	$50,400	$50,400	
Unemployment Insurance Review	23,000	23,000	
Benefit Series	11,000	11,000	
Farm Labor Developments	8,000	8,000	
Forms and schedules	13,500	13,200	−$300
Reproduction services	63,900	63,900	
Working capital fund	159,000	161,000	+2,000
Total	328,800	330,500	+1,700

Other services, $1,822,400

This estimate is a decrease of $85,100 from the 1967 estimate and includes an increase of $685,100 to offset the decrease in object 11 resulting from the limitation on average compensation and provides for the following:

	1967	1968	Change
Moving, maintenance, repairs	$45,600	$44,400	−$1,200
Health room services	14,800	14,800	
Repairs to office machines, equipment	17,200	17,200	
Security investigations (10 investigations at $415 per)	4,000	4,200	+200
Working capital fund	329,700	331,600	+1,900
Increase to offset decrease in personnel compensation	771,100	685,100	−86,000
Services of other agencies:			
State merit system	137,100	137,100	
Machine tabulations	13,400	13,400	
Automatic data processing	249,500	249,500	
Contractual services	110,000	110,000	
Bureau of Census	215,100	215,100	
Total	1,907,500	1,822,400	−85,100

Supplies and materials, $210,000

This estimate is an increase of $900 over 1967 and provides for:

	1967	1968	Change
Desktop and duplicating supplies	$29,400	$29,200	−$200
Working capital fund	179,700	180,800	+1,100
Total	209,100	210,000	+900

Equipment, $60,900

This estimate is a net decrease of $14,000 from 1967 and provides for:

	1967	1968	Change
Nonrecurring equipment costs for new positions in fiscal 1967	$14,000		−$14,000
Replacement of wornout equipment	60,900	$60,900	
Total	74,900	60,900	−14,000

Grants, subsidies and contributions, $100,000

This estimate remains the same as in 1967.

SUMMARY OF NEW POSITIONS

Activity 2. U.S. Employment Service

	Number	Grade	Amount
Departmental:			
Chief of branch	1	GS–14	$17,198
Manpower advisor	2	GS–13	28,882
Clerk	1	GS–6	7,451
Secretary	1	GS–5	6,387
Total	5		59,918
Regional offices: Regional coordinator	4	GS–13	58,212
Grand total	9		118,130

THURSDAY, MARCH 9, 1967.

RAILROAD RETIREMENT BOARD

WITNESSES

HOWARD W. HABERMEYER, CHAIRMAN
ARLON E. LYON, LABOR MEMBER
THOMAS M. HEALY, MANAGEMENT MEMBER
GERALD J. GLASS, ACTING EXECUTIVE OFFICER
MICHAEL RUDISIN, DIRECTOR OF BUDGET AND FISCAL OPERATIONS

Limitations on Salaries and Expenses

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	8,281	8,362	9,111
11.3	Positions other than permanent	109	93	35
11.5	Other personnel compensation	439	124	202
	Total personnel compensation	8,829	8,579	9,348
12.0	Personnel benefits	624	650	710
21.0	Travel and transportation of persons	235	239	256
22.0	Transportation of things	11	11	11
23.0	Rent, communications, and utilities	851	844	867
24.0	Printing and reproduction	56	50	55
25.1	Other services	212	214	229
25.2	Services of other agencies	736	728	737
26.0	Supplies and materials	129	128	135
31.0	Equipment	18	27	502
	Total costs, funded	11,701	11,470	12,850
93.0	Administrative expenses included in schedule for fund as a whole	−11,708	−11,470	−12,850
94.0	Change in selected resources	7		
	Total obligations			

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	1,068	1,063	1,142
Full-time equivalent of other positions	28	22	20
Average number of all employees	1,069	1,034	1,110
Average GS grade	7.4	7.4	7.3
Average GS salary	$7,969	$8,212	$8,245

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
1. Maintenance of earnings accounts	295	314	386
2. Processing claims	8,788	8,351	9,211
3. Processing supplemental claims			250
4. Maintenance of beneficiary rolls	1,282	1,399	1,503
5. Hearings and appeals	72	67	68
6. Actuarial services	217	229	259
7. Administration	1,047	1,110	1,173
Total program costs, funded [1]	11,701	11,470	12,850
Change in selected resources [2]	7		
Total obligations	11,708	11,470	12,850
Financing:			
Unobligated balance lapsing	17		
Limitation	11,725	11,470	12,850
Limitation:			
Railroad Retirement account	11,725	11,175	12,600
Railroad Retirement supplemental account			250
Proposed increase in limitation for pay increases		295	

[1] Includes capital outlay as follows: 1966, $18,000; 1967, $27,000; 1968, $502,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $10,000; 1966, $17,000; 1967, $17,000; 1968, $17,000.

Payment for Military Service Credit

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
10 Payment to Railroad retirement account (costs—obligations) (object class 41.0)	16,558	17,201	17,839
Financing:			
40 New obligational authority (appropriation)	16,558	17,201	17,839
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures)	16,558	17,201	17,839
90 Expenditures	16,558	17,201	17,839

Mr. Flood. The committee will be in order.

We are very pleased, as always, to have with us the officials of the Railroad Retirement Board, with whom we all have dealings during the year. We have found during the years that these are men of great experience and integrity. Since you were in town we called you out of order.

Mr. Habermeyer. I would like to say we certainly appreciate your consideration in allowing us to appear here today while we were in Washington.

Mr. Flood. It is no inconvenience to us and it saves you not only the time but also the expense of an extra trip from Chicago.

BIOGRAPHIES OF BOARD MEMBERS

We will place the biography of each Board member in the record and then you may proceed with your statement.

(The biographies follow:)

Howard W. Habermeyer, Chairman, Railroad Retirement Board

Howard W. Habermeyer, son of William G. and Marie (Schneider) Habermeyer, was born March 26, 1915, in Aurora, Illinois; was student in public schools of Aurora; married Helen Lorraine Braithwaite, July 2, 1938; was electrician's helper Chicago, Burlington & Quincy Railroad Company; served successively as messenger, clerk and superivsor, Railroad Retirement Board, 1936–1947, was assistant director bureau of wage and service records 1947–1952, and was director bureau of wage and service records 1952–1956. He served with AUS, 1944–1946.

Mr. Habermeyer has served as chairman of the Railroad Retirement Board since November 1956. He was originally appointed by President Eisenhower and reappointed in 1962 by President Kennedy.

In 1955, Mr. Habermeyer was cited for his exceptional administrative ability, judgment, leadership, and personal progress by the U.S. Junior Chamber of Commerce. He was one of the ten outstanding young men in the Federal Government to receive the Arthur S. Flemming Award in that year. Also in 1955, he was selected as one of eight outstanding executives in the Federal Government to receive a scholarship to the management school sponsored by the American Management Association.

Over the years, Mr. Habermeyer has been very active with the Chicago's Crusade of Mercy Campaign at the city-wide level. In 1962, he served as vice chairman of the governmental, educational, and professional division, winning special recognition for his outstanding work in the drive.

Mr. Habermeyer and his wife live in Aurora, Illinois, and have two sons, Howard William, Jr., a lieutenant in the navy and a graduate of the U.S. Naval Academy, and Kent Leigh, a student of Vanderbilt University. Mr. Habermeyer is an excellent golfer and has won many trophies in amateur competition.

THOMAS M. HEALY, MEMBER, RAILROAD RETIREMENT BOARD

Born: New Orleans, Louisiana, February 19, 1901. Son of Thomas Morris and Mary Ann (Carroll) Healy.

Married: Olga Marie Adams, September 5, 1923.

Children: Thomas Morris (U.S.M.C., killed in action, 1944); Elaine Marie (deceased); Donald Joseph, married, lawyer; Miriam Magdalen, married; Gerald Patrick, married, pharmacist; James Dennis, married, IBM Engineer; Louis Douglas, sales representative, H. J. Heinz Co.; Doris Ann, married; Eileen Marie, married; Kathleen Cecelia, college student.

Education: Public and High Schools.

Entered Railroad Service: 1915, as messenger with S. P. Lines in Louisiana; served in various capacities until 1923 with this railroad, to secretary to vice president and general manager; 1923–25, Traffic Department, Southern Pine Association; 1925 to 1941 Car Service Agent, Car Service Division, Association of American Railroads, (Southeast district, at Atlanta); and Field Secretary of the Southeast Shippers Advisory Board. 1941—District Manager, Car Service Division, Association of American Railroads, Atlanta, Georgia. In 1955 appointed Carrier Member (completing unexpired term) of the U.S. Railroad Retirement Board, and reappointed in 1958 and in 1963 for full term expiring August 29, 1968.

Citations: Citation from War Department dated April 1946 for patriotic service in a position of trust and responsibility during World War II.

Testimonials: Testimonial from railroads and shippers of the Southeastern region for "important and constructive contributions to transportation throughout the period of the South's greatest growth and for energy and diligence in the transportation field that redounded to the benefit of Commerce throughout all the Southeastern states."

Catholic.

Home address: 205 Ridge Road, Apt. 206, Wilmette, Illinois.

ARLON E. LYON, MEMBER, RAILROAD RETIREMENT BOARD

Arlon Everett Lyon was born on October 15, 1899, in Thedford, Nebraska, the son of Alfred S. and Mabel (Wright) Lyon. He was educated in the public schools of Nebraska, Utah, and California; and on November 10, 1955, he was married to Evelyn Lebbin. He was a signal department employee with the Southern Pacific Lines in California from December 1919 to January 1924, when he became a full-time officer of the Brotherhood of Railroad Signalmen. He was general chairman on the Southern Pacific from January 1924, assistant to the national president from March 1927, and national president from August 1934. In May 1945, he was elected Executive Secretary of the Railway Labor Executives' Association with headquarters in Washington, D.C. He was appointed labor member of the Railroad Retirement Board in March 1962. He resides in Glenview, Illinois, and is a member of the Glenview Community Church.

GENERAL STATEMENT

Mr. HABERMEYER. Mr. Chairman and members of the committee, the Railroad Retirement Board administers a regular retirement system for the payment of retirement and disability annuities to railroad employees, annuities to their spouses, and benefits to their survivors. In October 1966, Congress enacted legislation to improve the system by providing a program for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. This new type of annuity is paid to employees aged 65 and over who retire directly from railroad service after completing 25 or more years of service and is in addition to their regular annuities. The Board also administers a system for the payment of unemployment, maternity, and sickness benefits to qualified railroad workers, and an employment service for placing unemployment benefit claimants in jobs. In addition, the Board participates in the administration of

the hospital and medical insurance programs for persons covered by the Railroad Retirement Act.

ORGANIZATIONAL STRUCTURE OF THE RAILROAD RETIREMENT BOARD

The Board is composed of three members appointed by the President by and with the advice and consent of the Senate—one upon the recommendation of representatives of employees, one upon recommendation of representatives of carriers, and one, the Chairman, without designated recommendation. The Board's administrative organization is designed to integrate the administration of the programs conducted by the Board without duplication of facilities or operations.

MEANS OF FINANCING

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

The regular railroad retirement program is financed by taxes paid equally by railroad workers and employers. The railroad retirement account is credited with the taxes and annuity payments are made from the account. The amounts needed for administrative expenses, as authorized by Congress, are derived from this trust fund.

The supplemental annuity program is financed by a tax paid by employers of 2 cents for each man-hour for which they pay compensation. This tax is deposited in a separate trust account titled "Railroad Retirement Supplemental Account" from which the supplemental annuities are paid. The amounts needed for administrative expenses of this program, as authorized by Congress, are derived from this trust fund.

1966 RAILROAD RETIREMENT ACT AMENDMENTS

In October 1966, Congress passed two pieces of legislation designed to liberalize and improve the retirement and survivor benefit program covering employees in the railroad industry. The more significant of these was Public Law 89–699, which introduced an industrywide plan for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. The supplemental annuity program is financed by a tax paid by employers of 2 cents for each man-hour for which they pay compensation. The new type of annuity is paid to employees aged 65 and over who are awarded regular retirement annuities after June 1966 and who retire directly from railroad service after completing 25 or more years of such service, and is paid in addition to their regular annuity. The supplemental annuity is payable in the minimum amount of $45 a month for employees with 25 years of creditable service, and increases $5 for each additional year, up to a maximum of $70 for employees with 30 or more years of service. In the case of a person who also receives a supplemental pension paid by the employer, the supplemental annuity which would otherwise be payable by the Railroad Re-

tirement Board is reduced by the portion of the supplemental company pension which is financed from contributions by the employer. It is estimated that 21,000 persons will qualify for supplemental annuities during 1967 and 16,000 during 1968.

Public Law 89–699 also provided for a 7 percent-increase in regular benefits payable to persons who did not receive increases under the 1965 social security amendments or persons who did not receive benefits under the new supplemental annuity program. Railroad retirement beneficiaries who received increases in benefits under the 1965 social security amendments and who do not benefit from the 7 percent-increase provided by Public Law 89–699 are persons who receive benefits under the provisions of law which guarantee that railroad retirement benefits will be at least 110 percent of benefits which the social security system would have paid on the basis of the railroad service involved, and persons on the railroad retirement rolls who also receive separate benefits under the social security system. If the increase these persons received through the enactment of the 1965 social security amendments was less than the increase which would be produced by the 7 percent-increase otherwise provided by Public Law 89–699, then a partial increase for the difference is payable. Of the 922,000 beneficiaries on the rolls of the Board, approximately 294,000 beneficiaries will receive the full increase, 167,000 will receive a partial increase, and 461,000 will receive no increase.

The other piece of legislation enacted by Congress in October 1966 was Public Law 89–700, which extended survivor benefits to children aged 18 to 21 who are full-time students, liberalized the formula for computing residual payments to insure that the total amount payable in benefits will always be larger than the amount the employee paid in taxes, and made various other changes designed to remove inequities from the law.

SUMMARY OF REQUIREMENTS FOR ADMINISTRATIVE EXPENSES

The two pieces of legislation which amended the Railroad Retirement Act created large new workloads for the Board for fiscal years 1967 and 1968. In 1967 the additional workloads created by Public Law 89–699 include the work of administering the new supplemental annuity program; the processing of selective increases in benefit rates, many of which must be processed manually, and the handling of the large number of inquiries which will arise from persons who either receive no increase or a partial increase; processing an increased number of applications for regular annuities because of an expected acceleration in the rate of retirements as a result of the establishment of the system of supplemental annuities; processing a greater number of adjustments of annuities because of new additional conditions affecting the continuing entitlement to the amount originally awarded; and processing of the new workloads created by Public Law 89–700.

For 1967, the administrative expense requirements of the railroad retirement system are $12,975,000. This amount consists of the $11,175,000 regular appropriation limitation for 1967, plus a supplemental increase of $1,505,000 needed for costs of handling work created for the Board by Public Laws 89–699 and 89–700, and a supplemental increase of $295,000 for pay act costs.

For 1968, the administrative expense requirements of the railroad retirement system are $12,850,000, which is $125,000 less than estimated requirements for 1967. This net decrease of $125,000 from 1967 to 1968 consists of a decrease of $515,000 as a result of a net decrease in workloads from 1967 to 1968, a decrease of $102,000 for an estimated improvement in productivity, and a decrease of $32,000 because 1968 has 1 less compensable day than 1967, with these decreases partly offset by an increase of $64,000 for within-grade salary advancements, and an increase of $460,000 for this appropriation's share of the cost of the purchase of additional computer equipment to augment the overloaded present equipment. The need for the additional computer equipment is critical because demands on the existing equipment far exceed its capacity, even though the equipment is being utilized 24 hours a day and 7 days a week. Because of lack of machine time, the Board has had to delay the payment of benefits to unemployment, sickness, retirement, and survivor beneficiaries and postpone the installation of machine programs which would improve operations and provide better service to its beneficiaries.

The request of $12,850,000 as a limitation on the administrative expenses of the railroad retirement system does not provide for the costs of handling the additional work which would be created for the Railroad Retirement Board by the enactment of the legislation being proposed for the social security system.

For a general indication of the magnitude of the operations under the railroad retirement system, it should be noted that benefit payments under existing legislation are expected to total to $1,312,500,000 in 1968, consisting of $1,289,500,000 in regular benefits and $23 million in supplemental annuity payments. Beneficiaries on the rolls of the Board at the end of 1968 are expected to total 952,000, consisting of 512,000 employees retired for age and their wives, 130,000 employees retired for disability and their wives, and 310,000 survivors, with 34,000 employee annuitants receiving supplemental annuities.

PAYMENTS TO RAILROAD RETIREMENT ACCOUNT FOR MILITARY SERVICE CREDITS

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. An appropriation of $17,839,000 is requested to pay the fourth of 10 yearly installments on the amount due the railroad retirement account for creditable military service for the period through June 30, 1963.

That is my statement, Mr. Chairman. I have the labor member, Mr. Arlon E. Lyon, and the management member, Mr. Thomas M. Healy and Mr. Michael Rudisin, Budget Director, who will answer any questions you might have.

RAILROAD MERGER

Mr. FLOOD. Have you been affected to any degree by this rash of mergers that has been going on or do you anticipate any particular problem faced with this new series of proposals coming up? Have you thought about that?

Mr. HABERMEYER. Yes; we are constantly thinking about that and

the effect it will have on the system. As these roads merge, there will be an end result of fewer employees to work in the railroad industry.

Of course, with fewer employees, we will have less revenue coming in the form of taxes, and it will have its effect on the railroad retirement system.

Mr. FLOOD. Would your workload decrease because, on mergers, generally some of the older men will quit?

Mr. HABERMEYER. The employment history for the past 20 years has been rather adverse anyway. We have probably less than half as many people working on railroads today as we did in 1946, so this merged proposition is just part and parcel of many other things that have been developing in the industry such as technological developments, the innovation back in the 1940's of the diesel locomotives, and so on.

Mr. FLOOD. You are going to be faced in the years immediately ahead with all of these new concepts of fast transport on rail.

Mr. HABERMEYER. We are hoping that possibly that will be a benefit to the industry. If the railroads can get back in a competitive position in moving passengers, it is possible that they will be running more trains and using more employees. We are hoping that will be a benefit to the retirement system.

Mr. FLOOD. I had not thought of that. That could be. In other words, it is a two-headed affair.

Mr. HABERMEYER. Yes; it is.

SUMMARY OF BUDGET REQUEST FOR MILITARY SERVICE CREDITS

Mr. FLOOD. With reference to this old headache of military service credits, the appropriation for 1967 is $17,201,000 and the request is $17,839,000. That, of course, is a debt by law.

Mr. HABERMEYER. That is right.

Mr. FLOOD. This is the amount due under a schedule approved by all the parties concerned, including this committee. We have six more annual installments. Then we will have this debt liquidated.

Mr. HABERMEYER. Yes, sir.

Mr. FLOOD. That will be the end of that particular headache.

Mr. HABERMEYER. Yes, sir.

Mr. FLOOD. I guess that is about the story. The bad days are over on that thing.

Mr. HABERMEYER. We think so. The current situation is that the Board, at the time we set up this agreement for the retirement of the past debt, agreed to a change in the legislation that starting 1963——

Mr. FLOOD. I think everybody agreed, for a change.

Mr. HABERMEYER. Yes. It would only reimburse the Board for its actual cost which should be very nominal in the future, I should say.

Mr. FLOOD. I guess all you have to do now is just keep breathing and it will go away.

Mr. HABERMEYER. Yes; it is just one of the times we stay with it and hold to the schedule and we will be all right.

SUMMARY OF BUDGET REQUEST FOR SALARIES AND EXPENSES

Mr. FLOOD. For salaries and expenses the appropriation for 1967 is $11,175,000. The budget indicates you are going to request a pro-

gram supplemental of $1,505,000 and a pay act supplemental of $295,000.

Mr. HABERMEYER. Yes, sir.

Mr. FLOOD. Which would make you a total of $12,975,000. The request for 1968 is $12,850,000. That reminds me of the story of the 50,000 Frenchmen that marched up the hill and marched back down again. Do you recall that story?

Mr. HABERMEYER. Yes, sir.

Mr. FLOOD. This is really a very routine sort of budget except for the workload caused by these two new acts of Congress.

Mr. HABERMEYER. That is right, sir.

WORKLOAD RELATED TO RECENT LAWS

Mr. FLOOD. These are Public Laws 89-699 and 89-700. Tell us just what workload is involved in administering these laws in 1967, and then what part will not recur in 1968.

Mr. HABERMEYER. First of all, most of the 7-percent increases were completed and included in the January and February checks.

Mr. FLOOD. That was quite a caseload.

Mr. HABERMEYER. Better than 600,000 adjustments that were made in those 2 months.

Mr. FLOOD. That was pretty rough.

Mr. HABERMEYER. Yes, sir.

Mr. FLOOD. Did you make it all right?

Mr. HABERMEYER. Yes, sir. We have about 35,000 cases to be examined yet for possible adjustments.

Mr. FLOOD. Is that good or bad?

Mr. HABERMEYER. It is good. We are very happy with what has been accomplished.

Mr. FLOOD. What will not recur in 1968?

Mr. HABERMEYER. These adjustments I just mentioned will not recur. The items that will recur will be the heavier load because of the supplemental annuities that were made part and parcel of that legislation. The matter that I talked about, a man retiring directly from the railroad industry with 25 or more years of railroad service is entitled now to a supplemental annuity as well as his regular railroad retirement. This will be a continuing thing.

Mr. FLOOD. The only fallout I get, Mr. Natcher, and Mr. Smith, is from widows. Did you get mail from the widows in the last year or so, on social security and railroad retirement?

Mr. SMITH. I get that and some from those who did not qualify for the supplemental.

Mr. FLOOD. I think in the few years ahead there will have to be more education. I do not know how you do this. If we let you alone and don't keep changing the law you will be able to live a happy life.

Mr. HABERMEYER. I think we have to always be ready for change. Nothing stays status quo.

Mr. FLOOD. Mr. Laird, I was just saying I had a flurry of mail in the last year on social security and railroad retirement, entirely from widows. Have you been running into that in the last year or so?

Mr. LAIRD. I have. I have sent many of them out to Chicago and they handled it pretty well.

Mr. FLOOD. I had not thought of that. That is a good idea.

Mr. HABERMEYER. You can either send them to me in Chicago or we have a man in Washington.

Mr. FLOOD. I want you to know we realize what a problem you have had for a couple of years and we think you have done a very good job. I guess you see the light at the end of the tunnel, in railroad parlance.

Mr. HABERMEYER. Yes.

Mr. FLOOD. You probably have it licked.

Mr. HABERMEYER. Yes, sir.

Mr. FLOOD. When did you prepare this budget, in October or November?

Mr. HABERMEYER. This budget was prepared and submitted to the Bureau of the Budget in September. Then we modified it with respect to the legislation passed in October, so it includes the October legislation.

Mr. FLOOD. Has anything happened since the budget was prepared to indicate that either the supplemental estimate or the 1968 request should be changed?

Mr. HABERMEYER. No. We feel this will be sufficient.

Mr. RUDISIN. Mr. Chairman, as you indicated in your statement——

Mr. HABERMEYER. This does not include any consideration for current social security amendments that are proposed, which would affect our operation. If the Social Security Act is amended, that will have its effect on us and we will need more money.

Mr. FLOOD. Regardless of percentage?

Mr. HABERMEYER. That is right. Nothing has taken place of a final nature that has affected us.

Mr. FLOOD. Will you need more money vis-a-vis the degree of increase, 8 percent, 10 or 20 percent?

Mr. HABERMEYER. No.

Mr. FLOOD. The cost would be the same to you regardless of what we do?

Mr. HABERMEYER. Yes, the administrative cost would be the same.

BACKLOGS

Mr. FLOOD. Do you currently have any serious backlogs in any phase of your activities?

Mr. HABERMEYER. We are carrying a larger backlog at the moment than we have in years. I think that we are at a point where we have got the adjustment work behind us now, where we in the next 30 days will start reducing the backlog we have. If we are allowed the money we requested here I am sure we will get this back under control.

STATUS OF RAILROAD RETIREMENT TRUST FUND

Mr. FLOOD. What is the trend with reference to the Railroad Retirement Trust Fund? Is it in good shape? Should we get worried about this trust fund or what?

Mr. HABERMEYER. It is in relatively good shape. Our actuary says we are operating with a deficit of about .92 percent of taxable payroll which is less than 1 percent. We do not like it to be higher than half of 1 percent. It is .92. We certainly do not want to go any higher.

Mr. FLOOD. We have no reason to bite our fingernails about your trust fund this morning.

Mr. HABERMEYER. No, sir.

COMPUTERS

Mr. FLOOD. Do you own the computers or do you rent them?

Mr. HABERMEYER. We own them.

Mr. FLOOD. Is it some of that old-fashioned Rube Goldberg stuff?

Mr. HABERMEYER. No, sir.

Mr. FLOOD. Does it fill a big room or is it modern?

Mr. HABERMEYER. It is quite huge. We were renting, and I think if we continued to rent, we would have paid as much in a year and a half——

Mr. FLOOD. What company are you using?

Mr. HABERMEYER. IBM. We would have paid as much in a year and a half in rental as to purchase it. We have been using this one computer for over 3 years. It has well paid for itself. We have been using that 24 hours a day, 7 days a week.

Mr. FLOOD. In Defense we saw the first really "Rube Goldberg" thing that came in, it took up the whole side of the Pentagon. It was like one of those things in a poolroom, it had lights and pigeons, and did everything but play the Star-Spangled Banner.

Mr. HABERMEYER. They approached us to get involved in computers at that time, but I thought we would let agencies like Defense work out the bugs, and once they learned how to operate, then we would get involved.

Mr. FLOOD. I do not have much more to say to you. It certainly is a relief and a pleasure to have a report like this from an agency like yours instead of having you crying on our shoulder. You seem to be able to take care of yourself. That is quite a help.

Mr. Laird.

MILITARY SERVICE CREDITS

Mr. LAIRD. The reimbursements from the general fund for the military service credits are in accordance with the schedule that we worked out with you a few years ago.

Mr. HABERMEYER. That is right.

Mr. LAIRD. You have no trouble with the Bureau of the Budget?

Mr. HABERMEYER. Not a bit. They are staying with the agreement.

Mr. LAIRD. They are staying with the agreement we entered into.

Mr. HABERMEYER. Yes, sir.

Mr. LAIRD. I have no further questions.

Mr. FLOOD. Mr. Natcher.

NUMBER OF ANNUITANTS

Mr. NATCHER. Starting back in 1958 and continuing on up through your present request, according to the justifications it has not increased too much. I believe back in 1958 your amount was $8,150,000. The present fiscal year; it is $11,175,000. Now you are requesting $12,975,000. What about the annuitants during this period of time, generally speaking as far as number is concerned, from 1958 up to the present year?

Mr. HABERMEYER. At present we have about 935,000. In 1958 we must have had about 750,000. They have been increasing over the years.

Mr. NATCHER. Has the increase been steady?

Mr. HABERMEYER. Yes, sir.

Mr. NATCHER. Not anything as far as any jumps in numbers?

Mr. HABERMEYER. That is right.

NUMBER OF RAILROAD EMPLOYEES

Mr. NATCHER. What about the number of railroad employees now compared to 1958, approximately.

Mr. HABERMEYER. We have about 740,000 railroad workers today covered by the railroad retirement system. I would say back in 1958 we had 1,300,000. You see what has happened to railroad employment; 1958 was a million three.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Smith.

ELIGIBILITY FOR ANNUITIES UNDER RECENT AMENDMENTS

Mr. SMITH. Do you receive complaints from people who do not understand why they are not getting the supplemental or the 7 percent?

Mr. HABERMEYER. We get complaints. I would not say a lot. We are fortunate in having a very good field force in our district offices across the country.

We have those people available. They can come in and talk to our people or we can send them out to address meetings. We get some complaints but I would not say an unusually large number.

Mr. SMITH. Retirees do feel this supplemental very much discriminated against some employees?

Mr. HABERMEYER. Yes, that is true. This was a package that was worked out in negotiation between railroad labor and railroad management.

Mr. SMITH. But the ones that did not get the supplemental were not represented in that negotiation?

Mr. HABERMEYER. That is right.

Mr. SMITH. Just the ones that were on the inside of the negotiations got the package.

Mr. HABERMEYER. They did not foreclose the ones on the rolls. The people in the negotiations took the oldtimers on the rolls into consideration and they are the ones that got the 7-percent increase.

Mr. SMITH. It is our responsibility and we should have passed a law that was fair to all of them instead of discriminating.

Mr. HABERMEYER. It gets down to a dollar and cents proposition.

Mr. FLOOD. What is that?

Mr. SMITH. Regardless of what they negotiated we should have passed a law that was fair to all of them.

Mr. HABERMEYER. I think the Congress was fair. I think the allowance of the 7 percent was fair.

Mr. SMITH. I am talking about the supplemental which has a cutoff date.

Mr. HABERMEYER. It has a cutoff date. No one is entitled who was awarded an annuity prior to July 1, 1966: that is true.

Mr. SMITH. So if you happened to retire in June or May, you are out. If it was a couple of months later, you are in.

Mr. HABERMEYER. Whenever you draw the line you will hurt somebody.

Mr. LAIRD. That has been true with this program right along.

Mr. HABERMEYER. Yes, sir.

Mr. LAIRD. We have had many people over the years fall into that pattern.

Mr. SMITH. That does not make it right, though.

Mr. HABERMEYER. No, sir.

Mr. LYON. If I can intervene here, I am the labor member of the Board. I am sure if the representatives of the railroad companies and unions could discuss this with you they would vigorously deny they discriminated against anyone.

The railroad companies decided they would put a limited amount of money into a fund for this purpose. Therefore it had to be tailored in such a way as to utilize that money in what they regarded as the best way. Of course an individual who only has 24 years of service and not 25 probably thinks that he should have qualified.

Mr. SMITH. The one who has 30 years of service but retired before June.

Mr. LYON. They had to draw a line somewhere.

Mr. SMITH. That is it, because the pot was not as big as they wanted, some took it all and left the others out.

Mr. LYON. The railroad companies took the position that for people who previously retired they could not justify putting current money into a fund to pay them. You have to draw a line somewhere because we have people on the rolls over a hundred years of age.

Mr. SMITH. What is wrong with them getting some of the money, like the others do?

Mr. LYON. I would favor it if we could find some place to get the money.

Mr. FLOOD. Just so he is not driving a locomotive anymore. I used to see some old gray heads come out of the cabs.

Mr. SMITH. What is so bad is that the ones left out were not adequately represented in this negotiation.

Mr. LYON. The unions represented all the employees.

Mr. SMITH. They did not represent those people very well.

Mr. LYON. I am sure they would disagree with you.

Mr. SMITH. To me it looks like it could not have been more unfair.

Mr. LYON. I think if you had an opportunity to discuss it with the people who made this agreement perhaps you would agree.

Mr. SMITH. It looks to me like they represented the people who had the current membership and were attending the meetings and ignored the interests of the older members.

Mr. LYON. I would deny that. I have been in this railroad labor business all my life and I vigorously disagree with that.

Mr. SMITH. You won't find many who were left out with 30 or 40 years of service agreeing with you. That is all I have, Mr. Chairman.

Mr. FLOOD. Mr. Shriver.

Mr. SHRIVER. No questions.

Mr. FLOOD. Mr. Casey.

Mr. CASEY. No questions.

Mr. FLOOD. Thank you, gentlemen. In view of the makeup of this Board, although Mr. Lyon replied to Mr. Smith, I think we should permit both Mr. Lyon, the labor member and Mr. Healy, the management member, to add anything to what has been said.

Mr. HEALY. I subscribe to everything the chairman has said, and I agree fully with Mr. Lyon's statement.

Mr. FLOOD. Thank you very much, gentlemen. You have made a very good presentation.

Mr. HABERMEYER. Thank you very much.

(The justification material follows:)

JUSTIFICATION MATERIAL

RAILROAD RETIREMENT BOARD

Summary of appropriations and appropriation estimates

Account title	Estimate, 1967	Estimate, 1968	Increase or decrease
General funds: Payment for military service credits	$17,201,000	$17,839,000	+$638,000
Trust fund:			
Limitation on salaries and expense (trust fund)	(11,175,000)		
Proposed increases in limitation due to:			
Costs of handling work created by 1966 Amendments to Railroad Retirement Act	(1,505,000)	(12,850,000)	(−125,000)
Increases in pay rates	(295,000)		
Total, general funds	17,201,000	17,839,000	+638,000

JUSTIFICATION OF ESTIMATES FOR FISCAL YEAR 1968

SUMMARY AND HIGHLIGHTS

AUTHORITY AND PURPOSE

The Railroad Retirement Board administers a regular retirement system for the payment of retirement and disability annuities to railroad employees, annuities to their spouses, and benefits to their survivors. In October 1966, Congress enacted legislation to improve the system by providing a program for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. This new type of annuity is paid to employees aged 65 and over who retire directly from railroad service after completing 25 or more years of service and is in addition to their regular annuities. The Board also administers a system for the payment of unemployment, maternity, and sickness benefits to qualified railroad workers, and an employment service for placing unemployment benefit claimants in jobs. In addition, the Board participates in the administration of the hospital and medical insurance programs for persons covered by the Railroad Retirement Act.

ORGANIZATIONAL STRUCTURE OF THE RAILROAD RETIREMENT BOARD

The Board is composed of three members appointed by the President by and with the advice and consent of the Senate—one upon the recommendation of representatives of employees, one upon recommendation of representatives of carriers, and one, the Chairman, without designated recommendation. The Board's administrative organization is designed to integrate the administration of the programs conducted by the Board without duplication of facilities or operations.

MEANS OF FINANCING

The unemployment and sickness insurance system is financed by contributions paid wholly by employers. Of the total contributions paid for this purpose, the portion represented by 0.25 per cent of the taxable payroll is permanently appropriated to the Board to cover the administrative costs of the system, with the

remainder being credited to the Railroad unemployment insurance account in the unemployment trust fund for the payment of benefits.

The regular railroad retirement program is financed by taxes paid equally by railroad workers and employers. The Railroad retirement account is credited with the taxes and annuity payments are made from the Account. The amounts needed for administrative expenses, as authorized by Congress in annual appropriation Acts, are derived from the Account.

The supplemental annuity program is financed by a tax paid by employers of two cents for each man hour for which they pay compensation. This tax is deposited in a separate trust account titled Railroad retirement supplemental account from which the supplemental annuities are paid. The amounts needed for administrative expenses of this program, as authorized by Congress in annual appropriation Acts, are derived from this Account.

1966 RAILROAD RETIREMENT ACT AMENDMENTS

In October 1966, Congress passed two pieces of legislation designed to liberalize and improve the retirement and survivor benefit program covering employees in the railroad industry. The more significant of these was Public Law 89–699, which introduced an industry-wide plan for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. The supplemental annuity program is financed by a tax paid by employers of two cents for each man hour for which they pay compensation. The new type of annuity is paid to employees aged 65 and over who are awarded regular retirement annuities after June 1966 and who retire directly from railroad service after completing 25 or more years of such service, and is paid in addition to their regular annuity. The supplemental annuity is payable in the minimum amount of $45 a month for employees with 25 years of creditable service, and increases $5 for each additional year, up to a maximum of $70 for employees with 30 or more years of service. In the case of a person who also receives a supplemental pension paid by the employer, the supplemental annuity which would otherwise be payable by the Railroad Retirement Board is reduced by the portion of the supplemental company pension which is financed from contributions by the employer. It is estimated that 21,000 persons will qualify for supplemental annuities during 1967 and 16,000 during 1968.

Public Law 89–699 also provided for a 7% increase in regular benefits payable to persons who did not receive increases under the 1965 social security amendments or persons who did not receive benefits under the new supplemental annuity program. Railroad retirement beneficiaries who received increases in benefits under the 1965 social security amendments and who do not benefit from the 7% increase provided by Public Law 89–699 are persons who receive benefits under the provisions of law which guaranty that railroad retirement benefits will be at least 110% of benefits which the social security system would have paid on the basis of the railroad service involved, and persons on the railroad retirement rolls who also receive separate benefits under the social security system. If the increase these persons received through the enactment of the 1965 social security amendments was less than the increase which would be produced by the 7% increase otherwise provided by Public Law 89–699, then a partial increase for the difference is payable. Of the 922,000 beneficiaries on the rolls of the Board, approximately 294,000 beneficiaries will receive the full increase, 167,000 will receive a partial increase, and 461,000 will receive no increase.

The other piece of legislation enacted by Congress in October 1966 was Public Law 89–700, which extended survivor benefits to children aged 18–21 who are full-time students, liberalized the formula for computing residual payments to insure that the total amount payable in benefits will always be larger than the amount the employee paid in taxes, and made various other changes designed to remove inequities from the law.

SUMMARY OF REQUIREMENTS FOR RR ADMINISTRATIVE EXPENSES

The two pieces of legislation which amended the Railroad Retirement Act created large new work loads for the Board for fiscal years 1967 and 1968. In 1967, the additional work loads created by Public Law 89–699 include the work of administering the new supplemental annuity program; the processing of selective increases in benefit rates, many of which must be processed manually, and the handling of the large number of inquiries which will arise from persons

who either receive no increase or a partial increase; processing an increased number of applications for regular annuities because of an expected acceleration in the rate of retirements as a result of the establishment of the system of supplemental annuities; processing a greater number of adjustments of annuities because of new additional conditions affecting the continuing entitlement to the amount originally awarded; and processing of the new work loads created by Public Law 89–700.

The new work loads created by Public Laws 89–699 and 89–700, approved October 30, 1966, will require an increase in the limitation on Salaries and Expenses, Railroad Retirement Board, for fiscal year 1967 of $1,505,000, with $1,175,000 of the increase to be derived from the Railroad Retirement Account and $330,000 to be derived from the Railroad Retirement Supplemental Account. In addition, the higher pay rates authorized by Public Law 89–504, approved July 18, 1966, will require a further increase of $295,000 in this limitation. Total requirements for the administrative expenses of the railroad retirement system for fiscal year 1967 are as follows:

Present limitation	$11,175,000
Proposed increases in limitation:	
Costs of Public Laws 89–699 and 89–700	1,505,000
Costs of Public Law 89–504	295,000
	1,800,000
Total requirements for 1967	12,975,000

For 1968, the administrative expense requirements of the railroad retirement system are $12,850,000, which is $125,000 less than estimated requirements for 1967. This net decrease of $125,000 from 1967 to 1968 consists of a decrease of $515,000 as a result of a net decrease in work loads from 1967 to 1968, a decrease of $102,000 for an estimated improvement in productivity, and a decrease of $32,000 because 1968 has one less compensable day than 1967, with these decreases partly offset by an increase of $64,000 for within-grade salary advancements, and an increase of $460,000 for this appropriations' share of the cost of the purchase of additional computer equipment to augment the over-loaded present equipment. The need for the additional computer equipment is critical because demands on the existing equipment far exceed its capacity, even though the equipment is being utilized 24 hours a day and 7 days a week. Because of lack of machine time, the Board has had to delay the payment of benefits to unemployment, sickness, retirement and survivor beneficiaries and postpone the installation of machine programs which would improve operations and provide better service to its beneficiaries.

The request of $12,850,000 as a limitation on the administrative expenses of the railroad retirement system does not provide for the costs of handling the additional work which would be created for the Railroad Retirement Board by the enactment of the legislation being proposed for the social security system.

For a general indication of the magnitude of the operations under the railroad retirement system, it should be noted that benefit payments under existing legislation are expected to total to $1,312,500,000 in 1968, consisting of $1,289,500,000 in regular benefits and $23,000,000 in supplemental annuity payments. Beneficiaries on the rolls of the Board at the end of 1968 are expected to total 952,000, consisting of 512,000 employees retired for age and their wives, 130,000 employees retired for disability and their wives, and 310,000 survivors, with 34,000 employee annuitants receiving supplemental annuities.

PAYMENTS TO RAILROAD RETIREMENT ACCOUNT FOR MILITARY SERVICE CREDITS

Railroad workers entering military service may have such service credited toward benefits under the railroad retirement system under certain conditions. An appropriation of $17,839,000 is requested to pay the fourth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963.

Payment for Military Service Credits, Railroad Retirement Board

	Estimate, 1967	Estimate, 1968	Increase or decrease
Program by activities: Payment to railroad retirement account	$17,201,000	$17,839,000	+$638,000
Financing: New obligational authority (appropriation)	17,201,000	17,839,000	+638,000

JUSTIFICATION OF ESTIMATES

Railroad workers entering military service may have such service credited towards benefits under the railroad retirement system under certain conditions. Under existing law the Government is obligated to pay to the Railroad retirement account the additional cost of crediting military service rendered prior to 1937 and used in computing annuities under the Railroad Retirement Act. For military service performed during war-service periods after 1936 and before 1957, the Government is required to pay the combined employer-employee payroll tax on $160 for each month of military service. For service after 1956 and before July 1963, the Government is required to pay the difference between the combined taxes on $160 and the combined social security taxes actually paid with respect to the military service involved. For creditable military service rendered after June 1963, payments are on a cost basis including an overhead factor.

An appropriation of $17,839,000 is requested for fiscal year 1968 for payment to the Railroad retirement account for military service credits under the Railroad Retirement Act. The appropriation request of $17,839,000 consists of $17,730,000 as the fourth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963, plus $109,000 for the additional cost for military service performed before 1937 and used in computing annuities certified in fiscal year 1966.

Details regarding the calculation of the amount of the fourth installment and a schedule of the amounts of the remaining six installments are given in the following tables.

Calculation of 4th installment

1. Appropriation due the Board on July 1, 1964	$155,695,000
2. Less first installment appropriated in fiscal year 1965	−13,834,000
3. Balance	141,861,000
4. Plus accrued interest on balance for fiscal year 1965	5,674,000
5. Balance due July 1, 1965	147,535,000
6. Less second installment appropriated in fiscal year 1966 (one-ninth of item 5)	16,393,000
7. Balance	131,142,000
8. Plus accrued interest on balance for fiscal year 1966	5,246,000
9. Balance due July 1, 1966	136,388,000
10. Less third installment appropriated in fiscal year 1967 (one-eighth of item 9)	17,049,000
11. Balance	119,339,000
12. Plus accrued interest on balance for fiscal year 1967	4,774,000
13. Balance due July 1, 1967	124,113,000
14. Fourth installment for appropriation in fiscal year 1968 (one-seventh of item 13)	17,730,000
15. Plus additional cost for military service performed before 1937 and used in computing annuities certified in fiscal year 1966	109,000
	$17,839,000

Payment for military service credits—Schedule of amounts of 6 remaining installments

Fiscal year	Amount due			Divisor	Installments
	Principal	Interest	Total		
1969	$106,383,000	$4,255,000	$110,638,000	6	18,440,000
1970	92,198,000	3,688,000	95,886,000	5	19,177,000
1971	76,709,000	3,068,000	79,777,000	4	19,944,000
1972	59,833,000	2,393,000	62,226,000	3	20,742,000
1973	41,484,000	1,659,000	43,143,000	2	21,572,000
1974	21,571,000	863,000	2,2434,000	1	22,434,000

Salaries and Expenses, Railroad Retirement Board (Trust Fund)

Summary of changes

Current Appropriation	
1967 appropriation in annual act	$11,175,000
Anticipated supplemental:	
Cost of work resulting from 1966 amendments to Railroad Retirement Act:	
Regular railroad retirement program	1,175,000
Supplemental annuity program	330,000
Increases in pay rates	295,000
	1,800,000
1967 total requirements	12,975,000
1968 request	12,850,000
Total change	—125,000
Decreases	
Net decrease in work loads from 1967 to 1968	—515,000
Estimated savings from improvement in productivity	—102,000
Decrease for one less compensable day	—32,000
	—649,000
Increases	
Purchase of additional computer equipment	460,000
Within-grade salary advancements	64,000
	524,000
Total net change requested	—125,000

Salaries and expenses, Railroad Retirement Board (trust fund)—Itemization of estimates

	1967 estimate				1968 estimate		Increase (+) or decrease (−)			
	Presently available		Revised estimate				Presently available		Revised estimate	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Program by activities:										
1. Maintenance of earnings accounts	30	$314,000	30	$314,000	30	$386,000		+$72,000		+$72,000
2. Processing regular claims	838	8,351,000	890	9,526,000	890	9,211,000	+52	+860,000		−315,000
3. Processing supplemental claims			27	330,000	27	250,000	+27	+250,000		−80,000
4. Maintenance of beneficiary rolls	76	1,399,000	76	1,399,000	76	1,503,000		+104,000		+104,000
5. Hearings and appeals	5	67,000	5	67,000	5	68,000		+1,000		+1,000
6. Actuarial services	21	229,000	21	229,000	21	259,000		+30,000		+30,000
7. Administration	93	1,110,000	93	1,110,000	93	1,173,000		+63,000		+63,000
Total obligations	1,063	11,470,000	1,142	12,975,000	1,142	12,850,000	+79	+1,380,000		−125,000
Financing: Proposed increase in limitation due to pay increases		−295,000						+295,000		
Limitation		11,175,000		12,975,000		12,850,000		+1,675,000		−125,000
Obligations by object:										
Personnel compensation:										
11.1 Permanent positions		8,362,000		8,969,000		9,111,000		+749,000		+142,000
11.3 Positions other than permanent		93,000		179,000		35,000		−58,000		−144,000
11.5 Other personnel compensation		124,000		711,000		202,000		+78,000		−509,000
Total personnel compensation		8,579,000		9,859,000		9,348,000		+769,000		−511,000
12.0 Personnel benefits		650,000		702,000		710,000		+60,000		+8,000
21.0 Travel and transportation of persons		239,000		262,000		256,000		+17,000		−6,000
22.0 Transportation of things		11,000		11,000		11,000				
23.0 Rent, communications, and utilities		844,000		950,000		867,000		+23,000		−83,000
24.0 Printing and reproduction		50,000		70,000		55,000		+5,000		−15,000
25.1 Other services		214,000		214,000		229,000		+15,000		+15,000
25.2 Services of other agencies		728,000		729,000		737,000		+9,000		+8,000
26.0 Supplies and materials		128,000		148,000		135,000		+7,000		−13,000
31.0 Equipment		27,000		30,000		502,000		+475,000		+472,000
Supplemental required for pay increases		−295,000						+295,000		
Total obligations		11,175,000		12,975,000		12,850,000		+1,075,000		−125,000
Personnel summary:										
Total number of permanent positions		1,063		1,142		1,142		+79		
Full-time equivalent of other positions		22		40		20		−2		−20
Average number of all employees		1,034		1,130		1,110		+76		−20
Average GS grade		7.4		7.3		7.3		−0.1		
Average GS salary		$8,217		$8,184		$8,245		+$28		+$61

JUSTIFICATION BY ACTIVITY—SUMMARY OF SALARIES AND EXPENSES, 1967 AND 1968

ACTIVITY 1.—*Maintenance of earnings accounts*

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	30	$237,000	30	$237,000		
Other expenses		77,000		78,000		+$1,000
Computer equipment				71,000		+71,000
Total	30	314,000	30	386,000		+72,0000

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees	28	27	−1
Overtime equivalent	2	2	
Total	30	29	−1

The maintenance of earnings accounts includes the work of processing of employers' reports of employees' compensation and service, for use in making claims payment determinations. Information must be accumulated for every railroad employee to identify the actual calendar months worked and the creditable earnings from January 1937 to date. In addition, railroad service rendered prior to 1937 must be developed when claimed, since such service usually is creditable under the Act.

The work load for maintaining wage accounts of railroad employees fluctuates with the level of employment in the railroad industry, rates of turnover, and similar factors. The best single work load item to use to measure the level of activity in this work is the number of accounts in which earnings have been recorded, which are estimated at 920,000 in 1967 and 910,000 in 1968.

No change of consequence is expected in the man-year requirements to conduct this highly mechanized operation.

ACTIVITY 2.—*Processing regular claims*

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	890	$8,308,000	890	$7,869,000		−$439,000
Other expenses		1,218,000		1,119,000		−99,000
Computer equipment				223,000		+223,000
Total	[1] 890	[1] 9,526,000	890	9,211,000		−315,000

[1] Includes 59 positions and $1,175,000 to be financed by supplemental appropriation request.

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees	884	866	−18
Overtime equivalent	65	22	−43
Total	[2] 949	888	−61

[2] Includes 125 man-years to be financed by supplemental appropriation request.

The processing of claims includes the development, adjudication and initial certification for payment of claims for regular annuities from aged or disabled workers, wives, widows, children and dependent parents; the establishment of eligibility and enrollment of individuals covered by the Railroad Retirement Act for hospital and medical insurance; handling inquiries from beneficiaries or potential beneficiaries regarding their rights under the railroad retirement system; and the performance of related activities.

Public Laws 89–699 and 89–700, approved October 30, 1966, which amended the Railroad Retirement Act created large new work loads for the Board for fiscal years 1967 and 1968. The additional work created for this activity includes the processing of selective increases in benefit rates, many of which must be processed manually; handling of inquiries from beneficiaries or potential beneficiaries affected by the new legislation; processing of an increased number of applications for regular annuities because of an expected acceleration in the rate of retirements as a result of the establishment of the system of supplemental annuities; processing a greater number of adjustments of annuities because of new additional conditions affecting the continuing entitlement to the amount originally awarded; processing applications from new classes of persons made eligible for benefits such as students aged 18–21; and processing various miscellaneous adjustments in benefits required by the new legislation.

The principal work loads in this activity under the amended legislation are as follows:

	Estimate, 1967	Estimate, 1968	Increase or decrease in 1968
Regular claims dispositions, including reopened claims	190,800	190,800	
Beneficiary inquiries and contacts	907,000	850,000	−67,000
Benefit rate adjustments:			
Required by Public Law 89-699	461,000		−461,000
Other adjustments	120,000	85,000	−35,000

A proposed supplemental appropriation request for 1967 would provide an additional $1,175,000 needed for this activity to process the added work for handling because of the new legislation. This would make available for this activity a total of 949 man years for 1967. Upon completion of the non-recurring portion of the amendment work in 1967, total man-year requirements would then decrease to 888 in 1968. The decrease in man years would be principally in temporary employment and overtime.

ACTIVITY 3.—*Processing supplemental claims*

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	27	$281,000	27	$214,000		−$67,000
Other expenses		49,000		36,000		−13,000
Total	[1] 27	[1] 330,000	27	250,000		−80,000

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees	27	27	
Overtime equivalent	8	1	−7
Total	[1] 35	28	−7

[1] To be financed by supplemental appropriation request.

Public Law 89-699 provided a system for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. The supplemental annuity program is financed by a tax paid by employers of two cents for each man hour for which they pay compensation. The new type of annuity is paid to employees aged 65 and over who are awarded regular retirement annuities after June 1966 based on 25 or more years of service and is paid in addition to the regular annuity. The supplemental annuity is payable in the minimum amount of $45 a month for employees with 25 years of service, and increases $5 for each additional year, up to a maximum of $70 for employees with 30 or more years of service.

In the case of an individual entitled to a supplemental pension paid by the employer, the supplemental annuity which would otherwise be payable is reduced by the amount of the supplemental company pension attributable to the employer's contribution; except that the reduction is not applicable if the company pension is reduced by reason of the supplemental annuity to which the individual is entitled under Public Law 89-699. The amounts by which supplemental annuities are reduced by reason of pension payments by an employer are credited against taxes on man hours imposed on such employer.

Work involved in administering this program includes development and evaluation of information relating to company pension plans; processing cases of persons eligible for supplemental annuities which make it necessary in each case to elicit information from the employee and employer as to the employee's entitlement to a company pension, elicit information from the employer needed to determine the portion of the company pension financed by employer contributions and to ascertain whether the company will reduce its pension by reason of the employee's entitlement to a supplemental annuity; making complex determinations as to the portion of the company pension deemed to be attributable to employer contributions; providing for a reduction in the supplemental annuity of the portion of the company pension financed by employer contributions, if no reduction is made in the company pension; adjudicating and certifying the supplemental annuity for payment; maintaining the in-force roll of supplemental annuities; accumulating for each employer the reductions made in supplemental annuities for its employees because of company pensions financed by employer contributions and certifying quarterly to the Secretary of the Treasury the aggregate of such reductions for each employer for tax credit purposes; adjusting supplemental annuities in the event company pensions change; and performing actuarial, statistical, fiscal, and other miscellaneous activities.

It is estimated that 21,000 persons will qualify for supplemental annuities during 1967 and 16,000 during 1968. Approximately 1,000 cases are expected to be adjusted in fiscal year 1967 and a like number in 1968 because of changes in employer pension plans.

The funds needed to administer this program in 1967 are to be provided by a supplemental appropriation, with the amount appropriated to be derived from the Railroad Retirement Supplemental Account. It is estimated that 35 man years will be needed to administer this program in 1967 and 28 man years in 1968.

ACTIVITY 4.—*Maintenance of beneficiary rolls*

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	76	$541,000	76	$546,000	.....	+$5,000
Other expenses	.....	858,000	.....	865,000	.....	+7,000
Computer equipment	.....	.....	.....	92,000	.....	+92,000
Total	76	1,399,000	76	1,503,000	.....	+104,000

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees	73	73	
Overtime equivalent			
Total	73	73	

This activity includes the maintenance of the monthly rolls of retirement and survivor beneficiaries, payments to the Treasury Department for the cost of preparing and mailing the monthly benefit checks, and the verification of the eligibility of beneficiaries to continue to receive monthly benefits. Methods used to check on continuing eligibility include the use of annual questionnaires and a comprehensive computer program under which the Board and the Social Security Administration earmark their master tape records and periodically each agency notifies the other of the occurrence of events which would affect the benefits payable by the other agency. This comprehensive tape exchange program is producing large savings to the trust fund by disclosing overpayments of $8.3 million since it was inaugurated several years ago. Equally important, the program reduces hardship to beneficiaries, because disqualifying events now are disclosed sooner preventing large accumulations of overpayments for subsequent collection.

The number of beneficiaries on the rolls is estimated to be 943,000 at the end of 1967 and 952,000 at the end of 1968.

The number of man years needed to handle the work of this activity is estimated at 73 for 1967 and a like number for 1968.

ACTIVITY 5.—*Hearings and appeals*

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	5	$62,000	5	$63,000		+$1,000
Other expenses		5,000		5,000		
Total	5	67,000	5	68,000		+1,000

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees	5	5	
Overtime equivalent			
Total	5	5	

Individuals whose claims for annuities or benefits are disallowed or who dispute the award have the right to appeal to the Board's appeals council and subsequently to the Board itself, prior to the judicial review afforded by Section 11 of the Railroad Retirement Act.

Approximately 200 appeals are expected to be handled in 1967 and in 1968 by the Board's appeals council.

ACTIVITY 6.—*Actuarial services*

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	21	$215,000	21	$214,000	.....	−$1,000
Other expenses	.....	14,000	.....	14,000	.....	.....
Computer equipment	.....	.....	.....	31,000	.....	+31,000
Total	21	229,000	21	259,000	.....	+30,000

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees	20	20	.....
Overtime equivalent	.....	.....	.....
Total	20	20	.....

This activity includes the work of preparing actuarial valuations of assests and liabilities of the railroad retirement system as required by law; preparing projections, cost estimates, and other reports relating to the existing benefit program as well as proposed amendments to either the Railroad Retirement Act or the Social Security Act; and conducting studies for the financial interchange with the social security system. These latter studies determine the amounts for transfer between the social security trust funds and the Railroad retirement account to place each trust fund in the same position in which it would have been if employment under the Railroad Retirement Act after December 31, 1936, had been employment under the Social Security Act from that date. The importance of these studies, which are required annually, can best be realized from the fact that hundreds of millions of dollars are involved in the financial interchanges.

The files of statistical data compiled for analytical and actuarial purposes also have great administrative value. They have been used to give rapid effect to changes in benefits under amendments and to identify those beneficiaries who come under the several policing programs. The savings accruing to the Board over the years from these files have been very great.

No change is expected in man-year requirements from 1967 to 1968.

ACTIVITY 7.—*Administration*

	1967 estimate		1968 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	93	$917,000	93	$915,000	.....	−$2,000
Other expenses	.....	193,000	.....	199,000	.....	+6,000
Computer equipment	.....	.....	.....	59,000	.....	+59,000
Total	93	1,110,000	93	1,173,000	.....	+63,000

Average manpower estimates are as follows:

	Man-years		
	1967	1968	Increase or decrease
Permanent and temporary employees	92	92	
Overtime equivalent	2	2	
Total	94	94	

This activity embraces the functions of executive direction and general administration, including activities such as personnel, fiscal property management, budgeting, administrative planning and control, and other similar activities.

No change is expected in man-year requirements from 1967 to 1968.

THURSDAY, MARCH 9, 1967.

LABOR-MANAGEMENT SERVICES ADMINISTRATION

WITNESSES

JAMES J. REYNOLDS, UNDER SECRETARY OF LABOR

THOMAS R. DONAHUE, ASSISTANT SECRETARY OF LABOR

JOHN N. GENTRY, DEPUTY ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS

FRANK M. KLEILER, DIRECTOR, OFFICE OF LABOR-MANAGEMENT AND WELFARE-PENSION REPORTS

HUGH W. BRADLEY, DIRECTOR, OFFICE OF VETERAN'S REEMPLOYMENT RIGHTS

ALBERT L. MOORE, JR., DIRECTOR, OFFICE OF ADMINISTRATION AND MANAGEMENT

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	6,098	6,617	6,715
11.3	Positions other than permanent	19	66	66
11.5	Other personnel compensation	48	19	19
	Total personnel compensation	6,165	6,702	6,800
12.0	Personnel benefits	457	502	523
21.0	Travel and transportation of persons	442	454	454
22.0	Transportation of things	13	24	28
23.0	Rent, communications, and utilities	273	260	260
24.0	Printing and reproduction	96	123	123
25.1	Other services	101	85	85
25.2	Services of other agencies	286	311	311
26.0	Supplies and materials	61	82	82
31.0	Equipment	9	17	17
99.0	Total obligations	7,903	8,560	8,683

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	690	673	667
Full-time equivalent of other positions	11	9	9
Average number of all employees	627	659	654
Average GS grade	9.2	9.4	9.4
Average GS salary	$9,883	$10,436	$10,629

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
1. Employee-management relations services	56	320	326
2. Labor-management policy development	161	267	273
3. Administration of reporting and disclosure laws	6,369	6,634	6,724
4. Promotion of compliance and assistance to veterans	717	731	740
5. Executive direction and administrative services	528	607	620
Total program costs, funded	7,831	8,560	8,683
Change in selected resources [1]	72		
10 Total obligations	7,903	8,560	8,683
Financing:			
16 Comparative transfers to other accounts	50	18	
25 Unobligated balance lapsing	626		
New obligational authority	8,579	8,578	8,683
New obligational authority:			
40 Appropriation	8,580	8,510	8,683
41 Transferred to "Operating expenses—Public Buildings Service," General Services Administration (79 Stat. 531)	−1		
43 Appropriation (adjusted)	8,579	8,510	8,683
46 Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for civilian pay act increases		68	
Relation of obligations to expenditures:			
10 Total obligations	7,903	8,560	8,683
70 Receipts and other offsets (items 11-17)	50	18	
71 Obligations affecting expenditures	7,953	8,578	8,683
72 Obligated balance, start of year	263	440	818
74 Obligated balance, end of year	−440	−818	−1,101
77 Adjustments in expired accounts	−15		
90 Expenditures	7,762	8,200	8,400

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $28,000; 1966, $101,000; 1967, $101,000; 1968, $101,000.

MDTA PROGRAM IN LANSFORD, PA.

Mr. FLOOD. I would like the record to show that I am addressing the Secretary of Labor, who is going to be good enough to sit through these long days of hearings. I have in my district a new county, Carbon, and in that county is a town called Lansford. A few weeks ago they were stricken with a very severe and devastating fire of catastrophic proportions in the very heart of their business district. After the fire, you can imagine the debris that was there. Through the initiative of the manpower training program under local No. 542 of the Philadelphia Operating Engineers, these people went in there with their heavy equipment and I am advised they worked for 74 hours straight without letup to clean up this debris. It was an extraordinary example of voluntary public service. The people in the

community were very grateful. I thought you would like to know that.

Secretary WIRTZ. Thank you very much, Mr. Chairman.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. We are glad to have Mr. Reynolds with us, now that you are official and legal this morning, as the Under Secretary of Labor.

We will first place your biography in the record.

(The biography follows:)

BIOGRAPHY OF JAMES J. REYNOLDS, ASSISTANT SECRETARY OF LABOR

James J. Reynolds, Assistant Secretary of Labor, is widely experienced in labor-management relations, both by virtue of his work in private industry and in Government service.

He was born in Brooklyn, New York, attended primary and secondary schools there, and graduated from Columbia University in 1928. His father, James J. Reynolds, Sr., was assistant superintendent of schools for New York City.

Mr. Reynolds has had a career in Finance, Industry and Public Service and is presently serving under appointment by the late President John F. Kennedy as Assistant Secretary of Labor for Labor-Management Relations.

Mr. FLOOD. Do you want to talk to us this morning about Labor-Management Services Administration?

Mr. REYNOLDS. Yes, sir. I am grateful for the privilege of doing so, Mr. Chairman and gentlemen of the committee.

GENERAL STATEMENT

The Labor-Management Services Administration (LMSA) is responsible for the administration of Labor-Management Reporting and Disclosure Act, the Welfare and Pension Plans Disclosure Act, and various veterans' reemployment rights statutes. In addition, the Administration provides the Secretary of Labor with staff assistance to discharge his responsibilities in the area of labor-management relations. The LMSA has been delegated authority and responsibility for all of the labor-management functions vested in the Secretary of Labor.

For fiscal year 1968 the total estimate for all functions within the LMSA is $8,683,000—a net increase of $123,000 from the comparatively adjusted current year appropriation. Permanent positions requested and 667—a decrease of six from the 673 in the adjusted 1967 appropriation.

The request is for $325,000 which is an increase of $5,400 and no change in position level at 16, which is the same in the current year.

EMPLOYEE-MANAGEMENT RELATIONS SERVICES

The Office of Employee-Management Relations Services provides expert staff services to the Secretary of Labor in discharging a host of responsibilities in the labor-management relations area.

Responsibilities of this office range from carrying out the Secretary's specifically assigned statutory duties to providing appropriate staff aid and guidance in particular dispute and problem situations.

The Urban Mass Transportation Act of 1964 and the recently enacted statute designed to improve passenger rail transportation service in the Northeast "Megalopolitan Corridor" both require appro-

priate employee protective arrangements and charge the Secretary of Labor with determining that fair and equitable arrangements are so provided. In cooperation with the Department of Housing and Urban Development and the Department of Commerce, the Office of Employee-Management Relations reviews and approves proposed employee protective plans and provides assistance to labor and management in meeting and carrying out their responsibilities under the act.

Executive Order 10988 (promulgated in 1962) established a formal program for employee-management cooperation in the Federal service and assigned to the Secretary certain responsibilities under the program which are discharged by the LMSA.

These include, for instance, the appointing of arbitrators to give advisory opinions with respect to appropriate units to be established throughout the family of Federal employees. We work very closely with the Civil Service Commission in guiding and advising the various departments and agencies in the conduct of their employee-management relations programs.

Assistance to the Executive Office of the President, other executive offices and legislative committees are provided on a variety of labor-management matters, including nominations for disputes boards, analyses of specific industry situations, and developmental activities relating to such matters as appropriate maritime policy.

Special dispute situations require close interagency liaison and cooperation (National Mediation Board, Federal Mediation and Conciliation Service, and the National Labor Relations Board) and departmental staff support. Activities of this character during the past year required staff assistance in the serious dispute last summer involving five major airlines; assistance to a factfinding board appointed by the Secretary of Health, Education, and Welfare, the Secretary of Labor, and the Governor of California to examine the issues in a dispute involving nurses employed in San Francisco Bay area hospitals; and assistance in connection with a dispute involving the Pan American Airlines. We also provided technical background information in connection with the mediation of the General Electric dispute.

Mr. FLOOD. Do you wait until you are invited in or do you go barging in on these things?

Mr. REYNOLDS. Usually we are invited in. I am sure you realize we never barge in. Usually one side or the other or both are just pleading for us to come in when all other statutory means of resolving the dispute have been exhausted. We are most mindful and most respectful of the admonition of the Secretary that the National Mediation Board has its proper functions under the Railway Act and the Federal Mediation and Conciliation Service has its responsibilities as an independent mediation agency.

Mr. FLOOD. We do not get the impression that you are eager beavers just standing around waiting to get into these disputes.

Mr. REYNOLDS. No, quite the contrary. I can assure you and I am certain that I speak on behalf of the Secretary as well as myself, that we get into these things with the greatest reluctance. Every time we do find it necessary to get in at the behest of the parties or the President because of the national emergency implications, it is another failure of collective bargaining which is a matter of concern to us. But we do not barge in, I can assure you. We go in very reluctantly

and only after all statutory efforts have been made to resolve the dispute.

A continuing concern of the Secretary is the need to develop means whereby disruptive labor disputes will be held to a minimum. Several years ago, the parties in the East Coast Longshore Industry, after an impasse in negotiations, requested the Department to study key issues involving manning practices and job protection. The study was completed in 1964 and many solutions developed during its course were generally adopted. As a byproduct of that study and with the cooperation of the parties, a second study examining the collective bargaining structure of that industry is underway.

WEST COAST SHIPPING DISPUTE

Mr. FLOOD. What is the last word on the electricians in this west coast shipping dispute?

Mr. REYNOLDS. Unfortunately, last night we delivered to the President the necessary papers which will support his request to the Attorney General this morning to seek a Taft-Hartley injunction.

Mr. FLOOD. The Secretary was worried about this last week when he was here.

Mr. REYNOLDS. Yes. It involves 13 shipyards out there. The strike has been in progress since the 4th of November but since it involved only one union, the other unions were all working. For a month or two work continued in a reasonable, orderly fashion; but as time went on and the maintenance work and the electrical equipment plus the production work declined——

Mr. FLOOD. What were these papers you delivered to the White House? What do they do?

Mr. REYNOLDS. These papers resulted from the decision last week of the Department of Defense that the strike was having a serious impact on the effort of the sealift to Vietnam. Secretary McNamara was consulted by Secretary Wirtz. I conferred at length with Assistant Secretary of Defense Paul Ignatius in charge of logistics and supplies, and with the appropriate naval officers and we were convinced on the basis of their views that the strike had reached a point where it was injuring the national effort in Vietnam and that there was no alternative but to appoint a Taft-Hartley board.

We recommended a board to the President consisting of Prof. Keith Mann of Stanford University, Paul Hanlon of Portland, Oreg., a very competent arbitrator, and George Reedy, the former press assistant to the President. They met in San Francisco starting on Tuesday of this week. They returned last evening. They developed a report, delivered it to me to be presented to the President late last night.

WILDCAT AUTOMOTIVE STRIKE

Mr. FLOOD. Has Mr. Reuther asked for any help on this wildcat strike he has or is that strictly a civil war?

Mr. REYNOLDS. That is entirely a matter of internal union discipline and it is not the sort of thing that the mediation service or we would get into.

Now, the fiscal year 1968, for all of these activities I have been speaking of, the request is about $325,000 and 16 positions. This is an

increase of $5,400 and the positions remain the same. I point out, Mr. Chairman and gentlemen, that of the $325,000, $150,000 is for the temporary employment of labor-management consultants and other expenses incurred in specific labor-management problem situations.

I proceed now, sir, to the labor-management policy development group, which is the second group.

TEMPORARY EMPLOYEES

Mr. FLOOD. We are a little bit gun shy about that. That is a very bureaucratic sentence. Are you much of a bureaucrat? How long have you been in town?

Mr. REYNOLDS. I was honored to be chosen by the late President Kennedy in January of 1961 and I came here then.

Mr. FLOOD. Well, then, you are no amateur. $150,000 for temporary employment, you know there is nothing more permanent in this town than a temporary building or a temporary anything.

Mr. REYNOLDS. Well, then, perhaps a word of explanation would be useful, Mr. Chairman.

These are the people that occasionally are brought in on a difficult labor situation where outside arbitrators are sometimes very useful and, as an example, for instance in the railroad crisis a year or two ago.

Mr. FLOOD. But they are really temporary?

Mr. REYNOLDS. Oh, very temporary. We brought in Prof. George Taylor of the Wharton School, and Theodore Kheel of New York to assist us, to bring in a new, fresh viewpoint.

I am very mindful of the desirability of seeing to it that these things don't continue, that they stop promptly when their usefulness has been fulfilled.

LABOR-MANAGEMENT POLICY DEVELOPMENT

The Labor-Management Policy Development activity for which we are requesting $273,400, which is an increase of $6,200, no change in positions. There were 18 in the current year and 18 contemplated in 1968. The Office of Labor-Management Policy Development provides policy review and development with respect to labor-management matters. The nature of the activities of this Office vary as the Department's needs and congressional and other demands require.

Mr. FLOOD. Congressional demands?

Mr. REYNOLDS. Yes.

Mr. FLOOD. What do we ask for?

Mr. REYNOLDS. For instance, in connection with amendments to the pension and welfare plans statute.

Mr. FLOOD. You mean by law?

Mr. REYNOLDS. No. I mean requests of the committees for expert advice and guidance in the preparation of legislation or in the preparation of testimony or in the preparation of information to be discussed as part of the input in determining whether measures are wise in this particular field.

Legislation introduced in the Congress during the past 2 years relating to the field of private pension plans and increasing interest in possible legislative action in this area promoted the initiation of a comprehensive policy review of the private pension field. Analytic

studies directed toward assessing the private pension system are underway or planned. The relationship of existing legislation in this area—principally, the Welfare and Pension Plans Disclosure Act—to the continuing growth and vitality of the pension system will be reviewed.

Anticipated collective-bargaining agreements which will be expiring in the coming year may increase the demands for legislative and administrative proposals to assist in the settlement of labor disputes. The Office of Labor-Management Policy Development will continue its study of the Labor-Management Relations Act and the Railway Labor Act disputes procedures and problems. A review will be undertaken of various public and private policies affecting labor-management relations such as private arrangements affecting seniority, mobility, and employee displacement; employer or union strike insurance plans; and the effects of industrywide bargaining practices.

TECHNICAL ASSISTANCE TO FOREIGN NATIONALS

An increasing demand for advice and support to the Assistant Secretary for International Affairs, Mr. Weaver, in planning and preparation of training seminars in the Government's efforts to stimulate free collective bargaining and sound labor-management relations in developing nations can be anticipated. In addition to these technical services directed to foreign nationals, increased emphasis will be placed on the development of policies and programs to assist U.S. overseas firms in the resolution of labor-management relations problems which may have implications for our overall foreign policy.

Mr. FLOOD. Do you take the initiative there or do you simply serve when asked? You know, I remember shortly after the war I had occasion, as a member of the Department of Defense Subcommittee, to be in London and I went to the embassy. The consular of embassy, an old friend of mine, took me there. I sat in the Ambassador's office, a tremendous office in London, in his chair. Sitting alongside of me was the consular of embassy and in front of me, in a semicircle, were seven men all with the assimilated rank of ambassador and all with checkbooks in their pockets. The Ambassador, of course, had no checkbook. He was merely the Ambassador. I asked where he was. He was sitting about 20 feet away looking out a window, almost covered by a curtain. This was the chief of mission. Nobody paid any attention to him. The people who were important were the seven fellows with the checkbooks. Are your people that kind?

Mr. REYNOLDS. No. It is not anticipated that these people will indeed even leave the country, Mr. Chairman, the people in this activity. They will develop and have been developing techniques and areas of advice that are given to Mr. Weaver and his people in their efforts to improve a situation of growing seriousness which arises frequently from the conduct of labor-management affairs by American corporations when they go abroad.

Mr. FLOOD. We will hear from Mr. Weaver about this, will we?

Mr. REYNOLDS. Yes, you will.

Mr. FLOOD. Good.

Mr. REYNOLDS. We provide, then, the technical expertise in the program.

Mr. FLOOD. I am a great believer in chiefs of mission and not you visiting firemen.

Mr. REYNOLDS. Effective administration of the Labor-Management Reporting and Disclosure Act requires the development of detailed analytical studies of various aspects of union organization and operations—particularly needed in court cases under title IV of the act challenging certain union officer election practices. Title IV of the act is that dealing with elections of unions and officers.

Mr. FLOOD. Indeed, I know.

Mr. REYNOLDS. In cooperation with the Office of the Solicitor, the Office of Labor-Management Policy Development has the responsibility for providing this analytic support and expert opinion in the prosecution of violations of the statute. During fiscal year 1967 several key election cases were successfully prosecuted with the assistance of representatives of the Office of Labor-Management Policy Development.

The total estimate for this activity is $273,000 and 18 positions—an increase of $6,200 but the same number of positions as for 1967.

Mr. FLOOD. Is that the proper word? Isn't that a harsh word?

Mr. REYNOLDS. Yes, prosecution is a harsh word but it is the Federal statute, and I suppose it is the word used there. I agree with you it is a harsh word. I don't know quite what we would use in place of it.

Mr. FLOOD. Well, it would be a good exercise in semantics for somebody to look for one.

Mr. REYNOLDS. All right, "successfully pursued," possibly.

Mr. FLOOD. Something like that. "Prosecution" isn't really what we mean, you know.

Mr. REYNOLDS. No, it isn't, except where we get to the criminal embezzlement features of the statute. I quite agree, Mr. Chairman.

Mr. FLOOD. Yes.

ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS

Mr. REYNOLDS. The total estimate for this activity is $273,000 and 18 positions, as I said before. Now, the administration of reporting and disclosure laws. Our request is for $6,724,100 and 518 positions, an increase of $89,800 but a decrease of six positions.

The Office of Labor-Management and Welfare-Pension Reports administers both the Labor-Management Reporting and Disclosure and the Welfare and Pension Plans Disclosure Acts.

The volume of the activities of this Office has been relatively stable for the past several years. Each year approximately 220,000 reports are received from a variety of sources—unions, union officials, employers, and welfare and pension plan administrators—examined, filed and made available for public disclosure. Other activities of the Office include the development and promulgation of appropriate rules, regulations, interpretations and administrative determinations; technical assistance; and the conduct of an extensive investigative and compliance program operating through 24 field offices.

Mr. FLOOD. Who would you assist? What would be technical assistance? How would you technically assist somebody?

Mr. REYNOLDS. Technical assistance is rendered to labor organizations in assisting them in meeting the requirements of the law, how to conduct an election, what are the appropriate conditions under which people can run for office, what would be restrictive within the meaning

of the congressional mandate. We advise and guide administrators both from the industry side and labor side in the preparation of reports under the Welfare and Pension Plans Disclosure Act. It is a rather burdensome requirement but the Congress intended that these matters be disclosed to public view and it is our job to see that they are.

Several developments affecting these operations during the past calendar year warrant special comment.

THE REVISED FORM D–2

The revised form D–2, the form required annually from welfare and pension plan administrators, is a report which outlines all the financial activities of the plan for the previous calendar or fiscal year, as the case may be. This form, by requiring more extensive reporting of detail of operations will provide more meaningful reporting and disclosure of welfare and pension plan information and will accomplish more fully the intent of the Congress as reflected in the 1962 amendments to the Welfare and Pension Plan Disclosure Act. I would like to point out, Mr. Chairman and gentlemen, that in the preparation of this form we had many detailed discussions with the Advisory Committee established by the statute, representatives of industry and the profession and labor and public experts from the academic field, and we accepted their guidance in most instances. Where we couldn't it was, I assure you, for good reason. Our purpose is not to make these forms more burdensome but to make them really revealing of the conditions of these plans.

Mr. SMITH. Doesn't this revised form, in fact, though, become more burdensome and duplicate material already in the attached reports? That act happens to carry my name, not that I was the originator of everything in it. But we definitely wanted the form to be as brief as it possibly could be and not to duplicate data that was in the report that they had hired somebody to compile. This revised form duplicates a lot of that material, doesn't it?

Mr. REYNOLDS. It duplicates which report, sir?

Mr. SMITH. The report that they hire their consultants to make up in order that the plan be found qualified under tax laws. We intended that what turns out to be a D–2 would be a very simple statement which they could attach to the report prepared by the auditor and then say, "Here is our report." If the report has all the needed information in it, they should not have to take the material out of the report and repeat it on the form.

Mr. REYNOLDS. Well, unfortunately I am afraid that your observation is well taken, that the D–2 form does require possibly a greater detail of reporting than the report, if I understand it correctly, probably prepared by the Administrator's own consultants. Is that what you are referring to?

Mr. SMITH. Yes.

Mr. REYNOLDS. Because the congressional demands in that act are quite specific, you will recall, and they frequently go beyond where the Administrator or corporation or union would wish to have for itself.

The details of the statute, of course, are designed to be certain that any participant or beneficiary will know practically every detail of

the activities of that particular welfare or pension plan in the previous 12 months. We try to find a balance between what is required by the congressional mandate and what is absolutely the minimum we can ask in terms of not putting an added burden on the parties.

And I think we strike an unreasonably good balance in that regard, Congressman Smith.

Mr. SMITH. I really thought the first one had more blanks to be completed on it than it needed, but now your new one has more yet.

Mr. REYNOLDS. I do think that this question is worthy of being pursued, sir, and Mr. Kleiler, I think, could give us the technical guidance on that that I am afraid I can't supply, although I am very much a part of everything that is done and take full responsibility for it.

Would you speak to that, Mr. Kleiler?

Mr. KLEILER. Yes.

I think what Mr. Smith refers to is where a welfare plan or pension plan has been audited by an independent accountant. We require that the auditors' form be converted into the form that we use——

Mr. SMITH. Right.

Mr. KLEILER (continuing). And there are two reasons for that: One is it enables us to extract the data better from the form rather than to have to cull it out of auditors' reports or accountants' reports which are seldom uniform in format; and, secondly, for disclosure purposes we like to be able to compare one plan with another. Also, the people using these reports in our public document room know where to look in a form for the particular data they seek. But if they have to dig it out of a certified public accountant's report where he uses his own firm's form, it is all very difficult.

Mr. SMITH. You see, we get a conflict here which we were afraid might come up. What we were trying to do was to protect the individuals who were depending upon the provisions of the plan. But now there are various commercial groups who want this compiled data made easily available and they aren't much concerned about those participants being protected. What they want is the compiled data for commercial uses. These people want this data converted over to this revised form for their commercial use, but they aren't the people we were trying to help with this act.

Mr. REYNOLDS. You are entirely right, Mr. Smith, and it disturbs me that a lot of this material which was really designed for the prospective beneficiaries is utilized by outside professional opportunists who have it available to them as any member of the public would have.

Mr. SMITH. In order to serve the commercial interests, the form is becoming so complicated that the ordinary small union has to hire some international consultant to fill out the form. I think making it more complicated is a movement in the wrong direction instead of in the right direction.

Mr. REYNOLDS. We take your observation to heart, Congressman, and we will take another look at this. But I was quite convinced on the basis of our detailed exploration of it with the advisory committee that we were pretty much on the right track. I hasten to say, too, sir, that if legislation is passed establishing Federal fiduciary standards that indeed the burden of reporting may even be greater.

Mr. SMITH. Much greater.

Mr. REYNOLDS. Yes.
Mr. SMITH. I agree.
Mr. REYNOLDS. Shall I proceed?
Mr. FLOOD. Yes.
Mr. REYNOLDS. In accordance with the recommendation of the Secretary's Advisory Council on Employee Welfare and Pension Benefit Plans, the Department of Labor has testified in favor of the proposal to amend the law to ease the reporting burden by eliminating the requirements that a second copy of the form D–2 be filed and that the signatures on that form be notarized. It seems to me that is a pretty minor relief.
Mr. FLOOD. It is at least something.
Mr. REYNOLDS. It is something. It was, I believe, as a result of Congressman Olsen's activities primarily. We also supported the proposal to permit the filing of amendments to plan descriptions with the annual report instead of within 60 days after the change.
We had been under some pressure to see to it that any plan amendments be filed 60 days after, but sometimes these are terribly burdensome, just like the fine print on your insurance policy, and we saw no useful purpose in this being done. They can do it when they file their annual report.
The work involved in processing the reports received from surety companies issuing bonds under LMRDA and WPPDA and any investigative activities subsequently required will be absorbed within the estimate before you.
In the technical assistance field emphasis is being placed this year on providing assistance to welfare and pension plan administrators through clinics and workshops in the use of the revised form D–2. And I hope this will alleviate some of the problem Congressman Smith brought up. For instance, when the National Foundation of Health Welfare and Pension Plans meets in Florida later this year, with 4,000 experts from all over the country, from management, labor, we will have our technical people there to set up seminars and clinics to assist these people as to how they can facilitate filing these reports.
Major efforts, including field investigation, will continue in fiscal 1968 in an attempt to lower the reporting delinquency rate under LMRDA.
Parenthetically, there are possibly a thousand local unions a year that are delinquent in their reports. Frequently, this delinquency arises because some mischief has been committed which the individuals concerned and responsible for it do not want to reveal. We constantly follow these up the best we can, but we are going to make major efforts this year to see to it that these delinquents are brought into line.
Other investigation activity will continue at the normal level. Some cases are extremely complicated and time consuming. The National Maritime Union election investigation involved work at 17 of our field offices, the nature of the union being such that its men go all over the world. The investigation of the San Francisco Bay area painters welfare funds was extremely complicated and sadly complicated by reason of the fact that some of the principals, during the investigation and as a result of it, were indicted and convicted of conspiracy to murder and murder.
The estimate for this Office for 1968 is $6,724,100 and 518 positions as contrasted to $6,634,300 and 524 positions in the current year.

The position reduction is required to finance the within-grade promotion costs being absorbed.

PROMOTION OF COMPLIANCE AND ASSISTANCE TO VETERANS

For this activity we are requesting $739,900 which is an increase of $8,600, no position changes in fiscal 1968. I am sure you note that the mandatory pay increases are being absorbed to a great extent in all of these budgets and the increases, I think, can be properly characterized as very modest.

The Office of Veterans' Reemployment Rights provides direct assistance in connection with the reemployment rights of ex-servicemen, reservists, members of the National Guard and personnel rejected for military service, and promotes employer compliance with the reemployment provisions of the Universal Military Training and Service Act.

Our national policy, embodied in the law, seeks to minimize the sacrifices required of those who must leave civilian employment to perform training or services in the Armed Forces. While some losses, such as actual earnings, are not recoverable, the law does entitle those workers who meet the requirements of eligibility to restoration on the employment escalator in the positions they would have occupied if they had not been required to absent themselves from the work force in the service of their country. The benefits and perquisites of employment which are based on seniority, or normally accrue through the passage of time, are guaranteed to the veteran upon his return.

The need for this program will continue as long as the military commitments of the Armed Forces require the disruption of civilian employment. The Armed Forces relies upon an inflow of civilians to meet our international commitments and at the present time both the inflow and the turnover are rapidly increasing. The Department of Labor enjoys close cooperation with the Department of Defense and through a referral system in which the various Departments cooperate, 100 percent coverage of all persons being separated from the Armed Forces is now being achieved.

Mr. FLOOD. One hundred percent?

Mr. REYNOLDS. One hundred percent, yes.

Mr. FLOOD. Want to bet?

Mr. REYNOLDS. Yes, I will.

Mr. FLOOD. Really?

Mr. REYNOLDS. Yes. We have worked out with the Department of Defense a very felicitous arrangement, Mr. Chairman, where every young man leaving the service is given the necessary information with respect to this law where he can contact our people, any foreign country, if he needs assistance. And we obtain from that young man the name of his past employer, if there was one. Many of these youngsters go directly from school and they don't have employment, or did not have employment prior to their service. But those employers who did have young men in their employ and they went into the service, we contact them and inform them of their responsibilities and their privileges in helping these young men come back.

By and large, we find splendid cooperation. Once in a while we don't and we, by persuasion and encouragement, find that they come

about, come around to observing the law and their moral obligations to these youngsters.

Informational materials advising such persons not only of their reemployment rights but of all of the services available through the Department of Labor to the veteran are now being provided in a single pamphlet through the Department of Defense-Department of Labor referral system. Preservice employers are also alerted, as I say, to their obligation to reemploy and are encouraged to contact our field offices when they have questions on the extent of their responsibilities under the law.

I am pleased to report to you, Mr. Chairman, and gentlemen, the operation of this law is one of the exciting small ventures in our Department and the letters that I receive from employers and from young men are universally favorable in their reaction to it.

Mr. FLOOD. You must be doing something because I don't recall one letter in a year on this.

Mr. REYNOLDS. We have one problem that I think I should mention to you here, sir. I think all of you gentlmen will be interested in this, and that is that we are finding, unfortunately, an increasing manifestation of discrimination against young men who are eligible for the draft or who might be reservists and go off for the summer. We find that there are employers who are refusing to hire these men.

Mr. FLOOD. I know about that, yes.

Mr. REYNOLDS. Or are refusing to promote them. While there will be some increases in separations from the military services and a substantial increase in the workload resulting from the expanded coverage of the Department of Defense-Department of Labor referral system, revised procedures, paperwork management improvements, and realinement of duties and responsibilities will make it possible for the increased workload to be handled by existing staff.

Now, the Office of Administration, for this program we are asking $619,800.

Mr. FLOOD. That was an excellent statement.

Mr. REYNOLDS. Thank you, Mr. Chairman.

Mr. FLOOD. I couldn't have done better, myself. You speak well.

Mr. REYNOLDS. Thank you, Mr. Chairman.

Now, either I or my colleagues are here to answer any questions that we might.

UNDERSECRETARY REYNOLDS'S SPEECH AT COLUMBIA UNIVERSITY

May I make the initiative by saying this, however, before you do question me, on one point: that is, I understand that when Secretary Wirtz was here the other day a matter was brought up of a statement reported in the U.S. News & World Report that I allegedly made.

Mr. FLOOD. Yes. What was the word, Mr. Laird?

Mr. REYNOLDS. Disaster.

Mr. FLOOD. Disaster, yes.

Mr. REYNOLDS. I think the committee is entitled to hear from the one who allegedly made the statement what the facts were. In December of last year I spoke to the alumnae of Columbia University on the general status of labor-management relations in the country and took a look ahead into 1967 with that group. I outlined to them some of the problems that I saw ahead in the major labor negotiations which Sec-

retary Wirtz mentioned to you. At that time we had petroleum ahead of us, we had meatpacking, we have teamsters, we have the automobiles, we have farm implements, and so forth.

I mentioned the fact that with the improvement in productivity easing off to 2.7 or 2.8, with the cost of living rising, that the challenges to the people at the bargaining table were probably going to be greater than they ever had been.

Mr. FLOOD. What about the word "disaster"?

Mr. REYNOLDS. At the conclusion of the speech there were some members of the press present who said, "Well, Mr. Reynolds, suppose there was a strike in every one of these situations?" I said, "I think that would be a disaster, but I don't think it is going to happen because there is enough responsibility and wisdom on both sides of the bargaining table to avoid it." Well, unfortunately, the poetic rearrangement of facts sometimes comes out a bit differently than one hopes.

Mr. FLOOD. We suspected something like that, and Secretary Wirtz took pretty good care of you.

Mr. REYNOLDS. Thank you. Are there any questions? Either questions of me or my colleagues?

Mr. FLOOD. Oh, a few additional.

SUMMARY OF BUDGET REQUEST FOR LABOR-MANAGEMENT SERVICES

The adjusted appropriation for 1967 is $8,560,000. The request for 1968 is $8,683,000. That is an increase of $123,000. But it is a decrease, we are happy to see, of six positions. Now, that is an unusual situation.

PERSONNEL REQUEST

I don't quite understand how the personnel compensation costs go up about $120,000 and both the positions and the average employment go down. What do you use, mirrors? How do you do that?

Mr. REYNOLDS. No. We use a strict admonition to all of the people in positions of responsibility in this administration to conduct their programs with the greatest degree of prudence possible.

Mr. FLOOD. That is fine, but that is not responsive. What I don't understand is you go up by $120,000 for personnel compensation costs and you go down in positions and in average employment.

Mr. REYNOLDS. I believe it is entirely because of the mandatory pay increase.

Mr. MOORE. The pay costs, the increased salary rates are the cause of the increases in money amounts. We absorbed a portion of our salary costs to the extent that it was necessary to eliminate six positions. It was our determination that program adjustments could be made to the extent of six positions equalling about 50 percent of these pay increases.

Mr. FLOOD. Then there really is no trick here.

Mr. MOORE. No, sir.

Mr. FLOOD. I am just an Irish conspirator, I suppose. All right.

Mr. LAIRD. I still don't understand that answer you just got.

Mr. FLOOD. Oh, yes, I do.

Mr. LAIRD. Do you? Because the salary increases were largely in 1967.

Mr. FLOOD. That is right.

Mr. HUDSON. Absorption of within-grade promotions is the answer.

Mr. LAIRD. In-grade promotions is a different answer, because the salary increase came in 1967.

Mr. REYNOLDS. You are quite right.

Mr. FLOOD. That is a good point. Let us have a table on it that will be as plain as the nose on your face.

Mr. HUDSON. Yes, sir.

(The information follows:)

Computation of 1967 Pay Raise

Base gross salaries as approved by Congress for 1967	$6,857,480
GS–16 to GS–18 (2.0 percent × $176,099)	$3,522
GS–15 and below (2.9 percent × 6,681,381)	193,760
Total gross pay increase	197,282
Less: Lapse (3.5%)	−6,905
Net pay increase	[1] $190,400
Benefits (7.7%)	14,700
Increase in contracts with other accounts due to pay increase	1,500
Increase in working capital fund charges due to pay increase	10,900
Total pay increase for 1967	[1] 218,000
1967 allowance	−68,000
Total disallowed for 1967 and requested for 1968	150,000

[1] Rounded.

Table showing changes from 1967 to 1968 in personnel compensation and positions

	Positions	Amount
Personnel compensation, 1967	673	$6,701,990
Net additional costs in 1968:		
Within-grade promotions that must be paid		+74,300
Restoration of pay costs absorbed in 1967		150,000
Subtotal		224,300
Less benefits		−21,190
Total costs		203,110
Decreases in 1968: 1 less day of pay for current-year staff		−27,900
Reduction to absorb increased costs: [1]		
Activity 3	−6	−61,700
Other activities		−15,500
Personnel compensation, 1968	667	6,800,000

[1] Primarily to absorb within-grade promotion costs for which additional funds are not sought.

SHIFT IN RESEARCH EMPHASIS

Mr. FLOOD. Now, this business of shifting activities, which you refer to in your justification. I assume this is good but I want you to tell me what you did.

Mr. REYNOLDS. Yes. The shift in emphasis arises from the following, Mr. Chairman: During the early years of the administration of the Labor-Management Reporting Disclosure Act and the Pension and Welfare Plan Disclosure Act, this particular activity of labor-management policy development was devoting most all of its time to research

in those two areas. As these statutes have matured somewhat, the necessity for that has become less manifest and they are now directing their attention to the other areas in the labor-management relations field for the guidance of the various people in the executive department and occasionally upon request of Members of the Congress.

The shift is now into areas of such things as the device of the Kaiser profit-sharing plan, the Armour Meat Packing automation plan, new devices in the field of management-labor relationships.

KAISER PLAN

Mr. FLOOD. How far did that Kaiser plan go as of this morning?

Mr. REYNOLDS. How far has it gone?

Mr. FLOOD. Yes.

Mr. REYNOLDS. It is working out very successfully, Mr. Chairman, and the savings have been perfectly astonishing, far beyond the expectations of either party. They come about through a very alert attitude on the part of all employees now to save as much as a nail that might otherwise be lost. They are constantly able to divide money at the end of each quarter among themselves.

Mr. FLOOD. Now tell me one or two more things that you actually are doing with this shift of emphasis.

Mr. REYNOLDS. I would like to, very much, sir. We have, as I say, made a very careful and a continuing review of any situation in the labor-management field which seems to have the potential of usefulness in other situations, information which we can pass on to the Federal Mediation Service or through our own activities and interest and contact in the field, that is. The ones I mentioned, of course, are more spectacular than others. The use of third-party mediation, the use of the concept of third-party guardians of the public interest, the whole question of labor-management's attitude with respect to Government restraint in terms of guidelines or any other admonitions. This kind of thing is under constant review by this group.

Mr. FLOOD. You are accomplishing something instead of just thinking. That is always good.

Mr. REYNOLDS. Thank you.

WAGE-PRICE CONTROLS

Mr. FLOOD. You have just used a magic word, "guidelines", something that we have become enamored of lately. I don't know that we have any left, but certainly it was quite a phrase around town. Periodically we come up with one and that was the one for that year.

Now, on page 15 you have this sentence, and I quote: "As inflationary pressures increase, more concern and emphasis on voluntary restraint, or wage-price controls, can be expected." I am sure that is so. But what are you doing about it?

Mr. REYNOLDS. What we do, Mr. Chairman, is constantly exhort the responsible parties to major bargaining ventures.

Mr. FLOOD. How do you exhort some of these people that I know?

Mr. REYNOLDS. Well, I suppose it is a combination of blarney and intelligence.

Mr. FLOOD. I would understand that. "As inflationary pressures increase," now there are about seven or eight schools on that. When this was written the situation, the atmosphere was different. As in-

flationary pressures increase—this is an "if and when" thing. Then you speak of voluntary restraint as you just did in answering the last question on wage-price controls. Suppose you give me a paragraph or two on that.

Mr. REYNOLDS. All right, sir; I will do that.

(The information follows:)

As indicated in the Economic Report of the President, transmitted to the Congress in January of 1967, some guideposts as a standard for the public to use in judging the extent to which private price and wage decisions are consistent with the public interest in a non-inflationary economy will continue to be necessary. The Report further indicated that "it is clear that the Government must take an active and continuing interest in interpreting and explaining the guideposts to both labor and industry on the one hand, and the general public on the other. * * * The Administration has been gradually feeling its way toward a proper definition of Government's role in the process of information and persuasion." The President's Economic Report poses the main issues for wage-price policy as follows:

(*a*) Should the guidepost for wages be adjusted to recognize in some way the recent increase in living costs?

(*b*) Should further recognition be given to special factors—other than those previously recognized—which appropriately justify exceptions to the general guidepost principles?

(*c*) To what extent should profit margins absorb cost increases?

Discussion will continue regarding the extent to which rises in living costs should be recognized within guideline concepts. So too, will the general discussion, as well as consideration of specific situations, continue regarding exceptions to the guideposts for such things as low wage areas, comparable wages in single or related labor markets, inequities, etc.

It is the general policy of the Administration to sharpen and improve the various tools of economic stabilization so that short-term policy can respond efficiently and flexibly to economic fluctuations and simultaneously promote progress along a path of sustainably long-term growth. Since the Department of Labor inevitably becomes involved in the interpretation of these policies as they may be relevant to a given labor dispute, or as they may be a part of broader considerations regarding our national wage policy, it is essential to maintain general oversight in the entire area of wage-price guidelines as economic fluctuations may require flexible responses in this area of policy implementation.

RELATIONSHIP WITH THE BUREAU OF INTERNATIONAL LABOR AFFAIRS

Mr. FLOOD. You refer in your justifications to activities in the international labor field. You also touched upon this in your original statement. Where does the division between what you do and what is done by the Bureau of International Labor Affairs come about? You say there are indications of, and I quote you again, "a substantial increase in demand for these services during fiscal year 1968." Is this increased demand a good thing?

Mr. REYNOLDS. I think it is a good thing because as the newly developed nations reach a point of some industrialization, the need for some knowledge on how the free enterprise system works in this Nation, where it is a basic ingredient of our whole society, is necessary.

Mr. FLOOD. Yes, I know, but you also have the Bureau of International Labor Affairs.

Mr. REYNOLDS. Yes. But the expertise in this field of international labor-management relationships resides here. What occurs is that the Office of International Labor Affairs in conjunction with the State Department brings many teams of workers and labor leaders and management people to this country to view the industrial scene in America, and as part of their education or part of their informational

procedures we participate in seminars with these people, telling them how labor-management relations are conducted in this country, telling them about some of our statutes which protect the rights of the working people of this Nation. And that is the kind of thing we do in cooperation with Mr. Weaver's office.

VOLUNTARY COMPLIANCE UNDER WELFARE AND PENSION PLANS DISCLOSURE ACT

Mr. FLOOD. Now, with regard to the Welfare and Pension Plans Disclosure Act you say: "Voluntary compliance with provisions of the Act has fallen far short of that anticipated." You touched upon that in your original statement. Well, this doesn't surprise me or anybody else. The day I voted for that bill I was sure this would happen. Now I have to ask: (a) How serious is this? (b) What are you doing about it? Is it worse than I thought it was going to be?

Mr. REYNOLDS. Let us tell you what the situation is through Mr. Kleiler, if I may.

Mr. FLOOD. Yes, go ahead. What is your name?

Mr. KLEILER. Kleiler, Mr. Chairman. I am director of the office which is responsible for performing the Secretary's functions under this law.

Under the Welfare and Pension Plans Disclosure Act as distinguished from the Labor-Management Reporting and Disclosure Act there are about 170,000 plans which we can identify as subject to the act which are filed, plan descriptions which are apparently still active. In 1962 Congress amended the law to eliminate the annual reporting requirement for plans with fewer than 100 participants. Now, our first job was to identify the plans that didn't have to file annual reports because they had fewer than 100 participants. So we developed not an annual report form but a information report form asking all plans to file whether they had fewer than 100 participants or not so that we could identify whether they were out from under the annual reporting requirement. Unfortunately, we suspect that there are a great many plans which may or may not have to file the annual reports.

Mr. FLOOD. Everybody suspects that.

Mr. KLEILER. Yes.

Mr. FLOOD. This whole thing is clouded with suspicion, distrust. I don't say that suspicion and distrust is justified.

Mr. KLEILER. I think it is a fact.

Mr. FLOOD. I want you to know it is the atmosphere on the Hill, it is the atmosphere back home, it is felt by the people who participate in these pension plans. We have a visceral sensation that there is something the matter here.

Mr. KLEILER. There is, and it is a matter of identifying the extent of noncompliance to determine whether those who don't file annual reports are legally not filing them because of the 1962 amendments or whether they are truly delinquent. I hesitate in giving any exact figure as to how many plans——

Mr. FLOOD. How long has this been going on? How many years?

Mr. KLEILER. Well, since the 1962 amendment with respect to reporting requirements became effective, we are handling the problem

in this way: We have assigned within our office priorities based upon the best judgment we can reach as to the relative significance of the plans.

Mr. FLOOD. I am very uneasy about this. I am not disenchanted, but I don't think I know what is going on.

Mr. KLEILER. In our attempts to deal with this problem we have made some determinations as to the relative order of priority and importance in collecting the reports. We have assigned first priority to the large plans with funds as distinguished from plans wherein the benefits are provided only through an insurance carrier.

There are thousands and thousands of welfare plans in the country which consist of nothing more than a contract between an employer and Blue Cross-Blue Shield.

Mr. FLOOD. Why would one not want to comply? What does he gain? Why would a good outfit not comply?

Mr. KLEILER. We are speaking now of welfare and pension plans as distinguished from unions under the Landrum-Griffin Act. I think the delinquencies result from negligence. For the most part, they are small employers without specialists on their staff who are assigned the regular responsibility of looking after these matters.

The company president would normally need to sign the annual report for the welfare or pension plan, assuming the company administers it.

DELINQUENCIES UNDER THE LANDRUM-GRIFFIN PROGRAM

Mr. FLOOD. Do you want to talk about the Landrum-Griffin difference now?

Mr. KLEILER. I will explain that difference. There, on the contrary, we are not in quite as bad shape on the delinquencies. Under the Landrum-Griffiin Act, there are about 52,000 labor organizations subject to the act. We have two report forms, the LM–2, which must be filed annually——

Mr. FLOOD. This is officially the Labor-Management Reporting and Disclosure Act. We know it as the Landrum-Griffiin Act up here.

Mr. KLEILER. That is right. 52,000 unions. Those with receipts of more than $30,000 annually must file the LM–2 form. About a six-page form.

Unions with annual receipts of less than $30,000 must file the LM–3 form, which is an abbreviated form.

Mr. FLOOD. Does anybody pay any attention to it after all this is done? Congress makes the law, all this work has to be done, the forms are made up and the filings are made. Now, does anybody care?

Mr. KLEILER. We know from the records of our disclosure operation that the reports under the Landrum-Griffin Act are examined, or at least one report is examined by at least one person to the extent of 25,000 disclosures out of the approximately 52,000. In addition, we examine the reports and spot discrepancies sometimes. We open investigations which sometimes result in prosecution for violation of the act.

Mr. FLOOD. I have only had two or three letters on this in the last couple of years. Do you get many letters from the people who are in these plans expressing dissatisfaction or concern? Does anybody write you at all?

Mr. KLEILER. Going back to talking about the plans under the Welfare Pension Plans Act as distinguished from unions under the other act, the answer is yes. We get a great volume of complaints. Some addressed to the President, some addressed to the Secretary, some addressed to me, and many of them to Members of Congress. The complaints go largely not to their inability to get information about the plans—although there is some of that; their complaints go largely to their disappointment that the pension expectations or the welfare benefits which they assumed they had are not there. Those complaints are not acted upon by the Department of Labor at all. This is only a disclosure act. To the extent that we get complaints from any given plan that there are not reports on file, or that they don't get copies available for inspection at the headquarters where they are supposed to be seen, we are on top of that complaint load.

Mr. FLOOD. There is no widespread hanky-panky going on in either one of these areas?

Mr. KLEILER. It is a problem but I would not say it is symptomatic that the overwhelming majority are poorly managed.

Mr. FLOOD. I am concerned about the philosophy of the law. Are they laughing at you? Is the purpose being served?

Mr. KLEILER. Mr. Chairman, the law is predicated on the assumption that reporting and disclosure is enough to have better plans and promote sound management. I have serious doubts about the theory on which this law was passed.

Mr. FLOOD. That is not your fault.

Mr. KLEILER. No. We are doing as well as we can under the circumstances to administer what is only a reporting and disclosure law.

Mr. FLOOD. I have been waiting to talk to somebody about this for a long time.

Mr. REYNOLDS. Mr. Chairman, a great many of these letters which are coming in are from individuals who have been employed for many years by particular employers, and just before reaching retirement age they find they are laid off or dismissed for some reason. They write to us asking us to do something about it. There is obviously nothing we can do if the plan does not have in it a vesting provision which vests in that person certain rights that he has gotten by his employment with that employer.

Mr. FLOOD. I was born and raised in the hard coal fields where there is special concern over laws like these. I am glad that you have disabused much of what I was thinking.

Mr. KLEILER. I want the record to show a response to the question on delinquencies under Landrum-Griffin. These are union delinquencies. Under the Welfare and Pension Plans Act they are employers.

Mr. FLOOD. Are the unions better or worse?

Mr. KLEILER. They are even more conscientious in complying with the reporting requirements of the Landrum-Griffin Act.

Let me lay it out about like this: We are on top of compliance problems with respect to international unions and the overwhelming majority of large unions; the delinquency problem relates to small unions.

Now, to refresh your memory, sir, Congress, in the course of considering this legislation, raised the question, should there be a cutoff

for small unions to relieve them of the reporting burden or not? Congress rejected that proposition because it was concerned with the so-called paper locals problem in which a union with no members at all could shake down employers and Congress wanted us to get reports from those. So you rejected the idea that there should be any cutoff for small unions. Now we are finding this: In policing the failures to report, or the deficient reports by small unions—many of them have only a handful of members—their receipts and disbursements are so insignificant that I feel guilty about spending taxpayers' money in going out to collect the reports.

Mr. FLOOD. It is like a stagehands' union in a small town, a father and son and four other guys.

Mr. KLEILER. Typically a small union treasurer will keep the union's records in the kitchen drawer of his home. We have a tremendous delinquency problem with small unions and the reports are not always filed out properly.

With respect to the international unions and the big unions, on the whole we are getting pretty good compliance with the law. I am not at all ashamed of our diligence in this regard.

Mr. FLOOD. I feel better about this from what you have said.

Mr. SMITH. Your answers seem to indicate one of two things; either that some employees were not being informed of the provisions of the plan that they are under, or that they didn't read the information they were given. Which is it?

Mr. KLEILER. Both. Typically, an employer when he establishes a welfare plan or a pension plan, circulates informational material to the employees.

Mr. SMITH. By law he has to.

Mr. KLEILER. They lose it.

Mr. SMITH. They are complying with the law that requires participants be given information, aren't they?

Mr. KLEILER. Yes. Every time we have had a complaint from a participant that he was denied the information, we have looked into it and with only two exceptions where there was a question as to whether he was a participant or not, there was no problem in getting him the information he wanted.

EMPLOYEE SUITS UNDER LANDRUM-GRIFFIN ACT

Mr. MICHEL. Under the Landrum-Griffin Act union officials are required to get a bond for faithful performance of duties and the law requires that the individual union employees bring the suit.

Has your shop assisted in developing evidence for employee suits for "breach of faithful performance of duty?"

Mr. KLEILER. Only in one instance. We have not been trying to conduct investigations under section 501(b) of the act to determine whether there was a breach of fiduciary responsibility because the Congress assigned the Secretary no enforcement responsibility. Congress amended the Landrum-Griffin Act in 1965 to eliminate the faithful performance bonding requirement and it is now a simple fidelity bond. There may have been a few suits brought by individuals in which they used information derived from our reports in connection with their litigation.

We conducted, at the special direction of the Secretary, an investigation of the use of Teamster money to defend Mr. Hoffa on criminal charges and we made public a report which is available for use by the union members who have instituted action in the District of Columbia on that very issue. That is the only instance in which we made that type of investigation.

Mr. MICHEL. Could we have set out here in the record the number of the suits filed by individual union employees for the last 4 or 5 years? Say since 1962?

Mr. KLEILER. We have that in my office.

Mr. MICHEL. Could we have that in the record?

Mr. FLOOD. That is a good question.

(The information follows:)

From September 14, 1959 (the effective date of the act), to December 15, 1966, 35 private actions were filed in Federal district court by union members under section 501(b) and 550 private actions by union members under section 102.

INVESTMENT OF UNION WELFARE AND PENSION FUNDS

Mr. MICHEL. Have you encountered any union funds being invested in gambling casinos during the past year?

Mr. KLEILER. I don't know of any union funds invested in casinos. There was a prosecution for embezzlement of an international union officer who was convicted of embezzling union funds which he invested at the table.

I know of no union funds invested in the casinos themselves. When it comes to welfare and pension funds, yes, there is information. Some of it in connection with the prosecution of Hoffa in Chicago and some of it in a book by Ralph and Estelle James called "Hoffa and the Teamsters," in which there were loans by Central States Teamsters funds to finance the construction of casinos. That, I might add, is not illegal.

STRIKE LEGISLATION

Mr. MICHEL. Have any studies and/or reports been made by your office concerning the feasibility of strike legislation that the President has spoken about?

Mr. REYNOLDS. Mr. Congressman, the Labor-Management Service Administration has done a great deal of work in this field reviewing all kinds of suggestions in this area. I consider them, the Secretary considers them in this whole area. The answer is yes. Every worthwhile suggestion that we have that seems to have a potential of improving this area, we look into it and this group researches it and gives us a very careful analysis of it, yes.

Mr. MICHEL. You wouldn't care to advance at this point what nature, or form this legislation might take?

Mr. REYNOLDS. I wouldn't be in a position to do it, Mr. Congressman. I have been a party to very, very prolonged discussions over a period of months in this area. As you know, the President has a task force on it. I participated as an observer in many of those deliberations. I am sure that Secretary Wirtz has given a great deal of thought to this matter. I know he has suggestions which will be offered. I would not be in a position to discuss it.

TEMPORARY CONSULTANTS

Mr. MICHEL. How many persons were hired as temporary labor-management consultants in your shop in the past year?

Mr. REYNOLDS. May we put that in the record, Mr. Congressman? It isn't a great many. Most of the $150,000 is used for contingency expenses in the labor-management relations area other than the employment of consultants.

Mr. MICHEL. Could we have the list of these people?

Mr. REYNOLDS. Surely.

Mr. MICHEL. And the salaries and fees paid to them?

Mr. REYNOLDS. Yes, sir.

Mr. MICHEL. In other words, the actual expenses attendant with their employ?

Mr. REYNOLDS. Yes, indeed.

(The information follows:)

Labor-management relations consultants employed by the Labor-Management Services Administration during fiscal year 1966

Name	Fiscal year 1966 payments			
	Daily rate	Salary	Transportation and Other travel expenses	Total
Theodore W. Kheel	$83	$149.92	$26.60	$176.52
David H. Stowe	83	788.88	252.40	1,041.28

Mr. FLOOD. What would be the average rate for your consultants?

Mr. REYNOLDS. It is a maximum of about $100. Under the Taft-Hartley Act, Board of Inquiry members are restricted to $50 a day.

LABOR-MANAGEMENT POLICY DEVELOPMENT

Mr. MICHEL. Under activity 2, labor-management policy development, six projects and plans are described in the justifications. What is the breakdown of the $273,400 you have requested among these six areas which would be completed in the fiscal year 1968 and which would just be possibly initiated?

Mr. REYNOLDS. Mr. Congressman, may we respond to that in the record with a written statement?

Mr. MICHEL. Set it out as clearly and concisely as you can, please.

(The information follows:)

The total professional staff of Activity 2, Labor-Management Policy Development in addition to the Director, is comprised of 8 Economists and 4 Labor Management Relations Specialists. In addition, there are 5 clericals. The $273,400 is the total budget for this operation including allocations for communications, transportation, printing and reproduction, supplies, services and equipment. Except by arbitrarily allocating the money evenly over the areas set forth in the narrative description of the program, no meaningful breakdown is possible. This activity is essentially a service operation. While we can, to some extent, anticipate the areas in which support activities will be required, external factors such as the interests of Congress, the behavior of the economy, labor disputes, the legislative and administrative proposals more often determine the allocation of personnel resources than our own planning processes.

It might be pointed out that some of the categories describe continuing activities in which specific tasks would be initiated and completed during a given fiscal year. We anticipate a continued level of litigation support in connection with court cases filed under Title IV (Elections) of the Labor-Management Reporting and Disclosure Act. However, we do not know in advance how many cases will go to trial, how many will require support from this activity, or the extent of that support. Our recent level of operation in this area would amount to in excess of three man-years—excluding supervisory and clerical time.

It also will be necessary to continue examination of existing proposals in various areas relating to labor management relations. While many proposals in Congress are repeatedly offered, new proposals are introduced each session and the circumstances relating to such proposals chnge and must be evaluated in the light of change. The resource allocations of this Acitvity, to some extent, fluctuate with the priorities prescribed a given area by the Congress. Consequently, if serious Congressional considerations were given to amendments of legislation dealing with the national emergency disputes or proposals to require more adequate funding and vesting of private pension plans, it might be necessary to devote substantially all of the available staff time to support activities involved in these considerations.

FOREIGN POLICY IMPLICATIONS OF LABOR-MANAGEMENT RELATIONS

Mr. NATCHER. Mr. Secretary, I want to return to a matter pointed out by the chairman which appears on page 5 of your statement where you stated, "Policies and programs to assist the United States overseas firms in the resolution of labor-management relations problems which may have implications on our overall foreign policy * * *." How do you go about this, Mr. Secretary?

Mr. REYNOLDS. We do it by feeding in information—at the request of Mr. Weaver—information pertaining to labor-management information that might be of interest in various parts of the world, involving American corporations.

Mr. NATCHER. Is that transacted all in this country? Do you have representatives abroad?

Mr. REYNOLDS. As far as I am concerned, and this acitvity is concerned, it is all transacted here. It is transacted in the form of guidance and advice to Mr. Weaver's people and very likely is an input to the labor attachés or commercial attachés in our various embassies around the world.

REDUCING PAPERWORK

Mr. SHRIVER. If voluntary compliance fails in the reporting and disclosure laws, how will the elimination of the requirements that reports be sworn provide any greater confidence to the individual with respect to his pension expectations?

Mr. KLEILER. That applies only to the Welfare Pensions Act and not the Landrum-Griffin Act. The Landrum-Griffin Act has no notarization requirement in it. It operates the same as when you file your tax return. Filing a false report whether sworn to or not constitutes a crime if it is willful.

Under the Welfare and Pension Plans Disclosure Act, the administrator has the option of having the report certified to by a licensed independent public accountant or swearing to it himself.

In some hearings which were conducted by Congressman Olsen 2 years ago attempting to diminish the paperwork burden and the difficulty of complying with questionnaires and so forth, Congressman Olsen asked me if I had any suggestions whatsoever by which there

could be any relief for reporting burdens. I said that I didn't think we needed the second copy of the report filed under the Welfare Pension Plans Act, and I thought the requirement of having a report sworn to rather than merely signed under penalty of law for falsifying might at least be a little step in that direction.

He introduced a bill along those lines and we have been supporting it ever since. I don't want to represent that this is going to be any great saving in work.

Mr. SHRIVER. Would there be any saving to the Department?

Mr. KLEILER. Not on the notarization things. It makes absolutely no difference to us.

PROMOTION OF COMPLIANCE IN ASSISTANCE TO VETERANS

Mr. SHRIVER. With the increase in our Armed Forces, do you anticipate the need to accelerate activities in the promotion of compliance in assistance to veterans?

Mr. BRADLEY. We possibly will as the increase of people separated increases. For instance, if the Vietnam situation would end, we would have a sharp drop in the size of the Military Establishment and men coming back.

From what we foresee in 1968, the increase in separations will only be about 20 percent of what we now have and if it is staggered out over the year, it will be no problem.

Mr. SHRIVER. You don't think later on you will need more money?

Mr. BRADLEY. We don't think so in 1968, but I think the Vietnam situation will govern whether we do or not. If the war should end and the Military Establishment should decline sharply, we would have normal releases of 600,000 plus an additional 800,000 releases, and, we would need something to supplement.

USE OF ELECTRICAL ACCOUNTING EQUIPMENT

Mr. SMITH. Can electrical accounting equipment be used and be helpful?

Mr. KLEILER. We are using it extensively in keeping current the information on file and changes of address. Our whole mailing operation is electronically controlled.

We do not yet have equipment which can extract the data from the reports themselves and analyze it. This, I might add, though, has some bearing on the question you raised earlier as to why we require material in a form rather than accept the auditor's report.

Mr. FLOOD. Just a minute. You didn't say that, did you?

Mr. SMITH. I didn't quite get the import of the statement.

Mr. KLEILER. Earlier you asked why we didn't accept the auditor's report in the form he submits it. One of the reasons as to why we don't do it is this: When we require the forms to be filled out and we can use clericals as distinguished from professionals to examine the report, we can then put the data on punchcards, run the punchcards through the automatic data processing machinery and identify aberrations from the norm; we can check whether the yearend balance at the preceding year is the same as the beginning year balance of the next year and so forth.

We have improved our report forms recently to put us in a better position to automate somewhat further. We have not yet licked the basic problem, however, of extracting the figures from the reports and converting them to punchcards before they go on tape. We are using data processing for our statistical operations, our mailing operations, and identifying delinquencies, but we have not reached the stage where we can say they do the analysis of the reports for us.

EMPLOYEE ACCESS TO INFORMATION ON PENSION PLANS

Mr. SMITH. If participants under a plan want to see the plan or get information, how long does it take them to get the information?

Mr. KLEILER. If they are in Washington and want to examine it in our public documents room, they get it in 10 or 15 minutes from the time they request it. If they write in by mail, our workload is not constant and sometimes they get it in 24 hours, but more commonly it is 5 or 6 days.

They have the right under the Welfare Pension Plans Act to get the exact same material——

Mr. FLOOD. Who do you mean by "they?"

Mr. KLEILER. The employees.

To examine the same material at the headquarters of the plan—and we have no way of knowing to what extent that privilege under the law is being exercised——

Mr. FLOOD. Sometimes they do that instead of getting copies.

Mr. KLEILER. We have a pamphlet we send out in answer to questions, "What are my rights under the law and how can I get it" and it lays it out for them in simple terms.

COMPLIANCE OF LARGER UNIONS

Mr. CASEY. You made a statement a while ago and pointed out that you had problems with small unions because of their lack of being informed as to what they were supposed to be doing in the small unions and then you made the followup statement that the compliance by the larger unions was as a whole very good, if I recall correctly. Now, that is pretty broad, talking about your large unions.

Mr. KLEILER. I would consider any international union large, although some international unions have fewer members than some large locals. However, I am thinking of unions with receipts of $100,000 who will normally have a professional staff to make certain that they are in compliance with the law. But the smaller unions rely on amateurs.

Mr. CASEY. Do you have any difficulty with unions who have receipts of over $100,000?

Mr. KLEILER. Quite frankly, we have made investigations in that size category and have found, along with embezzlement, some false reporting and recordkeeping; yes. There were more than 60 indictments last year and often false reporting was intertwined in one way or another with the embezzlement.

Mr. FLOOD. Do you turn it over to Justice?

Mr. KLEILER. The U.S. attorney directly.

Mr. FLOOD. In the District?

Mr. KLEILER. Yes.

Mr. FLOOD. You turn it over to the local Federal district attorney?

Mr. KLEILER. Yes. When you speak of "you," it means the Department of Labor through the Office of the Solicitor who handles our legal functions.

COMPLIANCE OF LARGE EMPLOYERS

Mr. CASEY. You also stated you had difficulty with some of the smaller employers in their reporting on their pension plans and welfare plans. Do you have any difficulty with the large employers?

Mr. KLEILER. There is a problem with the large employers which accounts for some of the delinquency. But on the whole they have professionals who handle their recordkeeping and compliance problems adequately. The larger problem involves small- or middle-size employers who rely on officials with a wide assortment of responsibilities.

Our big problem there is that when two plans merge or when two employers merge their plans get into somewhat of a jumble and we have a hard time figuring which is the surviving plan and which is the abolished plan and who owes us a report and who is delinquent.

There are some employers who will have more than one welfare plan—conceivably one for each plant—and instead of giving us an annual report for each plan they will give us a consolidated report. They are not withholding the information but it presents some administrative problems for us to determine. Is this report covering a single plan or is it covering a multiplicity of plans? We frequently find we have 17 delinquencies on plans of one company, only to find out that they filed the report encompassing all their plans, but put only one plan number on it so we didn't know we had these others.

That is our problem.

Mr. CASEY. Is your responsibility limited to seeing that they file the report and that it complies with your requirements for disclosure?

Mr. KLEILER. Yes; plus a responsibility for administering the bonding requirements of the act. But other than bonding and reporting, the Welfare and Pension Plans Disclosure Act imposes no burden on the Secretary of Labor, or authorizes him to do anything more. In fact, there is a clause in section 9 of the act which expressly precludes the Secretary from regulating or interfering in the internal affairs of a welfare pension plan.

Mr. CASEY. If you find anything amiss from the report, it is not your responsibility to try to—in other words, any misappropriation of funds, or anything of that nature—is it your duty to try to call that to the attention of anyone?

Mr. KLEILER. If it is embezzlement, we turn it over to the Department of Justice. There is a provision in title 18 of the United States Code which makes embezzlement of welfare pension funds a crime; also kickbacks, bribery, and that sort of thing.

Mr. CASEY. Have you had any occasion to refer any such instances?

Mr. KLEILER. Yes.

Mr. CASEY. How many?

Mr. KLEILER. Every year there are possibly 20 or 30. Bear in mind that we don't investigate except to the extent that we have cause to believe there might be a false report on file. Otherwise, we have no basis for an investigation.

Mr. FLOOD. What happens to the lawsuits; do they take pleas, most of them?

Mr. KLEILER. To the extent that I can recall, most of them have resulted in pleas of guilty on the eve of trial.

Mr. CASEY. Then the bond takes care of the loss?

Mr. KLEILER. If it is an embezzlement, the bond covers the loss. If it is a breach of fiduciary responsibility, the bond wouldn't cover it and it wouldn't be a violation of Federal law.

PROSECUTION OF ELECTION CASES

Mr. CASEY. Mr. Secretary, on page 5 of your statement, the chairman made mention of this portion of the statement which stated that during the fiscal year 1967 several key election cases were successfully prosecuted with the assistance of your office. How do these come about? Do you turn these over to the Solicitor upon findings by your office?

Mr. REYNOLDS. The way the procedure works, Mr. Casey, when there is a complaint filed with respect to either the conduct of an annual election in terms of the honesty of the election or the charge that it has not been honestly conducted or with respect to requirements for running for office, which complainant alleges are not reasonable, those matters immediately become subject of investigation by Mr. Kleiler's office, through the investigative staff either throughout the country, or from the national office in major cases.

When the investigation is completed, it is reviewed personally by myself with Mr. Kleiler and our attorneys. If we conclude either that the election was dishonestly conducted, or that there are indeed conditions for running for office or for voting in elections which we believe do not comport with the congressional intent, we then turn it over to our solicitor with a recommendation that action be filed in court to obtain appropriate relief, and this is done.

Mr. CASEY. You say several were successful. How many did you have in 1967; do you know?

Mr. REYNOLDS. This table might be useful. This is for fiscal year 1966, the last complete year, Mr. Casey. Would that be adequate?

Mr. CASEY. Yes, sir.

Mr. REYNOLDS. The active number of election cases in fiscal year 1966 was 174. Of those 149 were based on formal election complaints received during the fiscal year, and 25 were based on complaints filed prior to fiscal year 1966.

There were 151 cases closed in fiscal year 1966. There were no violations found, or an untimely complaint, or a case was closed for other reasons in 25 cases. There was insufficient evidence that violations may have affected the outcome of election in 56 cases and we obtained voluntary compliance in 35 cases.

We proceeded to conduct under our direct supervision 26 elections following these matters. There were nine conducted without our supervision. There were 35 civil actions filed under section 402(b).

What is that, Mr. Kleiler?

Mr. KLEILER. Those are suits asking the court to set aside an election.

Mr. FLOOD. Is that by an injunctive process?

Mr. KLEILER. It is spelled out in the statute authorizing the court to order a rerun of the election under the supervision of the Secretary.

Mr. REYNOLDS. Frequently, Mr. Casey, when we have a case we won't go into court, it will be because we conclude that even with the mischief which took place, the result of the election would not have been any different anyway. In this event we would not go to court, but we would take steps to see to it that that particular union mended its ways in the next election. We would insist they do so, either by taking appropriate action at the next convention to change constitutional provisions, which might require burdensome regulations and requirements to run for office, or the actual manner of conducting an election. We will see that the matter is corrected.

Mr. CASEY. These complaints are usually brought to you by some of the union members who feel they have been aggrieved by the election and by its conduct.

Mr. REYNOLDS. Yes, indeed. A case in point probably right now is a major case before us involving the National Maritime Union, which is a very large union, where one of the complainants charged that the requirements to run for national office were too burdensome and did not comport with the intent of Congress.

We looked into that matter and we concluded that the complainant was correct. We found that in order to run for national office an individual must hold prior office and in order to hold prior office he must be a member in good standing for 5 years, then hold that prior office for a period of 4 years, a minimum. So it meant that in order to ever run for national office, a man would have to be in the union a minimum of 9 years, but more nearly 11 or 12. We felt this was certainly unreasonable.

We felt, too, that in the actual conduct of the election which was done by the Honest Ballot Association, and while there wasn't direct dishonesty, a great many men who were at sea were in no position to vote because the mailed ballot was not permitted. The man had to file his ballot at a so-called voting port and these ports were not available to some 2,500 of the members who never reached that port.

Mr. FLOOD. Thank you very much. I might say you have been very impressive, Mr. Reynolds. I think you are in command of your subject and I sense the subcommittee feels very much the same way.

Mr. REYNOLDS. Thank you, Mr. Chairman.

I might say under my supervision there has also been the operation of the Wage and Hour and Public Contracts Administration. This is not a part, technically, of the Labor-Management Service Administration, but the Administrator, Mr. Lindquist, who is in the room, reports to me.

Mr. FLOOD. He will testify later won't he?

Mr. REYNOLDS. Yes, sir, but I would like the privilege possibly of being there and I might have some comments to make if I may.

Mr. FLOOD. That will certainly be satisfactory.

Thank you very much, gentlemen.

JUSTIFICATION MATERIAL

LABOR-MANAGEMENT SERVICES ADMINISTRATION

Amounts available for obligation

	1967	1968
Appropriation or estimate	$8,510,000	$8,683,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	+68,000	
Comparative transfer to the Office of the Secretary for centralized audit and systems functions	−18,000	
Appropriation or estimate, revised	8,560,000	8,683,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Employee-management relations services	16	$320,400	16	$325,800		+$5,400
2. Labor-management policy development	18	267,200	18	273,400		+6,200
3. Administration of reporting and disclosure laws	524	6,634,300	518	6,724,100	−6	+89,800
4. Promotion of compliance and assistance to veterans	54	731,300	54	739,900		+8,600
5. Executive direction and administrative services	61	606,800	61	619,800		+13,000
Total obligations	673	8,560,000	667	8,683,000	−6	+123,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	673	667	−6
Positions other than permanent	9	9	
Average number of all employees	659	654	−5
11 Personnel compensation	$6,701,990	$6,800,000	+$98,010
12 Personnel benefits	502,110	523,300	+21,190
21 Travel and transportation of persons	454,400	454,400	
22 Transportation of things	24,500	28,300	+3,800
23 Rent, communications, and utilities	259,500	259,500	
24 Printing and reproduction	122,800	122,800	
25 Other services	84,900	84,900	
Services of other agencies	310,900	310,900	
26 Supplies and materials	81,800	81,800	
31 Equipment	17,100	17,100	
Total obligations	8,560,000	8,683,000	+123,000
Working capital fund items included above	(325,100)	(325,100)	

76-665—67—pt. 1——29

SUMMARY OF CHANGES

1967 Enacted Appropriation	$8,510,000
Proposed transfer from "Unemployment Compensation for Federal Employees and Ex-Servicemen" for pay increases (P.L. 89-504 effective July 3, 1966)	+68,000
Comparative transfer to Office of the Secretary for centralized audit and systems functions[1]	−18,000
1967 Appropriation, revised	8,560,000
1968 Estimate	8,683,000
Total Change	+123,000

Mandatory items

Increases:	
Net additional cost to restore pay costs absorbed in 1967	+150,000
To provide for a net increase in contributions to the Federal Employees' Compensation Fund	+900
Decrease: Nonrecurring extra day of pay for current year staff	−27,900
Subtotal, mandatory items	+123,000
Total change	+123,000

[1] The comparative transfer includes no positions.

ACTIVITY 1. EMPLOYEE-MANAGEMENT RELATIONS SERVICES (1967, $320,400, Pos. 16; 1968, $325,800, Pos. 16)

NARRATIVE DESCRIPTION OF PROGRAM

The Office of Employee-Management Relations Services, which comprises this activity, provides staff support to the Secretary in the performance of key responsibilities in the area of labor-management relations. The Office supplies to the Secretary appropriate staff aid and guidance in particular dispute and problem situations; it also carries out certain duties assigned to him by statute and Executive Order.

A primary function of the Office of Employee-Management Relations Services is to provide service to labor and management in their search for solutions to major collective bargaining problems and thereby to minimize economic disruptions from labor disputes. Labor relations problems have become increasingly complex in recent years. Rapidly changing technology, requirements for new skills and the obsolescence of old ones have brought new issues into collective bargaining. At the same time, the economic issues have become more complex as labor-management contracts have expanded to cover welfare and pension plans and other fringe provisions of a technical nature. The difficulty of reaching agreement on equitable arrangements for dealing with such problems has been at the root of several of the recent disputes in major industries. Serious work stoppages have had a major impact on the economy. For the purpose of contributing to an ultimate solution of these situations, the Office conducts studies of problem areas in key industries with a history of labor relations conflict. An example is the East Coast longshore industry, long plagued by troubled labor-management relations. Several years ago, the parties, faced by an impasse in their negotiations, requested that the Department study the key issue, involving the problems of manning practices and job protection. This study was completed in 1964. The information developed and the suggestions for solutions in that study were generally adopted by the parties, significant changes were made in their 1965 contracts, and long-range plans for dealing with manning and job protection problems in the future were initiated.

It became clear in the course of that study, however, that the basic problems of the industry were more deep-seated than the manpower issue and were beyond the scope of the original study. Therefore, with the cooperation of the parties, the Office of Employee-Management Relations started a second study covering a different problem. This second study is examining the collective bargaining structure of the industry to determine the reasons for the repeated breakdowns of labor-management relations. For the past decade prolonged strikes have occurred following the expiration of each contract. The objective of the study is to seek possible approaches to improve the situation.

It should be recognized that the studies conducted by the Office of Employee-Management Relations differ from general research in the labor relations field in that each study is directed toward resolving a specific problem in a particular industry where a need has been demonstrated.

Another function of the Office of Employee-Management Relations is to provide staff service to the Secretary to assist him in carrying out his role in labor-management dispute situations. Either by virtue of his office as Secretary of Labor or at the direction of the President, the Secretary on occasion becomes involved in critical disputes which may affect the national interest. On these occasions he has an immediate need for staff support. This includes developing information on the technical aspects of issues in dispute, obtaining and summarizing a wide variety of comparative data acquired from sources within the Department, such as the Bureau of Labor Statistics or the Manpower Administration, and as required by the specific situation, from outside agencies, such as the ICC, Maritime Administration, Civil Aeronautics Board and others. This information usually must be assembled on very short notice, it must be organized in a form to relate to the issues in the specific case, it must be sufficiently concise to be readily usable by the Secretary, and it must be available when he needs it. In order that the Secretary may be fully familiar with the technical background of the issues, it is essential that he have this information at his fingertips in his discussions with the parties to a dispute.

The Office of Employee-Management Relations provides similar staff support to various Boards and Commissions appointed in major labor disputes. For example, the Office supplied staff assistance in the recent airlines dispute and to the fact-finding Board appointed to examine the issues in the dispute involving the nurses in San Francisco hospitals. Due to the emergency nature of such disputes, no accurate forecast of future needs is possible. In the latter part of fiscal 1967 and in fiscal 1968, however, labor contracts in a number of major industries will be expiring, including those in trucking, meatpacking, communications, and in rubber, automobile and aluminum manufacturing. The railroads are currently in negotiations. Disputes in any of these industries, if a work stoppage should occur, could have a serious effect on the national interest and on the President's efforts to maintain stability in the economy. In such a case it can be anticipated that the Secretary of Labor would become involved and staff service would be required.

The Office of Employee-Management Relations maintains an "early warning system" to anticipate labor-management disputes in key industries and to identify for the Secretary critical bargaining situations as they develop. This function does not in any way impinge on the mediation process and is confined to situations with potential national impact.

The Office follows the progress of such negotiations and develops technical information on the issues which are in controversy. Further, the staff examines the relationship of the disputed issues to the President's program in other areas, such as the maintenance of economic stability, productivity needs, and the like. This information is conveyed to the Secretary as it is developed so that he can be fully informed in advance of anticipated critical situations. To carry out this function, the Office draws upon the total resources of the Department and of various other Government agencies, including studies of labor force characteristics, wage analyses, manpower studies, technology trends and productivity studies. The staff does not duplicate work already done, nor does it undertake to maintain a complete file of this information, but must know where it can be obtained so that specific items obtained from a variety of sources can be assembled, evaluated and utilized.

The Office has a growing workload in carrying out the responsibilities of the Secretary under Executive Order 10988, which spells out a policy for recognition of employee organizations in the Federal Service. Since issuance of the Order in 1962, the number of employees in the Federal Service represented by labor organizations has rapidly expanded.

In cooperation with the Civil Service Commission, the Office carries on a continuing review of agency practices in respect to employee representation and from time to time recommends new procedures to fit changing conditions. The Office supplies informal advice and counsel to parties seeking solutions to problems arising out of the union-management relationship. A third duty performed is a maintenance of a roster of qualified individuals from which agency requests for arbitrators are filled. Since issuance of the Executive Order, the Office has received 144 requests for arbitrators and has rendered 47 advisory opinions. Requests for advice received by the Office are currently averaging about 60 per

week. The number and complexity of these inquiries continues to grow as the scope of union organization increases and employee representatives gain in sophistication. Increasingly, Federal agencies are looking to the Department for guidance in dealing with the more complicated problems which are appearing.

Organizational activity among public employees is taking place to an unprecedented degree over the Nation. Strikes and upheavals involving nurses, teachers and firemen are major problems. In the context of these developments, the Department is mindful of the need for the Federal Government to become a model for State and local governments. To provide this example it will be necessary to establish procedures for a constructive and orderly relationship between Federal agencies and employee organization.

Under the Urban Mass Transportation Act of 1964, the Secretary has the responsibility to protect the interests of employees who may be affected by Federally sponsored programs of modernization and expansion. In the case of each capital grant under consideration by the Department of Housing and Urban Development, the Office inquires into the plans for employee protection and determines whether the provisions proposed are fair and equitable for the employees involved.

This is a growing program requiring more inquiries as applications for capital grants increase in number. Determinations made during the first year of the program amounted to 20 in number; the following year, fiscal 1966, 40 determinations were issued. The rate of increase in the number of determinations continued to accelerate during early fiscal 1967.

In addition to the work outlined above, the Office of Employee-Management Relations Services provides staff representation on the President's Maritime Advisory Committee, the Grievance Committee on Cargo Preference, the Interagency Committee on Transportation Mergers, and supplies staff assistance as needed to the President's Committee on Labor-Management Policy.

At the discretion of the President and of the Secretary, the services of the recognized experts and consultants may be required in certain major problem situations. Included in the total budget estimate is $150,000 for the temporary employment of the labor-management consultants and other expenses incurred in such circumstances. Beginning in fiscal year 1966, a part of the expenses of the President's Labor-Management Advisory Committee are drawn from this fund. The fund is administered by the Office of Employee-Management Relations Services.

CHANGES FOR 1968

Mandatory changes amount to ..... +$2,442.
Program changes: None.

ACTIVITY 2. LABOR-MANAGEMENT POLICY DEVELOPMENT (1967, $267,200, Pos. 18; 1968, $273,400, Pos. 18)

NARRATIVE DESCRIPTION OF PROGRAM

The Department's responsibilities in the critically sensitive area of labor-management relations include the review, consideration and development of appropriate policies, through legislative proposals or administrative actions (1) to strengthen labor-management relationships and democratic collective bargaining in an environment relatively free of industrial conflict and (2) to protect the interests of members of labor organizations and the recipients and beneficiaries of privately-administered employee pension and welfare funds. This review must be a continuing process so that determinations as to appropriate action will be premised upon a complete background review and in-depth consideration of alternative courses of action which take into account significant developments and rapidly changing circumstances in these dynamic areas.

During fiscal year 1966, the Office of Labor-Management Policy Development (LMPD) continued the gradual shift of activities, begun in 1965, from research exclusively related to various aspects of the labor-management and welfare pension reporting and disclosure laws to the development and implementation of a program to review other aspects of Federal policy in the labor-management relations field for the guidance of the President, the Secretary and the Congress. The increased and continued concern of the Congress, the Administration and the public for the adequacy of private pension plans pre-empted a substantial portion of available research time in 1967. This need will continue in 1968 and 1969. The following projects and plans will be initiated or completed in fiscal year 1968.

1. The Report of the President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs and the Report on the Department of Labor Planning Committee on Private Pension and Welfare Plans made apparent the need for extensive information on the private pension system in the following areas: funding, portability, coverage, reinsurance, level of benefits, parties-in-interest transactions, and plan terminations. The pendency of various legislative proposals in the Congress, and the likelihood that similar measures will be introduced in the next Congress, makes it apparent that our information gaps in these areas of anticipated legislative action must be filled. It is also apparent that adequate information in all of these areas cannot be obtained except by extensive, cooperative effort among the various agencies of the Federal Government with information and interest in the area. Cooperation from private organizations, both academic and professional, will also be a continuing necessity to supply a sufficient information base for rational executive and legislative action.

The Office of Labor-Management and Policy Development has completed feasibility studies on pension plan terminations and parties-in-interest transactions. In the areas of portability, coverage, reinsurance, level of benefits and funding, this Office has also projected the time requirements for the review of existing literature in the fields, analysis of current proposals and policies and the alternatives involved therein, along with determinations of the information needed to evaluate them. Activities to accomplish the review of the materials in these areas will continue during fiscal year 1968.

This Office receives numerous requests from the Office of the Solicitor and Office of Labor-Management and Welfare-Pension Reports for research studies of various phases of union activities subject to the provisions of the Labor-Management Reporting and Disclosure Act, particularly with respect to the nomination and election of union officers. Studies of union constitutions and procedures are continually undertaken for use in administrative determinations and in litigation. Where appropriate, studies in these and related areas have also been prepared for general dissemination to labor organizations and other interested parties.

An example of activity in this area is the current research in support of litigation in the most significant case filed to date under Title III of the Labor-Management Reporting and Disclosure Act regulating union trusteeships. In the first such case to go to trial, the Secretary of Labor is seeking the discontinuance of trusteeships imposed more than 30 years ago by the United Mine Workers over many of its district organizations. Under the trusteeship, members of the various districts have been denied the right to vote for their district offices and numerous complaints on this matter have been received from the Union. In addition to directing the research, our activity includes the preparation of appropriate court exhibits and supplying expert testimony for the trial.

The Office has rendered similar assistance in connection with numerous court cases filed under Title IV (Elections) of the Labor-Management Reporting and Disclosure Act. Such assistance requires intensive studies of the labor organization's constitution and bylaws governing the election of union officials and information and expert testimony concerning such matters, especially as they relate to the qualifications of candidates for office, the reasonableness of qualifications imposed by a particular organization and the rights of the members to be candidates for office. During the past fiscal year, assistance was provided in connection with ten election cases several of which are still pending trial. It is anticipated that this level of activity will continue.

2. Policy development will include an examination of existing legislative and administrative policy in the field of labor-management relations. Additionally, examination of legislative proposals in the maritime field, proposed or existing legislation as it affects specific industries (e.g., transportation, atomic energy, utilities, and other "national interest" industries, and the role of Federal regulatory agencies and their administrative policies with respect to labor-management relations matters will be continued.

While activities in this area moved forward during fiscal year 1967, the events of the year have added a new urgency to a comprehensive analysis of the effectiveness of the procedures of Labor-Management Relations Act and the Railway Labor Act in dealing with strikes which threaten irreparable damage to the national economy.

During fiscal year 1968, this Office will continue its study of the Labor-Management Relations Act and the Railway Labor Act disputes procedures and problems. Anticipated collective bargaining agreements which will be expiring in the com-

ing year, such as in the meat packing, automobile, machinery, aluminum, fabricated metals, men's clothing, chemicals, and longshore industries, suggest increased intensity in the demands for legislative and administrative proposals to assist in the settlement of labor disputes.

3. A review will be undertaken of various public and private policies affecting labor-management relations such as privately-negotiated arrangements affecting seniority, mobility and employee displacement; employer or union strike insurance plans; and the effects of industry-wide bargaining practices. Activities will continue in connection with review of such issues as appropriate measures to assure the stabilization of wages and prices and the arrangements which might be made to promote compliance with such measures; and of the labor policies under Government contract or procurement procedures.

During fiscal year 1967 the general concern—Executive, Congressional, and the public—with voluntary restraints under the wage-price stability concepts required priority consideration for this area. The President's Advisory Committee on Labor-Management Policy, as well as other Governmental agencies, has the entire area under active consideration and this activity will carry over to fiscal year 1968. As inflationary pressures increase, more concern and emphasis on voluntary restraint, or wage-price controls, can be expected. These concepts are also significant factors to be evaluated in each anticipated collective bargaining situation in fiscal year 1968.

Negotiated arrangements affecting seniority, mobility, and employee displacement are necessary elements involved in pension research. Strike insurance plans and industry-wide bargaining are related to the dispute settlement research. Although these particular factors are severable, comprehensive coverage of the major problem areas will require eventual extensive study of these related matters.

4. In cooperation with the Office of Employee-Management Relations Services, studies relating to Executive Order 10988 (Federal Employee-Management Cooperation) will be undertaken to review and assess such matters as size and types of recognized bargaining units, the extent of union organization in the Federal Government, substance and effect of advisory arbitration decisions, and changes in collective bargaining agreements and patterns.

In addition, periodically, proposals have been introduced in the Congress to establish a more extensive program in the area of Federal Employee-Management Relations. The recent concern for the rights of Government employees, both Federal and State, including some question regarding their right to strike, if any, and some strike activity—most noteably the New York Transit situation—suggest the desirability of increasing review and analysis by the Department of programs in this and related areas.

5. Activities were undertaken during fiscal year 1967 to give more technical advice and support to the Assistant Secretary for International Affairs in the planning and preparation of training seminars to aid in the Government's efforts to stimulate free collective bargaining and sound labor-management relations in developing nations. This Office participated in the planning and presentation of training seminars for labor-management relations teams from Pakistan, Liberia, and Turkey and provided consultation with specific individual representatives from countries such as India, Viet Nam and Israel. The Office also participates in evaluation and review of labor-management programs in order to insure their flexibility and effectiveness in meeting the needs of the developing nations.

Representatives from these foreign countries include high ministry of labor officials, presidents of labor organizations and employer associations, and representatives of labor courts. The increased interest manifested by developing nations in technical assistance and training in the area of labor-management relations suggests a substantial increase in demand for these services during fiscal year 1968.

6. Efforts will be continued to establish a cooperative arrangement with other labor agencies for the exchange of research materials and to further the development of labor-management research programs within the Department based upon a review of the needs of these agencies and consideration of their suggestions of areas of research meriting priority treatment.

CHANGES FOR 1968

Mandatory changes amount to ..... +$3,366
Program changes: None.

ACTIVITY 3. ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS

(1967, $6,634,300, Pos. 524; 1968, $6,724,100, Pos. 518)

This activity consists of the Office of Labor-Management and Welfare-Pension Reports which performs Department of Labor operating functions in the administration of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act.

Activities under the Labor-Management Reporting and Disclosure Act now are being operated at minimum acceptable levels which have been reached only after various program and resource allocation adjustments. We have reduced delinquencies and deficiencies under the Labor-Management Reporting and Disclosure Act through a substantially expanded program of direct contact with those responsible for filing. This has been accomplished at the expense of temporarily dropping below minimum levels on other investigations. Activity under the Labor-Management Reporting and Disclosure Act must be continued at the present minimum level in order to maintain the integrity of the administration of the Act.

In 1962 the Congress, realizing that the Welfare and Pension Plans Disclosure Act did not accomplish its intended purpose passed amendments which gave the Secretary of Labor interpretative and limited enforcement powers. Continued substantial reliance on voluntary compliance, however, was implied by the Congress in placing in the Act ceilings on manpower and budget resources to be used during the first two years of administering the amended Act. Subsequent experience has indicated that voluntary compliance with provisions of the Act has fallen far short of that anticipated. Delinquencies now number nearly 40,000 and thousands of reports filed are deficient to some degree.

There is growing public recognition of the individual's need for greater knowledge of his pension expectations and for greater protection to assure that he will get them. There is also an increased need to keep workers informed of the welfare benefits available, including the effects on older workers of plan amendments caused by the Medicare program and on low income workers of plan amendments caused by the Medicaid program. Nevertheless, the aggregate activity under the Welfare and Pension Plans Disclosure Act will continue at the current level with minor internal adjustments and anticipated productivity increases as set forth in the detailed functional descriptions that follow.

REPORTS AND DISCLOSURE

Narrative description of program

The Division of Reports and Analysis comprises this sub-activity and includes the functions of control, processing, examination, and coding of reports filed under the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act; comprehensive analyses and financial audits of reports; administering the disclosure provisions of the Acts, including functional direction of the Field in this regard; conduct of statistical programs; and replying to most inquiries on the coverage and reporting provisions of the two Acts.

The present reports processing system, while adequate in early years in the administration of these Acts, does not provide now the proper control of reports filed because of the increased volume of such reports received each year. Delays in the system have resulted from the unavailability of key punching equipment and errors have occurred because of the many hand prepared transcription sheets necessary for those who perform the key punching functions. As a result many of the filing parties did not receive the forms and therefore did not file them. Consequently, we have had to obtain them by a more costly effort of field contact. A major effort was made in fiscal year 1966 and will be continued in fiscal year 1967 to correct this. In fiscal year 1968 the Labor-Management Reporting and Disclosure Act program will be maintained at the fiscal year 1967 levels. The Welfare and Pension Plan Disclosure Act control file and address file are even more inaccurate than the Labor-Management Reporting and Disclosure Act files. Activities under the Welfare and Pension Plan Disclosure Act must continue at present levels, however, and no significant effort can be made to correct these files.

In fiscal year 1967, the Welfare and Pension Plan Disclosure Act annual reports (Form D–2) filed for years 1960 and 1961 will be retired to storage. Also in fiscal year 1967, a mailing will be made to the universe of approximately 165,000 filers under the Welfare and Pension Plan Disclosure Act for the purpose of

giving notice of the revised Form D–2 and to seek current and more complete address information, including the ZIP code. (Current Post Office and Bureau of the Budget requirements are that ZIP codes be used for all mailing after December 31, 1966.) In order to accommodate the ZIP code and to provide better addresses, the entire address tape will be revised and expanded, becoming operational during the second half of fiscal year 1967.

The Office of Labor-Management and Welfare-Pension Reports has sponsored legislation expected to be enacted in 1967 which will require only one instead of two copies of reports under the Welfare and Pension Plan Disclosure Act and which will eliminate the requirement that reports be sworn to. Also, regulations will be changed to require the filing of only one copy of the Form D–3. The estimated savings of .1 manyear in fiscal year 1967 and 1.2 manyears in fiscal year 1968 will be applied to improving the processing procedures.

An independent consulting firm under contract to make a systems study of the reports processing system will submit its recommendations in fiscal year 1967. Prompt action will be taken to implement those recommendations which appear to provide improvement or economy and are otherwise feasible. Any resultant savings will be applied to expanding the examination of reports.

Workload data

	Fiscal year 1965 actual	Fiscal year 1966 actual	Fiscal year 1967 estimate	Fiscal year 1968 estimate
A. Reports received (total)	214,820	208,465	215,800	219,800
1. Registration-type reports (organization reports LM–1; plan descriptions D–1 and D–1 amendments)	41,280	36,340	42,000	44,000
2. Annual reports (financial reports LM–2, LM–3, and amended and terminal reports; financial reports D–2; and informational reports D–3)	172,290	171,325	173,000	175,000
3. Special reports (trusteeship; union officer and employee; employer; labor relations consultant; surety)	1,250	800	800	800
B. Summary examinations (total)	64,860	185,820	130,000	130,000
1. Registration-type reports	38,770	31,385	44,000	44,000
2. Annual reports	26,090	154,435	86,000	86,000
C. Desk audits	2,510	2,570	2,300	2,570
D. Detailed analyses	2,030			
1. Special reports		800	800	800
2. Complex reports		230	500	800
E. Deficiency and delinquency notices mailed	18,320	10,310	19,500	22,500
1. Deficiency notices	10,280	4,480	7,000	10,000
2. Delinquency notices	8,040	5,830	12,500	12,500
F. Disclosure activities:				
Number of reporting entities with respect to which disclosure is made	35,570	37,220	37,000	45,000
Number of pages reproduced for sale	88,820	111,840	111,000	120,000
Number of visitors	1,740	1,580	1,500	2,000
G. Correspondence (total)	30,190	10,230	15,000	15,000
1. Composed replies	15,330	5,230	8,000	8,000
2. Form and checklist letters (other than delinquency and deficiency notices)	14,860	5,000	7,000	7,000

A. Reports received

Reports received

Slightly over 208,000 reports were received in fiscal year 1966, a decrease of 6,000 from the prior year, mostly attributable to a decrease of that many plan description amendments received. It is expected that in fiscal year 1967 the number will exceed the fiscal year 1965 level because of the Medicare and Medicaid programs. In fiscal year 1968, the number will rise to 220,000 primarily because of additional new plans and plan amendments.

B. Summary examinations

In fiscal year 1966, the 185,820 examinations included, in addition to completing the usual examination of 1964 Labor-Management Reporting and Disclosure Act and Welfare and Pension Plan Disclosure Act D–2 annual reports, a brief examination of the 1965 Labor-Management Reporting and Disclosure Act reports in order to make a 100% verification of addresses and year-ending dates. In fiscal year 1967, it is expected that about 20,000 of the 1965 Welfare and Pension Plan Disclosure Act D–2 reports will be examined. This will include all of the pension plan reports and a sampling of the most significant welfare plan reports. Similarly, in fiscal year 1967, approximately 20,000 1966 Welfare and Pension Plan Disclosure Act D–2 reports and 46,000 of the 1966 Labor-Management Reporting and Disclosure Act annual reports will be examined. We will examine approximately 44,000 Registration type reports under both laws. In fiscal year 1968, the examinations approximate the same level.

C. Desk audits

In fiscal year 1967, it is estimated that 2,300 desk audits, a decrease of 270 from fiscal year 1966, will be completed. This reduction is necessitated by the development of standards on the revised Form D–2 and the time to be spent on training in the use of those standards. In fiscal year 1968 we will return to the normal number of 2,570 audits.

D. Detailed analyses

In fiscal year 1967, it is expected that 800 special reports will be examined and 500 analyses will be made of complex reporting situations under both the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plan Disclosure Act. The number will remain the same in fiscal year 1968 for special reports and increase for complex reports.

E. Deficiency and delinquency notices mailed

It is expected that in fiscal year 1967 the number of deficiency notices mailed under both acts will be approximately 7,000, and in fiscal year 1968 will rise to 10,000.

In each year since the effective date of the Labor-Management Reporting and Disclosure Act until fiscal year 1966, a significant portion of National Office time was expended in corresponding with the unions regarding the failure to file required reports. In fiscal year 1966, and again in fiscal year 1967, because the integrity of the Labor-Management Reporting and Disclosure Act reporting system is in question, a greater amount of compliance officer time in the field is being devoted to direct contact with these unions. Only about 4,000 delinquency notices were sent in fiscal year 1966. In fiscal year 1967, it is expected that we will resume an initial correspondence program, which will result in about 9,000 delinquency notices under the Labor-Management Reporting and Disclosure Act. An additional 3,500 will be sent under the Welfare and Pension Plan Disclosure Act. In fiscal year 1968, it is contemplated that Labor-Management Reporting and Disclosure Act and Welfare and Pension Plan Disclosure Act notices will continue at about the same level.

F. Disclosure activities

It is expected that a Register of Reporting Retirement Plans, to be completed in fiscal year 1967, will result in an increase in requests to examine reports and for copies of reports in fiscal year 1968.

The issuance of such a Register will make it possible for plan participants, labor unions, administrators, Government agencies, and other persons interested in the status and operations of pension plans to identify easily particular reports which they wish to examine. It will do in the pension plan area what already has been done in the Labor-Management Reporting and Disclosure Act area through the issuance of the Register of Reporting Labor Organizations.

G. Correspondence

Correspondence, most of which results from the deficiency and delinquency notices, will be at about 15,000 in both fiscal year 1967 and 1968.

H. Statistical program

Statistical analyses, tabulations, reports, and other presentations are prepared reflecting information and data contained in reports filed under both the Welfare and Pension Plan Disclosure Act and the Labor-Management Reporting and Disclosure Act.

Operating statistics for use in planning and evaluating the work of the Division of Reports and Analysis, as well as in connection with the overall program of the Office of Labor-Management and Welfare-Pension Reports, will be developed.

This activity will be continued at approximately the current level during fiscal years 1967 and 1968.

During fiscal year 1967 the Register of Reporting Retirement Plans will be released and work will be started on the revision of the Register of Reporting Labor Organizations for release early in fiscal year 1968.

REGULATIONS AND ADMINISTRATIVE RULINGS

Narrative description of program

The Division of Regulations and Administrative Rulings comprises this subactivity and performs the interpretative and regulatory functions and activities for the Office; advises the Director on matters of broad policy and program; develops long-range goals for the Office; recommends policy and program changes where appropriate; performs the necessary administrative research in connection with the foregoing; and maintains liaison with the Office of the Solicitor for purposes of obtaining legal advice or approval of interpretative and regulatory actions as required.

Workload data

	1965 actual	1966 actual	1967 estimate	1968 estimate
A. Action on requests for variation on reports and exemptions on bonding	20	52	10	10
B. Administrative rulings	470	443	500	550
C. Regulations and interpretative bulletins	1	3	5	2
D. Administrative policy studies	13	8	8	8
E. Forms	2	3	3	2
F. Staff manual entries	120	26	150	150

Status of program, fiscal years 1967 and 1968

A. *Request for variation on reports and exemptions on bonding*

This activity includes requests for variation from the reporting requirements and petitions for exemption from the bonding requirements of the Welfare and Pension Plan Disclosure Act (sections 5 and 13 respectively) and petitions for exemption from the bonding requirements of the Labor-Management Reporting and Disclosure Act (amendments enacted in September 1965, Public Law 89–216). The very few requests for variation are being handled on a current basis. Following a determination made in 1966 as to what constitutes evidence of financial responsibility, action was taken on a backlog of petitions for exemption from the bonding requirements of the Welfare and Pension Plan Disclosure Act. Because of the stringent criteria incorporated in the "financial responsibility" determination, we expect to receive few petitions during both fiscal year 1967 and fiscal year 1968. We also expect to receive few petitions for bonding exemptions under the Labor-Management Reporting and Disclosure Act because the exemption provision of the 1965 amendments covers a narrow area.

B. *Administrative rulings*

Administrative rulings are prepared with the advice of the Solicitor, where appropriate, in the form of (1) letters to labor organizations and their officers and members, welfare and pension plan administrators, employers, employer associations, members of Congress, Federal and State agencies, and the public generally, and (2) memoranda to other divisions of the Office regarding administration of the Acts. These interpretative positions deal with every area of the Acts, and vary widely in degree of complexity. For example, a ruling on a complicated union election problem under the Labor-Management Reporting and Disclosure Act may require many days of research and analysis.

In the latter half of fiscal year 1967 and continuing into fiscal year 1968, we foresee a significant increase in the number of requests coming to the Division for administrative rulings. This increase will be caused by the following developments: (1) Use of the revised Annual Report Form D–2 will generate an increase in inquiries concerning the detail of information elicited by the re-

vision. (2) Proposed criteria as to the status of intermediate bodies of labor organizations subject to the reporting provisions of the Labor-Management Reporting and Disclosure Act should be adopted in fiscal year 1967. As a result, we anticipate a number of inquiries concerning the proper manner of reporting by the various types of intermediate bodies. (3) Promulgation of revised bonding regulatoins under both Acts will cause requests for determining their applicability in individual cases. (4) Promulgation of the reporting form for surety companies (Form LMSA S–1) will generate inquiries concerning application of the reporting requirements to various factual situations.

C. *Regulations and interpretative bulletins*

This activity includes all efforts in developing and preparing regulations and interpretative bulletins pursuant to the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act. The unit accomplishment during fiscal year 1966 in this activity understates the actual progress made in the work was begun on comprehensive amendments to the bonding regulations under the Welfare and Pension Plan Disclosure Act. Based upon current projects of the Division in the areas of reporting forms and of bonding, we anticipate an increase in the number of completed units during fiscal year 1967, with a resulting decrease in fiscal year 1968. However, the recent amendment to section 3 of the Administrative Procedure Act (Public Law 89–487) may necessitate an additional workload in this activity during both fiscal years. We are presently studying this amendment to determine the extent to which it applies to the functions of the Division and to decide what steps are necessary for its implementation.

D. *Administrative policy studies*

This activity consists of special studies requiring analysis in depth of matters affecting the Acts and related areas. It includes internally generated projects designed to aid the Director and staff in arriving at policy decisions under the Acts. It also encompasses analyses of legislative proposals.

Examples of the analyses we hope to complete in fiscal year 1968 are (1) the forms of supervision and control in the application of labor organization trusteeships, and (2) development of guidelines for determining the scope of the reporting entity under the Welfare and Pension Plan Disclosure Act, and (3) development of legislative recommendations for revisions of Title IV of Labor-Management Reporting and Disclosure Act, dealing with elections and removal of officers.

E. *Forms*

This activity includes the development, review and revision of all forms used in implementing the requirements of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plan Disclosure Act. The Division has recently completed a comprehensive program on forms related to the Welfare and Pension Plan Disclosure Act. The results of this program were the revision of Annual Report Form D–2, and the development of an escrow agreement form (Form LMSA–606). During fiscal year 1967 we anticipate in the Welfare and Pension Plan Disclosure Act area the promulgation of Plan Amendment Form D–1A and the revision of Form D–3 which is used in lieu of Form D–2 by plans covering fewer than 100 participants. In relation to both laws we have promulgated a reporting form for surety companies (Form LMSA S–1). In the area of the Labor-Management Reporting and Disclosure Act, we are studying all reporting forms with some revisions anticipated in the latter part of fiscal year 1967 and in fiscal year 1968. The revision of forms used to comply with the reporting requirements of the Welfare and Pension Plan Disclosure Act and the Labor-Management Reporting and Disclosure Act requires considerable consultation with affected parties, advisory groups, the Solicitor, and the Bureau of the Budget, as well as publication in the Federal Register for comment. The process takes several months at a minimum.

F. *Staff manual entries*

This activity includes prepared statements of interpretative positions published in the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plan Disclosure Act Interpretative Manuals. These manuals are the principal interpretative guides provided for both Field and National Office personnel. Staff Manual entries are prepared from court cases, Solicitor opinions, and opinions of the Division. During fiscal year 1966 work was completed on revising the Labor-Management Reporting and Disclosure Act Interpretative

Manual and on inaugurating the Welfare and Pension Plan Disclosure Act Interpretative Manual. Because a number of current opinions were incorporated directly into the manuals during the process of revision and inauguration, the low number of entries for fiscal year 1966 does not realistically reflect the actual accomplishment. The number of entries indicated for fiscal year 1967 and fiscal year 1968 represents an estimate of the servicing of the manuals which the normal operation of the LM and WP programs will require. This estimate does not include an additional workload which may occur in connection with implementation of the recent amendment to section 3 of the Administrative Procedure Act (see C. above).

TECHNICAL ASSISTANCE

Narrative description of program

The Division of Technical Assistance has primary responsibility for all educational work directed to effecting voluntary compliance with the Labor-Management Reporting and Disclosure Act of 1959, as amended, and the Welfare and Pension Plan Disclosure Act, as amended. The Division develops methods of informing organizations and individuals of the requirements of the Acts. It prepares publications and other technical aids.

The Division exercises functional supervision over the technical assistance activities of the field staff through the Assistant Regional Directors for Technical Assistance who are also the field training officers. National Office Technical Assistance staff members perform such technical assistance assignments as cannot be delegated to the field offices, plus aiding other National Office personnel in training and related subjects.

Workload data

Program	1966 actual	1967 estimate	1968 estimate
A. Inquiries	105,166	112,000	115,000
B. Group T. A.: (Total)	252	315	315
Conventions and meetings	178	195	195
LMRDA clinics	63	60	60
WPPDA clinics	11	60	60
C. Contacts	5,593	6,488	6,771
D. Publications:			
LMRDA	4	5	4
WPPDA	6	4	4

The above workload table represents the technical assistance activities of the Office of Labor-Management and Welfare-Pension Reports for both National Office and the Field.

A. *Inquiries*

Ninety-eight percent of the inquiries are handled in the Field. Field inquiries consist of requests by mail, telephone and visitors for disclosure of reports and for general and specific information on both of the Acts. The number of inquiries over the years have increased from 69,000 in fiscal year 1964 to 105,000 in fiscal year 1966, which exceeded the fiscal year 1966 estimate by 5%. A moderate increase is projected for fiscal year 1968 because of the revised D–2.

B. *Group technical assistance*

Group technical assistance is effected through three major approaches: conventions and meetings; Labor-Management Reporting and Disclosure Act clinics which include union and university-type educational seminars; and Welfare and Pension Plans Disclosure Act clinics, or workshops, which are used to assist welfare and pension plan administrators in submitting acceptable reports. In fiscal year 1968 we estimate a continuing need by plan administrators for assistance in the completion of the revised Welfare and Pension Plans Disclosure Act reporting form. We are using ADP to identify reporting errors common to many locals of the same international as a basis for effective Labor-Management Reporting and Disclosure Act clinics.

C. *Contacts*

The objective of the contact program is to promote compliance through meetings with key individuals having responsibilities under either of the Acts. In

fiscal year 1968 the projected increase in the number of contacts is in anticipation of a need for more of this work throughout the welfare and pension field because of the revised D–2.

D. *Publications*

Technical assistance publications addressed to the special needs of persons having rights and duties under both the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act will be issued as required. Publications already in circulation and those that will be issued initially in fiscal year 1967 will be revised as occasion requires in fiscal year 1968. No new publications are planned for fiscal year 1968, excepting the information reports on operations under each Act which are issued annually.

COMPLIANCE OPERATIONS

Narrative description of program

Compliance operations activities are directed and administered by the Division of Compliance Operations in the National Office through five regional, twenty-four area, and twelve resident offices. The objective of the Office of Labor-Management and Welfare-Pension Reports is attainment of a maximum degree of voluntary compliance with the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act, as amended. Civil litigation is initiated in cases where voluntary compliance is not achieved and criminal litigation is initiated only in cases involving willful violations. In either situation investigation is a prerequisite and is the major effort of the Division of Compliance Operations. Basically, the investigative work is conducted by compliance officers in the field. On-the-scene guidance and supervision is rendered, as required, by Regional and National Office supervisors.

Division staffing at the National Office is held to a minimum by the assignment of especially skilled professionals to specific parts of the program where the greatest effectiveness results from their specialized abilities.

Workload data

Programs	Units, actual 1965	Units, actual 1966	Units, estimate 1967	Units, estimate 1968
I. LMRDA investigations:				
A. National investigations (field)	104	150	31	35
B. National investigations (national office)	147	156	150	150
C. Election investigations	108	146	100	100
D. Election reruns	21	41	41	35
E. Delinquent reports	1,486	5,882	6,000	4,500
F. Deficient reports	24	88	500	983
G. Financial investigations	760	405	400	750
H. Basic investigations	[1] 2,377	525	525	525
II. WPPDA investigations: [2]				
I. Delinquent reports	139	470	800	800
J. Deficient reports	11	84	100	100
K. Financial investigations	10	22	25	25
L. Basic investigations	15	17	30	30
III. General:				
M. Prosecutive support	123	120	146	140

[1] Violations, not cases.
[2] Includes investigations conducted by or participated in by national office personnel.

Status of program—fiscal years 1967 and 1968

Estimates shown above reflect revisions in some Labor-Management Reporting and Disclosure Act programs based on experience and program results. For example, as the impact of the delinquent reports program brings about more voluntary compliance with the filing requirements, increased emphasis is placed on financial investigations and the correction of deficient reports thus preserving the intent and integrity of the law. Resources applied to total Labor-Management Reporting and Disclosure Act programs for fiscal year 1967 and for fiscal year 1968 will be approximately the same as used in fiscal year 1966 which is considered minimal for effective administration.

Workload in Welfare and Pension Plan Disclosure Act programs in fiscal year 1967 reflects initial efforts within present resources to decrease the large num-

ber of delinquent filings. Fiscal year 1968 workload reflects a continuing effort at the same level.

I. Labor-Management Reporting and Disclosure Act investigations

A–B. National investigations

This program is best described as in-depth investigations into labor-management relationships on a nationwide basis to correct possible unlawful practices.

The needs for such a program are manifold. It promotes competition in industry which might otherwise be stifled by corrupt labor practices. It exerts a deterrent effect on collusion between management and labor which could result in higher prices to the public and lower income to wage earners. It enforces public policy intended to promote democracy in the trade union movement. In addition, personnel assigned to this program are coordinating and participating with other Federal, State and local law enforcement agencies to further the goals of the President's Program to Combat Crime.

Normally such broad undertakings are performed by the highly skilled investigators assigned to the National Office. During fiscal year 1966, however, the bulk of the national investigations involved one industry-wide project. Both National Office and Field personnel were involved. During both fiscal year 1967 and fiscal year 1968 Field investigations in this activity will revert to normal experience level, while National Office caseload will approximate base experience.

C. Elections

The Act establishes minimum standards for the conduct of elections of union officers in order to advance democratic practices in the trade union movement. Under the Labor-Management Reporting and Disclosure Act a member of a labor union who has met specified conditions may file a complaint with the Secretary alleging violations of the Act's election provisions. Upon receipt of such a complaint, the Secretary is under statutory obligation to investigate the complaint. If the facts warrant, the Secretary initiates court proceedings to vacate the challenged election.

The Act requires that local union elections of officers be held no less often than every three years. Current experience indicates approximately 100 election investigations in fiscal year 1967 and the same number is estimated for fiscal year 1968.

D. Election reruns

The Act provides that where a court finds that (1) an election has not been held within prescribed time limits, or (2) violations may have affected the election outcome, the court shall declare the election, if any, to be void and direct the conduct of a new election under the supervision of the Secretary of Labor.

Rerun elections also are conducted under the supervision of the Secretary pursuant to agreements entered into voluntarily with the Office of Labor-Management and Welfare-Pension Reports by labor organizations. Such elections avoid the publicity and costs of litigation, provide for more speedy relief to the aggrieved party, and at the same time protect the public interest.

In fiscal year 1966 the Office of Labor-Management and Welfare-Pension Reports supervised 41 reruns. It is estimated that the number will be the same in fiscal year 1967 and will drop in fiscal year 1968 as a result of the drop in election investigations in fiscal years 1967 and 1968.

Maintaining integrity of the LMRDA reporting system

The Act requires each of the approximately 52,000 labor organizations to file annually the financial report for its preceding fiscal year. Disclosure of the contents of these reports to the public is required by law. Because of the disclosure requirements as well as the criminal provisions of the law, it is essential that the Government assure not only that these financial reports have been filed, but also that in fact they accurately represent the financial condition and operations of the organizations.

In order to meet these two requirements we have extensive programs operating in the National Office. When these National Office programs are not capable of handling the problem (chiefly through mail) we have three distinct field pro-

grams. These are: the delinquency reports investigations, the deficiency reports investigations and the financial investigations which are described below.

E. *Delinquent reports*

Attempts prior to fiscal year 1966 to secure voluntary compliance in filing reports through use of letters and contacts with international unions were not successful enough to reduce the delinquency rate to manageable proportions. Consequently, workload for fiscal years 1966 and 1967 reflected a policy change to increase substantially the personal contact with those having responsibilities to file reports. Based on these efforts, a marked reduction in workload units has been programmed for fiscal year 1968.

F. *Deficient reports*

In this program, cases initially selected by machine and desk audit are handled by field contact to obtain corrected reports that fulfill the Act's requirement. Public disclosure of accurate reports avoids costly investigations based on unfounded complaints caused by inaccurate reports.

Increases in estimates for both fiscal year 1967 and fiscal year 1968 signify necessary efforts to improve compliance.

G. *Financial investigations*

The third type of action necessary to insure the accuracy of these reports is on-site verification. A selected sample, based on type of organization, geographical location and level of monetary receipts is used. This program also has a valuable deterrent effect in that other unions become aware that financial reports are being verified.

In fiscal years 1966 and 1967 units were reduced temporarily due to increased emphasis in the delinquent reports program. In fiscal year 1968 units will be restored to a normal level.

H. *Basic investigations*

This program provides for investigations of complaints covering all provisions of the Act under the Office of Labor-Management and Welfare-Pension Reports jurisdiction with the exception of those involving union elections of officers. Complaints generally come from union members or officials who allege violations on the part of those with responsibilities under the law. Litigation as a result of complaint investigations contributes in large measure to the protection of the rights and interests of union members and the public generally, and the elimination of corruption in the trade union movement.

Experience indicates that fiscal years 1967 and 1968 will approximate fiscal year 1966.

II. *WPPDA investigations*

I. *Delinquent reports*

Increased units programmed for fiscal year 1967 represent initial field efforts to decrease the delinquency rate with in present manpower allocations. Fiscal year 1968 efforts will be at the same level.

J. *Deficient reports*

Meaningful and effective disclosure to the public presupposes complete and accurate reports are of file. A survey of reports now on file indicates a large number with substantial discrepancies. Direct contact with those responsible for filing is necessary in the more complex situations which cannot be handled readily by correspondence. Available manpower limits workload capability in this program area in fiscal year 1967 and fiscal year 1968 to approximate accomplishments for fiscal year 1966.

K. *Financial investigations*

These investigations are necessary to uncover corruption in the handling of welfare and pension funds of the types recently exposed in newspaper articles in diverse areas throughout the country. However, the Act requires a cumbersome procedure of certification by a certified public accountant followed by a showing of reasonable cause before a financial investigation may be conducted. Proposed legislative changes have been recommended to remove the restrictions on the Secretary's authority to conduct such investigations. In the meantime the number of investigations for fiscal year 1968 is the same as fiscal year 1967.

L. *Basic investigations*

Work under this program consists of conducting timely investigations of valid complaints from participants, beneficiaries, plan officials and others alleging violations of the Act. Activity is expected to remain the same.

III. *General*

M. *Prosecutive support*

This program is designed to provide support in litigation matters as they progress through the appropriate channels to final trial in the courts. Examples are pre-trial conferences, recontact of witnesses, assembling and processing of physical evidence, and grand jury and court appearances. Based on workload in process and anticipated intake, activity will remain approximately the same for fiscal year 1968.

ADMINISTRATION

Narrative description of program

Overall executive direction is supplied by a Director, Deputy Director, Special Assistant to the Director, and secretarial and clerical assistance. Division Chiefs, responsible to the Director, provide in-line direction and coordination to functions assigned to them.

Basis for the estimate

The derivation of the workload and the staff to support it has been explained in the justification above; for example, the responsibility to achieve a satisfactory level of compliance with the applicable provisions of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plan Disclosure Act requires that approximately 220,000 registration, annual and special reports are received, examined, filed and made available for public disclosure; that appropriate rules and regulations are developed and promulgated; technical assistance rendered; and approximately 8,000 investigations conducted.

The volume of activity has been relatively stable for the past several years and represents the minimum acceptable level with regard to the Labor-Management Reporting and Disclosure Act but is actually below such a level with regard to the Welfare and Pension Plan Disclosure Act.

Changes for 1969

Mandatory changes amount to ..... +$99,139

Program changes: A decrease of 6 positions to finance within-grade promotion costs in 1968.

ACTIVITY 4. PROMOTION OF COMPLIANCE AND ASSISTANCE TO VETERANS (1967, $731,300, POS. 54; 1968, $739,900, POS. 54)

Narrative description of program

This activity consists of the Office of Veterans' Reemployment Rights which provides direct assistance in connection with the reemployment rights of ex-servicemen, reservists, members of the National Guard, and persons rejected for military service, and promotes employer compliance with the reemployment provisions of the Universal Military Training and Service Act.

It has been established as a matter of public policy that statutory reemployment rights will be provided to that large segment of the work force who leave their jobs to perform training or service in the Armed Forces. These workers, who meet the conditions of eligibility, are entitled to restoration on the employment escalator in the positions they would have occupied as if they had not been absent from the work force. Some losses, such as actual earnings, those due to the absence of required actual work experience, etc., cannot be recovered. However, all the benefits and perquisites of the employment which are based on seniority or normally accrue through the passage of time, are guaranteed to the veteran upon his return. This is an on-going program, and the need will continue as long as the military commitments of the Armed Forces require the disruption of civilian employment.

The Armed Forces rely on an inflow of civilians as replacements in order to meet international commitments. At the present time, both the inflow and the turnover are increasing rapidly. The greater part of our military force traditionally is siphoned from the civilian work force. Of the approximately 700,000 persons [1] to be inducted each year, a majority will leave civilian employment. Recent surveys show that 7 out of 10 rejectees left employment.[2] Secretary McNamara [3] announced on August 23 that 40,000 men who otherwise would have been rejected under former standards will be inducted during fiscal year 1967. 100,000 such persons will be inducted during fiscal year 1968. Of the 18 to 20 year old group, 62 percent have attachment to the work force,[4] while 85 percent of the 20 to 24 year olds are so attached.[4] The social and economic effect on the worker who enters military service is pointed up by a comparison of the employment gains attained by his fellow worker who is not called to serve. This is of national concern. Also of national economic concern is the prompt return of the serviceman to suitable employment, and to the role of self-sustaining, taxpaying contributor rather than user of tax-supported, employment-substitute programs.

It is imperative that prompt, efficient and effective service be offered to returning veterans as a concrete manifestation of appreciation for services rendered in the interest of national defense. Failure to provide this service on the part of the Federal Government could well result in a gross social injustice to this large number of members of the work force who have already suffered displacement and economic and social dislocation.

The primary objectives of the Office of Veterans' Reemployment Rights program are:

(1) to promote a better understanding of the reemployment program by alerting ex-servicemen and employers to their rights and obligations provided in the law;

(2) to prevent to the extent possible, through emphasis on disclosure and promotion of compliance, complaints and disputes from arising;

(3) to provide prompt and effective investigation and negotiation on all complaints;

(4) to provide prompt and effective processing of cases for referral to the Department of Justice.

Workload projections are based on experience and the following assumptions:

Economic level will remain high, with possible slight temporary fluctuations in some industries and geographic areas.

Armed Forces will be at 3.3 million at the start of fiscal year 1968—an increase of about 600,000 over level at beginning of fiscal year 1966.

Release rate from the Armed Forces will approximate 725,000 per year (about a 20 percent increase over estimated fiscal year 1966 releases).

The international situation will not worsen to the extent that Reserve of National Guard units will be called to active duty in large numbers.

All persons being separated from the Armed Forces will utilize the Department of Defense/Department of Labor referral system, and together with their employers will become fully informed of their rights. The revised Department of Defense/Department of Labor referral program to provide for the forwarding of a pamphlet, describing all services available to veterans through the Department of Labor will have an increased impact during fiscal year 1968 and subsequent years.

---

[1] Compilation of Department of Defense Survey of Military Service Plans, Experiences, and Attitudes, October 1964. (NOTE.—Figure given based on stated turnover in Armed Forces at 3 million plus increase of 100,000 announced by President Johnson, March 1966.)

[2] *One Third of a Nation*, by the President's Task Force on Manpower Conservation, January 1, 1964.

[3] Washington Post, p. 1, Wednesday, Aug. 24, 1966.

[4] *Employment and Earnings and Monthly Report on the Labor Force*, by the Bureau of Labor Statistics, vol. 12, No. 8, February 1966, Household Data, p. 40.

Workload data

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
NATIONAL OFFICE				
Forms OVRR-2, OVRR-2(b) processed	223,685	238,000	387,000	725,000
Cases reviewed for referral to Department of Justice	91	74	75	75
National cases processed [1]	[2]	8	12	12
REGIONAL OFFICES				
Complaint cases pending (end of year)	535	353	300	350
Complaint cases processed	1,894	1,648	1,600	2,000
Compliance cases processed	1,061	455	750	750
Compliance reviews processed	7,111	11,521	13,000	13,000
Information requests processed	[2]	3,000	5,000	6,000
Liaison contacts made [3]	[2]	5,000	5,000	4,500

[1] Includes industrywide problems with national companies and international unions in which specific guidance is requested and in which regional offices are not directly involved.
[2] Not available.
[3] Contacts with military establishments and cooperating government agencies at all levels.

Status of program

During fiscal year 1966, a reorganization of the field staff was completed including a reduction of 15 positions and elimination of 9 field offices. These changes were begun in fiscal year 1965 when it became apparent that the then new procedures for promoting compliance were proving effective to a point that compliance and complaint case intake was declining. At the same time a decision was made to further increase efficiency, improve quality of service, and reduce overall field costs by closing all but one or two of the one-man field offices and locating all field staff in the regional offices.

Despite lost productivity due to relocation of a number of field personnel as well as to an unexpected level of turnover, outputs kept pace with workload volumes. However, significant workload items did not reach anticipated levels except in "compliance reviews" where the volume exceeded our estimate by 44 percent. The fact that such a large number of situations could be handled at this level rather than as compliance or complaint cases, is viewed as further evidence of the "payoff" of promotion of compliance activities. Reflected in the 1966 workload is a reduction in the number of complaint cases over 90 days old from 181 at end of fiscal year 1965 to 117 at end of fiscal year 1966. This has been further reduced to 92 as of November 30, 1966, a 21 percent reduction. It is believed that the benefits of field reorganization, special training, and emphasis on these more difficult cases, will continue to accrue in fiscal year 1967, that this will permit further reduction both of the number of cases requiring more than 90 days to process and of the end-of-year accumulation of such cases. The objective believed to be attainable in this latter respect is that not more than 25 percent of year-end pending cases be 90 days or more old.

The Supreme Court upheld the Department's position on veterans' rights to severance pay in *Accardi et al.* v. *The Pennsylvania Railroad Company*, February 28, 1966. Though dealing with severance pay, the decision has already had and will have a profound effect upon the veterans' entitlement to other benefits flowing from military service such as vacation, insurance and pension rights.

The work estimated to be required and which will be accomplished with existing staff during fiscal year 1967 is set forth above. The large increase in processing of OVRR Forms 2 and 2(b) is directly attributable to expanded mandatory coverage of the Department of Defense/Department of Labor referral procedure and to some increase in separations from military service. As a result of revised procedures, paper work management improvements, and realignment of duties and responsibilities, we believe the current clerical staffs of Office of Veterans' Reemployment Rights National Office and of Office of Administration and Management will be able to manage the increased work. In addition to reemployment rights, all veterans will be informed of other services and programs available through the Department of Labor and the Veterans Administration.

In fiscal year 1968, approximately the same amount of work in the various categories will be performed as in fiscal year 1967. This assumes—as does the 1967 plan—that full staff capability will be available throughout the year without significant turnover which will require extensive training of new employees.

Every effort will be exerted to process as much as possible of the expected increase in workload without sacrificing quality elements essential to effective service. In this way it may be possible to inhibit somewhat the inevitable increase in backlogs; and by maintaining a high degree of activity in promotion of compliance functions, increases of compliance and complaint cases beyond expected increase levels may be avoided.

Basis for the estimate

The derivation of the workload and the staff to support it have been explained in the narrative above.

In summary, the staff and resources requested are considered the minimum to properly handle:

(a) the reemployment rights problems of the increased number of veterans to be released from the Armed Forces in fiscal year 1968.

(b) the 2,000 complaint cases anticipated, most of which will involve complex issues of rights and benefits after reinstatement, rather than the simpler type of claim for basic reinstatement. (See *Accardi et al.* v. *The Pennsylvania Railroad Company* above.)

(c) the increased demand for technical assistance from employer and labor organizations as a result of the expanded Department of Defense/Department of Labor referral procedure.

Changes for 1968

Mandatory changes amount to: +$9,198.
Program changes: None.

ACTIVITY 5. EXECUTIVE DIRECTION AND ADMINISTRATIVE SERVICES

(1967, $606,800, Pos. 61; 1968, $619,800, Pos. 61)

OFFICE OF THE ADMINISTRATOR

Narrative description of program

The Administrator has been delegated the authority and assigned the responsibility, by the Secretary of Labor, to perform functions of the Secretary in the labor-management relations area, and to provide functional supervision and coordination to all Department programs and activities that bear directly on that field. The Administrator provides overall direction and coordination of the programs of the several offices in the Labor-Management Services Administration and, in all, assures an integrated, balanced and comprehensive labor-management relations program.

Status of program, fiscal years 1967 and 1968

Leadership on behalf of the Secretary will continue to be provided various private and public services to aid in assuring that the most effective use is made of resources throughout the Federal Government which can be brought to bear on any particular labor-management problem of national significance.

The performance of collective bargaining during recent months has indicated that a need may exist for increased alternatives to be available to the President in cases which do not involve a national emergency but which cause major inconvenience to a significant segment of the general public. Emphasis will be given to coordinating studies directed to the development of alternatives which meet current economic and social needs. Where necessary, new legislation or changes to existing legislation will be recommended to achieve this objective.

During the latter part of fiscal year 1966, the President's Advisory Committee on Labor-Management Policy became more active than any other recent time. Recent events in the wage-price sector, the current economic climate, and the President's concern on labor-management matters generally and economic stability particularly, indicate that increasing activity by the Committee will be required in fiscal year 1967 and probably fiscal year 1968 as well. The Administrator of the Labor-Management Services Administration serves as executive secretary of the Committee as directed by the Secretary when serving as Chairman in alternate years. The counsel of the Committee is expected to be an increasingly important ingredient in efforts to improve the climate of labor-management relations and to promote sound principles of economic stability, as

well as in the development and implementation of appropriate policies to achieve those objectives.

Continuing direction will be provided the activities of the Labor-Management Services Administration to insure the coordinated focus of operational capabilities on national needs and improved and effective service to the public. Particular emphasis is being placed on assuring the most effective use of available resources among the great variety of needs, while maintaining at minimum levels necessary to preserve the integrity of the statutes being administered, the services and other functions required or authorized by those laws.

OFFICE OF ADMINISTRATION AND MANAGEMENT

Narrative description of program

This Office provides the Administrator and Office Directors with advice and assistance on matters pertaining to the effective management of program operations; and performs the budget, financial management, personnel management, program and organizational review and evaluation activities, and administrative services functions for the Labor-Management Services Administration.

Status of program, fiscal years 1967 and 1968

Significant steps have been taken in implementing the initial and basic requirements of the Department of Labor Management System, but much remains to be done before a fully effective and understood DMS system is operative. Guidance and technical assistance has been and will continue to be provided program officials in all areas of the system. Particular emphasis is being given to reviewing the appropriateness and adequacy of program structures and related performance data. A particular objective during the current year is to develop a plan of training in DMS by correlation of the various types of training available and the diverse levels and natures of the needs of persons whose duties are appreciably affected by or involved with DMS.

A limited but positive program to attain maximum utilization of employee skills has been initiated and will continue throughout fiscal year 1968 with special emphasis on locating underutilized employees and increasing their effectiveness by all available and appropriate means, including appropriate training. An aggressive recruitment program, with emphasis on locating qualified minority candidates, will be maintained to compete for the limited supply of professionally qualified applicants. Much of the recruitment necessitated by turnover, will be accomplished at entrance levels for placement on career ladders wherever possible.

Fiscal year 1967 will be the first full year of operation of certain personnel functions by the Department's Regional Administrative Offices. Also in the current year, selected fiscal activities are being transferred to Regional Administrative Office responsibility. The novelty of the performance of these activities in the field, the impact on traditional management control processes, and the fact that in each functional area, only a portion of the total responsibilities will be carried out in the field, indicate that national office counterparts will need to give these new programs careful attention and much assistance, as well as performing the traditional role of liaison and interpreter for program and executive managers.

The Records Management Program instituted within the Labor-Management Services Administration will be extended further through (a) review and necessary updating of existing schedules pertaining to retention and disposition of the Office of Veterans' Reemployment Rights and (b) completion and issuance of a functional files classification guide to assist the Labor-Management Services Administration Offices in setting up and maintaining their files in a systematic manner. Emphasis will continue on surveys, studies and other assistance to operating managers to improve management, reduce costs and provide more effective service to the public. Special attention in fiscal year 1967 and fiscal year 1968 will be given to implementation of acceptable and feasible recommendations obtained from the contract management survey of the principal reports processing, control, and paperwork management functions under the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plan Disclosure Act. Further developmental work will be performed on anticipated long-range recommendations growing out of this study, which will be completed early in 1967. Subsequent audits will be made to evaluate effectiveness of new procedures and to determine the need for further revisions.

Changes for 1968

Mandatory changes amount to ..... +$8,855
Program changes: None.

ACTIVITY 3. ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS

Distribution of field staff

	1967			1968		
	Professional	Clerical	Total	Professional	Clerical	Total
Regional offices:						
I New York	4	3	7	4	3	7
II Atlanta	3	3	6	3	3	6
III Chicago	3	2	5	3	2	5
IV Kansas City	3	3	6	3	3	6
V San Francisco	3	2	5	3	2	5
Total regional offices	16	13	29	16	13	29
Area offices:						
Region I:						
New York	22	6	28	22	6	28
Boston	10	3	13	10	3	13
Newark	10	2	12	10	2	12
Philadelphia	10	2	12	10	2	12
Buffalo	7	2	9	7	2	9
Pittsburgh	7	2	9	7	2	9
Washington, D.C.	8	2	10	7	2	9
Region II:						
Atlanta	5	1	6	5	1	6
Nashville	4	1	5	4	1	5
Miami	6	1	7	6	1	7
Santurce, P.R.	3	1	4	3	1	4
Region III:						
Chicago	20	6	26	20	6	26
Minneapolis	4	1	5	4	1	5
Detroit	9	3	12	9	3	12
Cleveland	14	4	18	14	4	18
Region IV:						
Kansas City	6	2	8	6	2	8
Denver	3	1	4	3	1	4
St. Louis	5	1	6	5	1	6
Dallas	6	1	7	6	1	7
New Orleans	5	1	6	5	1	6
Region V:						
San Francisco	10	3	13	10	3	13
Seattle	6	2	8	6	2	8
Los Angeles	9	2	11	9	2	11
Honolulu	1	1	2	1	1	2
Total area offices	190	51	241	189	51	240
Total field staff	206	64	270	205	64	269

THURSDAY, MARCH 9, 1967.

THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

WITNESSES

HAROLD RUSSELL, CHAIRMAN
WILLIAM P. McCAHILL, EXECUTIVE SECRETARY
BERNARD POSNER, DEPUTY EXECUTIVE SECRETARY

BIOGRAPHICAL SKETCHES OF PRINCIPAL WITNESSES

[Reprinted by permission from the January 1966 issue of Current Biography, copyright © 1966, the H. W. Wilson Company. The President's Committee on Employment of the Handicapped, Washington, D.C. 20210]

HAROLD (JOHN) RUSSELL

Through his poignant portrayal of a handless sailor in the post-World War II film *The Best Years of Our Lives*, the handless former Army sergeant Harold Russell became a national symbol of courage in meeting the challenge of disability. He went on to fulfill in his own life the hope his movie role had inspired—by his protest against discrimination, by his success as a businessman, and by his leadership in veterans organizations. As commander of the American Veterans of World War II and as an executive of the World Veterans Federation, he has worked to promote peace and to help all victims of war, both in the United States and abroad.

The rehabilitation of the handicapped has been Russell's particular concern, and his own experience has taught him that rehabilitation must come through providing the handicapped with opportunities for productive activity. In April 1964 President Lyndon B. Johnson appointed him to succeed Major General Melvin J. Maas as chairman of the President's Committee on Employment of the Handicapped. Russell sees his job as one of persuading employers to prove to themselves that it is to their own advantage to hire qualified disabled persons.

A native of Canada, Harold John Russell was born in North Sydney, Nova Scotia on January 14, 1914, one of three sons of Harold and Gertrude (Croucher) Russell. His father, the manager of a local telegraph office, died when Harold was six years old, and shortly afterward the family moved to Cambridge, Massachusetts, where his mother found employment as a nurse. From about the age of ten Harold worked at such odd jobs as car washing and grocery delivery to contribute to the family income. After attending the Merrill and Harvard grammar schools, he entered Rindge Technical High School in Cambridge, from which he graduated in 1933.

Lindbergh's transatlantic flight of 1927 had aroused an enthusiasm for aviation in Russell, and he had hoped that his study at Rindge would lead to his winning a scholarship to the Massachusetts Institute of Technology and becoming an engineer. Disappointed by his inaptitude in science and mathematics, he settled, reluctantly, for working in a grocery chain store, where he advanced from counterman to meat cutter to manager. When the United States entered World War II he enlisted in the Army, and after his induction in February 1942 he went through basic training at Camp Croft in South Carolina. He volunteered for service in the paratroops, attended a demolition school, and became an instructor at a parachute school in Fort Benning, Georgia. During almost two years of teaching he made fifty-one parachute jumps.

On D-Day, June 6, 1944, not in Normandy, but at Camp Mackall, North Carolina, Sergeant Russell suffered the accident that cost him his hands. While he was instructing a demolition squad of the 515th Parachute Infantry Regiment of the 13th Airborne Division, a defective fuse cap unexpectedly exploded a charge of TNT that he was holding. The following day his shattered hands were amputated three inches above the wrist, and later, after being transferred to Walter Reed Hospital in Washington, D.C., he was fitted with prosthetic devices to take the place of his hands.

In his autobiography, written with Victor Rosen, *Victory in My Hands* (Creative Age, 1949), which has been translated into twenty languages, Russell tells about the anguish of his long period of physical and psychological recovery. He writes of his sense of failure regarding his whole life, his decision to accept practical "hooks" rather than comparatively useless plastic hands, his having to

learn all over again to tie his shoes and light a cigarette, and of his dread of facing the outside world. At Walter Reed, through ceaseless practice, he gradually became proficient in the use of his substitute hands and also developed a sense of humor about himself so that later when dining out with friends he would joke that he was able to do everything with his hooks but pick up the dinner check. Eventually, but not easily, he came to realize, as he said in his book, "It is not what you have lost but what you have left that counts."

During his convalescence at Walter Reed, Russell found encouragement in the film *Meet McGonigle*, about a handless World War I veteran who had learned to take a normal place in society despite his handicap. Shortly before his discharge from the hospital Russell was selected for the leading part in a similar film, the twenty-minute Signal Corps motion picture *Diary of a Sergeant*, which was largely a review of his own accident and recovery and an anticipation of his going back to school and beginning a productive life. The film, produced by Julian Blaustein and narrated by Alfred Drake, was widely used in rehabilitation work among amputees.

Some scenes were shot at Boston University, and while on location Russell took the opportunity of enrolling at the School of Business Administration, a step that he had been considering for some time. On January 3, 1945 he was discharged from the Army and about two weeks later began attending classes at Boston University in preparation for a career in advertising. A part-time evening job directing an athletic program for boys at the Cambridge YMCA added $25 a week to his disability check.

Diary of a Sergeant, which was first shown in March 1945, caught the attention of Samuel Goldwyn, who was planning to make a film, *The Best Years of Our Lives*, dealing with problems of veterans' readjustments to civilian life. He persuaded Russell to take a leave of absence from the university in early 1946 and go to Hollywood to play the part of the handless sailor, Homer Parrish. Robert E. Sherwood, who wrote the script, based much of his characterization on Russell's own experiences. The director of the picture, William Wyler, did not try to instruct Russell in the techniques of acting, but instead guided his thinking and feeling and drew from him a performance that Wyler has said was the finest he had ever seen on the screen.

Critics and moviegoers throughout the country shared Wyler's enthusiasm. The morning after the première of *The Best Years of Our Lives* on November 21, 1946, Russell woke up to find himself in "a blaze of glory." At the Academy Award presentation in March of the following year the picture and the people associated with it won eight Oscars. In a demonstration of appreciation unprecedented in motion-picture history, two of the awards were given to Russell, one for the best supporting performance and the other for "bringing aid and comfort to disabled veterans through the medium of motion pictures."

Russell used his fame to champion the cause of the handicapped. In his personal appearance tours to promote *The Best Years of Our Lives* and in his talks before civic and welfare organizations, he also pleaded for betterment in race relations, because he believes that "discrimination is like amputating America's hands." Accepting a position as a representative of the Anti-Defamation League of B'nai B'rith, during 1948–49 he visited forty-six states to address student groups on the subject of racial understanding.

Meanwhile, through his work with the American Veterans of World War II, Russell had joined with other former servicemen in an effort "to promote peace, to preserve America's way of life, and to help veterans help themselves"—the major goals of the organization. In 1948 he became the chairman of the Amvets' national youth opportunity committee, which provided guidance for fledgling citizens. He was elected national commander of the organization in September 1949 and was re-elected by acclaim the following year. He had been the only national commander to serve two terms and in 1960 became the only national commander to serve three terms.

A theme of Russell's speeches during 1960–61 was that the American tradition of "self-determination through revolution" had been stolen by the international Communist movement, which had perverted its use, and he urged Americans to recapture the vigor of its revolutionary past. One of Russell's last acts as Amvets' commander was to sponsor a controversial resolution in August 1961 to have veterans return $250,000,000 in 1962 dividends from GI insurance policies to the government for national defense or space programs. The resolutions as passed by the organization's executive committee put the contribution by the veterans on a voluntary basis.

For more than a decade Russell had been occupied with the problems of veterans on a worldwide scale through the World Veterans Federation, an international organization of veterans' associations that enjoys consultative status with the United Nations. He was among the founders of the WVF, which was organized in Paris in 1950. His Amvets is one of the five United States member groups of the federation, representing some 20,000,000 veterans and war victims through about 160 associations in more than fifty countries. In 1951 Russell became vice-chairman in charge of rehabilitation of the World Veterans Federation and vice-president of the World Veterans Fund, an agency that solicits financial support for the federation in the United States.

As a WVF representative Russell traveled throughout the world in behalf of the rehabilitation of the victims of war and persecution. During 1963, for instance, he made a tour of African countries for the purpose of becoming acquainted with the setup and administration of units for ex-servicemen. To prepare himself for the task of helping to provide rehabilitation centers in neglected areas of Asia and Africa, he had investigated the devices and techniques used in United States hospitals in assisting the handicapped. In 1958 he spent several months in study at the Boston Dispensary's rehabilitation institute.

Since 1948 Russell had also contributed to the national effort to rehabilitate the disabled as a member of the President's Committee on Employment of the Handicapped. President John F. Kennedy appointed him vice-chairman of the committee in 1962, a position, like his Amvets commandership, that took him to all parts of the United States on speaking engagements. During the greater part of his two years as vice-chairman he substituted for the committee's chairman, Maj. General Melvin J. Maas, who was in poor health, representing him at regional meetings and handling similar assignments. Upon the death of Maas in April 1964, President Johnson chose Russell as chairman.

The purpose of the President's Committee on Employment of the Handicapped is to encourage the development of opportunities for qualified disabled persons everywhere in the country, in industry, agriculture, and other occupations. Russell had been insisting for some time that "the purpose of rehabilitation is to get handicapped persons back on the job as quickly as possible," and he reiterated this need in many of his speeches as chairman of the President's committee. In a talk, for example, before the 1964 joint meeting of the American Association for Rehabilitation Therapy, the Association for Physical and Mental Rehabilitation, and the Association of Medical Rehabilitation Directors and Coordinators, he emphasized that "vocational restoration should be the beacon that shines through all our rehabilitation efforts."

Among the other groups that Russell addressed during his first year as chairman of the President's committee were the National Industries for the Blind, the Bulova School of Watchmaking, the Disabled Veterans of America, and the Employment Security Agencies. Before these organizations and earlier before others like the Easter Seal Society, he spoke of the enormity and complexity of a program that covers more than 15,000,000 persons in the United States, the demand for research and training to make the handicapped employable, the need for increased help for the mentally ill, and the need for preventing automobile and industrial accidents. He has persisted in a positive approach, appealing to employers to look for ability rather than disability and to recognize the advantage to themselves of giving work to the handicapped.

Russell serves also as a trustee of the National Society for Crippled Children and Adults, as a member of the executive committee of the International Committee for Economic Growth, and as a member of the board of directors of CARE, of which he is in addition a member of the executive committee. In 1955 he became a board member of the Washington Hospital. Many organizations have honored Russell, among them, the United States Junior Chamber of Commerce, which named him one of the ten outstanding young men of 1949. He holds an honorary Doctor of Oratory degree from the Staley College of the Spoken Word. A Democrat, Russell addressed the National Democratic Convention in Chicago in 1956, but he once remarked that he has been known to cross party lines.

Skilled in public relations by his work for anti-discrimination and veterans groups, Russell opened a public relations firm of his own in Boston in 1958. He later made further use of his training in business administration when he turned to manufacturing and selling speciality items. He is president of Tag-A-Bag Company, which has its principal office in Washington, D.C. and branch offices

in Chicago and St. Louis. The company issues plastic baggage tags carrying $50 insurance protection.

During the filming of *The Best Years of Our Lives*, Harold Russell's childhood sweetheart, Rita, whose last name was also Russell, joined him in Hollywood, where they were married in February 1947. Their children are Jerry (Mrs. Russell's son by an earlier marriage) and a teen-age daughter, Adele. In a recent interview for the New York *Post* (April 23, 1964) Russell said that when his children were younger he beat them at Ping-pong. "But I'm getting too old and lazy for that," he added. "Now they say I'm the best no-handed pool player in the United States." Russell, who likes to eat, is a stocky, brown-haired man. He has an engaging smile and infectious warmth, good humor, and enthusiasm.

REFERENCES

N Y Post p31 Ap 23 '64 por.
N Y Times p68 Ap 19 '64 por.
Performance 14:4 + Je '64 por.
Washington (D.C.) Post A p6 Ap 21 '64.
Peale, Norman Vincent, ed. Guideposts (1948).
Russell, Harold. Victory in My Hands (1949).
Who's Who in America, 1964–65.

WILLIAM P. MCCAHILL

Title: Executive Secretary, President's Committee on Employment of the Handicapped. Committee is voluntary citizen's group working in informational and promotional field to increase job opportunities for qualified mentally and physically handicapped workers.

Work: Associated Press Night Editor, Milwaukee, 1940–41. U. S. Marine Corps, 1941–46. President's Committee, 1947 to present.

School: B.S., M.A., Marquette Univ., 1938, –'40 in Journalism. Editor, student newspaper, track captain, Sigma Delta Chi, Alpha Sigma Nu (all-Jesuit Honor Society), Kappa Tau Alpha. Winner, M. U. College of Journalism By Line Award, member, President's Public Relations Advisory Council and Journalism Dean's P.R. Advisory Committee, M.U.

Military: Colonel, U.S. Marine Corps Reserve; C.O., Public Affairs Unit 4–1, Wash., D.C.; Navy Commendation Metal, WW–II; Treasury Dept. Silver Medal; Public Relations Officer, 1941–46. General Editor, The U.S. Marine Corps Reserve—A History, 1966 (first and only official USMCR history, Gov't. Printing Office.); Author, *Hit the Beach* and *First to Fight*, 1943 and 1947. Exec. Dir. MarCorpsResOffAssn., 1946–53; Vice Pres., '54 for which received "Non Sibi Sed Patriae" National award; Board Member, Marine Corps Assn., Member, MCROA and MarCorps League.

Civic: Member, Disabled American Veterans, Veterans of Foreign Wars, AMVETS, American Legion, Catholic War Veterans(Past Post Cmdr.), Nat'l. Rehab. Assn., Int'l. Assn. of Personnel in Employment Security, American Federation of Gov't. Employees(AFL–CIO), Reserve Officers Assn., Past Chmn. BSA Troop and Pack, St. Agnes, currently Institutional Rep., BSA, St. Agnes. Volunteer for D. C. Div., Amer. Cancer Society, Radio Free Europe Fund, Amer. Red Cross, Fed. Gov't. United Drives.

International: World Commission on Vocational Rehabilitation, ISRD, 1960 to present. Vice Chairman, 1960–63. People to People Committee for the Handicapped, Vice Chairman 1960–63. Chairman, Exec. Comm. 1964 to present.

Personal: Born Marshalltown, Iowa June 29, 1916. Lived in Mason City, Minneapolis, Fort Wayne, Dayton, Milwaukee & Pittsburgh. Resides with wife, Louise G., and 3 children—Mary, Robert and William—in Arlington, Virginia.

Other: Catholic War Vets of Virginia "Catholic Layman of Year Award;" Disabled American Veterans' "Citizen Salute"; "Distinguished Service Award", Dept. of Labor; Goodwill Industries of American National Award; People to People Committee for the Handicapped, "Citation for Exceptional Service"; D.C. Div., American Cancer Society "Distinguished Service Award"; Optimist Award.

Mr. RUSSELL. Mr. Congressman, I appreciate this opportunity to be heard.

GENERAL STATEMENT

I have an 11-page statement here which is a record of our accomplishments. I will not bore the committee at this point by reading it all, but I hope some of you may have some free time and have an opportunity to look it over because I am very proud of the job that the committee has done.

Mr. FLOOD. We are very pleased with this committee, as you know. We have a very high regard for you and for the work that is being done. I am sure we will read it.

(The statement follows:)

BUREAU OF LABOR STANDARDS—SALARIES AND EXPENSES

Mr. Chairman and Members of the Committee, the President's Committee has compiled a proud record of achievement over 20 years: the changing of public attitudes about the capabilities of the handicapped, the promotion of jobs for the mentally retarded and mentally restored, the efforts to eliminate architectural barriers against the handicapped, the mobilization of community forces in behalf of opportunity for the handicapped, and many more.

Last year, many voices were raised urging that the President's Committee be permitted to do far more than at present. The Task Force on Poverty of the United States Chamber of Commerce, the National Rehabilitation Association, the National Society for Crippled Children and Adults, members of Congress and others have stressed the need for stepped-up Committee action to keep pace with stepped-up national programs of rehabilitation of the handicapped.

The Vocational Rehabilitation Administration has received authorization and funds to expand its services tremendously. The Department of Labor's Manpower Development and Training Program is serving growing numbers of the handicapped. The Veterans Administration is moving forward to rehabilitate disabled veterans of the Viet Nam war.

On all fronts, the handicapped are being prepared for employment. The question is, how well can the President's Committee's promotional efforts for jobs match these forward thrusts in training, rehabilitation, and medical advances. We shall do the best we can with the tools at hand.

As the Volunteer Chairman of the President's Committee, I have pointed out that a ceiling on Committee appropriations stands in the way of much necessary expansion.

I have requested to the President that this ceiling be removed, so that the Committee can ask the Congress for funds on the basis of national needs and can develop sound long-range plans. Three times in the last five years Congress has favorably considered legislation to raise the Committee ceiling. One result of such legislative action has been the spectacular promotional progress made in behalf of the mentally retarded and mentally restored. But, Congressional action is time-consuming and we are fast approaching our present $500,000 ceiling.

Representative Shriver has written us that he believed our publication or "promotion" costs "should be much greater in connection with what you are doing." Since we are not able at this time to increase our publication costs to better serve the needs of the handicapped people of America, an Ad Hoc Committee of the President's Committee, made up of leading authorities in the graphic arts, will assess the Committee's publications program to determine its effectiveness, and to suggest possible priorities.

FY 1966 saw an intensification in national efforts to provide jobs for the mentally retarded, with the President's Committee spearheading many of those efforts. Among them: a U.S. Department of Labor grant to the Institute of Industrial Launderers to train and hire 1,000 retarded workers in its 500 laundry plants; another Labor grant to the National Association for Retarded Children to train and hire 1,500 retardates in retail chain stores; a three-year campaign promoting jobs for the retarded by the National Association for Retarded Children; an Employer of the Year awards program sponsored jointly by the National Association for Retarded Children and the President's Committee; a new film on employment of the retarded, available to this Committee at any time; a Federal employment program which has resulted in more than 2,500 retardates

being provided the opportunity to work for their government; similar programs for the retarded in half-a-dozen State merit systems; employers' conferences on employment of the retarded conducted by the President's Committee and universities. In all, we have seen a veritable revolution of opportunity occurring for the mentally retarded. We are proud that the President's Committee has been in the vanguard.

In the field of the mentally restored, the Committee has encouraged mental hospitals and treatment centers to develop closer relationships with employers in their communities, through Employer Committees, special visits for employers and mental health seminars for businessmen. Also, the Committee has published a Guide to Job Placement of the Mentally Restored, first of its kind, which has been in great demand all over the world.

Project Earning Power (PEP), developed by the Women's Committee of the President's Committee in cooperation with the National Society for Crippled Children and Adults, is concerned with upgrading the design, quality and sales appeal of products produced by the seriously handicapped, either in sheltered workshops or at home. The Nation's top designers are taking part in this enterprise, now being tested in three major markets, under grants from the Vocational Rehabilitation Administration and the Department of Labor. This project could be a major contribution to the new Vocational Rehabilitation Administration workshop effort.

The Committee has intensified its efforts to develop greater mobility for the handicapped. So far, 26 States have enacted laws prohibiting architectural barriers against the handicapped in all buildings constructed with State funds; major drive-it-yourself firms have equipped their cars with hand controls for the handicapped; the airlines have eased their restrictions on travel by the handicapped; we have formed an Ad Hoc Transportation Committee to make further gains in mobility for the handicapped, particularly in areas of fast trains, new subways, etc. The ramp around the J. F. Kennedy grave is a direct result of Committee effort as is a planned Statewide Architectural Barriers conference in Alaska and a recently successful one in Hawaii which I had the honor to attend.

Both business and labor have stepped up their activities in behalf of the handicapped at our request. A dozen of the nation's leading businesses joined forces to publish a forceful booklet describing the experiences of business and industry in hiring the handicapped. The AFL–CIO published an excellent pamphlet, "Key to Jobs for the Handicapped," aimed at developing acceptance of the handicapped on the job. The National Association of Manufacturers issued a policy guide for employers. Copies of these materials are in the hands of the members of this Sub-Committee.

Two new Standing Committees got underway during the year: an Education Committee, with the purpose of encouraging greater national opportunities for handicapped school teachers, and an Agricultural Committee designed to promote the cause of the handicapped on farms and in rural areas. A program of community involvement in services to handicapped homemakers was launched with national women's organizations.

The first master list of all sheltered workshops in the nation on addressograph plates was prepared by the President's Committee, both to keep workshops informed of Government training, and prime, and subcontracting opportunities, and, to improve exchange of information between workshops. This was a cooperative effort with NASWHP and the U.S. Department of Labor.

In cooperation with the Department of Defense, a directory (of over 200 sheltered workshops) was prepared and distributed. It was sent to every Defense procurement officer in the nation, as well as large prime contractors. The Directory is designed to help qualified sheltered workshops obtain new, prime, and subcontracting business.

And, of course, the usual President's Committee efforts went on: cooperating with Governors' Committees; conducting mass media promotions; sponsoring employers' conferences; cooperating with labor, women, veterans and international organizations, etc.

As outlined in the FY 1967 Budget Statement and Narrative Description, one major program emphasis will be to strengthen local Committees on Employment of the Handicapped throughout the United States. These local Committees are the front-line troops of efforts to expand opportunities for the handicapped. Surveys have indicated that where effective local Committees exist, job placements of the handicapped have increased dramatically.

To help carry out this objective with no increase in staff cost, a change in staff responsibilities was placed in effect in January, 1967. In the past, five staff members had been visiting the Nation's 53 Governors' Committees to advise, to counsel, and to help in organization of local Committees. Each staff member has covered from 10 to 11 States. During 1967 and beyond, eight staff members will have six or seven States to cover—allowing for (a) more intensive counseling and (b) more time for their major responsibilities here in D.C.—since working with the States is in the nature of an "additional duty" for staff members other than the field operations unit, which has prime responsibility for developing cooperative relationships with the States.

States to be visited by the staff are those which need Committee counseling, advice and encouragement most of all—based on assessments by members of the staff who have traveled extensively throughout the country during the past two or three years.

Another major program emphasis will be a special nationwide "push" for job opportunities for those handicapped persons who need assistance the most—men and women with serious physical and mental disabilities who still suffer from bias and discrimination in their search for jobs: epileptics, the cerebral palsied, those with multiple sclerosis, heart cases, the blind, deaf, those with multiple disabilities, and others.

The initial step was a meeting on November 15, 1966 with officials of more than a dozen national health agencies, to explore with them the means of placing greater stress on employment opportunities for the seriously handicapped. This meeting may well prove a preliminary to a National Conference on Rehabilitation. More immediately, it provided the President's Committee with a blueprint for action in the field of major disability groups working closely with the National Health Council. We envision a long-range project of intensified effort—perhaps a five-year dynamic program similar to our special activities in behalf of the mentally restored and mentally retarded.

A third new program emphasis for calendar 1967 and beyond will be the enlistment of major trade associations in projects promoting jobs for the handicapped among their members. This would be an activity similar to the Institute of Industrial Launderers' current program of hiring 1,000 mentally retarded workers in its 500-member plants throughout the country. Components of the trade association project would hopefully include a drive for formal, written policy statements by employers favoring jobs for the handicapped, employer conferences or clinics; and special demonstration projects by employers.

In the projects with health agencies and trade associations, plans will be coordinated at State and local levels to provide for actual participation by Governors' and local Committees on Employment of the Handicapped.

Still another area of interest will be that of workmen's compensation. It is being reviewed by our Employer, Labor and Workmen's Compensation Standing Committees to determine the proper role, if any, of the President's Committee in this field. Recent Congressional interest by the Subcommittee on Reorganization of the Senate Committee on Government Operations and by our own Congressional Appropriations Sub-Committee indicate that workmen's compensation may be in need of increased Committee attention.

A Rural Areas Subcommittee is working on a Reference Guide related to services and facilities for handicapped in rural areas. This is primarily for use by Department of Agriculture Extension Agents, but will be compiled so as to have general use and application.

The Education Subcommittee has initiated, with the National Education Association, a proposal for research studies of training and employment opportunities for the handicapped in the field of education. Funding is being requested from VRA. In addition, the member associations of NEA are being contacted relative to adoption of prepared resolutions supporting training and employment of the handicapped. Many such resolutions have already received favorable action at educational conventions.

The Veterans Employment Service has aided us in publishing a new Guide to National Parks and Monuments for Handicapped Tourists, which President Johnson has praised as the first of its kind.

Minnesota Mining and Manufacturing Company has developed a Community Business Service Associates plan, which has already afforded self-employment to physically handicapped in about 12 States and which the Committee on Disabled Veterans sees eventually involvir g the veterans' organizations in all States. A new 16mm, 30-minute documentary, produced by TV's STATUS 6 and now being seen nationally, will be available to veterans' posts and chapters in connec-

tion with CBSA as a local opportunity to assist disabled veterans to become self-supporting businessmen. CBSA involves the President's Committee, the VA, VRA, State Vocational Rehabilitation Agencies, and Minnesota Mining in this effort at the community level.

Spokesmen for the veterans' organizations have indicated to us that the war on poverty is diverting staff, time, money and public attention from the disabled veteran and the handicapped and focusing it on youth, education, juvenile delinquency, etc. We are reviewing this situation so that the disabled veteran and handicapped civilian receive all available services.

Several prominent cartoonists of America have stepped up their support for employment of the handicapped. Following meetings in Washington, Chairman Allen Saunders (Mary Worth) made a mailing to each of the famed cartoonists comprising his Committee. This has brought forth another "hire disabled veteran" cartoon starring "Beetle Bailey." Likewise, a mailing by the Advertising Council of a cartoon piece to 3,000 magazine editors featured hire-the-handicapped art messages by Al Capp, Mort Walker, and Milton Caniff. The Wisconsin Governor's Committee has supplied some of these cartoon messages to dairies for hire-the-handicapped messages on milk cartons.

Our staff is working closely with the National Institutes on Rehabilitation and Health Services on several statewide labor meetings already held in three mid-west states and on two more to come, in Maine and Vermont.

Additionally, we shall maintain and increase the emphasis on programs in which we have been engaged for many years. We intend to progress beyond the planning states of the new Agriculture and Education Committees, and to move into phase two of Project Earning Power in cooperation with Labor and VRA, as one of our major contributions to the sheltered workshop movement. We will follow up on the emphasis upon the vocational aspects of rehabilitation resulting from the 10th World Congress of the International Society for the Rehabilitation of the Disabled last Fall and ILO's increased activity in this field, which was stimulated in part by this Committee.

The major thrusts for FY 1968 will be in the areas of educational and promotional activity of the President's Committee. Included will be intensification of the three major projects of FY 1967, as they move further along; a major revision of Committee publications and public relations emphasis in keeping with national needs; and the following tentative plans:

To endeavor to direct a promotional campaign to the handicapped themselves, stressing their need to be well-trained and well-prepared for employment;

To plan another campaign in cooperation with those who serve the handicapped so that handicapped men and women will be better informed of available rehabilitation, training and placement services in their communities;

To attempt to develop interest in a research project to study whether employed handicapped workers are working to their capacities or are underemployed, as is the current belief;

To endeavor to interest The Advertising Council on adopting the project of promoting jobs for the seriously handicapped. This campaign would be a logical follow-up to the present Advertising Council campaign in behalf of greater public understanding of mental retardation; and

Finally, to carry on previous activities as required—to decrease emphasis where the facts indicate lessened need or where the States and communities are stepping up their own activities; to increase emphasis in those areas dictated by the times, including international exchanges of information and increased liaison with visiting public officials and private citizens from foreign countries referred to us by various Federal and private agencies.

The President's budget for this Committee calls for $462,300, an increase of $2,500 for mandatory increases only.

SUMMARY OF GENERAL STATEMENT

Mr. RUSSELL. As voluntary Chairman of the Committee, I can't help but pay tribute to the wonderful and dedicated staff we have. I say that in all sincerity because these people work many hours and do outstanding work in this field of employment of the handicapped, and also in the general field of rehabilitation.

I will condense my statement and try to hurry through as fast as I can.

I am very happy, as voluntary chairman of the President's Committee, to make this presentation.

I have pointed out that one of our difficulties is this ceiling that we have on Committee appropriations, which stands in the way of much necessary expansion.

I requested just recently of the President that this ceiling be removed so that the Committee can ask for funds on the basis of national need and can develop sound, long-range plans. Three times in the last 5 years, Congress has favorably considered legislation to raise our Committee ceiling. One result of such legislation has been the spectacular progress—and it has been certainly spectacular—made in behalf of the employment of the mentally retarded and the mentally restored. But, as we all recognize, congressional action is time consuming and we actually are fast approaching our present $500,000 ceiling.

As outlined in our fiscal year budget of 1967 in a statement and narrative description, our major program emphasis in the future, and has been in the last year, will be to strengthen our local committees on the employment of the handicapped throughout the United States.

Mr. FLOOD. Where are you now?

PUBLICATIONS PROGRAM

Mr. RUSSELL. I am on page 6, sir. The second paragraph.

Mr. FLOOD. I am concerned with Mr. Shriver's letter to you.

Mr. RUSSELL. Mr. Shriver pointed out that one of the things we should do, and we concur with this, is the expansion of our publications. We do send out a lot of publications and, I might add, we have a lot of kind friends who pay for some of our publications that go out that don't come out of Committee funds, some of our Labor friends and some of our friends in the business community. He believes, and we concur heartily, that our promotion costs should be greater in connection with what we are doing.

Mr. FLOOD. May I suggest this, that due to the fact Mr. Shriver is a member of this subcommittee, that for the record you develop that point in connection with his letter at your convenience.

Mr. RUSSELL. He believes that our publication and promotion costs should be much greater in connection with what we are doing.

Since we are not at this time able, because of budgetary problems, to increase our publication costs to better serve the needs of handicapped people in America, we have had an ad hoc committee of the President's Committee made up of leading authorities in the graphic arts who have started and will continue to assess all our publications and attempt to get more out of them.

We hope in the near future to have more budget so that we can even increase the number of publications and even the quality of them, which has been excellent.

I just mention this in passing as one of our basic problems in the sense of our budget.

STRENGTHENING LOCAL COMMITTEES

As I pointed out, we also want to strengthen our local committees because the problem of employment of the handicapped—yes, even rehabilitation—is on the local level. This is where the employers and handicapped people are. We have found that where we have larger and better and more qualified community committees or local committees, mayors' committees, as you call them, there is more of an opportunity for communication between the handicapped people and between the employers and between the rehabilitation people, and the program is much more effective.

One of our major efforts is to get down to the local levels and localities and increase the quality and strength of our local committees and we are working on this.

To carry out this objective, we have changed our staff responsibilities so we now have almost all members of the staff responsible for six or seven States. One of the major efforts will be to get these people out to the Governors' committees in the various States to counsel and work and advise with the Governors' committees and in a sense increase the quality and the number of our local committees.

SPECIAL EMPHASIS ON SEVERELY HANDICAPPED

Now, another major program emphasis will be a special nationwide push for job opportunities for these handicapped people who need assistance the most. These are the people who have severe physical and mental disabilities and who suffer from bias and discrimination in a search for jobs. The epileptics, cerebral palsied, those with multiple sclerosis, heart diseases, the blind, deaf, those multiple disabilities and others.

We started out by having a meeting on November 15, 1966, with officials of more than a dozen national health agencies. I think this is the first time that this has ever happened. It is to explore with them the possibilities of placing more stress on the employment of these severely handicapped people because these are the ones who suffer today as a result of lack of knowledge of their abilities by employers and other people.

This meeting was very very successful and may prove a preliminary to what we hope will be a national conference on rehabilitation. But it provided us with a blueprint for action in the field of major disability groups working closely with the National Health Council. We envision a long-range program of intensified effort, perhaps maybe a rather dynamic program similar to our special activities on the part of the mentally retarded. So the point remains that this is the hard core of the people that really need attention the most, the ones that have been often neglected in the past in the field of habilitation and the field of employment. We are attempting to reach these people, to work with their national organizations, to attempt to get them to take the training necessary and attempt to get the employers to employ the qualified and several handicapped people.

TRADE ASSOCIATION PROJECTS

Our third program emphasis for the calendar year 1967 will be the enlistment of major trade associations in projects promoting jobs for the handicapped. This will be an activity similar to the Institute of Industrial Launderers program that has been going on for a year of hiring a thousand mentally retarded workers in their plants throughout the country. This has been very successful and is still going on to get these mentally retarded people hired by the industrial laundries throughout the country. This is the kind of thing we envision among the various trade associations to at least get them to understand the possibilities that exist for employment among qualified handicapped people. This will be one of our major emphases and will continue.

EDUCATIONAL AND PROMOTIONAL ACTIVITIES

Finally, the major thrust for the fiscal year 1968 will be the area of educational and promotional activities of the President's Committee. This has always been our area and one that we will intensify even more. We will endeavor to direct the promotional program to the handicapped themselves. Right now with a tight labor market there are many handicapped people that could work if they had the rehabilitation and training opportunities. We are directing a campaign to them, to stress that they need to be well trained and they need to be well prepared for employment. This will be a major effort through our 600 organizations that are part of the President's Committee. To plan another campaign in cooperation with those who serve the handicapped so that the handicapped members will be better informed of available rehabilitation, training, and placement services in their community.. Interestingly enough, in this great Nation of ours with its wonderful fields of communication, we find there are many handicapped people who really do not know where to go to take advantage of the available opportunities and facilities. I think this is a necessary thing.

Mr. FLOOD. This is not only true of the handicapped; it is true of everybody.

Mr. RUSSELL. That is right, sir. There are a lot of organizations, and rightly so, working in this. I think the more we can get the handicapped motivated and informed where they can receive the necessary training and equipment they need, the better off we will all be.

Mr. FLOOD. What about this business of having some poor fellow or woman who is handicapped going into one of these offices? I would imagine there is a mental problem or mental block even for some people who are not handicapped. A lot of people just do not like to go to these glass-and-brass offices and walk into these rooms with all these desks and people. That is a bad problem.

Mr. RUSSELL. It is a problem.

Mr. FLOOD. They are gun shy. You cannot get them in there.

PUBLIC ACCEPTANCE OF THE HANDICAPPED

Mr. RUSSELL. It is a problem; and sometimes it is not a question of a person going to work, it is preparing his mind for work. There is a terrible problem confronting him the first time going into these

offices, mingling with people and being part of this thing. I think it is all part of this program of education. It is a difficult one. I might say this, Mr. Chairman, I think the American people generally are ready to accept handicapped people as they never have before.

Mr. FLOOD. This is right.

Mr. RUSSELL. Due to increased interest in television and radio. I think it is true that no longer are there stares and no longer is there the kind of bias we knew in the past. I think gradually more and more they are accepting the fact that millions of their fellow citizens are handicapped in one way or another. This is still a problem of motivating the handicapped person, not only for work itself, but regarding acceptance by people and being part of the community. This is the kind of thing we hope we will be doing. We hope to develop interest in a research project to study whether employed handicapped people, those now on the job, are working to their capabilities or are underemployed.

I think we have reason to believe this is true in many cases, many of our handicapped people are underemployed, and placed in menial jobs where with a little help and interest and understanding they could be at least uplifted as far as their present employment is concerned.

COOPERATIVE PROGRAMS WITH ADVERTISING COUNCIL

Finally, to endeavor to interest the advertising council in adopting the project of promoting jobs for the seriously handicapped. As I said before this is one of our major problems, because many of these people could work, but they need training. They certainly need to be understood by the employer. If they are placed in the proper job and they are qualified they can do that job. This kind of campaign through the advertising council would be a logical followup to the present advertising council campaign.

Mr. FLOOD. What is the advertising council?

Mr. RUSSELL. It is a national public service organization that takes various programs and promotes them through billboards, subway billboards, subway placards and various advertising media.

Mr. FLOOD. A professional outfit?

Mr. RUSSELL. Yes. They have been very kind. We have had some wonderful cooperative programs with them. We hope we will interest them in this program of employment of the really seriously handicapped people. We have reason to believe they will cooperate in that program.

Finally, as we said before, to carry on our previous activities as we have from time to time, to decrease emphasis where facts indicate a lesser need and where the States and communities are stepping up their own activities, and to increase emphasis in those areas dictated by the time, including our international exchange of information, and increased liaison with visiting public officials and private citizens of foreign countries. Our budget this year calls for $462,300, which is an increase of $2,500, which is mandatory increases only.

Mr. FLOOD. We have come a long way from when you used to tie them up in the attic to the old bedpost.

Mr. RUSSELL. That is right, sir.

I think we have made great progress. I still think there is a lot to do.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. Mr. Russell, this is an appropriations committee. In 1966 you had $373,000. In 1967, you had $460,000. In 1968 you are requesting $462,000. You are catching up to us.

Mr. RUSSELL. We are close to our ceiling, as a matter of fact, Mr. Chairman. We are so close it is not funny. This is one of our problems, with the needs today and increased emphasis on rehabilitation in all these programs, actually as Congressman Shriver said, I really think we will have most of our raises in the form of personal compensation and not in programs, unfortunately.

Mr. FLOOD. You will not get many more people for that $2,000.

Mr. RUSSELL. This is all mandatory, I think.

Mr. FLOOD. I have nothing further, Mr. Russell.

Mr. Natcher?

Mr. NATCHER. No questions.

Mr. FLOOD. Mr. Smith.

STATE MATCHING FUNDS

Mr. SMITH. To what extent are States failing to match Federal grant-in-aid funds for the handicapped?

Mr. RUSSELL. It depends upon the State. It depends upon the kind of knowledge, the kind of leadership you have in the States.

Mr. SMITH. Are a lot of States failing to do so or just a few?

Mr. RUSSELL. I think about 18 are doing a fine job and the others to various degrees are fair to poor.

Mr. SMITH. Does your job include trying to secure more information, that the States are not taking advantage of Federal programs?

Mr. RUSSELL. Yes, sir. We work closely through Governors' committees and they theoretically work with the mayors or local community committees. Our job is one of information, one of inspiration, of trying to get them actually to do the job with our help and cooperation.

Mr. FLOOD. How is Pennsylvania?

Mr. RUSSELL. I wish we had 50 States like Pennsylvania. I have been there many times, it is an outstanding State.

Mr. SMITH. There has been improvement in Iowa because it came from zero 3 or 4 years ago—how it it now?

Mr. MCCAHILL. Iowa is much improved. They have a full-time executive secretary.

Mr. SMITH. Iowa still has a ways to go.

Mr. MCCAHILL. Yes, sir. I would like to say at the first line under Pennsylvania where we have a confidential report it says "this is one of the best Governors' committees in the Nation."

Mr. RUSSELL. This is very true.

Mr. MCCAHILL. We do have a report on each of the States which we prepare for the Chairman and then the Chairman makes a decision as to which States we should place the major staff emphasis in being available to help the States.

Mr. FLOOD. This condition of mental retarded or physically handicapped is not peculiar to any State or locality or section. It is not sectional or parochial. It is pretty well spread all over for obvious reasons.

Mr. RUSSELL. Absolutely.

Mr. MCCAHILL. We do find that among the poor, among the socially handicapped, the incidence of disability is higher. It is perceptibly

higher. I guess public health has a lot to do. In Kentucky we have a new chairman, and Kentucky certainly is going to come along real fast. I had a call from him last week and they are off and running with the new Governor's committee. As far as Texas is concerned, Lawrence Melton is still the chairman and Texas is one of the hallmarks of the whole national program in the employment of the handicapped. Texas has been a great bulwark through the years.

Mr. RUSSELL. Larry Melton is a fine chairman and has done a fine job there.

Mr. SMITH. That is all I have, Mr. Chairman.

Mr. FLOOD. Mr. Casey.

RECOGNITION FOR PUBLIC SERVICE GROUPS

Mr. CASEY. Do you have any little citations or some way of recognizing a group that does a specific act of furthering your program?

Mr. RUSSELL. Yes, we do, sir.

Mr. CASEY. The reason I ask is that we had a handicapped boy from Houston who finished law school and came up here. He got a job, but he left his family and he had no one up here. He came to my office and when he came to my office he had gone to stay on 16th Street someplace, and the job he received was not a very high paying job, and he came in to see me because they were charging him more to look after him out there than he was earning. The little hotel or whatever it was—he had just been here a couple of weeks or so—the bellboy was nicking him I don't know how much a week, to put him in and out of bed. He could not get to work on time because he could not get a cab. They would not just stop for a man in the wheelchair to lift him in and out in the rush hour when they could get all the passengers they wanted. He could not get the cab to agree to bring him. It was getting to be a problem. He said, "I guess I will have to go home". One of my secretaries got hold of one of the local service organizations here who took that on as a project and as far as I know they worked out something for the boy. They found him a better place to live and also someone who would bring him to work as well as someone that would kind of look after him.

Mr. MCCAHILL. We have been working with that man and the last thing that was done was to arrange for a carpool for him to get him to and from the Labor Department.

Mr. CASEY. The service clubs also did some work. I think they ought to be stimulated to do more by giving them some sort of recognition, whether it is a certificate or whatever it is.

People like recognition for their good deeds even though they should not require it. I think it would stimulate them maybe to take a more active part in your activities.

Mr. RUSSELL. This is one of the major parts of the program.

Mr. CASEY. You know of the case I am talking about?

Mr. MCCAHILL. Amos Wade; yes, sir.

Mr. CASEY. He was getting awfully discouraged and they were really taking advantage of him out there.

JOHN E. FOGARTY PUBLIC PERSONNEL AWARD

Mr. RUSSELL. This is very discouraging. I might add in another vein, Mr. Chairman and members of the committee, that we have a public personnel award that we give each year.

We have changed the name of it with the permission of Congressman Fogarty's family to the John E. Fogarty Public Personnel Award which will be given the first time this year in honor of what Congressman Fogarty has done for rehabilitation.

Mr. FLOOD. That is excellent.

Mr. CASEY. I have no more questions, Mr. Chairman.

Mr. MCCAHILL. I might say in this little folder are the latest brochures that the committee has put out, some with our appropriations and some with other people's.

We brought one for each Congressman on the committee.

Mr. RUSSELL. Here is one I am proud of; this is the National Guide to the National Parks and Monuments for the Handicapped People. The President has been kind enough to say it is the first of its kind.

Mr. FLOOD. The staff will see that each member of the subcommittee has one. It is obviously of considerable interest.

Mr. RUSSELL. We thank you very much.

THURSDAY, MARCH 9, 1967.

BUREAU OF INTERNATIONAL LABOR AFFAIRS

WITNESSES

GEORGE L. P. WEAVER, ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS
HARRY WEISS, DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS
HERBERT N. BLACKMAN, DEPUTY ADMINISTRATOR
PAUL K. PASCHKE, DIRECTOR, DIVISION OF ADMINISTRATION AND MANAGEMENT
MYRTICE M. GOODWIN, BUDGET OFFICER, DIVISION OF ADMINISTRATION AND MANAGEMENT

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	803	973	1,007
11.3	Positions other than permanent	14	18	22
11.5	Other personnel compensation	6	5	5
	Total personnel compensation	823	996	1,034
12.0	Personnel benefits	48	75	78
13.0	Benefits for former personnel	5	5	5
21.0	Travel and transportation of persons	23	64	70
23.0	Rent, communications, and utilities	22	32	32
24.0	Printing and reproduction	17	20	23
25.1	Other services	41	64	95
25.2	Services of other agencies	38	49	99
26.0	Supplies and materials	17	24	24
31.0	Equipment	12	12	3
99.0	Total obligations	1,046	1,341	1,463

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	85	93	98
Average number of all employees	75	83	88
Average GS grade	9.6	9.9	9.9
Average GS salary	$10,882	$11,316	$11,435

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. International organizations affairs	136	147	150
	2. Foreign labor policy development	260	270	375
	3. Labor and manpower technical services	114	120	123
	4. Trade negotiations and economic policy development	241	462	467
	5. Administration and management services	267	342	348
	Total program costs, funded	1,018	1,341	1,463
	Change in selected resources [1]	28		
10	Total obligations	1,046	1,341	1,463
	Financing:			
16	Comparative transfer to/from other accounts	9	−91	
25	Unobligated balance lapsing	164		
	New obligational authority	1,219	1,250	1,463
	New obligational authority:			
40	Appropriation	1,204	1,230	1,463
42	Transferred from "Unemployment compensation for Federal employees and ex-servicemen" (Public Law 89-426)	15		
43	Appropriation (adjusted)	1,219	1,230	1,463
46	Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for civilian pay act increases		20	
	Relation of obligations to expenditures:			
10	Total obligations	1,046	1,341	1,463
70	Receipts and other offsets (items 11-17)	9	−91	
71	Obligations affecting expenditures	1,055	1,250	1,463
72	Obligated balance, start of year	48	57	68
74	Obligated balance, end of year	−57	−68	−136
77	Adjustments in expired accounts	−15		
90	Expenditures	1,031	1,239	1,395

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $4 thousand (1966 adjustments, −$4 thousand); 1966, $28 thousand; 1967, $28 thousand; 1968, $28 thousand.

Special Foreign Currency Program

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
10	Labor attaché conferences (costs—obligations)		75	75
	Financing:			
40	New obligational authority (appropriation)		75	75
	Relation of obligations to expenditures:			
71	Total obligations (affecting expenditures)		75	75
72	Obligated balance, start of year			3
74	Obligated balance, end of year		−3	−5
90	Expenditures		72	73

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

On July 21, 1961, the late President Kennedy appointed George L–P Weaver Assistant Secretary of Labor for International Affairs. From January 7, 1961, until then he had served as Special Assistant to the then Secretary of Labor Arthur J. Goldberg.

Mr. Weaver was born May 18, 1912, in Pittsburgh; received his elementary and secondary schooling in Dayton, Ohio, and attended the YMCA School in Chicago (now Roosevelt University) and Howard University Law School in Washington, D.C. He was married in 1941 to Mary S. Weaver. He has spent almost his entire working life in the labor movement, gaining intensive experience as an administrator in the field of civil rights and international labor.

Mr. Weaver went to work for the Congress of Industrial Organizations in 1941 as a member of the War Relief Committee. In 1942 he was named assistant to the CIO's Secretary-Treasurer and Director of the CIO Civil Rights Committee, serving in both capacities until the AFL–CIO merger in 1955. After the merger he was appointed executive secretary of the AFL–CIO Civil Rights Committee. In 1958 he became assistant to the president of the International Union of Electrical, Radio and Machine Workers from which post he directed the IUE's political education program and International Labor Affairs program.

Mr. Weaver took several leaves of absence for special assignments in the U.S. Government and the International Confederation of Free Trade Unions. In October 1950 he was named Special Assistant to the Chairman of the National Security Resources Board. In 1951 he joined the Reconstruction Finance Corporation, where he helped in its reorganization.

During the mid 1950's, he served on several missions to the Far East and Southeast Asia to work on labor problems for the ICFTU. He also attended the 1957 and 1958 Conferences of the International Labor Organization in Geneva, Switzerland, as an American worker adviser.

As Assistant Secretary of Labor for International Affairs, Mr. Weaver is the U.S. Government representative on the Governing Body of the International Labor Organization, and is chairman of the U.S. delegation to the annual ILO Conference at Geneva.

In 1961 Mr. Weaver was awarded the Eleanor Roosevelt Key for outstanding service to the world community. This award is the highest single award given to alumni of Roosevelt University in Chicago.

In June of 1962 Mr. Weaver was awarded an honorary degree of Doctor of Laws from Howard University in Washington, D.C.

In 1963 Mr. Weaver became the first American to be presented with the Malayan honorary award of the Panglima Mangku Megara which he received personally from the Malayan Head of State at a special investiture ceremony in Kula Lumpur.

A life member of the NAACP, as well as having membership in several clubs and fraternities, Mr. Weaver resides in Washington, D.C.

Mr. FLOOD. We are very pleased to have with us Mr. George Weaver, who is Assistant Secretary of Labor for International Affairs. That is a rather imposing title and so is the subject. You look as though you might know something about it. Now let us find out if you do. You have two statements, I presume?

Mr. WEAVER. Yes, sir.

GENERAL STATEMENT

Mr. FLOOD. Our practice now because of our new committee members is to read the statements.

Mr. WEAVER. Thank you, Mr. Chairman and members of the committee.

I am pleased to have the opportunity to again present the international labor program of the Department of Labor for 1968.

Mr. Chairman, I have the responsibility within the Department of Labor for policy guidance and coordination of all Department activities related to international labor affairs. For 1968, the Bureau of In-

ternational Labor Affairs' request totals $1,463,000 and 98 positions. This total represents a net increase of $122,000 over the adjusted estimate for 1967 of $1,341,000.

The increase is mainly for a new program concerned with the labor management relations of U.S. firms overseas.

Mr. FLOOD. What do you mean by overseas; literally overseas anyplace?

Mr. WEAVER. The program is designed for the American corporations that are operating overseas.

Mr. FLOOD. Any place?

Mr. WEAVER. Any place overseas; yes sir.

The Secretary and I consider this new program to be a matter of urgency for the United States. I will discuss it in detail later in this statement. The adjusted estimate for 1967, in turn, represents a net increase of $111,000 over the 1967 appropriation. Almost all of this latter increase is a transfer of the appropriation for trade adjustment assistance from the Bureau of Employment Security appropriation for 1967.

OVERALL ECONOMIC POLICY

The first area I would like to discuss concerns our overall foreign economic policy and its domestic implications in the labor area with particular reference to trade negotiations, the long-term cotton textile arrangement, and trade adjustment assistance.

The Trade Expansion Act of 1962 contains the basic trade policy of the United States. The statute seeks to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor. The Secretary of Labor is assigned specific responsibilities under sections 222 and 242 and title III of the act.

KENNEDY ROUND OF TRADE NEGOTIATIONS

The Kennedy round of tariffs and trade negotiations has been the principal governmental activity under the Trade Expansion Act. It was undertaken by the United States out of the conviction that a reciprocal, worldwide reduction of barriers to expanded trade would benefit the American economy, promote employment opportunities, and contribute to an improved international climate. Throughout the negotiation, the United States has given major emphasis to proposals which would result in increased American exports and maximize benefits to American workers.

The Department of Labor has had the particular responsibility for providing advice as to the impact on employment, on labor standards, and on relatively depressed areas of the United States of changes in the tariff and trade structure here and abroad.

Mr. FLOOD. Relatively depressed areas. Why not depressed areas? There is a matter of degree?

Mr. WEAVER. Yes; a matter of degree.

The Kennedy round is now in its final stages and it is our expectation that it will be concluded in the spring of this year. That is the schedule which has been agreed by all participants. From the viewpoint of the United States, there is urgency in this schedule since the President's authority to reduce tariffs expires at the end of June 1967.

(The provisions of the Trade Expansion Act relating for example to adjustment assistance, national security, and orderly marketing arrangements—remain in force.) Other countries share our sense of urgency about the Kennedy round.

Mr. FLOOD. Are you sure of that?

Mr. WEAVER. This is the impression one gets. I was in Geneva last week. I think it is defensible and reasonable to say that particularly the Common Market countries now have a sense of urgency that was not present last year.

Mr. FLOOD. It is a little late.

Mr. WEAVER. It is a little late, but we have also experienced that the Common Market not only on trade questions but most questions negotiates and arrives as decisions under a sense of urgency.

I think part of this is the still difficult period they are going through and in arriving at decisions, among the six member countries.

Mr. FLOOD. The Common Market people?

Mr. WEAVER. Yes, the Common Market countries.

Mr. FLOOD. What about the other trade groups?

Mr. WEAVER. There has been for some time, my impression, a greater sense of urgency and realism on the part of the other trading parties.

I should say that the bold, imaginative concept of a 50-percent across-the-board reduction in trade barriers will not be achieved. But a significant reduction in many areas appears likely. The key problem in the Kennedy round for us has been to insure expanded access to the European Economic Community (the Common Market) for U.S. industrial and agricultural goods. For its part, the European Economic Community struggling with the many complex internal problems relating to the integration of the economies of six countries, has found it difficult to arrive at common decisions in the trade field.

In the final stages of the Kennedy round, the United States will be making a critical examination of the offers of its major trading partners and will tailor its own final offers to assure that reciprocity and mutual benefits have been achieved. The Labor Department has assigned a senior staff expert to the Kennedy round delegation in Geneva and the Department's Washington staff, from all bureaus, is assisting in the analysis of the employment impact of proposed offers of the United States and other countries.

Looking towards fiscal year 1968 and the tariff reductions which may come in force then, it is reasonable to anticipate that there will be increased activity with respect to escape clause requests and other adjustment assistance. We are aware that thus far there have been no petitions approved under the provisions of the Trade Expansion Act relating to adjustment assistance for firms or groups of workers. It is generally recognized that the standards with respect to firms and workers have proved to be more rigid than was intended. A good case can be made for changes in those standards, and we expect that proposals along these lines will be given consideration later this year.

Mr. FLOOD. By whom?

Mr. WEAVER. By Congress. We are hopeful, or at least the present plan of the administration is to present amendments in the trade adjustment provisions of the Trade Expansion Act.

Mr. FLOOD. Asking for what?

Mr. WEAVER. Asking for a more liberal definition on adjustment assistance somewhat comparable to the adjustment assistance provisions in the Automotive Products Trade Act of 1965 which we administer, and we have been able to administer it much more successfully.

Mr. LAIRD. How many times have you used that?

Mr. WEAVER. We have approved four cases and seven are pending. The experience under the Canadian agreement I think has been very favorable.

Mr. FLOOD. That is going down, and down, is it not?

Mr. WEAVER. We think this is one of the reasons for the upsurge of increasing cases. We have seven pending applications. We have only had to act on four since the legislation has been in effect.

U.N. CONFERENCE ON TRADE AND DEVELOPMENT

The achievement of an adequate rate of self-sustaining growth in the less-developed countries is among the world's most pressing economic problems. It spills over into all of the political and economic organizations of the world from the United Nations Conference on Trade and Development (UNCTAD) to the International Labor Organization. Trade, along with aid, is a key element in achieving this goal and in creating world stability. In practical terms trade means increased access to the markets of the industrialized countries. The conditions of this access will be a major theme of the second United Nations Conference on Trade and Development now scheduled for the spring of 1968. The preparation for this Conference, the creative planning for the U.S. response to the real needs of the developing countries will be an important activity during fiscal year 1968.

In approaching this problem, we must also bear in mind that increased imports from developing countries, where labor costs are lower, may, in some cases, bring actual or threatened disruption to markets in the United States. Textiles is a case in point.

In the textile area, we have a multilateral long-term cotton textile arrangement (LTA) which provides for orderly growth of trade in cotton textiles in a manner which avoids disruption of the U.S. market. Almost all of our cotton textile imports are controlled under this arrangement, which we anticipate will be extended to run through September 1970. Some 20 bilateral agreements have been negotiated under the long-term cotton textile arrangement and a very high level of negotiating activity is expected to continue into the foreseeable future.

Mr. FLOOD. It is voluntary?

Mr. WEAVER. Yes, the agreements are voluntary rather than our Government setting quotas.

The Department of Labor is a major participant in the interagency committees which conduct this program, since some 2.5 million U.S. workers are employed in the textile and apparel industries. A management-labor advisory committee on which all the textile trade unions are represented meets regularly with the interagency committees to provide advice on the program.

The growth of imports of wool textiles and manmade fiber textiles poses problems which are currently being given the most intensive consideration.

AUTOMOTIVE PRODUCTS TRADE ACT OF 1965

The Automotive Products Trade Act of 1965 has provided an opportunity to demonstrate that adjustment assistance can work effectively to deal with particular cases of dislocation. The standards for determining eligibility for adjustment assistance are different in the Automotive Products Act from those in the Trade Expansion Act. The three-man Automotive Adjustment Assistance Board, chaired by the Secretary of Labor, has received and acted favorably upon four petitions filed on behalf of approximately 1,600 U.S. workers. A number of additional cases are now pending. In fiscal year 1968 the workload is expected to increase, as the process of rationalization continues and the forecasted decrease in automobile sales materializes.

LABOR-MANAGEMENT RELATIONS OVERSEAS

Mr. Chairman, I now would like to turn to an item representing the expansion of our program for 1968. Our request for $100,000 would provide five additional positions in the Bureau of International Labor Affairs to assist in the improvement of labor-management relations of U.S. firms overseas. A few statistics would tend to establish the scope of the problem. Approximately 9,000 foreign business enterprises overseas are controlled by U.S. corporations. Approximately 3,400,000 foreign nationals are employed in these enterprises and about 750,000 of these are located in developing countries. Here is a vital point of contact with peoples in other nations. In the mind of the worker, the entire "image" of the United States may come into focus in the business enterprise in which he is employed. Unfortunately, the foreign worker's reaction to the U.S. enterprise is not always good. Exploitation by anti-U.S. elements overseas of problems in the area of labor-management relations to the disadvantage of the United States are all too common.

An interagency group composed of the Departments of Labor, Commerce, and State and the Agency for International Development, jointly made a study to determine causes of reported labor-management difficulties of U.S. employers in developing countries. Out of this study, it was agreed that the Department of Labor should develop an action program in collaboration with the Departments of State and Commerce.

Our initial request is primarily for research to develop the knowledge needed on the subject and to initiate a modest program of education of American management to minimize difficulties and thus improve the American image in these countries. The research would seek to (1) publish current data on labor legislation, customs, and conditions overseas; (2) prepare articles for publication on labor problems encountered by U.S. firms overseas; and (3) develop a series of case studies relating to the experiences of U.S. firms overseas.

WORK WITH INTERGOVERNMENTAL ORGANIZATIONS

May I now touch briefly on some of our other ongoing programs. The first is our work in connection with U.S. participation in the United Nations family and other intergovernmental organizations.

For example, I am the U.S. representative on the governing body of the International Labor Organization and head the U.S. delegations to the Annual Conference of the International Labor Organization and to the periodic meetings of its governing body. The International Labor Organization is particularly active in setting standards

for wage earners, in conducting research on working conditions, and in providing technical assistance to promote economic and social development. The International Labor Organization is a tripartite organization, composed of government, worker, and employer delegates. Though the U.S. employer and worker delegates are independent and have a full vote in the meetings, they are consulted regularly by the Government delegates during all preparatory stages in order to maximize, to the extent practicable, the U.S. effectiveness in the International Labor Organization. The technical and substantive support for the U.S. representatives to the International Labor Organization is provided by the Bureau of International Labor Affairs which, in turn, draws as necessary on the resources of the other offices of the Department.

INTERNATIONAL TECHNICAL ASSISTANCE CORPS

One of our newer and more successful programs for utilizing the technical resources of the Department of Labor in support of U.S. Government overseas programs is the Department of Labor International Technical Assistance Corps (DOLITAC). Under financing by the Agency for International Development, DOLITAC is providing assistance in such fields as manpower and labor ministry administration, labor standards, labor statistics, and labor-management relations. The services rendered include recruitment and training preparation of technical materials for use abroad, and development of specific technical assistance programs for developing countries. During the first half of the current fiscal year, 50 overseas technical assistance assignments in 16 different developing countries were handled through the Department of Labor International Technical Assistance Corps.

Many of the problems faced by the United States internationally in labor as in other fields can only be understood and resolved from the perspective of knowledge about the conditions in the region or country in which they arise. The Bureau of International Labor Affairs includes a small staff of specialists who follow trade union and other labor developments in various parts of the world and consult and advise with regional experts in other agencies concerned with the formulation of U.S. policy. The area specialists serve as key points of communication with U.S. labor attachés abroad and with foreign labor attachés stationed in the United States. In this manner, they contribute to a better understanding of the forces which are shaping the world of today and the world of tomorrow.

In closing, Mr. Chairman, may I risk asserting a truism to say that the winds of change are, indeed, loose in the world. We are confident that the forces of freedom and democracy will prevail but we must face up to the urgent aspirations of workers throughout the world who are seeking living wages and a chance to enjoy the abundance which modern technology has brought within reach. Our programs in the international labor field are aimed at understanding and responding to these aspirations in a manner which will best advance the interests of our great Nation.

Mr. Chairman, if you wish, I shall discuss our special foreign currency request now and later respond to questions which you and other members of the committee may have on both requests.

Mr. FLOOD. Yes, I think so.

GENERAL STATEMENT ON SPECIAL FOREIGN CURRENCY PROGRAM

Mr. WEAVER. Mr. Chairman, our request for fiscal year 1968 is for $75,000 for the purchase of foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States. This is the same amount which the Congress appropriated for fiscal year 1967.

The appropriation for 1967 was the first special foreign currency appropriation made available to the Department of Labor. Through this appropriation, the Departments of Labor and State jointly arranged for regional labor officer conferences for the first time since 1961. The first in this new series of regional labor officer conferences was held in New Delhi, India, last December. Of the total of 37 individuals attending, 22 were labor officers from 15 Asian and Near East posts. The Washington group was headed by the Secretary of Labor.

One of the items on the conference agenda concerned labor-management relations of U.S. firms operating overseas. The Secretary made reference to this item in his statement, and I spoke about the importance of this program expansion in our salary and expense request. The Secretary came away from the New Delhi meeting with the conviction that the image of the United States overseas could be greatly improved through better labor management practices of U.S. firms overseas.

The discussions among the attending labor officers and with the representatives of the Departments of Labor and State on such other agenda items as (1) future of the International Labor Organization and its relationship to other U.N. agencies, (2) developments in the U.S. in the field of labor-management relations and in the manpower field, (3) Sino-Soviet policies and programs as they affect the labor field, and (4) U.S. policy toward trade unions in developing countries were intense and provoking. In addition, the labor attachés had an opportunity to discuss their problems with Washington officials. The interest of all participants, the exchange of ideas and experiences demonstrated the value of meetings of this type overseas.

I might add parenthetically, sir, that this was the first labor attaché conference for the labor attachés in the Far East in 15 years.

We are now concerned with the planning for additional conferences for labor officers from Africa and/or from Western Europe. The need to fund these conferences from excess foreign currencies requires a careful exploration of the most effective places where such excess currencies are available.

Our request for 1968 for $75,000 will permit orderly planning for future conferences. To a great extent, the timing and location of conferences under the 1968 program will be influenced by the experience we have under the 1967 appropriation.

Mr. Chairman, this concludes my presentation; and I will be glad to attempt to answer any questions which you or other members of the committee might have on our direct appropriation request or our special foreign currency request.

Mr. NATCHER. Mr. Secretary, we want to thank you for your statements.

Mr. Laird?

WORKLOAD DUE TO KENNEDY ROUND

Mr. LAIRD. Mr. Weaver, the last few years we have had budget presentations from you that indicated that a great deal of your work was in connection with the Kennedy round of negotiations taking place in Geneva; many man-years have been expended in these efforts.

Now, the Kennedy round will terminate at the end of this year. Yet, there isn't any corresponding decrease in your budget, even though you will not be involved with these Kennedy round negotiations.

Mr. WEAVER. Well, Mr. Chairman, we anticipate for fiscal 1968 that our staff will be taxed more heavily after the Kennedy round is concluded than we have been up to this point.

Mr. LAIRD. Would you explain that to me because I didn't get that from your statement.

Mr. WEAVER. Well, there will be the problem of determining the impact, both immediate and long term, as well as can be projected, of the results of the Kennedy round. There will be the continuing problem—and it looks as if it will be increased through the rest of 1967 and 1968—in the adjustment assistance program pursuant to the automotive products legislation. And, if Congress does amend the present adjustment assistance provisions in the Trade Expansion Act, we anticipate an increased load because, as the effect of the results of the Kennedy round are felt, we anticipate and I think it is reasonable to conclude that there will be many more applications for adjustment assistance under the Trade Expansion Act.

Mr. LAIRD. You really are quite optimistic about this, that there will be an agreement arrived at and we will not have to have just a straight extension?

Mr. WEAVER. I am reasonably optimistic, yes; I am reasonably optimistic, not that we will achieve the 50 percent target, I don't think we will be able to achieve that target, but I am optimistic that there will be an agreement, an agreement that we can accept. Then there will also be the problem of working with our trading partners to diminish and remove nontariff barriers and other barriers that exist. I think the Kennedy round, if it has done nothing else, has flushed out that this is one of the big problems facing the world trading community. One of the more perplexing problems and one that will tax our resources heavily is the question of the less developed countries.

Mr. LAIRD. You have built up an increase in personnel over the last 2 or 3 years as we have gotten more involved in the Kennedy round. You feel that you still have the need for these people based on the fact that the agreement may be in effect next year?

Mr. WEAVER. Yes; yes, I do.

WORKLOAD DUE TO TEXTILE INDUSTRY PROBLEMS

Mr. WEISS. Textiles.

Mr. WEAVER. Yes, I was coming to that. One of our heavy loads is in the textile area and we have taken this assignment very seriously because the textile and apparel industry is a heavy employing industry.

Mr. FLOOD. Did you ever hear about shoes?

Mr. WEAVER. Shoes are a problem that is plaguing the trading community. Within the Government we are wrestling and grappling with it now. The labor-intensive industries that do not require heavy capitalizations are the ones that the less-developed countries tend to move into first, and textile is a prime example of that.

Mr. LAIRD. I notice the projected investment in textile equipment has been scaled way down in the United States. That should indicate some sort of handwriting on the wall.

Mr. WEAVER. Well, I wouldn't say that. I am not prepared to use this as a decisive indicator because—well, I would start out from the premise that the superior productive capacity and facilities of the United States has enabled it to compete in the whole textile and apparel area and I would be inclined to think that part of this scaling down is based on the experience with the initial plans. I think the initial plans were a little optimistic. Our industry is in fairly good shape in terms of automation, in terms of ability to compete. We have two areas, the man-made and the wool areas that are demanding attention and are now receiving the closest attention of the administration. This also will add to our burden. Whatever programs that we are able to work out in the man-made and wool textile areas will add to the burden of the Foreign Economic Policy Division of our Bureau.

REPRESENTATION AT THE ILO

Mr. LAIRD. Mr. Weaver, back a few years ago we were over at the ILO. The problem seemed to be that the industry delegates and industry leadership took a position of not cooperating on many occasions. I remember one time when the industry group was headed by Kohler Parker, I believe, and another time it was headed by Mr. McGrath. Mr. Fogarty and I were over there at the time the people walked out. Last year you had a different situation when the labor representatives walked out. What does that mean? What is going to be the status of our representation at the ILO this year?

Mr. WEAVER. Well, the labor representative walked out of the conference but he stood for election to the governing body.

Mr. FLOOD. He came back in.

Mr. WEAVER. He came back in after the conference was over, to attend the meeting of the governing body. He has attended all subsequent meetings. This was a protest against the election of the Polish delegate as chairman of the conference.

Mr. LAIRD. He didn't come back in until the conference had adjourned.

And he didn't say he would be taking part in the ILO meetings this May.

Mr. WEAVER. All indications point to it. We are sending out preparatory material. They nominated their people. We anticipate that they will be there.

Mr. FLOOD. I was going to bring this up if Mr. Laird had not.

Of course, my concern was with the fact that you have $100,000 budgeted for activities connected with the ILO and that we have this history that Mr. Laird touched upon. First management walks out, then labor walks out because of the Polish situation.

Mr. WEAVER. Well, the division that serves and backstops the ILO also backstops the total United Nations family——

Mr. FLOOD. Yes.

Mr. WEAVER (continuing). And the work for the United Nations family also includes the backstopping that we do for the General Assembly, Economic and Social Council, etc.

Mr. FLOOD. Did other labor delegations walk out?

Mr. WEAVER. No. This was a phenomenon that was engaged in only by the American workers, the American worker delegate was the only one to walk out and it was a protest against the election of the candidate from Poland as President of the Conference.

Mr. FLOOD. Well, you have Mr. Meany's attitude toward communism. That is probably a strong influence.

Mr. WEAVER. It is exceptionally strong. But we notice in the ILO, comparable to the other members of the United Nations family, the changing attitude on the part of all of our friends of the Western World.

Mr. FLOOD. You want $100,000. Let's forget about the history. What is the current outlook now? What is the situation?

Mr. WEAVER. Well, the current outlook, as well as we can predict it, is that both labor and management will participate in this year's conference, since both have nominated delegates.

Mr. FLOOD. You mean their tailfeathers were ruffled and now they are back on board; is that it?

Mr. WEAVER. Well, the employer delegate stayed in the conference last year, but for both groups their nominations are now in for the coming conference this June and we anticipate that they will be there and there will be a conference similar to those we have had.

Mr. FLOOD. Back on the track again?

Mr. WEAVER. Yes.

SUMMARY OF BUDGET REQUEST FOR INTERNATIONAL LABOR AFFAIRS

Mr. FLOOD. I have here your adjusted appropriation for 1967, $1,341,000. The request for 1968 is $1,463,000. That is an increase of $122,000. Now, I can guess what that is, but suppose you tell me or have your budget man here tell us.

Mr. WEAVER. The $100,000 is for new labor-management programs and the $22,000 represents—Do you want to explain this?

Mr. PASCHKE. The $22,000 is primarily made up of mandatory charges due to in-grade increases.

Mr. FLOOD. What is your title?

Mr. PASCHKE. Director of the Division of Administration Management.

BUDGET INCREASE TO IMPROVE LABOR-MANAGEMENT RELATION OF OVERSEAS FIRMS

Mr. FLOOD. Now, the only increase of consequence is this $100,000 for improving labor-management relations of overseas firms?

Mr. WEAVER. Yes, sir.

Mr. FLOOD. Well, if everything is as fine as you have been reciting here for half an hour, what is the matter with these relations now? You want to gild the lily, do you?

Mr. WEAVER. The request for the labor-management report grows out of a joint study made by the representatives from the Departments of State, Labor, and AID.

We are troubled from time to time as a result of labor disputes abroad that become in some instances grave political issues. When we examined the problem as a whole and examined it through the study group, we came to the conclusion that one of the major problems—because I would hasten to say that for the overwhelming majority of firms abroad, labor relations are not only good but their wages and working conditions are superior to other companies.

Mr. FLOOD. Yes, I know, but you are asking for $100,000. If you are as good as you say you are, what do you want with that?

Mr. WEAVER. Well, this is one of the areas, sir. I do not interpret my statement as that optimistic.

Mr. FLOOD. I did. Do you mean anything you can do I can do better, or what?

Mr. WEAVER. No. This is one of the areas where there are problems. This is one of the areas where there is need for some work with American employers, particularly their offices here in the United States.

Mr. FLOOD. All right. Here is the whole broad spectrum of worldwide labor relations overseas. For $100,000 what can you do?

Mr. WEAVER. We anticipate that $100,000 would represent three professionals, employment of three professionals and two clerical workers and to develop——

Mr. FLOOD. You are hiring bodies with this?

Mr. WEAVER. Well, for the majority of it, to develop a program and materials for corporations operating abroad, to develop in cooperation with the Departments of Commerce and State educational programs.

Mr. FLOOD. Yes, I know, Mr. Weaver, but this isn't new, this is old hat. Now, this activity has been going on for some time. It didn't just pop up in this budget. Now, can you tell me where all of these activities of these labor attachés have actually accomplished any desirable results?

Mr. WEAVER. One that comes to mind immediately is our labor attaché in The Philippines who, in working in the labor management field has been of great service to the government, to the American employers.

Particularly where the government and the military services are the major contractor, he helps to develop better procedures of settling labor disputes.

Mr. FLOOD. What about the mere physical presence of American firms? Wasn't there quite a "Yankee go home" attitude in Manila in the last 2 years?

Mr. WEAVER. Yes, there has been a good deal of it. A lot of it springs——

Mr. FLOOD. Don't tell me those are Communists in Manila. This isn't true.

Mr. WEAVER. No, no. A lot of this springs from labor disputes and a lack of sensitivity and awareness on the part of management representatives in handling them.

Mr. FLOOD. Are they Americans or local nationals working for Americans?

Mr. WEAVER. Well, Americans with the responsibility, in charge, the ones making the decisions and far too often American companies

attempt to handle their labor relations the same as they do in the United States. I will give you an example of this.

Sears & Roebuck in Venezuela, one year when I was visiting there, they were in grave difficulty. Their warehouse had been burned.

Mr. FLOOD. I saw it, yes.

Mr. WEAVER. It grew out of a misinterpretation of the mood and the attempt to impose American customs and patterns on the Venezuelans. They had just completed their labor negotiations for that year. The management was very proud of the health and welfare and pension plan that they had negotiated and I was puzzled when I, after listening to his story and having viewed the incident—and I was there when the warehouse was blown up—it didn't take long to determine what the big problem was. The workers did not want a pension plan. The pension plan was pretty much imposed on them by management. They greatly prefer, vastly prefer, at the end of their service when they retire to get their money in a lump sum rather than invested over the years as our workers are accustomed to and then they go back to their villages, set up a little business, buy a little real estate and become a big man in the village. The company that was involved thought that it was better, that the money would last them longer, that it would be better insurance and better protection for them. It was from this incident, from the misunderstanding of the customs, misunderstanding of the people that they were dealing with, out of which this incident grew. It wasn't Communist or it wasn't terrorist.

Mr. FLOOD. That is correct. The Rockefeller affair, however, clearly was terrorist.

Mr. WEAVER. The Rockefeller affair was.

This was a Sears-Roebuck warehouse, but it is this kind of human relations problem that far too often the representatives of American firms abroad don't understand.

Another problem that we have, and this is a graver problem, we are familiar with it in government, I guess, and all big companies are, the gap between the policies formulated and enunciated by boards of directors in central offices and how they are carried out in the local area. We have a problem that has been hanging over our heads in Costa Rica for 4 or 5 years now with a big American corporation. It has bedeviled and clouded our political relations with that country ever since I have been sitting in this job.

Mr. FLOOD. If you are going to have trouble in Costa Rica, you are going to have trouble any place.

Mr. WEAVER. That is right.

Mr. WEISS. In India we had a very troublesome long strike.

The American firm was building an atomic energy installation there. It involved rivalry between unions and local customs. Our attaché played a major role in bringing the parties together.

In Saigon our attaché helped settle the dock strike that was plaguing our military, and so on.

Mr. FLOOD. Do you believe that?

Mr. WEISS. Well, the reports from there indicated that he did play a significant role.

Mr. FLOOD. No. What settled that strike was we threw in labor

battalions and port-of-embarkation troops and just took over. Of course, there were negotiations, I admit that.

Mr. WEAVER. But, Mr. Chairman, to come back to the heart of your question on labor attachés, I think one of the greatest values of the labor attaché is the maintaining of contact, reporting on, keeping us in Washington advised of labor developments, particularly in the developing countries.

JURISDICTION OF LABOR DEPARTMENT IN INTERNATIONAL AFFAIRS

Mr. FLOOD. Now, let me ask you this: Supposing everything you say is true, for the purpose of this question let's say it is. What business is this of the Labor Department? When I first came here in 1945 I was on the Foreign Affairs Committee under Sol Bloom. Then I went on the appropriations side on State, Justice, and Commerce. I am no amateur at this business. I remember when your labor attachés first appeared on the scene. They are supposedly under the chief of mission. I am a great "chief of mission" guy. What business is this of yours?

Mr. WEAVER. Well, they look to us. The State Department looks to the Labor Department the same as they look to the Commerce Department to provide the expertise in the labor and labor-management field.

Mr. FLOOD. How about a commercial attaché?

Do you think the labor attachés have risen to that high a stage yet?

Mr. WEAVER. Yes. If you examine labor attachés now, the majority of them or close to the majority are class 2 or 3 officers. We have some that have reached the class 1 status, about five or six; 22 or 23 are class 2.

Mr. FLOOD. Well, go ahead, make your speech. Why you?

Mr. WEAVER. Well, I will, if I may, give you an example by citing one or two countries. I will start out first from this premise: In the developing countries, in Africa, for example, the overwhelming majority of the leaders in these countries, members of Cabinet, including Prime Ministers, if they didn't come directly out of the trade union movement, at one time or other were part of the trade union movement. The labor movement, or what passes for the labor movement is a basis of their political parties. In many instances the labor attachés' credential is much more valid than his other colleagues on the mission.

Mr. FLOOD. Well, now, that poses a question. Dean Pound of the Harvard Law School would ask me a question, then I talked for about 20 minutes answering the question—I thought. Then he would say "Mr. Flood, you have just stated the question."

You have just restated the question. They go to your people and ignore the chief of mission?

Mr. WEAVER. No, sir; they don't go to our people. Where we assist the labor attaché, and his day-to-day operation, we are largely responsible through the State Department for what we call their backstopping. They turn to the Labor Department for the materials resources that they need in doing their day-to-day jobs, in interpreting the labor scene in the United States as well as the various labor and social programs.

Now, one of the great advantages of Secretary Wirtz's attending the New Delhi Conference was the opportunity to explain and to

bring the labor attachés up to date on all the new programs that have been enacted in the last 4 or 5 years.

Mr. FLOOD. Do you want to add something to that?

Mr. WEAVER. This is the kind of backstopping, the kind of support that we provide them, but always through the State Department.

Mr. FLOOD. Mr. Secretary, I am the devil's advocate.

Mr. WEISS. All of the studies in the international labor field are done by us, whether it is requested by the Defense Department, State Department, we are the people who prepare the information on labor laws and practices of countries all over the world and the labor attachés look to us to supplement that kind of information and to give them concrete advice when they have concrete problems.

Now, it is all done through official messages, we do not give them any direct instructions, it is all through the chief of mission.

Mr. WEAVER. The State Department also turns to us to help train the labor attachés. They look to us to help recruit and to train them.

Mr. FLOOD. I remember the first ones that I met overseas.

Mr. WEAVER. But we are proud of some of the first ones, for instance Mr. Sam Berger.

Mr. FLOOD. Oh, I know him.

Mr. WEAVER. And the first four or five labor attachés are among those now who are class 1 officers.

INTERNATIONAL TECHNICAL ASSISTANCE CORPS

Mr. FLOOD. I know them.

Well, I never cease to be fascinated by bureaucratic terminology. I am no amateur in using words, myself, and some of these things are fascinating. Now, the term "The Department of Labor International Technical Assistance Corps" is delightful. What in the world is that?

Mr. WEAVER. Well, as a result of a Humphrey amendment to the AID Act of 1962, when the AID administration was requested to utilize the resources of the domestic agencies rather than build up duplicating resources, the AID administration began to turn to us more for technicians, for technical assistance in the labor and manpower field, that is, and as a result we entered into an agreement with them that we would develop a corps of technicians always available upon request from AID missions abroad for short-term as well as long-term assignments. As I indicated, we have filled over 50 of these assignments, during the first 6 months of this year.

We also supply the same kind of technical assistance and resources for the Defense Department. We have two of our technicians in Okinawa now working with the Defense Department in revising the labor laws of Okinawa.

Mr. WEISS. This does not come out of our regular appropriation, this is done on a contract basis with AID.

Mr. FLOOD. I know.

Mr. HUDSON. Mr. Norwood.

FOREIGN CURRENCY PROGRAM

On your foreign currency program, in 1967 you have $75,000 and for 1968 you are requesting $75,000, both for regional meetings for for-

eign labor attachés. This is probably good. I might add this: Mr. Wirtz got a magnificent international press with regard to the conference at New Delhi. As I understand it, he was there for 3½ or 4 days and was quite an inspiration to everybody who attended. I am sure most of the people who were there were rather surprised that a Cabinet Member would be so attentive and personally contribute so much. I think this record should show that.

LOCATION OF REGIONAL CONFERENCE

He told us here when he was testifying the other day that the next regional meeting would be in Tel Aviv. Why Tel Aviv in Israel? That was part of the New Delhi regional area. Why wouldn't you go some place else?

Mr. WEISS. The difficulty is finding a country where the currency has been declared excess, which is a problem.

Mr. FLOOD. You set up New Delhi, you gave birth to this region, declared its jurisdiction, now you are going back into the same area.

Mr. WEAVER. Not for the same group.

Mr. FLOOD. I know, but you are going back into a country covered by the New Delhi conference.

Mr. WEAVER. That is right.

Mr. HUDSON. That is because there are excess foreign currencies available.

Mr. WEISS. We don't have any place in Europe except behind the Iron Curtain and we don't think it is wise to go there.

Mr. FLOOD. That is a good answer.

Mr. HUDSON. We would like to be able to have one in Geneva, or South America, some place like that.

Mr. FLOOD. On page 6 you say that 37 people attended the New Delhi meeting, but on page 8 you say 85 people use these funds for traveling expenses. How do you account for that difference?

Mr. PASCHKE. It is anticipated that a total of three conferences will cover 85 attendees.

Mr. FLOOD. Is that what I read on page 8?

Mr. WEISS. That is what is intended there.

We didn't use up all of the funds in New Delhi. We hope to schedule two more conferences.

Mr. FLOOD. Where?

Mr. WEISS. At the moment we are planning them for Tel Aviv.

Mr. WEAVER. What we were hoping was to convene the European labor attachés meeting in Tel Aviv, and the African labor attachés, if the conditions warranted, would be in Congo-Léopoldville. But the biggest problem, one we have not been able to solve, is Latin America.

Mr. FLOOD. You would not go into Warsaw and use zlotys? We have plenty of zlotys.

Mr. WEAVER. Politically at this point it would be ill-advised.

Mr. FLOOD. I agree with that, of course.

Mr. Hull?

LABOR-MANAGEMENT RELATIONS OF OVERSEAS BUSINESS

Mr. HULL. I don't believe I have any questions at the moment. I was over in Spain, though, last fall, and the Kodak Co. in Madrid

did away with the siestas. I guess you all have heard about that. Apparently it was very successful. I think other companies will probably do the same thing now. Do you go into that, to tell them they can't do away with siestas? Or what happens there?

Mr. WEAVER. No, sir. But I would say this is a classic case of intelligent reform. The Eastman Kodak people started discussing the advantages to the worker——

Mr. HULL. Did they clear it with you?

Mr. WEAVER. No, no. There will be no requirement in any instance to clear with us. But I am aware of this move on their part because it really is historic.

Mr. HULL. Yes. I know it is.

Mr. WEAVER. The educational program they conducted among the workers covered a span of about 3 years and it was quite a campaign to convince them of the advantages. Of course, the workers are sharing in the advantages in the increased production.

Mr. HULL. It is much better.

Mr. WEAVER. Much better. But this is the kind of example that we would like to be able to disseminate as widely as possible because this was a revolutionary move.

Mr. HULL. In other words, you approve of it.

Mr. WEAVER. Very much so; very much so.

Mr. HULL. I might say I wasn't over there on Government business. I was visiting my daughter and grandchildren and son-in-law.

Mr. WEAVER. Well, there is a lot of Government business over there at this time.

Mr. HULL. Quite a lot. I believe that is all.

Mr. FLOOD. Mr. Natcher?

Mr. NATCHER. I have no questions.

Mr. FLOOD. Thank you very much.

JUSTIFICATION MATERIAL

BUREAU OF INTERNATIONAL LABOR AFFAIRS

Amounts available for obligation

	1967	1968
Appropriation or estimate	$1,230,000	$1,463,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	+20,000	
Comparative transfer to the Office of the Secretary for centralized audit and systems functions	−9,000	
Comparative transfer from "Salaries and expenses," Bureau of Employment Security, for trade adjustment assistance	+100,000	
Appropriation or estimate, revised	1,341,000	1,463,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Position	Amount	Position	Amount	Position	Amount
1. International organizations affairs	11	$147,000	11	$150,200	.....	+$3,200
2. Foreign labor policy development	21	269,900	26	375,000	+5	+105,100
3. Labor and manpower technical services	8	119,800	8	122,600	.....	2,800
4. Trade negotiations and economic policy development	27	462,400	27	466,700	.....	+4,300
5. Administration and management services	26	341,900	26	348,500	.....	+6,600
Total obligations	93	1,341,000	98	1,463,000	+5	+122,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	93	98	+5
Positions other than permanent	1	1	.....
Average number of all employees	83	88	+5
11 Personnel compensation	$996,000	$1,033,700	+$37,700
12 Personnel benefits	75,000	78,000	+3,000
13 Benefits for former personnel	4,800	4,800	.....
21 Travel and transportation of persons	64,100	70,100	+6,000
22 Transportation of things	100	100	.....
23 Rent, communications, and utilities	32,300	32,300	.....
24 Printing and reproduction	20,100	23,100	+3,000
25 Other services	64,000	95,300	+31,300
Services of other agencies	48,700	98,700	+50,000
26 Supplies and materials	24,000	24,000	.....
31 Equipment	11,900	2,900	−9,000
Total obligations	1,341,000	1,463,000	+122,000
Working capital fund items included above	(77,300)	(75,400)	(−1,900)

Summary of changes

1967 Enacted appropriation	$1,230,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	+20,000
Comparative transfer to Office of the Secretary [1]	−9,000
Comparative transfer from "Salaries and expenses," Bureau of Employment Security, for trade adjustment assistance [2]	+100,000
1967 Appropriation, revised	1,341,000
1968 Estimate	1,463,000
Total change	+122,000
Mandatory items:	
Increases:	
Net additional cost to restore pay cost absorbed in 1967	+15,000
Net additional cost of within-grade promotions effective for part year in 1967	+11,200
Net cost of within-grade promotions becoming effective in 1968	+8,900
Decreases:	
Nonrecurring extra day of pay for current year staff	−4,100
Subtotal, mandatory items	+31,000

See footnotes at end of table.

Program items:	
Increases:	
To expand foreign labor policy development to include assistance in improving labor-management relations of U.S. firms overseas (5 positions, $45,100; nonlabor, $54,900)	+$100,000
Decreases:	
Nonrecurring equipment costs for new positions in 1967	−9,000
Subtotal, decreases	−9,000
Subtotal, program items	+91,000
Total Change	+122,000

[1] For centralized audit and systems functions.
[2] This comparative transfer includes 8 positions.

ACTIVITY 1. INTERNATIONAL ORGANIZATIONS AFFAIRS

1967 (Position 11) $147,000
1968 (Position 11) $150,200

NARRATIVE DESCRIPTION OF PROGRAM

This activity supplements United States participation in the International Labor Organization, the United Nations, the Organization for Economic Cooperation and Development, and other international organizations and regional economic organizations of which the United States is a member.

PROGRAM ACTIVITY AND ACCOMPLISHMENT

The Office of International Organizations has primary objectives of marshalling the technical resources of the Department of Labor in support of United States participation in international organizations and of ensuring a high degree of consistency on issues relevant to the work of the Department in basic positions of delegations to international meetings. The program is controlled by the number and nature of meetings scheduled by international organizations in which the United States participates and the requests received from such organizations.

International Labor Organization (7 positions, $97,900).—The International Labor Organization activities in standard-setting, research, and technical assistance to promote economic and social development are expanding. The work of the International Labor Organization supports U. S. foreign policy, and the direct contribution of the United States through the Department of State is 25 percent of the $22,500,000 budget of the International Labor Organization in 1967. This combined with the U. S. contribution to the technical assistance funds of the United Nations will exceed an annual U. S. contribution of $10,000,000 to the work of the International Labor Organization. The use of these funds by the International Labor Organization requires constant U. S. staff attention. This staff attention, among other things, is devoted to a thorough review of the International Labor Organization programs. The International Labor Organization Division, in addition, requests the technical bureaus of the Department to examine the budget with care from their technical standpoints and to examine, in the formative stages, United Nations Development Program projects that will be subsequently assigned to the International Labor Organization for implementation. This comprises considerable preparatory work in the Division for the annual February sessions of the International Labor Organization Governing Body. At these sessions, an item by item discussion of the budget takes place. The U. S. Delegation seeks to limit obsolete programs and tries to restrict International Labor Organization expansion within acceptable bounds.

The Assistant Secretary of Labor for International Affairs is the United States Representative on the Governing Body of the International Labor Office and heads the U. S. Delegation to the Annual Conference and other appropriate meetings. The substantive responsibility for United States participation is in the Bureau of International Labor Affairs, requiring a highly-trained staff for preparation of position and technical papers and to provide coordination within the Department, with other agencies of the Executive Branch, and with em-

ployer and worker organizations. The advance preparation, coordination, and clearance of U. S. positions is vital to the attainment of U. S. goals within the International Labor Organization.

During the past year, there were fifteen important International Labor Organization meetings in which Department of Labor technicians prepared for U. S. participation. The Department of Labor provided approximately a total of 30 representatives for the United States at these meetings. Approximately 144 position papers were drafted and cleared. With the increasing needs of the developing countries, the demands on the United States will increase.

In addition, close liaison is maintained with members of Congress who are actively interested in the International Labor Organization and the Assistant Secretary normally reports annually to the *ad hoc* Subcommittee on the International Labor Organization of the Committee on Education and Labor.

U. S. participation in the International Labor Organization serves our national interest in that the International Labor Organization provides a forum where we inform other governments, workers, and employers of the advantages of the U. S. economic, social and political system as compared to the Communist totalitarian system, and emphasize the need to pursue economic development without the sacrifice of private initiative and workers' rights. In addition, the International Labor Organization serves as an action agency to promote growth in a framework of freedom. Its technical assistance work helps to develop the human resources of the less-developed countries which are the key to economic and social growth. The field operations of the International Labor Organization are helping to promote sound relations between labor and management, and assists in protection of the rights of both as assured through responsibiilty in government. All are U. S. objectives. Basic policy factors are worked out in consultation between the Secretaries of State and Labor and the leaders of the American Federation of Labor and Congress of Industrial Organizations and the Chamber of Commerce of the United States, while other matters are resolved at a lower level.

Regional Economic Organizations (2 positions, $30,000).—The Bureau of International Labor Affairs has the responsibility for representing the United States in the Manpower and Social Affairs Committee of the Organization for Economic Cooperation and Development. This Committee considers manpower policies and programs to stimulate economic growth and social betterment in its 21 developed Western Member Countries. The Bureau also participates to some extent in the activities of the Organization's Economic Policy Committee and Committee on Scientific and Technical Personnel.

The Department provides the U.S. Delegate to the meetings of the Manpower and Social Affairs Committee of the Organization of Economic Cooperation and Development. Technical experts also participate in working parties on such matters as improvement of employment service operations, social adjustment of rural workers who have migrated to urban areas, techniques for retraining older workers displaced by automation, rehabilitation of the long-term unemployed, and improving statistics of levels of living. During the year, a total of 20 Department of Labor staff represented the U.S. at meetings and 32 position papers were drafted and/or cleared and redrafted. With the increasing demands for know-how and exchange of techniques for economic expansion, this participation will expand in 1967 and 1968.

The Organization of Economic Cooperation and Development provides for the exchange of information between Member Countries on their manpower and social programs and techniques, and provides a social laboratory for discovering and testing new techniques through joint experiments in Member Countries. This participation is providing concrete results in improving domestic operations of the Department.

The Department assists the Department of State in handling labor-manpower matters in a number of other regional economic organizations of which the United States is a member including the United Nations Economic Commission for Europe—for Latin America—for Asia and the Far East. The Department of Labor is participating this year in the Economic Commission for Africa and the Far East Trade Fair in Bangkok. The Department also takes part in the North Atlantic Treaty Organization's manpower-civil defense exercises and some of its war games, and the South East Treaty Organization's human resources activities.

United Nations Affairs Division (2 positions, $21,800).—The Department contributes significantly through the United Nations Affairs Division to U.S. participation in the work of the United Nations agencies dealing with labor and

social matters by assisting in the development of U.S. policy and by representation on United States delegations. The volume of this work has increased markedly over the past few years, particularly with increasing widespread emphasis on industrial development. The Department has played an active role in U.S. participation in the formative stages of the United Nations Organization for Industrial Development and will have increasing responsibility as the Organization develops, especially in manpower areas. The Department furnishes strong technical support for U.S. participation in the Human Rights Commission in considering draft instruments on elimination of racial discrimination and religious intolerance and the promotion of other "human rights;" the work of the Third Committee of the General Assembly in its consideration of draft instruments concerning elimination of discrimination; and in the work of the United Nations Educational, Scientific and Cultural Organization pertaining to the working conditions and status of teachers, as well as its youth programs.

Changes for 1968

Mandatory changes amount to	$3,700
Program changes amount to	—500

ACTIVITY 2. FOREIGN LABOR POLICY DEVELOPMENT

1967 (Position 21)	$269,900
1968 (Position 26)	375,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity is concerned with providing technical and policy guidance in the formulation and achievement of U.S. foreign policy goals as related to labor and manpower factors; to developing and executing action proposals for specific countries and geographic areas; providing expertise on the labor implications of political and economic developments abroad; assisting in the Department's participation in the Foreign Service Program; providing guidance and coordination in conduct of U.S. policy for improvement in labor-management relations of U.S. firms overseas; coordinating the Department's participation in international training and exchange of persons programs; and in executing the Department's role in the Special International Exhibitions Program.

PROGRAM ACTIVITY AND ACCOMPLISHMENT

Labor and manpower considerations frequently have a major impact on political, economic and social developments abroad and perforce upon the definition and achievement of specific U.S. foreign policy objectives. In all areas overseas, the effective development and utilization of the work force along with the development of responsible democratic labor organizations and industrial relations institutions are necessary to the attainment of goals in harmony with those of the free world.

The geographic Area Specialists analyze labor and manpower problems and developments abroad and provide advice and recommendations on these matters to officials of the Department and other agencies. They serve on interagency task forces established by the Department of State to develop policy and program proposals and for the drafting of National Policy Papers for specific countries. They also participate in preparations for international conferences and on occasion are included as advisers on U.S. Delegations to such conferences. The Area Specialists serve as the focal point in the Department for servicing, assigning and evaluating the reporting performance of labor attaches stationed abroad. They prepare materials and participate in the briefing of Ambassadors, other Foreign Service Officers, U.S. businessmen and trade union officials going abroad. They provide guidance on foreign visitor and exchange projects and meet with officials and trade union leaders of foreign countries visiting the United States.

The following tabular presentation illustrates the organizational structure of the geographic Area Specialists function:

Geographic area	Area specialists	Assistant area specialists	Number of countries	Labor attaches	Assistant labor attaches	Labor reporting officers
Europe	1	0	29	14	3	3
Latin America	1	1	25	15	5	6
Near East and South Asia	1	0	18	5	1	12
Africa	1	0	38	12	0	16
East Asia and Pacific	1	0	14	9	2	5

On a global basis, two functional specialists follow and analyze developments in and affecting the international trade union organizations. Because of the growing extent to which international trade union organizations have developed, the capability to influence organized workers abroad and the important role of the U.S. trade union movement has assumed in these organizations, their activities often have an important bearing on policies and programs of the U.S. Government in the labor field.

Operational programs are planned and conducted for foreign visitors, including Ministers of Labor and other key officials from overseas, and for labor participation in international exhibitions abroad.

Changes for 1968

Mandatory changes amount to $6,700
Program changes amount to (5 positions) $98,400

A total of 5 positions and $100,000 is requested to assist in the improvement of labor-management relations of U.S. firms overseas.

At the present time, 3,400 U.S. corporations control 9,000 foreign business enterprises which employ 3,400,000 foreign national workers. Approximately 2,500 of these firms, employing nearly 750,000 foreign nationals, are located in developing countries. Most of these U.S. businesses play a key role in the economies of these nations and their continued participation is often crucial to the economic development plans of the host government.

The labor-management relations of U.S. employers in a number of developing countries have adversely affected the attainment of U.S. policy objectives. For example, the adverse effects of labor-management relations of U.S. firms upon the "U.S. image" creates a climate which has a negative effect on almost any objective in which the understanding and cooperation of the host government and its people is essential. Specifically, in a few countries, leftist elements have taken advantage of incidents concerning past U.S. managers to successfully preserve the "anti-U.S. business" sentiment among workers and the general public. In other countries, anti-American elements have seized upon such incidents in connection with their campaign to force the host country to terminate U.S. base rights.

In the field of U.S. labor policy, some Embassies have reported that the adamant refusal of certain American firms to bargain with local democratic unions has hindered the U.S. policy objective of promoting free trade unions. Case studies disclose a few instances in which U.S. employers in developing countries have refused to recognize and bargain with democratically-oriented unions when they had the opportunity to do so, only to be confronted later with demands for recognition from Communist-dominated unions which they have been unable to reject. While rare, one Embassy has even reported a case where the labor-management relations "image" of the U.S. firm was so bad that it had definitely furthered Communist influence in that area of the country.

In view of these facts, a study has been made by an interagency working group (State, Agency for International Development, Labor, Commerce) to determine the principal causes of reported instances of labor-management difficulties of U.S. employers in developing countries and to recommend action which the U.S. Government might take to assist in alleviating these causes. The working group prepared a confidential report, giving the detailed results of the study, and a classified U.S. policy statement on the subject.

The classified policy statement was officially approved by the Departments of State, Labor, and Commerce, and the Agency for International Development and sent to all diplomatic posts and consulates on October 13, 1966. The policy paper calls on the Department of Labor, in collaboration with the Departments of State and Commerce, to develop a program of action to initiate and coordinate additional research on problems in the field of overseas labor-management rela-

tions of U.S. firms in developing countries and to provide assistance to businessmen and other U.S. agencies. (The action program is outlined below.)

The study confirmed that the vast majority of U.S. firms in developing countries have good labor relations, pay higher wages and furnish better fringe benefits than do local employers, and are looked upon in their host countries as desirable employers. However, the labor disputes of U.S. firms which do occur frequently receive an inordinate amount of attention in the host country. The populace receives much of its information from news media which often exaggerate the issues. Political propagandists seize upon instances of bad relationships between U.S. firms and their local employees in an attempt to create a belief that such instances, even though occurring infrequently, are, in fact, indicative of a general condition. So the effects of such incidents can be much greater than their relative infrequency of occurrence would indicate. The effect may be upon the over-all "U.S. image" in the country rather than upon that of the U.S. businessman as just another employer.

There is little specific treatment of this subject in the published literature on U.S. business overseas. The National Planning Association studies of U.S. business performance abroad does include incidental considerations of labor-management relations. Public interest in the subject generally relates to the commercial aspects of the overseas activities including concessions, income taxes, import and export duties, remittance of profits regulations, and others. Little consideration has been given to the labor-management relationship as it affects profitability and continuance of business in less-developed countries. Hopefully, the study made will serve as a useful starting point for a more thorough exploration of the subject.

Improved awareness of the differences between the attitudes of worker, public, and government in the foreign country as compared with those in the U.S. and of the special problems of "foreign environment" would enable U.S. managers overseas to take appropriate action to prevent incidents or ameliorate their effect.

It is evident that in many cases of labor-management difficulties of U.S. firms overseas, the problem lies not so much in the manager's lack of basic knowledge of the principles of human relations as in his failure to realize the factors which the local employee regards as affecting his standards of dignity and his individual aspirations.

These factors which are the product of a distinctive culture and frequently different from one country to another, or even within a single nation, must be ascertained and considered.

U.S. managers can best be aided in dealing effectively with the cultural differences with information on the problems of "foreign environment" which lie behind specific cases of labor-management discord. These are conditions which may in themselves cause labor-management difficulties, but which are likely to result in serious incidents only when the U.S. employer fails to recognize and respond adequately to them.

The study made indicates that there are six principal problem areas in the "foreign" environment of developing countries which probably contribute most frequently to the labor-management difficulties of U.S. employers:

(1) the acute attachment of the local employee to his job and the intense opposition of labor to any reduction in force;

(2) the immaturity of much of the labor leadership and its involvement in manipulation for political partisan activities;

(3) the general expectation of exceptional benefits from U.S. firms;

(4) the multiplicity of labor laws and the inconsistencies in their enforcement and government intervention in many phases of the labor-management relationship;

(5) recurrent wage demands resulting from the chronic inflation in many developing countries; and

(6) low productivity occasioned by lack of skills and motivation.

The study also disclosed insufficient appreciation of the above factors on the part of some employers. Improvements can be made in this vital area if U.S. businessmen will take a special interest in the subject of their labor-management relations with foreign employees, recognizing its significance to both their business and U.S. foreign policy objectives.

The preliminary study indicates a need for more knowledge of labor-management relations of U.S. firms in developing countries, for extending government services to businessmen, and for increasing specialized training for overseas managers in labor relations by companies, private organizations and educational institutions.

The activities for which the Department of Labor would be responsible in implementing U.S. policy of encouraging and promoting improved labor-management relations in overseas U.S. firms would include research, educational and advisory services. These services would be planned and carried out in collaboration with the Departments of State and Commerce.

During the initial stages of the program, emphasis would be placed on the initiation and coordination of an expanded program of research in order to obtain the needed knowledge for dealing with the subject. Discussions with U.S. businessmen with a view to obtaining their views and cooperation and tapping their knowledge would be an early step during this stage. The following types of research activities are contemplated:

(1) Performing research and publishing booklets containing current information on labor legislation, customs, and conditions affecting industrial relations practices in foreign countries.

(2) Preparing articles on various aspects of this topic, including principal labor problems encountered by U.S. firms operating overseas.

(3) Developing a series of case studies and other materials illustrating the problem areas encountered by overseas U.S. firms.

(4) Analyzing problems encountered by U.S. firms on a continuous basis.

(5) Encouraging U.S. firms to undertake additional research on this topic.

(6) Stimulating research by universities on basic sociological, anthropological, and psychological differences between U.S. and various regions of the world that affect labor-management relations of U.S. firms.

Along with the research effort, a start would be made on the educational phase of the program based on knowledge already available. Speakers and materials would be furnished to management organizations, U.S. businesses, universities, conferences, and institutions training businessmen for overseas work. In some instances, special seminars and conferences would be arranged for labor relations representatives and top officials of firms on specific common or regional problems. Advisory services would be provided to American firms operating overseas, particularly to those who are commencing foreign operations, and they would be acquainted with the services available in the Department of Labor and other agencies.

The Department of Labor would provide advisory services to the Department of State on such matters as methods for resolving potentially explosive cases and ways of improving effectiveness of U.S. policy and courses of action in this field. Assistance would be given also in the training and briefing of U.S. labor attaches and commercial attaches on methods for dealing with the problems they might encounter.

The Bureau of International Labor Affairs would provide the coordination and supervision of this program in the Department. In carrying out the program, the Bureau of International Labor Affairs would draw heavily on the Labor-Management Services Administration and the Bureau of Labor Statistics. The Bureau of Labor Statistics would take advantage of its close working relationships with U.S. firms and other organizations in its research work in the program. However, other agencies or institutions would be called upon as appropriate to undertake particular phases of the educational or research work.

The positions requested include for the Bureau of International Labor Affairs a GS–15 Program Supervisor, two GS–13 International Labor Relations Officers and two secretaries (GS–6 and GS–5).

The Supervisor would provide leadership for the program and would coordinate and supervise its implementation. He would serve as the focal point in the Department for dealings with the Departments of State and Commerce, the Agency for International Development, or other agencies in planning and conducting a program of action. He would establish and maintain key contacts with U.S. firms concerning their labor-management approaches and problems in the field. He would consult with universities and with management or other organizations in regard to research, educational, and informational aspects of the program.

The two International Labor Relations Officers would assist and furnish guidance and information with respect to both the research and educational phases of the program. They would work closely with others in the Department and other agencies in dealing with specific problem cases. To the extent feasible, they would provide specialization on particular geographic areas.

Additionally, $45,000 is included to purchase, on a reimbursable basis, the expert services of staff in the Labor-Management Services Administration and research capability from the Bureau of Labor Statistics.

From time to time, as deemed appropriate by the agencies concerned, staff members would make trips overseas in connection with the program for the purpose of obtaining information, performing research, or maintaining liaison with U.S. posts abroad. However, the field posts would have primary responsibility for implementing the action program in the field.

ACTIVITY 3. LABOR AND MANPOWER TECHNICAL SERVICES

1967 (Position 8) $119,800.
1968 (Position 8) $122,600.

NARRATIVE DESCRIPTION OF PROGRAM

This activity is concerned with mobilizing and making available the Department of Labor's technical knowledge and resources in the labor and manpower field in support of the overseas programs of U.S. agencies and of international organizations. The subject matter fields include (1) labor-management relations, (2) labor standards, (3) labor statistics, (4) manpower, and (5) labor ministry administration. The services rendered include (1) recruiting and training; (2) developing technical printed materials for use abroad; (3) technical training of foreign experts in the United States; (4) comparative international research of world-wide labor and manpower techniques as a basis for development of more effective overseas technical assistance programs; and (5) developing specific technical assistance programs for less-developed countries.

PROGRAM ACTIVITY AND ACCOMPLISHMENT

The staff concerned with this activity has, during the previous year, through new program techniques, successfully harnessed U. S. Department of Labor technical resources in support of U.S. Government overseas programs and has done the necessary staff work to inaugurate several significant new techniques for improved utilization of Department of Labor technical resources to support U.S. efforts abroad. These are: (1) The new Department of Labor International Technical Assistance Corps (DOLITAC) makes possible the utilization of the Department's technical resources abroad without undue interference with the domestic responsibilities of the Department. During the previous year, through the utilization of the Department of Labor International Technical Assistance Corps, 52 technical assistance assignments in 23 less-developed countries were completed. Experience in the first four months of FY 1967 projects for the full year a doubling, or approximately 104 assignments abroad. During the first four months of FY 1967, 42 overseas technical assistance assignments in 17 different less-developed countries are in process or completed. (2) The International Manpower Institute, created last year under Agency for International Development auspices in the Department of Labor, continued to expand its services. This Institute utilizes the technical resources of the Department in administering formalized professional seminars designed to assist responsible officials in the manpower field from less-developed countries. During the previous year the Institute doubled the number of seminars it administers for foreign participants and, for the first time, provided professional training for the Agency for International Development employees concerned with human resources activities of the Agency for International Development abroad and administered a professional symposium with American experts in the manpower forecasting field to improve U.S. technical assistance activities in this important country development activity. (3) The cooperative arrangement between the Department of Labor and the Department of the Army under which Labor has provided the necessary specialized labor expertise for the U.S. Administration in the Ryukyuan Islands was expanded. The project covered technical assistance in the revision of labor law in the Ryukyu Islands.

Meeting the international community's need for increased utilization of Department of Labor technical resources in the developing countries during FY 1968 will require expansion in six inter-related activities: (1) an increase in the number of full-time Department of Labor International Technical Assistance Corps' members from 26 to 50 by the end of FY 1968; (2) the expansion of the training research and technical support activities of the International Manpower Institute and the creation of analogous professional institutes for the labor standards,

statistics, and labor-management relations subject matter fields; (3) stimulating the utilization of Department of Labor International Technical Assistance Corps' technicians for International Labor Organization and other multilateral technical assistance assignments; (4) increased initiative to assure better coordination between the bilateral Agency for International Development and multilateral (particularly International Labor Organization) technical assistance activities in the labor and manpower fields; (5) program development activities related to the utilization of foreign surplus local currencies to promote meaningful labor ministry development activities in less-developed countries; and (6) stimulating effective ministry-to-ministry technical assistance relationships between the labor ministries of the less-developed countries and the U.S. Department of Labor and its affiliated state agencies.

The major share of the costs of these activities are covered by interagency contracts between the Department of Labor and the Agency for International Development. This now includes, for example, the entire cost of the Department of Labor International Technical Assistance Corps program (item 1 above) and the International Manpower Institute and the new institutes for labor standards, statistics, and labor management relations to be developed in the months ahead (item 2 above). The activities and staff financed by this part of the regular budget of the Department is required for program development, planning liaison, and policy activities which are not properly chargeable to specific Agency for International Development-financed projects. This applies particularly to items 3 through 6 above.

There is an urgent need for the Department of Labor to focus attention on the multilateral technical assistance activities of the International Labor Organization. The number of American technicians employed by the International Labor Organization abroad can be increased and their quality improved through use of the Department of Labor International Technical Assistance Corps. In inaugurating the Department of Labor International Technical Assistance Corps, the Department and the Agency for International Development both visualized that after the Department of Labor International Technical Assistance Corps was developed to the point where the high-priority Agency for International Development' overseas requirements were being met, we would then begin to use the Department of Labor International Technical Assistance Corps instrument for multilateral technical assistance activities of high-priority from the standpoint of U.S. foreign policy objectives. It is felt that we have now reached this point and that, beginning in FY 1967 and continuing in FY 1968, we will actively push the utilization by the International Labor Organization of Department of Labor International Technical Assistance Corps' technicians. This will require considerable staff work, not properly chargeable to the Agency for International Development, by the Department of Labor's international staff.

It is increasingly apparent that, as related to technical assistance activities in the labor and manpower fields, there is need for increased coordination of the bilateral activities of the Agency for International Development and the multilateral activities—particularly those of the International Labor Organization. Since 100 percent of the costs of our bilateral assistance and about 40 percent of the multilateral assistance is financed by the U.S. it seems important from the fiscal (not to mention the program) standpoint to stimulate closer coordination. For both the bilateral and multilateral activities, the U.S. Department of Labor (and its affiliated state agencies) is the principal source of American competence being tapped. Through its contractual relationships with the Agency for International Development and its leadership role in U.S. representation in the International Labor Organization, the Department is in a position to make a larger contribution in encouraging this necessary coordination.

Some progress has been made in stimulating effective "ministry-to-ministry" technical assistance relationships between the Ministries of Labor of less-developed countries and the U.S. Department of Labor and its affiliated state agencies. Through a contract between the Government of the Republic of China and the Department of Labor, China is financing manpower development assistance. Through an Agency for International Development-financed contract, the employment service system of Puerto Rico is providing technical assistance to the employment service system of Venezuela. Under Agency for International Development auspices an active direct assistance relationship between the Ministry of Labor of Brazil and the U.S. Department of Labor has developed. The following chart illustrates by source of funds the activity, man years, and amounts of technical assistance services provided overseas by the Department.

Estimated fiscal year 1967 overseas technical assistance activities of the Department of Labor

	Man-years	Amount
Agency for International Development: Technicians overseas	30.0	$510,000
Department of Army: Technical assistance, manpower, labor law (Ryukyuan Islands)	1.5	40,000
Republic of China: Technical assistance, manpower	1.0	25,000

Changes for 1968

Mandatory changes amount to $3,100
Program changes amount to ..... −300

ACTIVITY 4. FOREIGN ECONOMIC POLICY

1967 (Position 27) $462,400
1968 (Position 27) 466,700

NARRATIVE DESCRIPTION OF PROGRAM

This activity carries out the responsibilities assigned to the Secretary of Labor under the Trade Expansion Act of 1962, Departmental participation in the work of international trade organizations, and the Department's responsibilities with respect to the determination of eligibility of groups of workers to receive adjustment assistance allowances and related benefits, as authorized by the Automotive Products Trade Act of 1965. In 1968 the trade adjustment assistance activities of the Department, including the active adjustment assistance program under the Automotive Products Trade Act of 1965, are combined with the other program activities of the office. In FY 1967 the cost of this program appeared in the budget of the Bureau of Employment Security. The transfer was made in order to insure, with a minimum of supervisory review, that the trade negotiation activities be fully coordinated with the adjustment assistance activities and that the potential cost of a specific tariff reduction in terms of adjustment assistance loads be appropriately considered by all interested parties. The Department also provides the Executive Secretariat staff to the Automative Agreement Adjustment Assistance Board established by the President in Executive Order 11254.

PROGRAM ACTIVITY AND ACCOMPLISHMENT

The Department of Labor is the agency in the best position to analyze and advise on the manpower implications of trade policies and to insure that appropriate consideration is given to domestic manpower and employment objectives in international trade. Changes in U.S. foreign trade—both exports and imports—have a direct impact upon employment in this country, and the Department of Labor, therefore, has a major interest in foreign economic policy. Active participation by the Department in foreign economic policy discussions assures an adquate exchange of information and advice on issues involving employment, manpower development and utilization, fair labor standards, and adjustment assistance programs. Immediate results of Departmental participation include an increased awareness and understanding in the international community of specific U.S. interests in safeguarding workers and regions from disruptive import competition, as well as our vital concern with the elevation of world labor standards.

The Trade Expansion Act of 1962 sets forth the basic trade policy of the United States. The purpose of the trade agreements program is to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry and labor.

Although the negotiating authority under the Trade Expansion Act of 1962 expires on June 30, 1967, all other provisions remain in effect, including escape clause actions and adjustment assistance. Activity in international trade areas can very well expand as a result of tariff adjustments negotiated during the Kennedy Round.

The areas listed below are representative of the functions in the Trade Agreements Program for which the Department needs a professional staff and research

capability sufficiently flexible to deal with any employment and manpower issues which arise. These include:

1. Comprehensive trade negotiation problems.
2. Commodity and marketing arrangement problems.
3. Industry problems including escape-clause matters.
4. Problems resulting from the needs of developing countries, including the establishment of international fair labor standards.
5. Problems associated with a wide-range of ad hoc Congressional trade legislation and resolutions concerning trade.
6. Problems related to adjustment assistance—including the adequacy of present provisions and the implications of the availability of adjustment assistance programs for domestic and foreign economic policy.
7. The role of imports in the economy at various levels of economic activity.

The Secretary of Labor has primary responsibility for U.S. employment and manpower policies. He is vitally concerned with foreign economic policy, particularly relating to tariff and trade issues and their effects on domestic employment. The Department's participation in trade policy development and negotiation helps assure that full consideration is given to issues related to employment opportunities in the United States and other manpower problems and policies. For example, the stabilization of employment in the textile industry and the reversal of a declining trend in employment results in part from the active participation of the Department in administration of the Long-Term Cotton Textile Arrangement.

The Bureau participates on behalf of the Department on U.S. delegations to the annual meetings of the General Agreement on Tariffs and Trade (GATT) and the United Nations' Conference on Trade and Development (UNCTAD) and their operating bodies or committees, and international meetings involving special commodity problems.

The needs of and requests from Congressional committees, industry, and labor groups and the general public relating to foreign economic policy of the United States have increased as the foreign economic policies of the United States have expanded. In addition to the problem of both tariff and non-tariff barriers to international trade, they now include the special problems of developing countries, commodity agreements, and concern about direct investment in foreign countries by U.S. companies.

The operations of the Department's program in the area of foreign economic policy and adjustment assistance can be grouped in the following three major categories:

1. International commodity and industry problems.
2. Adjustment assistance under both the Automotive Products Trade Act and the Trade Expansion Act.
3. Trade policy—international organizational activities including developing country problems and trade negotiations.

Commodity and Industry Problems.—In FY 1967 activity concerning commodity and marketing arrangements continued to increase. The United States was engaged in preliminary negotiations seeking an extension of the Long-Term Cotton Textile Arrangement in its present form for another three years. Progress was made in preparing the groundwork for presentation of a U.S. proposal for a marketing arrangement concerning wool textiles. The problem of sharply increasing imports of man-made fiber textiles has raised the question of the need for measures covering the trade in all textile products; this question is now under intensive study.

At the beginning of FY 1967 the textile and apparel industries employed 2.3 million workers whose livelihood is affected by U.S. textile trade policy. The major achievement of the Long-Term Cotton Textile Arrangement has been the stabilization of economic conditions with particular reference to employment in this segment of the textile industry. Specifically, the declining trend in employment was reversed in 1961 with the beginning of the Long-Term Cotton Textile Arrangement and employment has now increased to 2.3 million workers from the earlier low point of 2.1 million.

The Bureau is directly involved in the administration of the Long-Term Cotton Textile Arrangement. A six-member Interagency Textile Administrative Committee (ITAC) administers the arrangement on behalf of the United States. The Bureau provides the Department's representation on this Committee.

A Cabinet Textile Advisory Committee and several industry advisory committees complement the Interagency Textile Administrative Commitee. The Cabinet Committee meets infrequently. The Labor-Management Cotton Textile Committee meets with the Interagency Textile Administrative Committee on a monthly basis at a minimum; the Importers' Advisory Committee and Cotton Textile Exporters' Advisory Committee meet less frequently.

During the first eight months of calendar year 1966 there were three Cabinet Textile Advisory Committee meetings; 37 ITAC meetings; two Importers' Advisory Committee meetings; 12 Management-Labor Textile Advisory Committee meetings; and one Exporters' Advisory Committee meeting. All of these dealt with specific issues related to the implementation of the Cotton Textile Arrangement.

In the beginning of FY 1967 the United States had 18 bilateral agreements in effect or in the process of ratification. During this fiscal year approximately 10–15 agreements will be negotiated and consultations will be required with countries who wish to discuss their arrangement as well as with countries not party to the Long-Term Agreement.

The United States is a member of the International Wool Study Group (IWSG). The Department is represented at the meetings of the IWSG and has participated in interagency committees dealing with the wool textile problem. Preparations for the IWSG necessitate about ten interagency meetings plus careful review and clearance of documents prepared by the interagency working group.

In the area of industry problems the Bureau's activity concerns continued analysis of industries whose products are significant items in world trade such as steel, footwear, and electronics. Also involved are problem situations of particular firms and groups of workers in an industry affected by imports or elements of U.S. foreign economic policy.

Steel.—The steel industry employs over 625,000 workers and industry policies affect the entire economy. The impact of U.S. and foreign duties on international trade in steel, and therefore employment in the industry, is of major interest to the Department.

Before 1959 the U.S. was a net exporter of steel—since that time we have been a net importer of steel. The causes of this change in steel trade are many and include post-war reconstruction and modernization of foreign steel industry and reaction to changes caused by labor disputes in the United States.

The Department, in response to a request of the Senate Finance Committee, appeared as an Administration witness to testify on the Senate Resolution requesting the President to study the impact of steel imports.

Shoes.—The Department is a member of the Interagency Shoe Committee established at the request of the President to assist the shoe industry. The Bureau provides staff work and representation to this committee, which meets on the average of four times a year.

The shoe industry is a relatively low-wage, labor-intensive industry which must take advantage of modern technology and management methods to compete successfully with import competition. The Department, through the Interagency Shoe Committee, is assisting the industry to coordinate its efforts to improve its competitive ability and thus maintain employment and earnings.

Electronics.—The electrical equipment and supplies industries are undergoing rapid economic and technological changes. Trade in electronic components and consumer goods is of significant interest to developing countries which are encouraging investment in these industries.

There are close to two million workers employed in the electrical equipment and supplies industries. Unions representing industry employees have expressed concern about increasing imports of electrical goods and particularly about international activities of the major U.S. corporations in the electrical industry.

Other.—Under Section 351 of the Trade Expansion Act, existing escape clause cases come up periodically for review and possible termination or extension by the President. In each case, the Secretary has the particular responsibility to advise the President as to whether the action contemplated is in the national interest.

During FY 1966 and 1967 the Bureau's staff participated in seven escape-clause reviews following Tariff Commission reports under either Section 351(d)(1) or 351(d)(2). Such reviews are coordinated by the Trade Staff Committee and involve Bureau investigation activity as well as extensive interagency coordination and deliberations.

Occasionally, as in the Watch Escape Clause case, national security problems arise. The Department is one of the several government agencies which co-

operated with the Office of Emergency Planning in its investigation of the national security aspects of the watch issue. At the request of the Office of Emergency Planning the Department undertook a study in depth of the critical skills in the watch industry. Under the direction of the Bureau, various sections of the Department and several State Employment Security agencies surveyed and analyzed the availability of certain critical skills in the watch industry and in related industries.

Adjustment Assistance.—The Automotive Products Trade Act of 1965 implements an agreement between the United States and Canada for free trade in selected automotive products. This Act directs that firms and/or groups of workers who suffer dislocation as a result of the operation of the U.S.-Canadian Agreement may petition the President for a determination of their eligibility to apply for the adjustment assistance provided under the provisions of Title III of the Trade Expansion Act of 1962. The President makes this determination of eligibility after the Tariff Commission conducts an investigation and provides him with the necessary information upon which he may base his decisions.

The President established the Automotive Agreement Adjustment Assistance Board and delegated to the Board the responsibility with respect to these determinations of eligibility. This Board consists of the Secretary of Labor (Chairman), the Secretary of Commerce, and the Secretary of the Treasury. Since it is anticipated that almost all petitions will be from workers and worker organizations, the Department of Labor provides the Executive Secretariat staff for this Board. The Executive Secretariat is responsible for all relations between the Board and the public including receiving and initial processing of petitions, institution of the investigation upon which the Board bases its determinations with respect to certification or termination of outstanding certifications, holding hearings when requested by interested parties, and the issuance of the formal Board decisions.

In calendar year 1966 the Board received, and acted upon, four petitions for adjustment assistance filed on behalf of approximately 1,600 workers. The Board issued certifications of eligibility covering approximately 1,400 workers. One additional petition was withdrawn by the applicants when the firm delayed its closing date indefinitely, and one petition filed at the end of December has not yet been investigated and acted upon. Early in 1967, possibly reflecting the general decline in automobile production, the Board received several new petitions and has had informal queries indicating the likelihood of more being filed within the next several weeks and months.

As of December 31, 1966, approximately 1,150 workers had filed claims for adjustment assistance and over 800 individuals had been found eligible to receive assistance allowances. Payments through the end of calendar year 1966 amounted to about $884,000, including retroactive reimbursement to the State agencies for Unemployment Insurance paid to eligible workers.

During this same period total U.S. employment in the auto industry continued to increase (November 1966 was 89,000 workers, 7,000 higher than November 1965), U.S. exports to Canada rose sharply, and U.S. imports from Canada rose even more sharply. In the first eleven months of 1966 U.S. exports of automotive equipment to Canada were more than $1.1 billion, $200 million more than in the full year 1965 and almost double the 1964 total.

Although by December 31, 1966, no worker adjustment assistance cases had been approved under the Trade Expansion Act, it is expected that the completion of tariff negotiations, authorized by the Trade Expansion Act, will generate activity in FY 1968. Furthermore, if the Congress approves the request which the Administration plans to submit incorporating relaxation of the standards of eligibility for trade adjustment assistance from those existent in Title III of the Trade Expansion Act of 1962, the number of petitions which will be acted upon, and the number where determinations of eligibility may be made, will increase sharply.

Trade policy.—The Department of Labor is one of the agencies from which the President is required to seek advice and information before any trade agreement is entered into under the Trade Expansion Act.

Matters relating to trade negotiations are handled on an interagency basis. The Bureau provides representation and coordinates activities relating to the interagency use of resource people. The Department is heavily involved in General Agreement on Tariffs and Trade operations and extensive staff work is required to assure that labor interests are given full consideration in trade negotiations.

The Department is represented on the Kennedy Round delegation at Geneva. U.S. participation in the Kennedy Round will, by existing law, terminate on

June 30, 1967. Regardless of the degree of success in the reduction of duties resulting from the Geneva negotiations, trade policy will perforce continue to be an active issue—for example, problems of non-tariff barriers to trade, adjustments in the duties for specific products by other countries, legislative changes affecting U.S. duties on individual items, and similar actions will require constant review and recommendation for appropriate action.

The Bureau supplies the permanent Department representative on the Trade Staff Committee which services the Trade Executive Committee and handles a broad scope of problems, most of which do not require Trade Executive Committee action.

In calendar year 1965, the Trade Staff Committee considered approximately 140 separate issues relating to the entire scope of the General Agreement on Tariffs and Trade activities and specific international trade problems. The Department was required to take positions on most of these matters. Calendar year 1966 activity of the Trade Staff Committee during August operated at an annual rate of 160 considerations.

Developing country problems.—The most important trade issues over the foreseeable future concern the relations between the developed and the developing countries, with the developing nations demanding special treatment for their actual or potential exports. The General Agreement on Tariffs and Trade and the United Nations' Committee on Trade and Development are the principal international organizations in which the developing countries are raising these problems. Interest in the United Nations' Committee on Trade and Development is growing and contributory materials and views from the Department of Labor are and will play an increasing role in development programs for the developing countries. The Organization for Economic Cooperation and Development also provides a forum for the analyses of developing country problems, including trade problems and the discussion of alternative policy proposals for dealing with such problems. Similarly, the Department of Labor has special interests in the Organization for Economic Cooperation and Development commodity and industry problems, including trade preference issues. American concern and participation, as a minimum requirement, tends to avoid actions by foreign nations which are inimical to the interests of U.S. labor. A more positive aspect would include the program guidance that we can afford and the actual industry and labor interests that we can represent.

In FY 1967 the Department participated with other government agencies in the preparatory work connected with various meetings of the United Nations' Committee on Trade and Development. Issues of particular interest to developing countries which are of vital concern to the Department are preferences, international commodity programs, and adjustment assistance. The Department has several concerns in these issues. First, we are anxious to maintain and improve the incomes of these countries so that they can increase their purchases of U.S. goods and thus support U.S. jobs. We also must protect against disruption of U.S. markets by sudden increases in imports from these nations. Finally, we would like to insure that exports from these countries are not based upon exploitation of their labor force.

In this last respect, effort is being directed toward the problem of developing a policy dealing with international fair labor standards.

A subcommitee of the House Committee on Education and Labor evidenced its concern with this problem in connection with hearings on a proposed amendment to Section 4(e) of the Fair Labor Standards Act dealing with import competition based on unfair labor standards.

Miscellaneous activities.—There are inevitable, non-recurrent activities related to the major elements of the Department's foreign trade policies program which require expenditures of substantial man-hours. Time required for this purpose cannot be identified or scheduled in a precise manner.

For example, in FY 1967, legislation concerning the Florence Agreement and an amendment to the adjustment assistance provisions of the Trade Expansion Act have drawn heavily on Bureau staff.

Problems relating to customs treatment of shipments from our insular possessions have received special attention from the Deparrtment because of a proposal to base preferential tariff treatment on labor costs—as well as the fact that the Fair Labor Standards Act coverage extends to industries in these possessions.

The Department cooperates fully with Congressional committees which request our views on trade matters with special emphasis on the possible employment impact of trade legislation being considered by the committees. The Bureau staff and personnel from other departmental agencies prepare analyses of approxi-

mately 100 bills a year in response to requests from the House Ways and Means Committee and the Senate Finance Committee for Department views. Many of these bills require interagency coordination and deliberations. The volume of individual item trade and tariff bills on which the Department has commented has increased steadily since the passage of the Trade Expansion Act in 1962.

BASIS FOR THE ESTIMATE

The estimates are based on resources required for the development of policy recommendations, particularly on the employment effects on foreign and domestic economic issues which have impact on U.S. foreign economic policies. The areas concern bilateral-multilateral negotiations involving market disruption, trade and tariff issues, trade adjustment assistance, activities concerned with international fair labor standards, and Congressional legislation and resolutions. Staff resources and staff support must be provided for U.S. participation in the General Agreement on Tariffs and Trade, United Nations' Committee on Trade and Development, Organization for Economic Co-operation and Development activities, the Trade Staff Committee, Trade Executive Committee, Cabinet Textile Advisory Committee, and other interagency special commodity and working groups.

Estimates with respect to adjustment assistance are based on expected payments to about 1,015 workers during FY 1968 under the Automotive Products Trade Act and the Trade Expansion Act for 1968. However, a few large cases could result in the total number of workers covered substantially exceeding these figures. The estimate for the adjustment assistance activity for 1968 represents an increase in the workload of 25 percent over 1967 but without any staff increase. The productivity increase is expected in large part to result from increased experience in this program and through progressive delegation to junior personnel.

Changes for 1968

Mandatory changes amount to	$9,100
Program changes amount to	$4,800

ACTIVITY 5. ADMINISTRATION AND MANAGEMENT SERVICES

1967 (Positions 26) $341,900
1968 (Positions 26) $348,500

NARRATIVE DESCRIPTION OF PROGRAM

This activity concerns Department-wide policy guidance, coordination, and direction of all activities in international affairs; exercise of the Department's responsibility for over-all management of the Foreign Service as provided in the Foreign Service Act of 1946; recruitment of Americans for overseas labor positions; servicing of labor officers overseas; internal management of the Bureau; Depratment-wide fiscal guidance and control in connection with international programs; and for coordination and direction of analyses, planning, and evaluation of Bureau program accomplishments in connection with the Department's Program Budget Management System.

PROGRAM ACTIVITY AND ACCOMPLISHMENT

During Fiscal Year 1966 and the beginning of Fiscal Year 1967, administration and management support required for the Department's international programs continued to expand and become more vital to successful attainment of international objectives. Since Fiscal Year 1965, there has been an increase of about 25 percent in the number of governmental and non-governmental international organizations supported in varying degrees.

To assist the Department of State in connection with the Secretary of State's responsibility for coordination of all international programs and activities, the Bureau initiated Department-wide action to define and pinpoint program categories and develop a rationale for each. The process will involve intensive study of categories and their rationale along lines mutually agreeable to State and Labor on Labor's contribution to State Department's over-all responsibilities for U.S. foreign policy.

Other expended activities included the development and refinement of improved techniques and procedures for operation of the Department's Interna-

tional technical assistance programs. Innovations include such items as recruiting techniques, standardization of methods for overseas movement of personnel and equipment, and coordination of program implementation with accounting systems for improved management data. High priority programs for Viet-Nam initiated in Fiscal Year 1966 and additional ones anticipated for Fiscal Year 1967 require intensified efforts towards improved management support techniques in this area. During both years, administrative support was required for the Special International Exhibitions Program of the U.S. Information Agency in connection with the procurement and overseas movement of special display equipment for labor exhibits abroad.

During Fiscal Year 1966, nearly 500 documentary items were distributed to overseas organizations, including approximtaely 102 packets of relevant newspapers, magazines, periodicals, and governmental publications to approximately 180 labor officers overseas. In Fiscal Year 1967, these activities are continuing to increase.

In 1966, the Bureau initiated steps to strengthen facilities for carrying out the Department's Foreign Service responsibilities with the Department of State. This is being done by redirecting resources available for lower priority programs to this activity which plays a vital role in U.S. foreign policy. Further efforts to focus and refine such related activities as labor officer selection, assignments, training, and backstopping are continuing in Fiscal Year 1967. In this connection during Fiscal Year 1966, jointly with the Foreign Service Institute of the Department of State, a training program of nine months was developed and coordinated to equip Foreign Service Officers for labor assignments abroad. In addition, the Bureau coordinated Departmental arrangement and implementation of five programs for Basic Foreign Service Officers' classes in labor and manpower problems.

The Bureau provided staff support to the Assistant Secretary for International Labor Affairs in connection with his participation on the Board of the Foreign Service and provided representation on the Board of Examiners of the Foreign Service of the Department of State for six sessions during Fiscal Year 1966. Also, the Bureau provided representation for approximately 20 panels considering lateral entry of reserve officers and initial appointment of officers to the Foreign Service for labor positions abroad. These activities are expected to continue at a similar or higher level in Fiscal Year 1967.

Increased emphasis continues to be placed on management improvement during 1966 and 1967. In this respect, the system for contracting for participant training has been standardized and improved and the Paper Work Management Program continues with a view toward improving control, distribution, and files classification to more efficiently support program operations.

Changes for 1968

Mandatory changes amount to	$8,400
Program changes amount to	1,800

DISTRIBUTION OF FIELD STAFF

EXPLANATION OF ESTIMATE BY OBJECT

None.

Personnel compensation, $1,033,700

This estimate provides for 98 positions and 88 man years of employment. This represents mandatory increases of $18,700 for within-grade promotion costs, and $13,900 for pay increase costs absorbed in 1967, and a mandatory decrease of $3,800 for one less day of pay. It also provides for a program increase of 5 positions, 3.6 man years, and $41,500 for foreign labor policy development.

Includes a decrease of $35,400 to meet the limitation on average compensation established by the Bureau of the Budget.

Personnel benefits, $78,000

This estimate is based upon 7.5 percent of net personnel compensation and provides for the following items:

	1967	1968	Change
Contributions to CSC retirement fund	$65,800	$68,500	+$2,700
Employees group life insurance	3,200	3,300	+100
Employees health benefits	5,000	5,200	+200
FICA deductions	200	200	----------
Incentive awards	800	800	----------
Total	75,000	78,000	+3,000

Benefits for former personnel, $4,800

This amount is required to provide personnel benefits for former employees currently serving with international organizations. The estimate covers the following items:

	1967	1968	Change
Contributions to civil service retirement fund	$3,800	$3,800	----------
Employees group life insurance	400	400	----------
Employees health benefits	600	600	----------
Total	4,800	4,800	----------

Travel and transportation of persons, $70,100

This estimate provides for domestic and international travel of area or functional specialists, consultants, and experts. It also provides for transportation of technical advisers to international conferences.

	1967	1968	Change
Number of travelers	51	54	+3
Number of days traveled	1,000	1,050	+50
Estimated cost	$64,100	$70,100	+$6,000

Transportation of things, $100

This estimate provides a minimum amount for shipment of household goods.

1967	$100
1968	100
Change	----

Rent, communications, and utilities, $32,300

This estimate provides for the following items:

	1967	1968	Change
Telephone rental, etc	$3,600	$3,600	----------
Teletype and telegrams	2,600	2,600	----------
Paid official mail	1,600	1,600	----------
Rents and utilities	5,100	5,100	----------
Working capital fund	19,400	19,400	----------
Estimated cost	32,300	32,300	----------

Printing and reproduction, $23,100

This estimate provides for the following items:

	1967	1968	Change
Publication, "International Labor"	$3,600	$6,000	+$2,400
Miscellaneous printing (pamphlets, translated materials, etc.)	2,400	5,400	+3,000
Working capital fund	14,100	11,700	−2,400
Estimated cost	20,100	23,100	+3,000

Other services, $95,300

This estimate provides for the following items:

	1967	1968	Change
Machine and miscellaneous repairs	$4,000	$4,000	
Moving and storage	2,900	2,900	
Training programs	6,300	6,300	
Conferences and seminars		4,000	+$4,000
Building maintenance and alterations	1,700	1,700	
Miscellaneous machine tabulations	25,000	25,000	
Working capital fund	24,100	27,000	+2,900
Other		24,400	+24,400
Estimated cost	64,000	95,300	+31,300

Includes an increase of $24,400 to offset the decrease in object 11 resulting from the limitation on average compensation. The increases for conferences and seminars and for Working Capital Fund relate to the new program for Overseas Labor-Management Relations.

Services of other agencies, $98,700

This estimate provides for the following items:

	1967	1968	Change
Security investigations	$6,600	$6,600	
Translations	3,100	3,100	
Statistical research, Bureau of Labor Statistics	39,000	39,000	
Research on overseas labor problems, BLS and LMSA		39,000	+$39,000
Other		11,000	+11,000
Estimated cost	48,700	98,700	+50,000

Includes an increase of $11,000 to offset the decrease in object 11 resulting from the limitation on average compensation.

Supplies and materials, $24,000

This estimate provides for the following items:

	1967	1968	Change
Subscriptions and miscellaneous supplies	$4,300	$6,700	+$2,400
Working capital fund	19,700	17,300	−2,400
Estimated cost	24,000	24,000	

Equipment, $2,900

This estimate reflects a decrease of $9,000 for nonrecurring equipment purchases.

1967	$11,900
1968	2,900
Change	−9,000

Summary of new positions

Foreign labor policy development	Number	Grade	Amount
Program supervisor	1	GS-15	$17,550
International relations officer	2	GS-13	25,746
Secretary	1	GS-6	5,867
Do	1	GS-5	5,331
Grand total	5		54,494

JUSTIFICATION MATERIAL

Special Foreign Currency

Amounts available for obligation

	1967	1968
Appropriation or estimate	$75,000	$75,000

Obligations by activity

Description	Appropriation, 1967		Estimate, 1968		1968 change	
	Position	Amount	Position	Amount	Position	Amount
1. Labor Attaché conferences		$75,000		$75,000		
Total obligations		75,000		75,000		

Obligations by object

	Appropriation, 1967	Estimate, 1968	1968 change
21 Travel and transportation of persons	$75,000	$75,000	
Total obligations	75,000	75,000	

Summary of changes

1967 Enacted Appropriation	$75,000
1968 Estimate	75,000
Total Change	

SPECIAL FOREIGN CURRENCY PROGRAM

The Department of Labor requests a special foreign currency appropriation of $75,000 for the purchase of foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States. Countries now in the excess category include the following:

Burma
Ceylon
Congo
Guinea
India
Israel
Pakistan
Poland
Tunisia
UAR
Yugoslavia

Activity 1. Labor Attaché Conferences

1967 (Pos. 0)	$75,000
1968 (Pos. 0)	75,000

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides for the convening of labor officer conferences, either on a regional or on an intra-regional basis. The purpose of these conferences is to provide overseas labor officers policy guidance in sensitive areas and to give them a current understanding of domestic labor programs in the United States so that they can interpret these programs in the countries in which they are stationed.

PROGRAM ACTIVITY AND ACCOMPLISHMENT

During the Fiscal Year 1967, the first of a new series of regional labor officer conferences was held in New Delhi, India. This conference was arranged jointly by the Departments of Labor and State and funded through the purchase of foreign currencies determined to be excess to the normal requirements of the United States. This conference was attended by a total of 37 individuals of whom 22 were labor officers from 15 Asian and Near East posts. The Washington group at the conference was headed by the Secretary of Labor.

The following topics illustrate matters which were found of substantial importance to labor officers overseas:

Labor-management relations of U.S. firms operating overseas.

Future of the International Labor Organization and its relationship to other United Nations agencies.

U.S. policy toward trade unions in developing countries.

Sino-Soviet policies and programs as they affect the labor field.

Developments in the United States in the field of labor-management relations and in the manpower field.

The Secretary of Labor was particularly impressed with the number of problems in the labor-management field in which the labor attaches and American missions overseas necessarily became involved. This discussion confirmed his belief that the image of the United States overseas can be greatly improved through better labor-management practices of U.S. firms operating overseas.

It is anticipated that in the spring of fiscal 1967, an additional conference for labor officers from Africa and/or from Western Europe will have been planned for. Because it is necessary to fund this conference from excess foreign currencies, it will be necessary to make a careful exploration of the most effective place to hold such a conference among the countries in which excess foreign currencies are available.

It is proposed that a similar approach be made for fiscal year 1968, to permit orderly planning for future regional and intraregional conferences of labor officers. The New Delhi Conference demonstrated the great value, both to labor officers stationed overseas and to Washington officials, possible from a mutual exchange of information and ideas on recent developments in the United States and problems of labor officers overseas. It is necessary periodically to bring labor officers up to date on developments in the United States in order to make effective spokesman for the United States among government, labor, trade union officials, and others with whom they are in constant contact.

EXPLANATION OF ESTIMATE BY OBJECT

Travel and transportation of persons, $75,000

This estimate provides for transportation and related costs of labor attachés, labor reporting officers, and other governmental labor officials to regional labor attaché conferences.

	1967	1968	Change
Number of travelers	85	85	----------
Number of days traveled	935	935	----------
Estimated cost	$75,000	$75,000	----------

THURSDAY, MARCH 9, 1967.

WAGE AND HOUR DIVISION

WITNESSES

CLARENCE T. LUNDQUIST, ADMINISTRATOR
IRVING LEVINE, ASSISTANT ADMINISTRATOR
WILLIAM R. REISE, CHIEF, DIVISION OF PROGRAM PLANNING AND EVALUATION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	15,807	16,644	18,470
11.3	Positions other than permanent	46	89	89
11.5	Other personnel compensation	42	31	82
	Total personnel compensation	15,895	16,764	18,642
12.0	Personnel benefits	1,193	1,283	1,498
21.0	Travel and transportation of persons	1,118	1,166	1,427
22.0	Transportation of things	59	56	104
23.0	Rent, communications, and utilities	464	568	758
24.0	Printing and reproduction	175	258	328
25.1	Other services	58	60	193
25.2	Services of other agencies	1,559	2,047	2,162
26.0	Supplies and materials	74	81	96
31.0	Equipment	43	49	216
42.0	Insurance claims and indemnities	2		
99.0	Total obligations	20,641	22,330	25,424

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	1,818	1,804	2,040
Full-time equivalent of other positions	10	16	16
Average number of all employees	1,713	1,754	1,964
Average GS grade	9.4	9.6	9.5
Average GS salary	$9,193	$9,824	$9,733

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Enforcement	17,198	18,110	20,913
	2. Wage determinations and regulations	1,117	1,716	1,805
	3. Research and legislative anaylsis	1,533	1,724	1,877
	4. Administration and management services	733	780	829
	Total program costs, funded	20,582	22,330	25,424
	Change in selected resources [1]	59		
10	Total obligations	20,641	22,330	25,424
	Financing:			
11	Receipts and reimbursements from: Administrative budget accounts	−30	−41	
16	Comparative transfers to other accounts	351	426	
25	Unobligated balance lapsing	538		
	New obligational authority	21,500	22,716	25,424
	New obligational authority:			
40	Appropriation	20,905	22,256	25,424
41	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (79 Stat. 531, 80 Stat. 674)	−19	−21	
42	Transferred from "Unemployment compensation for Federal employees and ex-servicemen" (Public Law 89-420)	614		
43	Appropriation (adjusted)	21,500	22,235	25,424
46	Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for civilian pay act increase		481	
	Relation of obligations to expenditures:			
10	Total obligations	20,641	22,330	25,424
70	Receipts and other offsets (items 11-17)	321	385	
71	Obligations affecting expenditures	20,961	22,716	25,424
72	Obligated balance, start of year	819	962	1,545
74	Obligated balance, end of year	−962	−1,545	−1,774
77	Adjustments in expired accounts	−35		
90	Expenditures	20,784	22,133	25,195

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $28 thousand (1966 adjustments −$2 thousand); 1966, $85 thousand; 1967, $85 thousand; 1968, $85 thousand.

Mr. FLOOD. We now have the Wage and Hour Division.

Mr. Lundquist, you head an extremely important Division of your Department.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

We will place your brief biography in the record and then you may proceed.

(The biography follows:)

President Eisenhower's appointment of Lundquist as Administrator was confirmed by the Senate on June 30, 1958. Lundquist had been serving as Acting Administrator of the agency which administers the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act since October 1957, when Newell Brown, the prior Administrator, was named Assistant Secretary of Labor.

Previously, Lundquist had been the Divisions' Deputy Administrator, coming to that position in November 1955, from the U.S. Department of Defense, where he was Deputy Director of Legislative Programs in the Office of the Assistant Secretary for Legislative and Public Affairs. He was also Legislative Attorney in the Office of the Secretary of Defense.

Prior to his service with the Department of Defense, Lundquist had long experience in the Labor Department, where he had served as an administrative official in the Wage and Hour and Public Contracts Divisions from 1946 to 1949.

Transferring from the Bureau of Labor Statistics in 1938, Lundquist became one of the first Wage-Hour investigators in the Chicago area, and progressed in the regional organization until he joined the armed forces in 1942. He was discharged from the Army as a Lieutenant Colonel.

He has an LL.B. degree from Georgetown University Law School, Washington, and is a member of the bar of the District of Columbia. He attended Northwestern University Graduate School in Chicago and has a degree from the University of Illinois. Lundquist is a native of Chicago.

General Statement

Mr. Lundquist. Mr. Chairman and members of the committee, the Wage and Hour Division's request for fiscal year 1968 is $25,424,000, which provides for $3,113,000 more than the revised appropriation for 1967 including $606,000 for pay increases under Public Law 89–504 and $2,780,000 and 233 positions to meet the additional costs of administration of the 1966 Fair Labor Standards Amendments, Public Law 89–601. The request includes additional increase items of $100,000 for a study to explore possible means of gaining better public understanding of the Fair Labor Standards Act.

CIVIL DEFENSE FUNCTIONS

We also have an increase of $43,000 to reflect the funding of civil defense functions, wage and salary stabilization, formerly financed by the Office of Emergency Planning.

Mr. Flood. Civil defense? Who believes in civil defense in the United States?

Suppose you get out of an automobile onto the public square of Wilkes-Barre, Pa., and talk to 11 people; how many would be interested in civil defense or know or care anything about it?

Mr. Lundquist. I suspect there would be some. There are very fine people in Wilkes-Barre and I have been on that very square a number of times in my travels. We must be ready for wage-stabilization matters that involve the welfare of fellow American workers and others both management and labor.

Mr. Flood. Yes; I agree with that.

TRANSFER OF SAFETY FUNCTIONS

Mr. Lundquist. We have program-decrease items including a reduction of $399,000 and 23 positions due to transfer to the Bureau of Labor Standards of safety and health responsibilities, formerly supervised by the Wage and Hour Division. This reduction is reflected in a comparative transfer to the Bureau of Labor Standards.

FAIR LABOR STANDARDS ACT AMENDMENTS

Effective February 1, 1967 the 1966 Fair Labor Standards Act Amendments extended coverage under the act to an additional 8 million employees in approximately 600,000 additional establishments.

Mr. Flood. How many are left uncovered?

Mr. Lundquist. About 11 million nongovernmental employees.

Newly covered establishments include hospitals and related institutions, hotels and motels, restaurants, laundries, and additional retail and service establishments. In addition, certain agricultural employees working on farms are covered under the act for the first time.

Beginning February 1, 1969, an additional 100,000 establishments and about 1 million additional workers will be covered by the act.

This comes from the reduction in the annual dollar volume test which is $500,000 to $250,000 which is incorporated in the 1966 amendment.

Mr. FLOOD. You are talking about raising minimum wages. You are talking of an item I love, so go ahead.

Mr. LUNDQUIST. For the 32.3 million employees previously covered the minimum wage is increased from $1.25 to $1.40 an hour effective February 1, 1967, and $1.60 an hour 1 year later. For newly covered employees (other than Federal employees and those employed in agriculture) a minimum wage of $1 an hour is established effective February 1, 1967, with annual increases of 15 cents an hour until $1.60 an hour is reached in 1971. Generally, newly covered employees become subject to a 44-hour-workweek standard on February 1, 1967, with at least 1½ overtime required after 44 hours, a 42-hour standard a year later and a 40-hour standard on February 1, 1969. No overtime standards are applicable to farm employees or employees of hotels, motels, or restaurants.

ENFORCEMENT PROGRAM

During fiscal year 1966 the final step under the 1961 amendments went into effect and the 3.6 million employees newly covered under the 1961 amendments became subject to a $1.25 minimum-wage standard and 40-hour-workweek overtime standard, the same as all other covered and nonexempt employees.

Mr. FLOOD. Any indication that the heavens are about to fall?

Mr. LUNDQUIST. None whatsoever, Mr. Chairman, really.

About 800,000 workers were entitled to receive wage increases as a result of the higher standards which became effective on September 3, 1965.

The 57,625 investigations made in fiscal year 1966 disclosed underpayments of $89.9 million, an increase of 20 percent over the prior year while the number of employees found underpaid increased from 406,333 in 1965 to 428,778 in 1966 or by about 6 percent. The increased severity in the violations disclosed reflects in part the higher minimum wage and overtime standards which were in effect during the full 2-year investigation period.

In 1967 it is estimated that about 55,000 investigations will be made, slightly less than the preceding year.

Mr. FLOOD. Is that a lot of investigations?

Mr. LUNDQUIST. Mr. Chairman, it represents—on the basis of old coverage where we had 1.1 million covered establishments, it would represent about 5 percent.

The lesser number of investigations is a result of (1) the planned increase in the use of investigator time for training and for public information and education activities; and (2) the greater number of complaint investigations anticipated during the second half of fiscal year 1967 which normally take nearly double the time per investigation as that required to make a noncomplaint investigation.

Mr. FLOOD. What is a noncomplaint investigation?

Mr. LUNDQUIST. This is an investigation made where no one specifically informed us or indicted that a possible violation is present in the

establishment, but we have reason to believe that violations have occurred.

Mr. FLOOD. Do you mean you go snooping?

Mr. LUNDQUIST. No; we do not. We go to firms where we believe violations might be occurring. We are in the business of getting all firms into compliance in accordance with the statutory standards as enacted by the Congress, and as provided for in our appropriation to see that proper, fair, but vigorous and effective enforcement is invoked. This is our task.

M'NAMARA O'HARA SERVICE CONTRACT ACT

It is estimated that some 380,000 employees will be found due $81,600,000 in underpayments during 1967. Of the 55,000 investigations which will be made in 1967, about 1,000 will be scheduled under the McNamara-O'Hara Service Contract Act.

Mr. FLOOD. What is that?

Mr. LUNDQUIST. This is an act that provides that where the Government contracts with an outside employer for certain services like janitorial services or repair of automobiles or maintenance of facilities or any sort of a service, that that employer shall live up to labor standards, including the establishment of prevailing wage rates for the community, for the particular job.

Mr. FLOOD. Similar to Walsh-Healey?

Mr. LUNDQUIST. It is a counterpart to Walsh-Healey. Walsh-Healey covers the furnishing of materials, supplies, and equipment, whereas the Service Contract Act covers services.

An increase of 175 investigator positions is being requested to handle the increased number of complaints expected as a result of the FLSA amendments. With these additional positions, it is estimated that a total of 59,000 investigations, including 30,000 as a result of complaints, will be made in fiscal year 1968. Only a limited increase in investigations is projected for 1968 due to the time required to train the new investigators and the lower rate of productivity for these new positions.

RECRUITMENT AND TRAINING OF INVESTIGATORS

Mr. FLOOD. How long does it take to train a man who just comes aboard, cold?

Mr. LUNDQUIST. The Civil Service Commission provides a training period which moves through a period of 2 years, or possibly 3, depending on their background and ability.

Mr. FLOOD. Isn't that an awful long time?

Mr. LUNDQUIST. Yes; it is. They come in to us off the Federal service entrance examination register.

Mr. FLOOD. Absolutely cold and green?

Mr. LUNDQUIST. Some of them are just college graduates. Others have work experience, but they have passed the Federal service entrance exam.

Mr. FLOOD. Two or three years? That is expensive.

Mr. LUNDQUIST. They come in at grade GS–5. They stay at 5 for a year, then go up to 7 and then up to 9, and the journeyman rate is GS–11, but there must be at least 1 year served at grades 5, 7, 9, and then 11. Then we have a smaller group at GS–12 who perform the more difficult investigations.

Mr. FLOOD. Are these all men? What about females?

Mr. LUNDQUIST. We have a number of women. We welcome the opportunity to recruit women and minority-group people.

Mr. FLOOD. I am not talking about minority groups. I am talking about sex. What about women?

Mr. LUNDQUIST. Without being too far wrong, I would say we have 60 to 70 women out of our group of about a thousand investigators.

The full impact of the additional investigator positions will be reflected in the number of investigations made in 1969.

PUBLIC INFORMATION AND EDUCATION PROGRAM

To advise employers and employees of their rights and responsibilities under the Fair Labor Standards Act, an extensive public information program has been set in motion.

We find there is a great deal of interest, on the part of employers who have sent the coupon back to us, throughout the field and to our office here in Washington.

Mr. FLOOD. They are reading your mail, then?

Mr. LUNDQUIST. Yes, they are, and they have shown a lot of interest in the Wage and Hour law.

Some 1.9 million brochures already have been mailed to employers throughout the country. Each contains a letter alerting the employer to changes in the act, a notice to employees which must be posted at the place of employment, and a mailback coupon which can be used to obtain more information. In the months to come both national office and field employees will be giving hundreds of talks and holding discussions before employer and employee organizations as well as professional and nonprofessional groups. Nontechnical pamphlets, and radio and TV announcements also will be used extensively.

Mr. FLOOD. Do these people invite you to come in and talk to them?

Mr. LUNDQUIST. Oh, yes. By the hundreds. In one week in January—I did a check on my own and found throughout the field in the organization, including the Washington office, we made something like 160 speeches.

Mr. FLOOD. That was by request?

Mr. LUNDQUIST. Yes. We are invited to a number of places to speak. Both employers and employee groups welcome the opportunity to bring us to their meetings in order to apprise them of the provisions of the law.

As indicated earlier, included in our request for 1968 are funds for a study to explore means for improving public understanding and awareness of the standards provided by the Fair Labor Standards Act.

Mr. FLOOD. Suppose the folks in Wilkes-Barre asked you to come up, who would pay for that?

Mr. LUNDQUIST. The Government pays for it. It is part of the public information program within the framework of our budget.

Mr. FLOOD. When I say Wilkes-Barre, I just use that as exhibit A. I mean to refer to everyone's district on both sides of the aisle.

WAGE ORDER PROGRAM

Mr. LUNDQUIST. During 1966 three industry committees reviewed the rates in two industries in Puerto Rico, five industries in American

Samoa and seven in the Virgin Islands. A total of six wage orders were issued during 1966.

Additional industry committees had been planned for 1966 but were canceled during the latter part of the year due to the FLSA amendments then pending before the Congress. The 1966 amendments provide for an automatic increase of 12 percent for any wage rates in effect in Puerto Rico and the Virgin Islands at the time of enactment.

This 12 percent is equated with the increase from $1.25 up to $1.40. That is a 12-percent increase stateside. The Congress established an automatic 12-percent increase for the rates in effect in Puerto Rico. Some of those rates are in fact even lower than a dollar, but most of the employees in Puerto Rico as of February 1, this year, were subject to a minimum wage of $1.25, the standard stateside before February 1, 1967.

This increase in Puerto Rico becomes effective 60 days after the February 1, 1967 effective date of the amendments. One year later the rate will automatically be increased by 16 percent.

Mr. FLOOD. In view of the tax treatment of Puerto Rico, I wouldn't break down and cry too much about those fellows. They will survive.

Mr. LUNDQUIST. As you know, Mr. Chairman, there is an opportunity for hardship review and some 12 out of 32 industries did ask for a hardship review this year.

Mr. FLOOD. That is very interesting. I don't know much about that. How is that done?

Mr. LUNDQUIST. That is done by meeting certain statutory provisions. First, the statutory provision requires that the industry itself must submit an application——

Mr. FLOOD. The industry? Do you mean nationwide?

Mr. LUNDQUIST. No, the industry in Puerto Rico.

Mr. FLOOD. I thought you were indicating there is a hardship appeal right stateside?

Mr. LUNDQUIST. No, I am talking only about Puerto Rico.

Under the 1966 amendments provision is made whereby any employer or group of employers employing a majority of employees in an industry may within 60 days following enactment of the amendments, request the Secretary of Labor to appoint a review committee to recommend rates in lieu of those provided in the act. Twelve requests for appointment of review committees are being reviewed. In addition, five committees have been scheduled during 1967 to set wage rates for newly covered industries in Puerto Rico, the Virgin Islands, and American Samoa. About the same number of committees will be required in 1968.

SPECIAL MINIMUM WAGE PROGRAM

The 14,032 certificates issued in 1966 authorizing the employment of learners, full-time students, handicapped workers, student learners and apprentices at rates below the statutory minimum was 600 more than the number issued in 1965. It is expected that the number of certificates issued in 1967 will increase to about 17,000 as a result of the higher minimum wage standard and the greater number of employees covered under the 1966 amendments.

Mr. FLOOD. How do you know that? How would you come up with 17,000 instead of 117,000?

Mr. LUNDQUIST. Well, Mr. Chairman, first we have been around a long time. Many of us have been with the Wage and Hour Division since 1938 and 1939. We have experienced the rate increases that took effect even back when 25 cents went up to 30 cents and then to 40 cents and then to 75 cents. We have studied all these matters carefully.

Mr. FLOOD. You won't miss this by very much then, will you?

Mr. LUNDQUIST. We don't think we will.

An increase in the number of full-time student applications is anticipated under the more liberal provisions for certification provided by the 1966 amendments and as a result of the large number of students employed in hospitals, food service and agriculture which are newly covered under the amendments. Is is estimated that about 19,000 certificates will be issued in 1968.

As directed by the 1966 amendments, a study will be made of the wages paid handicapped clients in sheltered workshops and of the feasibility of raising existing wage standards in such workshops.

Mr. FLOOD. Is that called for under the law?

Mr. LUNDQUIST. This is called for in the 1966 amendments, yes, sir. We are required to report by July 1 of this year and we will do so.

GOVERNMENT CONTRACTS WAGE DETERMINATION PROGRAM

Activities involving implementation of the McNamara-O'Hara Service Contract Act received high priority in the latter half of fiscal year 1966. This act became effective on January 20, 1966, and provides for determination of wage rates and fringe benefits prevailing for the various classes of service employees in a locality. It is estimated that as many as 50,000 contracts subject to the act are in effect at any one time. During the latter part of fiscal year 1966, 166 determinations were issued. For the first half of fiscal year 1967 a total of 363 determinations were issued. Based on the current rate of issuing determinations under the act it is estimated that during 1967 about 1,000 determinations will be issued which will apply to some 10,000 service contracts.

Mr. FLOOD. What is a determination?

Mr. LUNDQUIST. This is a determination of a prevailing wage rate for an occupation in a particular locality or a determination of several prevailing wage rates for several occupations in a particular locality applicable to particular types of employment. A determination might include a carpenter, a carpenter's helper, a laborer, a truck driver. That would be one determination; another determination might be for janitors and porters, so they might have only one wage determination, prevailing wage determination in the order, or there might be several, but we must do it by classes of service employees. This is by statute. In fiscal year 1968 an increase in the number of determinations issued and the number of contracts affected is expected. During 1967 it is expected that the Bureau of Labor Statistics will make approximately 100 special wage surveys for the purpose of providing wage data for use in making determinations. About 100 special wage surveys are also planned for 1968.

No new industry wage determinations were issued under the Walsh-Healey Public Contracts Act in 1966 and none are planned for 1967

or 1968. Wage determinations in 24 industries continue in effect and apply to a substantial portion of Government procurement. These are in fact industry determinations that are higher than the $1.40 rate applicable as the minimum under the Fair Labor Standards Act.

A proposal has been published in the Federal Register to establish a prevailing minimum wage determination of $1.40 an hour for all industries subject to the provisions of the Public Contracts Act except those industries where the present determination is higher than this amount. This wage determination establishes a prevailing minimum wage under the Public Contracts Act which is equal to the $1.40 per hour statutory minimum under the Fair Labor Standards Act effective February 1, 1967.

ECONOMIC STUDIES

Section 4(d) of the Fair Labor Standards Act directs the Secretary of Labor to submit annually to the Congress a report including an evaluation and appraisal of the minimum wages established by the act and recommendations for further legislation in connection with matters covered by the act. The report for this year was submitted in January 1967. Included in the report is a study of the effects of $1.25 minimum wage and the 40-hour standard in retail trade, and studies of employment, wages, and hours in the motion picture theater industry, hospitals and laundries. Also included is a study of low-wage occupations in metropolitan areas and low-wage industries.

Mr. FLOOD. Do you expect any dramatic legislation coming out of the House Education and Labor Committee of the Congress in this area?

Mr. LUNDQUIST. I know of no proposal affecting the Fair Labor Standards Act.

As directed in the 1966 amendments a study is being made of wage payments to handicapped clients of sheltered workshops and of the feasibility of raising existing wage standards in sheltered workshops. A study also is being made which will permit an evaluation of the adequacy of the present overtime standard under the Fair Labor Standards Act. The results of these studies, along with appropriation recommendations, will be reported to the Congress by July 1, 1967.

During 1968 studies will be made of employment and earnings in eating and drinking places, hotels and motels, and in farming and agricultural processing to determine the effects of the $1 minimum wage on employees who are covered by the act for the first time. Additional studies will be developed to provide information on earnings and employment in other newly covered industries or in industries where coverage was expanded. As directed in the 1966 amendments a study will be developed to examine the wages paid Government employees in the Canal Zone for submission to the Congress by July 1, 1968.

That is a study by the Secretary of Labor in cooperation with the Secretary of Defense and the Secretary of State.

NEW APPROACHES

The Wage and Hour Division stands ready to meet the challenges of administering the higher wage standards and extended coverage set out by the Congress in the 1966 Fair Labor Standards Act amendments. It is recognized that effective administration of the amended

law demands new and imaginative avenues of approach. We will continue to direct our efforts vigorously toward attaining compliance wherever noncompliance exists and with the resources included in this request, will seek to ensure that covered employees receive the higher benefits to which they are entitled.

Mr. FLOOD. "New and imaginative avenues of approach." What do you mean?

Mr. LUNDQUIST. In our own organization we are working toward procedures which will provide a basis for attaining compliance in a more effective way through the use of dictating equipment, various devices that investigators may use to facilitate their own work. To use the automated processes, to the extent that we can. To decentralize our employees in the area where violations may be occurring, to look at ways in which we can get into the establishment and get out of the establishment quickly, to obtain compliance as quickly as possible in order to increase our productivity. We find a great need to get to more establishments than we are getting to now. There is a very crying need insofar as violations that may be occurring and may be going unnoticed.

SUMMARY OF BUDGET FOR THE WAGE AND HOUR DIVISION

Mr. FLOOD. The adjusted appropriation for 1967 is $22,311,000. The request for 1968 is $25,424,000. That is an increase of $3,113,000, and 236 positions. I think I know the answer, but suppose you explain that increase.

Mr. LUNDQUIST. Mr. Chairman, there are several mandatory items. For example, net additional cost to restore pay costs absorbed in 1967. This is $125,000.

Net additional cost of within-grade promotions effective for part of the year 1967, some $70,000.

Net cost of within-grade promotions becoming effective in 1968, $59,600.

A net increase in contributions to the Federal Employees Compensation Fund, $7,100.

There is a decrease of nonrecurring extra day of pay for the current year. That is $71,700. This is a decrease.

Then the major increases, of course, are as follows:

The funding of the civil defense functions formerly financed by the Office of Emergency Planning. There we had $43,000 and three positions.

The major element is to provide for the administration of the 1966 amendments. Some 233 positions. Personal services and nonlabor costs; this is $2,780,000.

Then we have the $100,000, which would provide a basis for making this study of means for attaining better public understanding of the Fair Labor Standards Act.

ADDITIONAL PEOPLE FOR ENFORCEMENT ACTIVITY

Mr. FLOOD. It is rather obvious that this new law we have been talking about is going to call for an awful lot of people to have it decently enforced.

Two hundred and twenty-one of the new positions you are requesting are in the area of enforcement activity.

Mr. LUNDQUIST. Yes.

Mr. FLOOD. How many of those will actually be field investigators?

Mr. LUNDQUIST. 175.

Mr. FLOOD. One hundred seventy-five of the 221. What about the balance? What are they going to do?

Mr. LUNDQUIST. Ten of them we estimate will be supervisors because they will be in the field offices supervising. Then 10 or more will be clerical assistants in the field office to type reports, and—well, the execution of the administrative functions. But the person who, as we say, carries the bag——

Mr. FLOOD. You will have 175 in the field.

Mr. LUNDQUIST. 175 additional ones.

Mr. FLOOD. Do you have them available or will you pull them out of a hat? You told us it takes 2 or 3 years to train these people. Do you have them standing by or what?

Mr. LUNDQUIST. Yes. That is why in 1968 we will be recruiting. We will be recruiting as soon as we get congressional approval to do so. We will be recruiting from the Federal service examinations. It is not an easy job to recruit. We are careful and cautious about the people we put into these jobs.

Mr. FLOOD. You'd better be, Mister.

Mr. LUNDQUIST. We always have been and we intend to be. We demand the highest kind of integrity from these people.

Mr. FLOOD. With the extent of this coverage, you can become an evil breed very fast.

Mr. LUNDQUIST. I would assure you that we will strive and operate on the basis that we will not be evil in anything that we do. We are looking for highly qualified people. In this tight job market it is not easy to accomplish, but we have been successful so far. We believe we will be successful. We train them effectively; we have them come to Washington. We have a group now recruited within the framework of our current budget. We have 30 people training here in Washington for a period of 5 weeks to learn about all the ramifications of the law and the procedures for making the investigation and applying the law.

Mr. FLOOD. You are sitting on a powder keg.

Mr. LUNDQUIST. We recognize that.

Mr. FLOOD. You are going to get in a lot of moustaches besides mine with this coverage you are going to have, especially when you go looking for things.

Mr. LUNDQUIST. We recognize that, but I think we have been very successful so far. It is in my judgment rather rare that we have any semblance of complaints against what we are doing.

Mr. FLOOD. As a matter of fact, I think some of these people have been getting away with murder for years because you haven't been able to make as many investigations as you should.

Mr. LUNDQUIST. We haven't been able to get to some of the places.

Mr. FLOOD. It is appalling nationwide. I don't know whose fault that is.

WORKLOAD IMPACT OF 1966 AMENDMENTS

On page 12 you say:

The increase from $1.25 an hour to the $1.40–$1.60 minimum wage set by the amendments will have a greater impact than the increase from $1 an hour to $1.25 an hour under the 1961 amendments.

What do you mean by that? What increase did you get in the enforcement personnel as a result of the 1961 amendments vis-a-vis what you are getting now?

Mr. LUNDQUIST. It was 300 investigators. We are getting less percentagewise.

We are talking in terms of our enforcement responsibility. We are adding here, under the 1966 amendments, some 8 million—ultimately 9 million workers when we reach 1969—whereas in 1961 we were talking about some 3 million workers and only 200,000 establishments.

Mr. FLOOD. That accounts for the difference between 3 million and 8 million.

Mr. LUNDQUIST. Our enforcement responsibility is diffused over a tremendously broader area. We need more people available to correct these possible violations.

UNDERPAYMENTS

Mr. FLOOD. At page 13 of your justifications, going half-way down the column, in 1961 underpayments that you found total $30,942,531. Now, across to 1966 and it is $89,929,750. That is quite a jump.

Now, go back to 1961 and go down to the amounts of payments agreed to. You have $14,477,883. Now over to 1966 and you have $27,430,911.

That is a big difference between the underpayments and the payments agreed to.

Mr. LUNDQUIST. Of course, the absolute figure is much higher. It is double—$27,430,911 is almost double $14,477,883.

Mr. FLOOD. The one that makes me unhappy is not that one. It is the amount of underpayments. Almost $89 million in 1966 as against $30 million in 1961. What is the reason?

Mr. LUNDQUIST. Part of it, Mr. Chairman, stems from the nature of the law itself.

Mr. FLOOD. This is the philosophy of the law?

Mr. LUNDQUIST. Yes. The way in which the law is written.

We do not have authrity to demand that an employer pay the back wages.

Mr. FLOOD. Should you have?

Mr. LUNDQUIST. I think we should have greater authority in order to attain collection of back wages.

Mr. FLOOD. That is a pretty shocking figure.

Mr. LUNDQUIST. Yes, it is, and it is important but it is also only important in relation to other matters that must be looked at. That is the extent to which we go to establishments and get a larger number of establishments into compliance. Those people will be paid in compliance as of the date we visit them.

Mr. FLOOD. My problem is this: I know and you know from the figures you give me, that there is over $60 million owed to American workers that they haven't got and apparently are not going to get. What do you have to do to get that ? Sixty million dollars they are not going to get.

Mr. LUNDQUIST. Under the law as it is written today we have full authority to request and to demand if necessary, through court action, that the employer come into compliance. We also have under more limited authority a right to go to court and have the court award the

back wages due, as well, along with enjoining the firm for violating, but on a straight violation case where the employer inadvertently, carelessly, or otherwise has violated the law, but says, "I am in compliance and will be in compliance as of this date," or he was in compliance and is even a year before we got to the establishment, but under the 2-year statute of limitations, he had violations preceding that year of full compliance——

Mr. FLOOD. You are never going to catch up to them, are you? They will never live long enough?

Mr. LUNDQUIST. That is right. Many of these are lost. This is why, Mr. Chairman, we must get to more establishments as soon as possible. This is one of our major goals.

Mr. FLOOD. This is one of the most shocking revelations—I can't use the word "dereliction" because it is obviously not your Department's fault. However, there is something wrong with the Government, with the Congress, with somebody, that in this year of our Lord, 1967, I would be presented with a fait accompli of that sort. Sixty million dollars!

Even with the Department of Defense that is a lot of money.

Mr. LUNDQUIST. I think it is important to each and every one of those workers who did not get that money. I agree.

Mr. FLOOD. Of course, the only thing that saves us is that they don't know it.

Mr. LUNDQUIST. In many instances we apprise them of the fact that they have an independent right to sue the employer under what we call section 16(b) and, in suing the employer, they have a right to ask the court to award double damages and court costs and a reasonable attorney's fee. But most employees don't go around suing their employers.

Mr. FLOOD. In other words, "You have a right, Mister. Exercise it."

Mr. LUNDQUIST. This is built into the statute.

Mr. FLOOD. Congress did a Pontius Pilate on that one. "You have a right, Mister. What more do you want? You have a right."

I can remember when I was a young lawyer, Mr. Natcher and gentlemen who are lawyers—remember when you were young lawyers, you sat back in the courtroom and somebody would violate some law and the judge would appoint you to represent them? You would try the case and he was convicted and you would stand there and protest the ruling of the judge on a matter of evidence or something like that and he'd look you in the eye and say, "Mr. Casey, you have a right of appeal. We have just appointed you to defend an indigent client and you have a right to appeal to the Supreme Court, Mr. Casey."

Do you remember those days?

Mr. CASEY. The justice of the peace said, "You can appeal to 'The Island'." That was Houston.

Mr. FLOOD. He had just named me to represent this pauper and then he tells me when I object to a ruling of evidence, "Mr. Flood, you have a right of appeal."

Mr. CASEY. That is like appealing a $20 case from the justice court over to "The Island." It would cost you more than that for lunch.

Mr. FLOOD. I didn't understand this until you explained it. However, I am even more appalled now.

Mr. LUNDQUIST. This is a serious matter.

Mr. FLOOD. That is an understatement.

Mr. LUNDQUIST. We do work within the statutory authorities that we have.

Mr. FLOOD. I am not blaming you for this. I don't think this is your fault.

I always bet hats with admirals and generals. I will bet you a hat that the average Member of Congress doesn't know what we just talked about and wouldn't believe it if I told them. What do you think, Mr. Natcher?

Mr. NATCHER. As to the amount, Mr. Chairman?

Mr. FLOOD. Yes.

Mr. NATCHER. I have had a little experience along this line and I am not at all surprised. In fact, if it was a little higher, I wouldn't have been surprised.

Mr. FLOOD. That makes me feel worse.

TRAVEL POLICY

Here on page 14 is a little phrase that probably is innocuous, but I don't know what it means. "The impact of the new Government-wide policies on travel time." What policies? How do they have an impact on you?

Mr. LUNDQUIST. This is important to us from an operating standpoint. I am sure you recognize full well that our investigators must travel and they travel to various places throughout the country, although we try to have them stationed as close to their responsibilities as possible. The travel policy which, as I understand, emanated from the Congress and is adopted as far as the executive branch is concerned. It is to provide the fullest opportunity, wherever possible, to have Government employees travel on official time to the worksite, or in performing a travel function in connection with his work. When you multiply that kind of travel by hundreds of investigators who are traveling constantly during the day, in lieu of having them do a certain amount of travel on their own time——

Mr. FLOOD. What are the new Government policies?

Mr. LUNDQUIST. The new policy is to provide full opportunity for an employee to travel on official time rather than his own time in terms of executing his job responsibility.

Mr. FLOOD. I don't quarrel with that. I thought maybe you were trying to get around my left end there.

Mr. LUNDQUIST. Oh, no. We have adopted that policy. It has increased the amount of travel time during the work day for our investigators, but we try to solve that problem by keeping them as close to their work site and eliminate the excess amount of travel that may occur along the way.

Mr. FLOOD. I am naturally suspicious. I am an old district attorney.

SETTING WAGE RATES UNDER THE WALSH-HEALY ACT

On page 22 there is this sentence,

Because of continuing administrative difficulties, resulting from adverse court decisions, no new industry wage determinations under the Public Contracts Act were issued in 1966 and none planned for 1967 or 1968.

What court decisions? Is this serious?

Mr. LUNDQUIST. The circuit court in the District held that with respect to the data that was gathered and the Bureau of Labor Statistics gathered these data for us to establish wage data which would provide the basis for a prevailing wage rate in a particular industry, that in examining the data there was some question as to the accuracy of some of the material or data, or changes that might be made or should properly have been made. The defendant claimed that they wanted to see the data that would come out of this, which was used as a basis for the prevailing wage rate determination.

Mr. FLOOD. They wanted a disclosure of evidence?

Mr. LUNDQUIST. That is correct. The Bureau of Labor Statistics said that these data were gathered under a pledge of confidentiality and could not be disclosed. The court said under those decisions we would hold that it is not a proper case in which we could find a wage rate based on these data.

Mr. FLOOD. In other words, the circuit court threw you out?

Mr. LUNDQUIST. I guess that is it.

Mr. FLOOD. Did you take it up?

Mr. LUNDQUIST. No, it was concluded that it was not appropriate to take it up.

Mr. FLOOD. Who concluded?

Mr. LUNDQUIST. This is the Solicitor of Labor, in conjunction with discussions with the Wage and Hour Division. On that basis we have not proceeded to have data gathered in that fashion and no other alternative methods have been developed as yet.

Mr. FLOOD. Don't you think some alternative better be developed? If this word gets around you merely make a motion for disclosure and based upon the precedent of that circuit court, out you go.

Mr. LUNDQUIST. Yes.

Mr. FLOOD. You would never get off first base. What do you propose to do, quit?

Mr. LUNDQUIST. We have deferred action under the Walsh-Healey Act. First, the Fair Labor Standards Act establishes a reasonably high minimum wage, the $1.40, $1.60 rate. In many industries there is no need to try to find a prevailing Walsh-Healey minimum wage. It would probably be inappropriate for us to go into the automobile or steel industry or perhaps chemical industry or other industry highly organized, because for us to go through the mechanical process of finding the prevailing minimum rate which would ultimately be the union rate, would represent in my judgment an expenditure of Government funds unnecessarily and unwarrantedly.

TRANSFER OF SAFETY FUNCTIONS

Mr. FLOOD. That is a good answer. I notice that your safety functions are being transferred to the Bureau of Labor Standards.

Mr. LUNDQUIST. Yes, sir.

Mr. FLOOD. What is involved in this and why are you making that shift?

Mr. LUNDQUIST. We have in the past had the safety and health responsibilities, the enforcement of the safety and health standards under the Walsh-Healey Act.

Mr. FLOOD. Why are you making the shift?

Mr. LUNDQUIST. It represented in our judgment good business from the standpoint of bringing together under the Labor Standards Bureau all of the safety and health functions they had responsibilities for in connection with other safety and health activities. Their activities in the safety and health functions relating to States and the Federal Government itself, includes the mission SAFETY 70 program. This is a vast program within the Government itself to provide safe and good working conditions for Government people.

Mr. FLOOD. We have gone along with that.

Mr. LUNDQUIST. I think it represented a sound approach toward putting together in one Bureau the safety responsibilities. This was done by the Department.

Mr. FLOOD. Mr. Laird had to go to another meeting but he asked me to question you about what effect if any this would have with reference to the State contracts?

Mr. LUNDQUIST. That, Mr. Chairman, is another matter. The question of the extent to which the Federal Government should contract with States for the purpose of having States enforce the safety and health standards subject to the Walsh-Healey Act or the Service Contract Act, this is a matter that must be carefully weighed and is being carefully weighed at the present time.

Mr. FLOOD. Will this shift affect that situation? Will it affect in any way the State contract relationship?

Mr. LUNDQUIST. No, I do not think so, because the decisions in this matter would be made by the Secretary of Labor anyway. We all work for the Secretary of Labor.

Mr. FLOOD. Mr. Natcher?

TOTAL AUTHORIZED PERSONNEL

Mr. NATCHER. What is your total authorized personnel, Mr. Lundquist?

Mr. LUNDQUIST. As of now the total authorized personnel is 1,804. Those are the number of positions authorized.

Mr. NATCHER. How many vacancies do you have at this time?

Mr. LUNDQUIST. Let me give you one other figure.

Mr. NATCHER. Go right ahead.

Mr. LUNDQUIST. The employment ceiling is 1,723. The full-time employment as of January 31 was 1,690. This is a sort of cyclical thing.

We added these additional investigators that are in training. Some came on board in February, so the figure is probably higher than 1,690 as of now.

Mr. NATCHER. What would your total vacancies be, then?

Mr. LUNDQUIST. Our total vacancies if we look to 1,723 and 1,690, we would have 33 vacancies.

Mr. NATCHER. I believe you are asking for 175 new investigator positions for fiscal 1968.

Mr. LUNDQUIST. Yes, sir.

Mr. NATCHER. What are the grades and salaries of these positions?

Mr. LUNDQUIST. They would come in at grade 5 and 7, basically, moving up after a year of employment to the next higher grade, 7 or 9 and 11 ultimately.

Mr. NATCHER. Are new positions funded on a 6-months, 9-months or full fiscal year basis?

Mr. LUNDQUIST. It is about 10 to 11 months.

TRAINING NEW EMPLOYEES

Mr. NATCHER. What training do you give these people?

Mr. LUNDQUIST. The training is a carefully planned program, fully approved by the Civil Service Commission, of course, in which we first bring these people on board and have them in the field doing some reading and working with other investigators before they even come into a formalized training program.

We want them to see how an investigation is made to see whether they like it or whether they can do it.

There are many diverse job responsibilities.

Mr. FLOOD. You do not get mixed up with politicians in either party in this?

Mr. NATCHER. Every day, Mr. Chairman.

Mr. FLOOD. I mean seriously.

Mr. NATCHER. He will say every day.

Mr. LUNDQUIST. We find where congressional interests are developed in any case, we invariably find after the Congressman and Senator knows the facts, they let us proceed in accordance with the facts. We never have any complaints in that regard.

After the investigators have been on board for 4 or 5 weeks, we then bring them to Washington normally for a period of 5 weeks in which they are sitting in school. This is a formal part of their training. We bring our own people and others from the field as instructors to train them in all aspects of administration of this law and the various laws. We now have a number of laws. The equal pay provisions, the Service Contract Act problems, the minimum wage and overtime, the coverage provisions, agriculture, all these new and diverse industries that must be looked at by our investigators. After this 5-week period they then go back to the field and under the supervision of another investigator working closely with that investigator for many months they then move as they progress within their ability to make what we call simpler investigations on their own; then ultimately they move into the higher categories, but always under supervision.

Mr. NATCHER. Assuming that 175 new positions are allowed, how many investigators would you have, then?

Mr. LUNDQUIST. We would have 1,024 plus 175. That would be 1,199.

NUMBER OF FIELD OFFICES

Mr. NATCHER. How many area offices do you have now?

Mr. LUNDQUIST. We have 100 field offices. These are the area offices. These are the working offices where men move out to make investigations.

Mr. FLOOD. If the gentleman will yield, do you still have one in Chambersburg?

Mr. LUNDQUIST. We have a regional office in Chambersburg.

Mr. NATCHER. I thank you, Mr. Chairman.

Mr. FLOOD. Mr. Hull.

Mr. HULL. I do not believe I have any questions.

Mr. FLOOD. Mr. Casey.

Mr. CASEY. You state on page WH–17 that you had no opportunity to gain much experience in the administration of the McNamara-O'Hara Service Contract Act. Do you anticipate that you will have 1,000 of those?

Mr. LUNDQUIST. Yes, we anticipate 1,000 determinations. This is a setting of wage rates by occupation for particular types of contracts that would be entered into by the Government with service contractors.

Mr. CASEY. If you make 1,000 determinations, will that take care of your approximately—you say it would apply to over 10,000 service contracts?

Mr. LUNDQUIST. Yes.

Mr. CASEY. But you expect it is going to be at the rate of 40,000 per year?

Mr. LUNDQUIST. Yes.

Mr. CASEY. How about the other 30,000 contracts?

Are they in such a position that you do not need to make a determination?

Mr. LUNDQUIST. They are not left out in the cold entirely because, under the Service Contract Act, there is a requirement that in paying employees for the services performed, under no conditions can those employees be paid less than the established minimum under the Fair Labor Standards Act. So in all instances, for example, where we were providing for laundry services or other such services, either the $1.40 or the new $1 minimum wage would be applicable under any conditions for all those employees. But to the extent that we can find data and develop data to provide the prevailing wage rate for a particular occupation, we will do it. That is the action that we take in terms of wage determination.

Mr. CASEY. As I understand the act, it goes without saying under the law they have to pay the minimum wage if they are under the coverage.

Mr. LUNDQUIST. Yes.

Mr. CASEY. And the coverage is being extended now to include most of the services that will be rendered to Federal agencies. The act requires a determination to be made not only as to wages but also fringe benefits and vacation periods, et cetera, pension plans, and what have you.

Mr. LUNDQUIST. That is correct.

Mr. CASEY. That gives you pretty broad power in making a determination. In other words, you can more or less say that anyone that is going to bid on this contract has to have a particular type of pension plan and certain vacation periods as well as a wage above the legal minimum, is that correct?

Mr. LUNDQUIST. I would not say that exactly that way, but I would say we do have a duty under the act to find what the prevailing fringe benefits are and what the prevailing wage rate is.

We do find that and do put into the wage determination fringe benefits that are applicable, yes. There is no requirement that a particular fringe benefit must be executed, but that comparable or equal fringe benefits or equal payments might also be given to provide the same monetary return comparable with the fringe benefit that might be given in another situation.

Mr. CASEY. How many determinations have you made?

Mr. LUNDQUIST. We have made about 600 so far.

Mr. CASEY. How do you make those determinations? Do you hold hearings?

Mr. LUNDQUIST. No, basically we are using the occupational survey, data made available from the Bureau of Labor Statistics. These are area occupational surveys in the standard metropolitan statistical areas. These data are kept up to date by the Bureau of Labor Statistics. We have also asked them for special surveys for our own purposes where they did not have area data. These are basically the data that we use. In other instances we would use the prevailing data made available to us if such data are probative and proper and representative of the prevailing wage rates in the area.

Mr. CASEY. That would be furnished to you by a proposed contractor?

Mr. LUNDQUIST. It could be given to us by a contractor. It could be given to us by the contracting agency, or the union people in the area, who have data which would indicate that employees in this particular occupational group are organized and the rates are prevailing for such employees in the locality.

Mr. CASEY. Of the 600 determinations you had, have you had any protests as yet, or accusations of unfairness?

Mr. LUNDQUIST. We have had some. I suspect any time you do something 600 times you are going to get a few complaints. Yes, we have had a few. We have been able to work them all out very well. After they present their views, if we have been wrong, we are willing to correct them. We have not been wrong in very many cases that I know of.

Mr. CASEY. You say you have not been wrong. Do they have any right of appeal from your decision? They do not, do they?

Mr. LUNDQUIST. The appeal would be to the Administrator in terms of what we found as the prevailing wage rate.

Mr. FLOOD. Do you act on anonymous complaints?

ACTION ON ANONYMOUS COMPLAINTS

Mr. LUNDQUIST. Yes, in terms of investigating under the wage and hour law often the anonymous complaint is the one that is most vital and one in which anonymity is important to the person and may be important to the kind of violation.

Mr. CASEY. There is nothing inherently evil in an anonymous complaint in this kind of enforcement.

Mr. LUNDQUIST. No, there is not. We are very willing to have employers remain anonymous as some of them want to the same as employees want to remain anonymous at times.

HARASSMENT SUITS AGAINST EMPLOYERS

Mr. CASEY. Do you have any service for an employer who does not come under the Fair Labor Standards Act, where they keep filing suits against him alleging that he is under the act?

Mr. LUNDQUIST. First, I would say very, very few employees exercise the right to sue the employer for a violation of the Fair Labor Standards Act. So it occurs so rarely.

Mr. CASEY. They do after they quit?

Mr. LUNDQUIST. Yes, I suppose so. In the second case the court would decide whether or not the employer is covered under the law.

Mr. CASEY. I understand. Again this employer has to pay his attorneys' fees and so forth to continually answer this string of complaints.

Mr. LUNDQUIST. Yes, but it usually is not a string of complaints; it is very rarely this occurs.

Mr. CASEY. A particular case that I had in mind was two in 3 years.

Mr. LUNDQUIST. Any employer has a right to come to us and ask us how his business fits or doesn't fit under the Fair Labor Standards Act. We would be glad to do our best to tell him.

Mr. CASEY. This is a matter between the individual, the employer, and the former employee which your Department would not enter into under any situation.

Mr. LUNDQUIST. Not normally unless requested to provide information or data about coverage or other matters.

Then we would provide such information. We would not normally enter the law suit.

Mr. CASEY. The employer is alleging that he is being harassed through an endeavor to unionize his operation.

Mr. LUNDQUIST. This allegation might occur.

Mr. CASEY. There would be no service of your Department that would be of any assistance to him other than just the statutes and information whether or not in your opinion he does or does not fall under the Fair Labor Standards Act.

Mr. LUNDQUIST. That is right.

CLASSIFICATION OF NURSES

Mr. CASEY. The hospitals and nurses—particularly the hospitals with reference to the nursing staff—have you worked out the problem on the nurse's hours and whether they are considered a profession?

Mr. LUNDQUIST. We feel that many registered nurses performing as registered nurses can be exempt as professionals under the provisions exempting professionals from the Fair Labor Standards Act. One of the problems involved with nurses is the question of whether or not they meet the salary test, which is $115 a week. In some areas there is a question as to whether nurses do in fact meet that salary test. I would say without trying to settle cases in this hearing that most nurses that would operate as nurses and have the RN certificate, if they meet the salary test of $115 a week on a salary basis would probably be exempt as professionals.

Mr. CASEY. I think you still have that under consideration.

Mr. LUNDQUIST. Yes.

Mr. CASEY. And I guess each individual situation would govern.

Mr. LUNDQUIST. We have the problem of the nurse who gets less than the salary test and that is still being explored.

EXEMPTION CERTIFICATES

Mr. CASEY. Under the special minimum wage program, I must agree with the chairman, I am not too well educated on these exemptions under the certificate program for learners, full-time students, handicapped workers and student learners. You stated that 14,000

certificates were issued in 1966. Do those certificates apply to a particular type of position, or are they for an individual worker?

Mr. LUNDQUIST. They are normally for an individual worker, yes.

Mr. CASEY. You mean out of this whole country you only have 14,032?

Mr. LUNDQUIST. Yes, but in the area of learners and some others, for example, a certificate would be granted to an employer to employ a number of learners. I think the figure would be less than 1,500 learner certificates. The number of employees involved would be 38,000 learners authorized under 1,466 certificates in fiscal 1966.

Mr. CASEY. You did not understand my question. I asked if this applied to the individual employees or groups of employees.

Mr. LUNDQUIST. Yes, it does in some instances apply to individuals and in others it applies to groups or to employers.

Mr. CASEY. 14,032 certificates represents 30,000 employees.

Mr. LUNDQUIST. Would represent more than 38,000, yes. The total employee figure is 106,142. It is on page WH–21.

Mr. FLOOD. What figure?

Mr. LUNDQUIST. The figure involving the number of employees equated with the number of certificates.

Mr. CASEY. Rather than take the committee's time, I would appreciate your help in giving me a little education on this particular phase as to what the procedure is and when such exemptions are applicable. Would you furnish that to me personally, please?

Mr. LUNDQUIST. I will; yes, sir.

Mr. CASEY. I am quite interested; my own personal theory being that if we do not encourage these youngsters to work they lose their ambition to learn and to progress.

I think they get ambitious by associating with more skilled employees and those who are earning more money. It instills a little industry in them. If they lay around the streets in the summer they lose that ambition. I just wondered if the public is aware of it and if the employers are aware of the opportunities, if there are opportunities, for them to put young people to work under an exemption under your standards, where they might employ more young people.

Mr. LUNDQUIST. Yes, there is the provision in the statute to employ full-time students in retail service establishments and also full-time students at less than the minimum or 85 percent of the minimum in farm work also. This is the one area in the statute that does provide broad authority to employ students below the applicable minimum wage. I will be glad to explain that in a letter to you.

Mr. CASEY. As I say, I do not want to take the committee's time, but I could use some education. I would appreciate your help.

Mr. LUNDQUIST. I would be glad to do so.

Mr. CASEY. I have no more questions.

Mr. NATCHER. Mr. Lundquist, we want to thank you and the members of your staff for making the presentation for your Division for fiscal year 1968.

Mr. LUNDQUIST. Thank you.

JUSTIFICATION MATERIAL

Wage and Hour Division

Amounts available for obligation

	1967	1968
Appropriation or estimate	$22,256,000	$25,424,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	+481,000	
Comparative transfer to the Office of the Secretary for centralized audit and systems functions	−27,000	
Comparative transfer to the Bureau of Labor Standards for safety functions	−399,000	
Appropriation or estimate, revised	22,311,000	25,424,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Enforcement	1,578	$18,131,600	1,799	$20,913,300	+221	+$2,781,700
2. Wage determinations and regulations	84	1,715,700	89	1,804,700	+5	+89,000
3. Research and legislative analysis	69	1,724,400	72	1,876,600	+3	+152,200
4. Administration and management services	73	739,300	80	829,400	+7	+90,100
Total obligations	1,804	22,311,000	2,040	25,424,000	+236	+3,113,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	1,804	2,040	+236
Positions other than permanent	16	16	
Average number of all employees	1,754	1,964	+210
11 Personnel compensation	$16,763,600	$18,641,500	+$1,877,900
12 Personnel benefits	1,282,900	1,497,900	+215,000
21 Travel and transportation of persons	1,165,500	1,427,300	+261,800
22 Transportation of things	56,000	103,700	+47,700
23 Rent, communications and utilities	588,900	758,200	+169,300
24 Printing and reproduction	257,600	327,800	+70,200
25 Other services	60,500	193,300	+132,800
Services of other agencies	2,005,900	2,162,500	+156,600
26 Supplies and materials	81,100	96,300	+15,200
31 Equipment	49,000	215,500	+166,500
Total obligations	22,311,000	25,424,000	+3,113,000
Working capital fund items included above	(498,100)	(565,200)	(+67,100)

Summary of changes

1967 Enacted appropriation	$22,256,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	+481,000
Comparative transfer to Office of the Secretary for centralized audit and systems functions [1]	−27,000
Comparative transfer to Bureau of Labor Standards for safety functions [2]	−399,000

[1] The comparative transfer involves no positions.
[2] The comparative transfer involves 23 positions.

Summary of changes—Continued

1967 Appropriation, revised	$22,311,000
1968 Estimate	25,424,000
Total change	+3,113,000
Mandatory items:	
Increases:	
Net additional cost to restore pay costs absorbed in 1967	+125,000
Net additional cost of within-grade promotions effective for part year in 1967	+70,000
Net cost of within-grade promotions becoming effective in 1968	+59,600
To provide for a net increase in contributions to the Federal employees' compensation fund	+7,100
Decreases:	
Nonrecurring extra day of pay for current year staff	−71,700
Subtotal, mandatory items	+190,000
Program items:	
Increases:	
For funding of civil defense functions formerly financed by Office of Emergency Planning (3 positions; personal services, $39,700; nonlabor, $3,300)	+43,000
To provide for administration of the 1966 amendments to the Fair Labor Standards Act (233 positions; personal services, $1,933,800; nonlabor $846,200)	+2,780,000
To provide for a study of means for attaining better public understanding of the Fair Labor Standards Act	+100,000
Subtotal, increases	+2,923,000
Subtotal, program items	+2,923,000
Total Change	+$3,113,000

ACTIVITY 1. Enforcement (1967, $18,131,600, POSITIONS 1,578; 1968, $20,913,300, POSITIONS 1,799)

NARRATIVE DESCRIPTION OF PROGRAM

The Wage and Hour Division administers the Fair Labor Standards Act, the Walsh-Healey Public Contracts Act, and the McNamara-O'Hara Service Contract Act to obtain compliance with minimum standards respecting wages, hours, equal pay, child labor, and other conditions of employment required by these statutes. In addition, the Division has been assigned responsibility for administration of the prevailing wage rate provisions of the National Foundation for the Arts and the Humanities Act.

With the resources currently provided for this activity, the Wage and Hour Division has been able to investigate approximately 58,000 establishments utilizing the 1,024 investigator positions now authorized. The number of establishments investigated represents 4.8% of the 1.2 million establishments covered by the Fair Labor Standards Act prior to the 1966 amendments. During these investigations the employment of about 2 million of the some 32 million covered employees has been checked against the standards established by the Act.

1966 FLSA Amendments

Effective February 1, 1967 the Fair Labor Standards Amendments of 1966 (P.L. 89-601) extended coverage under the Act to an additional 600,000 establishments and more than 8 million additional workers, including farm workers for the first time. Establishments newly covered by the amendments also include schools, hospitals and related institutions, hotels and motels, restaurants, laundries and additional retail and service establishments. Beginning February 1, 1969 an additional 100,000 establishments and more than one million workers will be covered by the Act. In all the 1966 amendments increase the number of workers covered by the Act by about 30 percent while the number of covered establishments is increased by nearly 60 percent.

For employment previously covered the minimum wage will be increased from $1.25 to $1.40 an hour effective February 1, 1967 and $1.60 an hour one year later.

For newly covered employees (other than Federal employees and those employed in agriculture) a minimum wage of $1.00 an hour is established effective February 1, 1967 with annual increases of 15 cents an hour until $1.60 an hour is reached in 1971. Generally, newly covered employees become subject to a 44-hour workweek standard on February 1, 1967 with at least time and one-half the regular rate of pay required after 44 hours, a 42-hour standard a year later and a 40-hour standard on February 1, 1969. No overtime standards are applicable to farm employees or employees of hotels, motels or restaurants. The following table shows the progressive changes in minimum wage and overtime standards resulting from the 1966 amendments to the Fair Labor Standards Act.

Effective date	Previously covered,[1] minimum wage	Newly covered (other than agricultural and Federal employees)		Newly covered agricultural employees, minimum wage
		Minimum wage	Overtime standard (hours)	
Feb. 1, 1967	$1.40	$1.00	44	$1.00
Feb. 1, 1968	1.60	1.15	42	1.15
Feb. 1, 1969	1.60	1.30	40	1.30
Feb. 1, 1970	1.60	1.45	40	(2)
Feb. 1, 1971	1.60	1.60	40	(2)

[1] Applies to newly covered Federal employees.
[2] No further increase provided in 1966 amendments.

The increase from $1.25 an hour to the $1.40–$1.60 minimum wage set by the amendments will have a greater impact than the increase from $1.00 an hour to $1.25 an hour under the 1961 amendments. Approximately 200,000 of the businesses subject to the $1.40 minimum wage under the 1966 amendments were covered for the first time under the 1961 amendments and have been subject to the $1.25 minimum wage since September 3, 1965. The largest group of such businesses includes retail and service establishments. With respect to establishments covered before the 1961 amendments, traditionally low wage industries such as janitorial services, guard services, trash removal and scrap and salvage operations involved special enforcement problems in the process of adjusting to the $1.25 minimum wage and similar enforcement difficulties can be expected under the 1966 amendments. Other low paying industries such as the textile and apparel industries will be affected to a greater extent by the $1.40 and $1.60 minimum wage rates than they were by the $1.25 minimum.

As a result of the $1.40 an hour minimum wage effective February 1, 1967 a total of some 3.7 million presently covered employees will be entitled to receive an estimated annual wage increase of $800 million. The $1.60 an hour minimum wage effective February 1, 1968 will require pay increases totaling $2 billion for 5.9 million employees. Of the 9.1 million newly covered employees, almost 1 million earn less than $1 an hour. It is estimated that the increase in the annual wage bill required to raise these employees to the $1 an hour minimum wage is $304 million. These new wage standards will require extensive enforcement effort supported by a widespread public information program to ensure that compliance will in fact be attained.

Experience under 1961 FLSA Amendments

The 1961 FLSA amendments which became effective on September 3, 1961 extended coverage to an additional 3.6 million employees and increased the minimum wage from $1 to $1.25 an hour for previously covered employees. Experience under the 1961 amendments has shown that unless positive action is taken by the Department of Labor, many workers will not receive the benefits to which they are legally entitled as a result of new FLSA provisions. This is evidenced by actual investigation findings in recent years. The investigation results for FY's 1961 through 1966 are shown in the table on the following page.

Investigation results, fiscal years 1961–66

	1961	1962	1963	1964	1965	1966
Available investigator staff [1] (man-years)	637	718	877	923	924	939
Investigator training (man-years)	15	97	59	22	38	32
Total number of establishments investigated	44,268	44,115	54,331	56,370	59,625	57,625
Covered employees in investigated establishments	1,362,145	1,469,025	1,892,023	1,710,850	[2] 2,998,913	2,020,087
Number of employees underpaid	201,810	212,608	312,428	364,199	406,333	428,778
Amount of underpayments	$30,942,531	$34,004,338	$49,110,626	$59,709,484	$74,452,459	$89,929,756
Minimum wages	9,252,992	10,225,086	18,910,822	24,209,632	28,104,994	28,371,174
Overtime	21,689,539	23,749,252	30,199,804	35,499,852	46,191,263	59,460,982
Equal pay					156,202	2,097,600
Amount of payment agreed to	14,477,883	16,174,884	20,170,103	22,733,910	24,016,455	27,430,911
Number of employees whom employers agreed to pay	121,924	136,558	176,260	189,048	195,882	205,728
Number of minors illegally employed	12,732	10,440	17,341	21,006	18,605	18,550
Agriculture	5,727	4,236	6,926	7,972	7,076	5,487
Nonagriculture	7,005	6,204	10,415	13,034	11,529	13,063
Complaints received	11,934	16,443	18,932	23,120	21,173	23,431
Litigation filed	1,503	1,567	1,607	1,642	1,462	1,672

[1] Excludes training time.
[2] Reflects effect of large establishments scheduled under 1965 compliance survey.

Between FY's 1961 and 1966 the number of available investigator man-years increased from 637 to 939 or by about 47 percent. During this same period the number of employees found underpaid in investigations made each year more than doubled while the amount of underpayments disclosed nearly tripled. The number of complaints received increased from about 12,000 to more than 23,000. In addition to a continuing high rate of violations these increases reflect the higher statutory minimum and higher wages in general prevailing during this period. They also are indicative of improved scheduling and investigation techniques which have resulted in the concentration of enforcement efforts in those areas in which the need is greatest.

Analysis of investigation findings in industries in which there was a substantial increase in coverage as a result of the 1961 amendments showed a marked increase in violations disclosed in these industries. In retail trade, the industry with the largest coverage increase under the 1961 amendments, there were 1,219 investigations made in FY 1961, the last complete year before the amendments became effective. These investigations disclosed approximately 7,700 employees underpaid some $1 million. In 1966, 8,330 investigations made in retail trade disclosed 73,079 employees underpaid more than $13.9 million. Underpayments in investigations in the construction industry increased from $4.4 million found due some 39,000 employees in 1961 to $13.5 million found due 81,622 employees in 1966. The number of investigations in the construction industry rose from 5,202 to 8,427 during this period. Investigation findings for other industries with fewer newly covered employees showed proportional increases.

In addition to the employees who benefit directly from these investigations are the many more thousands in other establishments who benefit indirectly from the Division's compliance efforts. By way of illustration, a study was conducted by the Wage and Hour Division of the employment and wage levels in manufacturing and wholesale trade in 15 southern nonmetropolitan areas. Data was collected by the Bureau of Labor Statistics for the months of October 1960 and June 1965. The study showed that for the region as a whole, 2 out of 5 nonmetropolitan area workers earned less than $1.25 an hour in October 1960. In the 15 selected areas, as many as seven-tenths of the employees earned less than $1.25 an hour in October 1960 and in 12 of them, the proportion was more than a fifth. In June 1965, relatively few workers in the industries studied had such earnings.

Workload statistics—investigation program

The Wage and Hour Division presently investigates about 58,000 establishments in a year. Of these approximately 23,000 are scheduled as a result of complaints and 35,000 on the basis of other indications that violations are likely to be found. Our experience has shown that a trained investigator can make some 40 complaint investigations or 75–80 noncomplaint investigations in a year. In 1968 it is estimated that the number of complaints received which will require investigation will increase by 7,000. To handle these complaints an increase of 175 investigators will be required. This is the number of additional investigator positions included in this request.

The table which follows shows the total number of investigations for the years 1966–1968 and the results anticipated. In addition to a larger number of time-consuming investigations during the latter part of fiscal year 1967, the total number of investigations which can be made during the current year also will be affected by (1) the planned increase in the use of investigator time for training and to handle inquiries and other informational activities to inform the public about the 1966 FLSA amendments, and (2) the impact of the new Government-wide policies on travel time. During the first 5 months of 1967, 23,695 investigations have been completed in which 157,589 employees have been found due $34,025,118.

In fiscal year 1968 it is estimated that the 175 new investigator positions requested will be approximately 50% effective due to the time that will be required for recruitment and training. A proportionate increase in underpayments has not been shown because of the shorter length of time which the new and higher standards will have been in effect. However, the future benefits to underpaid employees brought about by achieving prompt compliance in both investigated and uninvestigated establishments is more important to the workers of the nation than the actual amount of back wages found due.

Investigation results, fiscal year 1966, and estimated results for fiscal years 1967 and 1968

	Actual, 1966	Estimate	
		1967	1968
Available investigator staff (man-years)	971	975	[1] 1,092
Total number of establishments investigated	57,625	55,000	59,000
Covered employees in investigated establishments	2,020,087	1,925,000	2,070,000
Number of employees underpaid	428,778	380,000	425,000
Underpayments disclosed in current workweek	$1,107,155	$1,080,000	$1,200,000
Amount of underpayments	$89,929,756	$81,600,000	$88,000,000
Minimum wages	28,371,174	23,000,000	26,000,000
Overtime	59,460,982	56,500,000	59,800,000
Equal pay	2,097,600	2,100,000	2,200,000
Amount of payment agreed to	$27,430,911	$26,000,000	$28,000,000
Number of employees who employers agreed to pay	205,728	183,000	205,000
Number of minors illegally employed	18,550	21,000	23,000
Agriculture	5,487	5,000	6,000
Nonagriculture	13,063	16,000	17,000
Complaints received	23,431	25,000	30,000
Litigation filed	1,672	1,700	1,775

[1] Excludes training time for new investigator positions.

To better enable the Wage and Hour Division to carry out its enforcement programs, new and improved investigation procedures are being explored. Particular emphasis is being placed upon ways to shorten the length of time required to conduct investigations which do not indicate any serious violations and to prepare reports. In investigations which disclose no violations, the preparation of narrative investigation reports has been discontinued. With respect to other investigation reports and correspondence, the use of dictating equipment has been tested in two regions with favorable results. It is planned to purchase such equipment for use throughout the two regions participating in the test and to introduce its use in several others in 1968.

Other compliance activities

Prior to the February 1, 1967 effective date of the 1966 FLSA amendments and in the months immediately following, a concentrated newspaper, radio and television public information program will be carried out. As part of this program, brochures containing a message from the Administrator, highlights of the amended Act, an official poster and a mailback coupon for more information have been mailed to 1.9 million employers. Specialized posters were provided for establishments engaged in agriculture or located in Puerto Rico and other Spanish speaking areas. A similar mailing will be undertaken in 1968 shortly before the changes in the FLSA which become effective February 1, 1968. Further information activities to make the public aware of the changes in the FLSA include:

The development and distribution of new non-technical pamphlets on *Construction, Laundries-Cleaners, Hospitals-Nursing Homes, Schools,* and *Hired Farm Workers.* Special arrangements have been made with the Office of Education for a broad distribution of the *Schools* pamphlet to about 28,000 universities, colleges and elementary and high schools, both public and private. In cooperation with the American Nursing Home Association, the *Hospital-Nursing Homes* has been distributed to its membership of 6400. Similar arrangements for distribution of the *Laundries-Cleaners* pamphlet have been made with the National Institute of Dry Cleaning with a membership of more than 10,000 and the American Institute of Laundering with a membership of about 7,000. The Farm Placement Service will distribute the *Hired Farm Workers* pamphlet through its field installations. Contacts are being made with the Department of Agriculture and other interested agricultural organizations for the purpose of further dissemination of the pamphlet.

The revision of existing non-technical pamphlets such as *The Handy Reference Guide to the FLSA, Retail and Service, How to Keep Time and Pay Records, Highlights on Computing Overtime Pay, Services to the Public, A Message to Young Workers,* and *Child Labor in Agriculture* (*What Crew Leaders and Contractors Should Know*).

National press releases to remind employers of the amendments or to announce the availability of new publications.

A series of questions and answers for use in the daily, labor and weekly press.

Pattern spot announcements for use by radio and TV stations.

The distribution of a recording with six spot announcements about the FLSA to all radio stations.

The development of a minute-long color film spot with art work and sound track for distribution to local TV stations.

Hundreds of talks by national office and field personnel before employer and employee organizations as well as professional and non-professional groups.

As part of its continuing efforts to improve the effectiveness of its programs, the Wage and Hour Division is striving to make its staff and offices more accessible to the public. In heavily populated and industrial areas such as Los Angeles, Cleveland and Detroit, district offices have been established to coordinate the Divisions' efforts and to serve as a focal point for contacts with the public. A number of field offices have been relocated to store front space where they may be readily seen and found by those needing the Divisions' services. In cities where Wage-Hour investigators work from offices which are not staffed while they are in the field but in which there is a need to have a point of contact with the public available, telephone answering services have been established. It is planned that each of these types of services will be continued and expanded in 1968.

Other laws administered

The Wage and Hour Division has responsibility for administering and enforcing the wage provisions of the McNamara-O'Hara Service Contract Act of 1965. The Act which became effective January 20, 1966 provides labor standards for the protection of employees of contractors and subcontractors furnishing services to the Federal Government. Enforcement experience under this Act has been limited to date because many of the service contracts in effect during fiscal year 1966 were let prior to January 20, 1966 and therefore were not covered by

the Act. However, wage determinations covering contracts let since the effective date of the Act are being issued as rapidly as possible. As of January 1, 1967 some 529 determinations affecting more than 32,000 employees had been issued.

Fragmentary information indicates that contracts subject to the McNamara-O'Hara Service Contract Act are being let currently at the rate of at least 40,000 per year. During 1967 it is estimated that more than 1,000 determinations will be issued which will apply to over 10,000 service contracts affecting approximately 200,000 employees. The number of determinations issued and the number of contracts and employees affected will increase substantially in 1968. To ensure that workers covered by the Act receive the benefits to which they are entitled it is planned to schedule specifically about 1,000 investigations in 1967. With about 50,000 covered contracts in effect by the beginning of FY 1968 it is anticipated that an increased number of investigations under the Act will be required. Where it is determined in connection with an investigation scheduled under the FLSA that there is concurrent coverage under the McNamara-O'Hara Service Contract Act the investigation always includes a check for compliance with both laws.

In 1966 some 1,862 investigations were scheduled in connection with administration of the Walsh-Healey Public Contracts Act. This was about 300 less than the preceding year. Investigations scheduled under the Public Contracts Act include a check for compliance with the FLSA. Likewise, where an investigation scheduled under the FLSA discloses concurrent coverage under the Public Contracts Act a check is made for compliance with both laws. It is planned to schedule about 2,000 investigations under the Public Contracts Act in each of the years 1967 and 1968. About 100,000 unclassified contracts covered by the Public Contracts Act are entered into by the Government each year.

The National Foundation for the Arts and the Humanities Act of 1965 provides for assurances to be given by the recipient of a grant to the Secretary of Labor that a prescribed minimum wage will be paid to professional performers and related professional personnel, and that laborers and mechanics employed under the grant will be paid at least the prevailing rates in the locality. Administration of these provisions of the Act has been delegated to the Administrator of WHPC. Any necessary investigations by WHPC in connection with assurances given to the Secretary will be absorbed for the present under the existing investigation program.

As of August 1, 1966 responsibility for administration of the safety and health provisions of the various acts was transferred from WHPC to the Bureau of Labor Standards. A comparative transfer of related funds and positions is reflected in 1967

Changes for 1968

Mandatory changes	$126,200
Program changes	2,655,500

1. To provide for administration of the 1966 amendments to the Fair Labor Standards Act:

Base:

Positions: 1,578.

Estimated cost: $18,257,800.

Additional cost:

Positions: 221.

Estimated cost: $2,555,500.

Basis for estimate

In 1968 it is estimated that the number of complaints received which will require investigation will increase by 7,000 over the number received in 1966. Since a trained investigator can make approximately 40 complaint investigations a year, 175 additional investigator positions along with supporting staff and funds are being requested for 1968 to handle the increased complaint workload. To assure adequate supervision for the enlarged staff of 1,199 investigator positions, 10 additional supervisory positions are requested. The revised total of 110 investigation supervisors will result in a ratio of one supervisor to 10.9 investigators compared to the present ratio of one supervisor to each 10.2 investigators. The 32 additional field clerical positions provide one such position for every eight additional investigators and also one for each of the 10 new supervisory positions. Four new positions are included at the Departmental level

to develop enforcement plans, to promote voluntary compliance and to provide coordination for the enlarged field staff.

2. To provide for a study of means for attaining better understanding of the Fair Labor Standards Act:

Base:
Positions: None.
Estimated cost: None.
Additional cost:
Positions: None.
Estimated cost: $100,000.

Basis for estimate

To determine possible means for attaining a greater degree of public awareness and understanding of the standards established by the FLSA $100,000 is requested for 1968. These funds will be used to have a public information program study conducted for the Wage and Hour Division in 1968. In addition to identifying means for attaining a greater degree of public awareness and understanding of the Act, the study also will consider methods for measuring the effectiveness of both present and any recommended public information programs. The basic objective of the study will be to increase voluntary compliance with the FLSA. This is particularly important in view of the extensive changes in standards and coverage established by the 1966 amendments.

ACTIVITY 2. WAGE DETERMINATIONS AND REGULATIONS (1967, $1,715,700, Pos. 84; 1968, $1,804,700, Pos. 89)

NARRATIVE DESCRIPTION OF PROGRAM

Special minimum wage rates are established by industry committees for Puerto Rico, the Virgin Islands, and American Samoa. Under Section 14 of the Fair Labor Standards Act special wage certificates are issued for learners and handicapped workers, and for full-time students in retail or service establishments. Under the provisions of the McNamara-O'Hara Service Contract Act determinations are made of prevailing wage rates paid and fringe benefits furnished the various classes of service employees. Beginning in 1967 determinations will be made as necessary of prevailing wage rates for professional performers and related professional personnel and laborers and mechanics employed under grants under the National Foundation for the Arts and the Humanities Act of 1965. Regulations under the Fair Labor Standards Act, the Walsh-Healey Public Contracts Act, the McNamara-O'Hara Service Contract Act, and the Arts and Humanities Act and administrative policies with respect to interpretations of these acts are developed to provide guidance in obtaining compliance with these acts.

Wage order program

In fiscal year 1966 a committee was appointed to review all minimum wage rates in American Samoa, and another committee was appointed to review all wage rates in the Virgin Islands. The wage rates for two industries in Puerto Rico were reviewed. Economic reports on wages and employment in these industries were prepared for use by the committee in setting appropriate minimum wage rates. A total of six wage orders were issued during 1966.

For fiscal year 1967 a schedule of industry committees had been tentatively established to carry out the requirement in the Fair Labor Standards Act that wage rates below the statutory minimum be reviewed biennially. However, the appointment of these committees was held in abeyance during the latter part of 1966 because of the pending amendments to the Fair Labor Standards Act. During that period and the first part of 1967 most of the staff of the Branch of Industry Committees were detailed to work in connection with wage determinations under the McNamara-O'Hara Service Contract Act. These details were concluded early in 1967.

The amendments provide for an automatic increase of 12 percent for any wage rates in effect in Puerto Rico and the Virgin Islands at the time of enactment of the 1966 FLSA amendments. This increase becomes effective 60 days after the February 1, 1967 effective date of the amendments. One year later the rate will automatically be increased by 16 percent. Provision is made whereby any employer or groups of employers employing a majority of employees in an industry may within 60 days following enactment of the amendments, request the

Secretary of Labor to appoint a review committee to recommend rates in lieu of those provided in the Act. Twelve requests for appointment of review committees are being processed.

Five committees are planned during 1967 to set wage rates for newly covered industries in Puerto Rico, the Virgin Islands and American Samoa. About the same number of committees will be required in 1968. No increase in staff or resources has been requested for this function for 1967 or 1968.

Special minimum wage program

In accordance with the statutory provision of the Fair Labor Standards Act (Section 14) and regulations, certificates authorizing the employment of learners, full-time students, handicapped workers, student workers and apprentices at rates below the statutory minimum wage may be issued to the extent necessary to prevent curtailment of opportunities for employment. Of the 14,000 certificates issued annually, about 3,000 are issued by this activity which, in addition, has responsibility for review of the remaining regional certification actions for conformance to regulations and existing policies.

During 1966, 14,032 certificates were issued, an increase of more than 600 over the preceding year. A moderate increase in learner certificates from 1,466 in 1966 to more than 1,800 in 1968 is anticipated following increases in the minimum wage level and the number of covered employees as a result of the 1966 Fair Labor Standards Act amendments. The number of full-time student certificates granted is expected to increase from a level of 2,600 in 1966 to more than 3,200 in 1968 under the more liberal provisions for certification provided by the 1966 Fair Labor Standards Act amendments. The large number of students employed in hospitals, food service and agriculture which are newly covered under the amendments will also add to the certification workload.

Amendments to the handicapped worker provisions of the Act will require substantial revision of regulations relating to the employment of handicapped workers in sheltered workshops at special minimum wages. Also, under the amendments the Secretary of Labor is authorized to establish special standards for employment of handicapped workers employed in "work activity centers". New regulations must be developed in this connection. As directed by the amendments, a study will be made of the wages paid handicapped clients in sheltered workshops and of the feasibility of raising existing wage standards in such workshops.

In 1966 the number of certificated sheltered workshops increased by over 100 to a total of 898. It is expected that the number will increase by 50 or more during fiscal years 1967 and 1968. A total of 137 sheltered workshop investigations were conducted in 1966 to determine compliance with applicable wage standards. About 150 investigations are planned for each of the years 1967 and 1968.

	1965	1966	1967	1968
Applications received	14,164	14,885	18,000	20,000
Certificates issued	13,415	14,032	17,000	19,000
Employment authorized	107,508	106,142	130,000	145,000

Government contracts wage determination program

Activities involving implementation of the McNamara-O'Hara Service Contract Act received the highest priority in the latter half of fiscal year 1966. This act became effective on January 20, 1966, and provides for determination of wage rates and fringe benefits prevailing for the various classes of service employees in a locality. Under regulations issued to effectuate the act, contracting agencies are required to notify WHPC of their intention to make a service contract at least thirty days before negotiations or the contract is advertised for bids. Notification is now being made on Standard Form 98, which was developed to keep agency costs of notification to a minimum as well as to standardize the information received. It is estimated that as many as 50,000 contracts subject to the Act are in effect at any one time. During the first half of fiscal year 1967 a total of 367 determinations were issued. It is estimated that during 1967 about 1,000 determinations will be issued which will apply to over 10,000 service contracts. In fiscal year 1968 it is estimated that approximately 1,250 determinations will be issued which will apply to some 15,000 contracts.

Most of the determinations issued under the Act are based on wage surveys conducted by the Bureau of Labor Statistics. The wage determination program is being coordinated with BLS's occupational wage surveys which are conducted in some 82 metropolitan areas of the United States. In planning the special surveys to be conducted by BLS, the requirements of the Civil Service Commission's program to develop uniform wage scales for the various classes of Federal blue collar workers are being considered. Much of the data collected can be used by Federal agencies employing blue collar workers for whom wage scales must be established. Coordination of the wage surveys for these programs will eliminate duplication of effort, reduce the reporting burden for employers, provide comparability in the rates and definitions for the occupations covered, and keep costs to a minimum. It is expected that during 1967, BLS will make approximately 100 special wage surveys for the purpose of providing wage data for use in making determinations. About 100 special wage surveys are also planned for 1968 for WHPC at an estimated cost of $718,500.

Because of continuing administrative difficulties resulting from adverse court decisions no new industry wage determinations under the Public Contracts Act were issued in 1966 and none are planned for 1967 or 1968. Wage determinations in 24 industries continue in effect and apply to a substantial portion of Government procurement. Effective February 1, 1967 a prevailing minimum wage determination equal to the $1.40 an hour statutory minimum under the Fair Labor Standards Act will be established for all industries subject to the Public Contracts Act except those where the present determination is higher than this amount.

Regulations and interpretations

A new regulation was issued in 1966 which defines the conditions under which employees engaged in making local deliveries may qualify for exemption from the overtime provisions. During 1966 work was concluded in connection with public hearings held on whether "driver salesmen" may be considered "outside salesmen" within the meaning of the Act and exempt from the minimum wage and overtime provisions. As a result of these hearings an amplification of the interpretation of driver salesmen was issued.

An expanded interpretative bulletin dealing with "equal pay" was issued in 1966 which incorporated all decisions and interpretations made since the first bulletin was issued in April 1964. Additional interpretations were added in the latter part of 1966. Other interpretative bulletins dealing with agriculture and hours worked were also amended during the year.

As provided for in the McNamara-O'Hara Service Contract Act, regulations pertaining to labor standards for Federal service contracts were issued in 1966. Proposed changes and amplifications of the regulation have been published in the Federal Register and comments on these proposals are being reviewed. An interpretative bulletin which will contain interpretative and general policy positions by which WHPC will be guided in administration of the Act will be issued during 1967.

In both fiscal years 1967 and 1968 it is estimated that some 25 regulations, interpretative bulletins or statements and other explanatory materials will be developed or significantly revised. Included in the program are the following:

Comprehensive rulings and interpretations on the McNamara-O'Hara Service Contract Act.

Regulations and procedures for administration of the labor standards requirements of the Arts and Humanities Act.

A new and expanded interpretative bulletin on general coverage and enterprise coverage.

A separate interpretative bulletin on coverage in the construction industry.

Amendments to the interpretative bulletin on retail and service establishments (Part 779) to incorporate recent decisions of the Supreme Court.

Interpretative bulletin on profit sharing and benefit plans.

Review of Homeworker Regulations (Part 530) to determine whether they should be amended in the light of current operations in the restricted industries.

Explanatory statement of the application of the FLSA to funeral homes and ambulance service operations.

Specialized publications explaining the application of the FLSA to specific industries.

Resolve questions with respect to tips as wages and publish minimum wage interpretative bulletin.

Amendments to the interpretative bulletin on hours worked (Part 785) to present more comprehensively our policy on compensability of employees' time spent in training programs.

Review and revision as necessary of all publications to eliminate references to completed escalation in minimum wage rates and deescalation in hour standards provided under the 1961 amendments.

In addition to the above, revisions of nearly all regulations and interpretative bulletins will be required as a result of the 1966 Fair Labor Standards Act amendments. Regulations materially affected by the amendments which are being revised for publication in the Federal Register during 1967 include Part 512 appointment of wage rate review committees for industries in Puerto Rico and the Virgin Islands, Part 516 recordkeeping, Part 519 full-time students, Parts 524 and 525 employment of handicapped workers, Part 526 seasonal industries, Part 531 board, lodging and other facilities, Part 541 executive and administrative employees, and Part 546 agricultural processing.

Interpretations are being developed regarding application of the law to newly covered establishments such as hotels, motels, restaurants, laundries, hospitals, nursing homes, schools and farms. (During 1967 interpretations also will be developed with respect to the exemption provided for salesmen, partsmen or mechanics engaged in selling or servicing automobiles, trailers, trucks, farm implements or aircraft in certain types of establishments. Additional interpretations and revisions will be made in 1968 as experience is gained in administering the amendments.

Changes for 1968

Mandatory changes	$26,800
Program changes	62,200

To provide for administration of the 1966 amendments to the Fair Labor Standards Act:

Base:
Positions: 84.
Estimated cost: $1,742,500.
Additional cost:
Positions: 5.
Estimated cost: $62,200.

Basis for estimate

Two positions will be utilized in connection with the anticipated increase in the certification workload as a result of the 1966 FLSA amendments. The number of special minimum wage certificates issued is expected to increase from 14,032 in 1966 to about 19,000 in 1968. Three positions will be utilized in connection with the issuance of necessary regulations and interpretations to give meaning to the 1966 amendments. Interpretations will be developed regarding application of the law to the more than 8 million newly covered employees and the some 600,000 additional establishments such as hotels, motels, restaurants, laundries, hospitals, nursing homes, schools and farms which are newly covered under the 1966 amendments effective February 1, 1967.

ACTIVITY 3. RESEARCH AND LEGISLATIVE ANALYSIS (1967, $1,724,400, POSITIONS 69; 1968, $1,876,600, POSITIONS 72)

NARRATIVE DESCRIPTION OF PROGRAM

This activity is concerned with planning and conducting economic research and analysis of the effects of the wage, hour and equal pay provisions of the Fair Labor Standards Act, Walsh-Healey Public Contracts Act and the McNamara-O'Hara Service Contract Act, providing advice on economic and legislative matters in connection with the administration of these Acts, and conducting statistical and economic analysis programs connected with enforcement and wage determination activities.

Section 4(d) of the Fair Labor Standards Act requires the Secretary of Labor to submit annually to the Congress a report including an evaluation and appraisal of the minimum wages established by the Act and recommendations for further legislation in connection with matters covered by the Act. Studies

undertaken in accordance with the requirements of section 4(d) of the Act involve obtaining information on wages, hours and employment for a base period prior to the effective date of changes in the provisions of the Act, and obtaining corresponding information at several predetermined intervals after the effective date. Other studies are conducted to provide data necessary for determining the implications of various legislative proposals and predicting the effects on the economy of these proposals. During 1966 and the first part of 1967 extensive economic impact data was provided to the Congress in connection with consideration of the 1966 FLSA amendments. In the latter part of 1967 and in 1968 emphasis will be directed towards industries affected by the amendments.

Economic study program, 1966

Studies reported to the Congress in the 1966 section 4(d) report included:

(1) The results of area studies conducted to determine the effects on employment and wages resulting from the 1961 amendments to the Act. A series of studies were conducted in low wage areas—nonmetropolitan areas of the Southern and North Central regions and small metropolitan areas of the South. The findings developed from the June 1965 study permitted an examination of the overall as well as intermittent changes in wages and employment since 1960 on a regional and individual area basis.

(2) The results of a nationwide study of employees' earnings and hours of work in retail trade in June 1965. This study was correlated with similar ones made in June 1961 and June 1962, and together, provide a basis for measuring the employment and wage effects of the introduction of the $1.00 minimum wage in September 1961 and the subsequent improvements in the minimum wage and overtime standards.

(3) A study of more than 2,300 collective bargaining agreements on file with the Bureau of Labor Statistics to develop information on the nature and prevalence of provisions indicating differential treatment of men and women in existence prior to the effective date of the Act.

(4) A nationwide study conducted to provide information on the need for and feasibility of extending a minimum wage to employees in institutions which are primarily engaged in the care of the sick and aged. Information was developed on employment, earnings, hours of work, and supplementary pay practices.

(5) A nationwide study of the wages, hours of employment and overtime pay of employees of motor carriers who are subject to the jurisdiction of the Interstate Commerce Commission and are exempt from the overtime provisions of the FLSA.

(6) A nationwide study of hired farm workers to provide information necessary for an evaluation of the minimum wage and overtime exemption in agriculture as provided in the Act.

Economic study program, 1967

During fiscal year 1967 studies to be completed include:

(1) A study of the wages and hours of employees in motion picture theaters to provide information on the need for and feasibility of extending a minimum wage to these employees.

(2) A nationwide study of employee hourly earnings and weekly hours of work in retail trade to provide information on the effects of the final step of the 1961 FLSA amendments, which raised the minimum wage to $1.25 an hour and lowered the hours standard to 40 hours a week in large retail enterprises. The study will also provide a basis for evaluating the impact of the 1966 amendments which increase the minimum wage to $1.40 for those already covered by the 1961 amendments and introduce $1.00 minimum wage for newly covered retail employees in smaller enterprises.

(3) Comprehensive nationwide studies of hospitals and laundries are being conducted to provide information on employment, earnings, and hours of work. This information will be tabulated by a variety of characteristics such as geographic location, occupations, and volume of receipts. The data obtained will be useful in measuring the effects of minimum wage and maximum hours standards on employees covered for the first time by the 1966 FLSA amendments.

(4) A study will be conducted in 1967 of wage payments to handicapped clients of sheltered workshops and of the feasiblity of raising existing wage standards in such workshops. As directed in the 1966 FLSA amendments a report of findings will be submitted to Congress by July 1, 1967.

(5) A study will be completed in 1967 of establishments which were affected by wage determinations issued under the Public Contracts Act for the manifold

business forms and office machines industries. The study will provide information on the adjustments required by the wage determinations, as well as subsequent bidding practices.

(6) As directed in the 1966 FLSA amendments a study is being made which will permit an evaluation of the adequacy of the present overtime standard under the FLSA. The findings will assist the Congress in determining whether the overtime standard is an effective deterrent to long hours of work. The study will further evaluate long hours of work in the light of the coverage and exemption provisions of the FLSA.

Economic study program, 1968

In 1968 nationwide studies of employees in eating and drinking places and hotels and motels will be conducted to determine the effects of the $1.00 minimum wage on employees who are covered for the first time by the FLSA. In addition to information on employment, wages and hours of work these studies will provide detail on the tip allowance provided by the amendments for employees in these industries.

A study will be conducted in 1968 of employment, earnings and hours of work in farming and agricultural processing which will provide information on the impact of the first step in the minimum wage escalation established by the 1966 FLSA amendments. The findings for hired farm workers are particularly significant since the current amendments limit the pattern of escalation to $1.30 beginning February 1, 1969. Consequently, plans will be formulated to carry the study through 1969 to ensure a careful evaluation of the effects of applying a minimum wage to agriculture.

Studies will be developed and executed during 1968 to provide information on the effects of the 1966 amendments on employees in newly covered industries or in industries where coverage was expanded. Of particular significance are industries where little or inadequate data for evaluating effects are available such as educational institutions, transit systems, construction, taxicabs, and cotton ginning. Because of the higher minimum wage level of $1.60 which will become effective in 1968 for workers covered prior to the 1966 amendments, worker in traditionally low wage manufacturing industries, trade, and finance and insurance firms will require further study. Plans will be developed to permit an overall evaluation of the amendment's effects on industry segments and low wage areas sensitive to changes in minimum wage and overtime standards.

Special studies will be developed to determine the need for maintaining an overtime exemption for employees in nursing homes and the 8-man exemption for logging operations. As directed in the 1966 FLSA amendments a study will be developed to examine the wages paid Government employees in the Canal Zone.

Other research projects

Research projects are undertaken to obtain economic data and information for use by the Office of the Solicitor in some 10 to 14 litigation cases a year. These involve questions of coverage and questions which arise under various exemptions provided by the Act. Other research is undertaken to assist in the solution of administrative problems arising in the course of investigations made under the FLSA and for the purpose of reviewing interpretations and regulations. Approximately five to seven such studies are made each year.

Statistical program

During 1966 estimates were developed for the number of employees covered by the minimum wage provisions of the FLSA and, of the remaining employees, those covered under State minimum wage laws in 1964. Work was started on developing coverage estimates for women, nonwhite and teen-age employees and estimates are being developed showing the number of employees exempted by each minimum wage and overtime exemption. Legislative proposals to bring certain classes of Federal, State and local government workers under the minimum wage provisions of the FLSA for the first time required the development of estimates as to the number of nonsupervisory workers in the classes of workers under consideration.

Investigation reporting procedures were substantially revised in 1966 to make additional investigation data available for summary including investigation findings under the McNamara-O'Hara Service Contract Act. Further revisions are planned in 1967 to reflect coverage changes and changes in

the minimum wage and overtime standards resulting from the 1966 FLSA amendments.

During 1967 FLSA coverage estimates will be updated through 1965 and will include estimates for female and nonwhite employees with separate distributions by State, industry and the minimum wage and overtime exemption applicable to executive, administrative, professional employees and outside salesmen. In 1968 establishment coverage estimates will be updated through 1966 and will include estimates by type of exemption and by industry. Additional employment and establishment coverage estimates by WHPC field office area and by age group will be developed.

Changes for 1968

Mandatory changes amount to	$32,000
Program changes amount to	120,200

To provide for administration of the 1966 amendments to the Fair Labor Standards Act:

Base:

Positions: 69.
Estimated cost: $1,756,400.

Additional Cost:

Positions: 3.
Estimated cost: $120,200.

Basis for estimate

Effective February 1, 1967, the Fair Labor Standards Act amendments of 1966 extended coverage under the Act to an additional 600,000 establishments and more than 8 million additional workers. In during to evaluate the effects of these amendments attention will be directed during 1968 to studies of earnings and employment in newly covered industries. To do this it is planned to broaden the economic effects study program in 1968 to include agricultural employment, employment in hotels and motels, restaurants, hospitals and educational institutions. An increase of $75,000 is included in this request for wage surveys in connection with the above activities. $924,900 is provided in 1967 for such surveys. No staff increase is requested in this connection.

The extension of coverage under the 1966 FLSA amendments to new types of employees and establishments and the increased number of investigations to be made in 1968 will require an increase in the economic research needed in connection with litigation cases and the solving of administrative problems. It is estimated that the number of litigation cases for which research projects will be undertaken to obtain economic data for use by the Office of the Solicitor will increase from the current rate of some 10 to 14 cases a year to 12 to 16 cases in 1968. The number of studies made in connection with the solution of administrative problems is expected to increase from five to seven to six to eight each year. To handle these increased workloads and to conduct other basic administrative research for determining the application of specific economic criteria to the provisions of the amended Act, two additional positions are requested.

One additional position is requested to provide current employee and establishment coverage estimates reflecting the increases brought about by the 1966 FLSA amendments and including estimates by types of exemption, industry, WHPC field office area, and employee age group.

ACTIVITY 4. ADMINISTRATION AND MANAGEMENT SERVICES (1967, $739,300, POSITIONS 73; 1968, $829,400, POSITIONS 80)

NARRATIVE DESCRIPTION OF PROGRAM

This activity provides leadership and coordination in the planning and evaluation of bureau-wide programs and administrative policies; plans and directs activities in the fields of personnel administration, budget and fiscal administration, organization, management analysis, and systems management; and provides necessary management services. Beginning in 1968 this activity will also develop plans and procedures for wage and salary stabilization and for the national and

field organizations necessary for the administration of such a program in an emergency, including investigation, compliance, and appeals procedures; develop plans and procedures, including organization plans, for the maintenance of effective labor-mangement relations during a national emergency; and be prepared to implement all appropriate plans developed under this order.

1967 accomplishments—Civil defense functions

During fiscal year 1967, work will be performed on the following projects:

1. Develop a wage and salary stabilization organization to administer a wage and salary stabilization program during a limited war emergency including estimated budgetary requirements to staff the organization and administer the program.

2. Develop measures for a limited war emergency including wage stabilization regulations, required forms, and procedures for handling requests for rulings, petitions for wage and salary adjustments, and the conduct of investigations.

3. Continue development of plans, policies, and procedures for the maintenance of effective labor-management relations in a limited and general war situation.

4. A draft copy of an enforcement procedural regulation has been prepared which provides for the establishment of an emergency enforcement organization and procedures for the conduct of hearings for employers alleged to be in noncompliance with the Freeze Order, and Regulations, Directives, and Orders issued thereunder. Revisions will be made in accordance with review recommendations.

5. Continue to maintain appropriate relationships with State and local governments which, under current plans, would administer price and rent controls and consumer rationing, and which provide assistance to the Department of Labor, to the extent required, in administering a wage and salary stabilization program in a general war emergency.

6. Continue the in-service training program for Federal personnel and Executive Reservists who would have wage and salary and labor disputes settling duties and responsibilities in a National emergency.

1968 plans—Civil defense functions

During fiscal year 1968, work will be performed on the following projects:

1. In cooperation with representatives of the Federal Mediation and Conciliation Service, the National Labor Relations Board, the National Mediation Board, the Department of Commerce, the Department of Defense, and the Civil Service Commission, complete development of plans, policies, and procedures for the maintenance of effective labor-management relations in limited and general war situations;

2. Initiate development of wage and salary regulations covering employees engaged in construction and agricultural activities;

3. Inititate development of compensation incentives designed to increase production and to effect mobility during a general war situation;

4. Continue the in-service training program for Federal personnel and Executive Reservists who would have wage and salary and labor disputes settling duties and responsibilities in a National emergency; and

5. Continue to maintain appropriate relationships with State and local governments which, under current plans, would administer price and rent controls and consumer rationing, and which would provide assistance to the Department of Labor, to the extent required, in administering a wage and salary stabilization program in a general war emergency.

Changes for 1968

Mandatory changes	$5,000
Program changes	85,100

1. To provide for administration of the 1966 amendments to the Fair Labor Standards Act:

Base:
Positions: 73.
Estimated cost: $744,300.

Additional cost:
Positions: 4.
Estimated cost: $42,100.

Basis for estimate

The increase is for central administrative support staff for the 233 additional positions needed for administration of the 1966 FLSA amendments.

2. To provide for funding of civil defense functions formerly financed by the Office of Emergency Planning.

Base:
Positions: None.
Estimated cost: None.
Additional Cost:
Positions: 3.
Estimated cost: $43,000.

Basis for estimate

This estimate provides funds for civil defense functions at the same program and funding level as previously provided by the Office of Emergency Planning.

Distribution of field staff

Supervising offices	1967			1968		
	Professional	Clerical	Total	Professional	Clerical	Total
Atlanta, Ga	158	35	193	201	43	244
Birmingham, Ala	102	33	135	118	36	154
Boston, Mass	59	20	79	65	21	86
Chambersburg, Pa	88	28	116	109	32	141
Chicago, Ill	179	50	229	199	53	252
Dallas, Tex	145	34	179	157	36	193
Kansas City, Mo	98	25	123	110	27	137
Nashville, Tenn	125	33	158	147	38	185
New York City, N.Y	104	28	132	114	29	143
San Francisco, Calif	122	32	154	143	35	178
Santurce, P.R	26	11	37	28	11	39
Total, field staff	1,206	329	1,535	1,391	361	1,752

EXPLANATION OF ESTIMATE BY OBJECT

Personnel compensation, $18,641,500

This estimate provides for 2,040 full-time positions or 1,948 net man-years, and 16 man-years of intermittent employment. Of this 1,677 man-years and $15,902,600 are allocated to field personnel compensation and 271 man-years and $2,738,900 for Departmental. The net increase of $1,877,900 from 1967 provides $1,742,600 for additional costs of the 1966 amendments to the Fair Labor Standards Act, $120,400 for within-grade promotions, $70,900 to restore pay costs absorbed in 1967, $37,000 for funding of civil defense functions formerly financed by Office of Emergency Planning, and a reduction of $66,800 for one less day of pay in 1968. In addition, this estimate includes a decrease of $26,200 to meet the limitation on average compensation established by the Bureau of the Budget.

Personnel benefits, $1,497,900

This estimate is based upon the cost of personnel compensation. The net increase of $215,000 provides $191,200 for additional costs of the 1966 amendments to the Fair Labor Standards Act, $9,200 for within-grade promotions, $7,100 for contributions to Federal Employees' Compensation Fund, $9,700 to restore pay costs absorbed in 1967, $2,700 for funding of civil defense functions formerly financed by Office of Emergency Planning, and a reduction of $4,900 for one less day of pay in 1968. This estimate covers the following benefits:

Contribution to the C.S.C. retirement fund	$1,210,000
Employees' group life insurance	61,700
Employees' health benefits	155,200
Contribution under the Federal Insurance Contribution Act	800
Contribution to Federal employees' compensation fund	15,200
Employees' moving allowances	55,000
Total	1,497,900

Travel and transportation of persons, $1,427,300

This estimate provides for per diem, mileage, parking fees, and transportation costs for investigators, field office supervisors, administrative officials, and industry committee members. The net increase of $261,800 provides $260,400 for additional costs of the 1966 amendments to the Fair Labor Standards Act and $1,400 for funding of civil defense functions formerly financed by Office of Emergency Planning.

	1967	1968	Net change
Per diem	$385,000	$490,800	+$105,800
Mileage	625,500	756,000	+130,500
Other transportation costs	155,000	180,500	+25,500
Total	1,165,500	1,427,300	+261,800

Transportation of things, $103,700

This estimate provides for the movement of household goods and personal effects of 135 employees at a rate of approximately $600 per move, $20,700 for shipment of supplies, equipment, and printed matter to field installations.

	1967	1968	Net change
Movement of household goods	$38,000	$83,000	+$45,000
Shipment of supplies and materials	18,000	20,700	+2,700
Total	56,000	103,700	+47,700

Rent, communications, and utilities, $758,200

The net increase of $169,300 provides $168,600 additional costs for the 1966 amendments to the Fair Labor Standards Act and $700 for funding of civil defense functions formerly financed by Office of Emergency Planning.

	1967	1968	Net change
Paid official mail	$206,900	$226,900	+$20,000
Telephone services	301,600	344,100	+42,500
Teletype services	3,600	3,600	
Rent and utility services	23,200	119,600	+96,400
Working capital fund	53,600	64,000	+10,400
Total	588,900	758,200	+169,300

Printing and reproduction, $327,800

This estimate provides $69,800 for additional costs of the 1966 amendments to the Fair Labor Standards Act and $400 for funding of civil defense functions formerly financed by Office of Emergency Planning.

	1967	1968	Net change
Publications	$145,200	$203,700	+$58,500
Forms and schedules	16,600	16,600	
Other reproduction services	7,900	7,900	
Working capital fund	87,900	99,600	+11,700
Total	257,600	327,800	+70,200

Other services, $2,355,800

The increase of $289,400 provides $118,200 for additional cost of the 1966 amendments to the Fair Labor Standards Act, $44,400 to restore pay costs absorbed in 1967, $100,000 for a study of means for attaining better public understanding of the Fair Labor Standards Act, and $600 for funding of civil defense functions formerly financed by the Office of Emergency Planning. In addition, this estimate includes an increase of $26,200 in miscellaneous other services to offset the decrease in object 11 resulting from the limitation on average compensation.

	1967	1968	Net change
Bureau of Labor Statistics for tabulation of investigator statistics	$35,600	$35,600	
Bureau of Labor Statistics for collection of data necessary to the administration of the Service Contract Act	700,000	718,500	+$18,500
Bureau of Labor Statistics for wage surveys related to economic effects of the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act	861,700	958,700	+97,000
Study to improve methods of informing the public about the Fair Labor Standards Act		100,000	+100,000
Surveys to provide a basis for developing legislative recommendations and to study the economic effects of the acts administered by the Wage and Hour Division	63,200	67,100	+3,900
Bureau of Census and other agencies for special tabulations related to covered establishments	45,000	45,000	
Security investigations	4,200	4,200	
Repairs to office machines and equipment	15,600	15,600	
Miscellaneous other services, such as health service contracts, repairs and alterations, moving services, and tuitions	44,900	77,700	+32,800
Working capital fund	296,200	333,400	+37,200
Total	2,066,400	2,355,800	+289,400

Supplies and materials, $96,300

The increase of $15,200 provides $15,000 for additional costs of the 1966 amendments to the Fair Labor Standards Act and $200 for funding of civil defense functions formerly financed by Office of Emergency Planning.

	1967	1968	Net change
Desk top supplies	$20,700	$28,100	+$7,400
Working capital fund	60,400	68,200	+7,800
Total	81,100	96,300	+15,200

Equipment, $215,500

This increase of $166,500 provides $116,500 for new positions and $50,000 for porcurement of dictating equipment to facilitate handling the increased workload resulting from the 1966 amendments to the Fair Labor Standards Act.

	1967	1968	Net change
Equipment	$36,400	$202,900	+$166,500
Subscriptions to reference materials	12,600	12,600	
Total	49,000	215,500	+166,500

Summary of new positions

	Number	Grade	Amount
Activity 1:			
Field offices:			
Field office supervisors	10	GS-13	$128,730
Investigators	75	GS-12	819,525
Do	100	GS-7	645,100
Secretaries	10	GS-5	53,310
Clerk-stenographers	12	GS-4	57,312
Clerk-typist	10	GS-3	42,690
Departmental:			
Information specialist	1	GS-12	10,927
Law enforcement specialists	2	GS-12	21,854
Clerk-stenographer	1	GS-4	4,776
Total	221		1,784,224
Activity 2:			
Departmental:			
Wage-hour analysts	2	GS-12	21,854
Labor economist	1	GS-12	10,927
Clerk-stenographers	2	GS-4	9,552
Total	5		42,333
Activity 3:			
Departmental:			
Labor economist	1	GS-12	10,927
Statistician	1	GS-12	10,927
Labor economist	1	GS-11	9,221
Total	3		31,075
Activity 4:			
Departmental:			
Wage administration planning officer [1]	1	GS-14	17,198
Wage administration planning specialist [1]	1	GS-13	14,665
Program analyst	1	GS-11	9,221
Secretary [1]	1	GS-5	5,507
Clerk	1	GS-5	5,331
Clerk-typist	2	GS-3	8,538
Total	7		60,460
Grand total	236		1,918,092

[1] For funding of civil defense functions formerly financed by Office of Emergency Planning.

THURSDAY, MARCH 9, 1967.

WAGE AND LABOR STANDARDS

WITNESSES

MRS. ESTHER PETERSON, ASSISTANT SECRETARY FOR LABOR STANDARDS
NELSON M. BORTZ, DIRECTOR, BUREAU OF LABOR STANDARDS
MRS. MARY DUBLIN KEYSERLING, DIRECTOR, WOMEN'S BUREAU
THOMAS A. TINSLEY, DIRECTOR, BUREAU OF EMPLOYEES' COMPENSATION

Mr. NATCHER. Mrs. Peterson, it is always a pleasure to have you appear before our committee and we would be pleased to hear from you at this time.

GENERAL STATEMENT

Mrs. PETERSON. Thank you.

I would like to say before we start officially what real satisfaction it gives me to be here, especially now that I appear as a full-time As-

sistant Secretary in the Department of Labor. That means a great deal to me. I think it also gives me an opportunity to say a thank you to the Chiefs of the Bureaus within my jurisdiction who I am afraid sometimes haven't had all the help and support they should have had from me. Their patience is to be commended.

So I feel very pleased to be here with you.

The Department's labor standards work is carried on by the Bureau of Labor Standards established by Frances Perkins in 1934; the Bureau of Employees' Compensation established in 1916 to carry out the Federal Employees' Compensation Act which was enacted in the same year; and the Women's Bureau established by Congress in 1920.

As the Secretary has stated, under consideration and currently expected to be carried out, is the plan to put the Wage and Hour and Public Contracts Divisions within the third administration to be established in the Department. This would bring together for administrative purposes the major areas in the Department dealing with labor standards.

Since the turn of the century, America's concern for justice has called for fair labor standards. Standards so controversial then are taken for granted today and new areas are constantly being added. As our society grows in affluence we can afford cooperatively to insure today's workers the conditions of employment which contribute substantially to their well-being and satisfaction from work, and to the stability of our very creditable work force.

The bureaus working in the standards field have many areas of mutual concern.

MINIMUM WAGES

In the field of minimum wages great progress is being made. Congress is to be congratulated on the step it took in the last session in adding 9 million workers to its coverage. Large numbers of those benefiting by the amendment are women, since women continue to be concentrated in the low-wage occupations. The Women's Bureau conducts intensive programs to acquaint women with their rights under this law and to work with the States in helping to bring the 5.3 million women who are still unprotected by the Federal law under coverage of State minimum wage laws. The Labor Standards Bureau has its area of responsibility in this field giving technical services to States in their effort to give protection to the over 11 million nonsupervisory employees who are not covered by the Federal statute. There is a great deal of coordination between the work of Wage and Hours and Public Contracts Divisions and the work of the Bureau of Labor Standards and the Women's Bureau.

Another area of mutual concern is that of equal pay. The administration and enforcement of this amendment to the Fair Standards Act is, of course, the responsibility of the Wage and Hour and Public Contracts Divisions. The Labor Standards Bureau gives technical assistance to the States in their effort to enact and enforce statutes establishing the principle of equal pay on the State level. Together with the Women's Bureau they work with voluntary organizations and official groups furthering the principle of the rate for the job.

Mr. FLOOD. You cover this area of the Bureau of Labor Standards, the Women's Bureau, employees' compensation claims, and the Bureau of Employees' Compensation?

Mrs. PETERSON. Yes, and the Directors of those Bureaus are here.

Mr. FLOOD. Yes. But as the Assistant Secretary this is your jurisdiction?

Mrs. PETERSON. That is the area, yes.

CHILD LABOR

The field of child labor is similarly interrelated and of mutual concern to the Wage and Hour and Public Contracts Divisions, the Bureau of Labor Standards and the Women's Bureau. The Bureau of Labor Standards has the responsibility of setting standards for child labor and hazardous occupation orders, and the Wage and Hour and Public Contracts Divisions has responsibility for administration and enforcement.

MARITIME INDUSTRY

The Bureau of Employees' Compensation and the Bureau of Labor Standards have areas of common interest in the maritime industry where the one bureau administers the compensation program and the other the safety program.

Mr. FLOOD. What is there special about the maritime industry?

Mrs. PETERSON. They have the Longshore and Harbors Act and the safety provisions of it, which Mr. Gidel of the Bureau will go into detail.

Mr. FLOOD. I know. But why would you pick them out? The Bureau of Employees' Compensation and the Bureau of Labor Standards have areas of common interest; by that you mean their area of common interest is only in the maritime field?

Mrs. PETERSON. No. I am giving a few cases to show the interrelatedness of the standards areas and that is an example. This is also true with respect to Workmen's Compensation and the safety program for Federal employees. BEC has the compensation program and Labor Standards has the safety program.

The bureaus cooperate in these areas and in developing the necessary research and statistics that serve these mutual program interests.

There are other areas of mutual concern but I believe these mentioned illustrate the interrelationship of the work of the bureaus in the standards area.

The bureau heads will testify on their specific programs and budgets and answer any questions but I would like to comment briefly on a few specific items.

This past year Secretary Wirtz has consolidated all the Department's occupational safety functions in the Bureau of Labor Standards. Your committee in past years has expressed concern for a more vigorous, coordinated attack on work accidents. This consolidation will strengthen the safety arm of the Department. The high toll of occupational injuries is a matter of great concern to all of us—so much is left to be done to improve the safety of the workingman on the job.

FAIR LABOR STANDARDS AMENDMENTS

The Wage and Hour Divisions' request for fiscal year 1968 is for an increase of $3,113,000 over the revised appropriation for 1967. This is needed to meet the added costs of administration of the 1966 Fair Labor Standards Amendments. Approximately 9 million workers

and 700,000 establishments were added to the coverage of the act by these amendments. These include hospitals and related institutions, hotels, motels, restaurants, laundries, and certain agricultural workers on farms. Many of these are new to coverage under this law and an extensive information, education, and investigation effort will be required.

The Bureau of Labor Standards seeks an additional $676,000 to help reverse the rising tide of maritime work injuries resulting largely from our Vietnam buildup.

Five years of success in reducing injuries in this high accident rate maritime industry are being jeopardized by a 69-percent increase in workload, mainly to meet our southeast Asia commitment and higher levels of economic activity. The Bureau of Labor Standards has demonstrated what attention to safety can do: injury frequency in longshoring was reduced 30 percent in the first 5 years after safety regulations were adopted; and the rate in shipyards went down 33 percent.

But in the first 9 months of 1966 shipyard injuries rose 13 percent and longshore injuries 5 percent above the same period in the previous year.

Man-hours in shipbuilding and shiploading have risen sharply. The bureau's previous staffing criteria was based on one maritime safety inspector for every 3 million man-hours of exposure. Because of the work increase, this ratio is now one safety inspector to between 4 and 5 million man-hours of exposure, up 60 to 70 percent. The funds sought in this budget will serve to restore the balance between Bureau personnel and the safety problem.

FEDERAL EMPLOYEES' COMPENSATION ACT

Our Bureau of Employee's Compensation is responsible for administering the Federal Employees' Compensation Act and related statutes providing workmen's compensation benefits for Federal and certain other employees. It also administers the Longshore and Harbor Workers Compensation Act which is the workmen's compensation law for maritime employees. Extensions of this law include the District of Columbia Workmen's Compensation Act and certain other coverage also administered by this Bureau.

We are particularly pleased with the efficient and effective work of our Bureau of Employees' Compensation. It is a demonstration that Government can carry on an operating program with a lower cost than the private business.

The Bureau is asking $500,000 additional to administer the recent amendments to the Federal Employees' Compensation Act—these amendments vastly improved the workmen's compensation benefits for Federal employees and their dependents.

No increase for program activity is requested for our Women's Bureau although the increasing number of women who have entered the work force, and the many more who will enter, provide the Women's Bureau with many areas of additional work and services.

WOMEN'S BUREAU

Working mothers are greatly in need of child care centers for their children. The Women's Bureau works with the Department of

Health, Education, and Welfare and other agencies to promote the establishment of such centers. We have concern with upgrading women's occupations and pay. Women are still found predominantly in low-wage occupations. The medium wage of women who work year-round and full time is only 60 percent that of men who are also in year-round full-time employment.

Since paid employment will figure in the lives of 9 out of 10 girls, better bridges from school to work are needed. And so are improved counselling and guidance. We have particular concern for women in the low-wage occupations and with providing training and retraining opportunities for them, and for young women, and for those women whose diminished household responsibilities now permit them to return to or to seek employment.

We are concerned with discriminations in employment of women which persist in spite of the guarantees in the Equal Pay Act and title VII of the Civil Rights Act.

The Women's Bureau thus has its work "cut out" for itself and it is a massive task with a handful of very devoted and able workers. The Women's Bureau promotes action by all interested groups in all of these areas of concern. In this it gets help from 50 State commissions on the status of women and commissions in the District of Columbia, the Virgin Islands, and two municipalities. These commissions with the assistance of the Citizens' Advisory Council on the Status of Women and the Interdepartmental Committee on the Status of Women and the many voluntary women's organizations who are dedicated to advance the status of women and ascertain new needs. The Women's Bureau provides technical assistance and guidance to these State commissions and organizations.

The activities in promoting sound labor standards have a multiplier effect in our society. Private organizations, State and local governments respond to the leadership provided by the Federal Government in this field. This leadership brings returns that are impossible to measure in statistical terms. You will note that there is no budgetary increase in these bureaus except for specific areas of new legislation and new responsibilities. What I am saying is that the cost is small compared with the total program involved.

I thank you, gentlemen, very much for affording me this opportunity to talk with you about these matters of mutual concern.

Actually, I think, Mr. Chairman, the Bureau heads will testify on their specific programs and budgets and answer any questions.

I would like to remain through and answer any questions.

Mr. FLOOD. You are the boss. You do what you want to do.

Mrs. PETERSON. I would just like to say that I think the standards area is one that is extremely difficult to measure, as the Secretary said, in actual statistical terms.

Mr. FLOOD. I remember.

Mrs. PETERSON. I think the effects of this work are really tremendous. We get a good return for the investment that we put in not only because of the work of the Bureaus, but also, as you will hear from the Women's Bureau and Bureau of Labor Standards, a tremendous amount of voluntary participation by people and organizations of good will.

Mr. FLOOD. Mrs. Peterson, we will be happy to have you with us as Assistant Secretary for Labor Standards while your bureau chiefs

testify in their areas of responsibility. We will take your testimony as Director of the President's Committee on Consumer Interests at a later point.

THURSDAY, MARCH 9, 1967.

BUREAU OF LABOR STANDARDS

WITNESSES

NELSON M. BORTZ, DIRECTOR
GEORGE T. BROWN, DEPUTY DIRECTOR
ROBERT D. GIDEL, ASSISTANT DIRECTOR FOR SAFETY
MILTON BROOKE, CHIEF, DIVISION OF STATE SERVICES AND STANDARDS
ROBERT P. VAN ZANT, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	2,585	2,826	3,360
11.5	Other personnel compensation	5	3	23
	Total personnel compensation	2,589	2,829	3,383
12.0	Personnel benefits	196	206	248
21.0	Travel and transportation of persons	226	261	327
22.0	Transportation of things	10	16	19
23.0	Rent, communications, and utilities	142	111	155
24.0	Printing and reproduction	112	181	215
25.1	Other services	29	48	93
25.2	Services of other agencies	92	105	115
26.0	Supplies and materials	28	45	58
31.0	Equipment	7	20	32
42.0	Insurance claims and indemnities	2		
99.0	Total obligations	3,433	3,822	4,645

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	281	289	356
Average number of all employees	256	274	339
Average GS grade	9.3	9.3	9.2
Average GS salary	$9,800	$10,128	$9,945
Average salary of ungraded positions	$5,740	$5,740	$5,740

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Improving working conditions of wage earners	609	657	751
	2. Reducing industrial accidents	2,238	2,423	3,149
	3. Promoting employment of the handicapped	373	460	462
	4. Administration and management services	266	282	282
	Total program costs, funded	3,486	3,822	4,645
	Change in selected resources [1]	−53		
10	Total obligations	3,433	3,822	4,645
	Financing:			
16	Comparative transfers from other accounts	−302	−388	
25	Unobligated balance lapsing	151		
	New obligational authority	3,282	3,434	4,645
	New obligational authority:			
40	Appropriation	3,242	3,389	4,645
42	Transferred from "Unemployment compensation for Federal employees and ex-servicemen" (Public Law 89-426)	39		
43	Appropriation (adjusted)	3,282	3,389	4,645
46	Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for civilian pay act increases		45	
	Relation of obligations to expenditures:			
10	Total obligations	3,433	3,822	4,645
70	Receipts and other offsets (items 11-17)	−302	−388	
71	Obligations affecting expenditures	3,131	3,434	4,645
72	Obligated balance, start of year	320	231	625
73	Obligated balance, end of year	−231	−625	−1,275
77	Adjustments in expired accounts	−66		
90	Expenditures	3,153	3,040	3,995

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $121,000; 1966, $68,000; 1967, $68,000; 1968, $68,000.

Mr. FLOOD. Mr. Bortz, you are next.

Mr. BORTZ. Yes, sir.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. We will, as usual, place your biography in the record and then you may proceed with your statement.

NELSON M. BORTZ

Nelson M. Bortz, Director of the Bureau of Labor Standards, U.S. Department of Labor, was appointed to that post September 4, 1964.

A veteran career man with 30 years in the Federal Service, Mr. Bortz was Deputy Assistant Secretary of Labor for Labor-Management Relations for 5 years (1959–1964) prior to his latest assignment. He is no stranger to the Bureau he now heads, having served for 2 years (1957–1959) as its Associate Director. During this period he also was Secretary-Treasurer of the International Association of Governmental Labor Officials.

As Director, Mr. Bortz administers the Bureau that functions as a service agency to State labor departments and officials, and to labor, management, technical, civic, and other groups concerned with improving working conditions and the workers' welfare. Established in 1934, the Bureau develops standards in the field of labor legislation and labor law administration, and provides technical assistance and information on adequate laws and their effective administration. It promotes occupational safety and health, rendering technical advice and service in this field to State labor departments, workmen's compensation boards, labor unions, and trade associations. It is the headquarters and secretariat for the Federal Safety Council, official coordinating and advisory body for promoting

the safety of Federal employees. The Bureau's Director serves as Chairman of the Council.

The Bureau also administers provisions of the Longshoremen's and Harbor Workers' Compensation Act authorizing the Secretary of Labor to investigate conditions and to establish and enforce safety and health regulations in the longshoring, shipbuilding, ship repairing and related industries. It develops standards for child labor regulations and hazardous occupations orders issued under the Fair Labor Standards Act.

Mr. Bortz first came to the Bureau of Labor Standards after 22 years with the Bureau of Labor Statistics in various capacities relating to wage and industrial relations programs. During World War II, he was on temporary leave from the Labor Department to serve the National Railway Labor Panel as Assistant-in-Charge of Wage and Salary Stabilization. Later, during the Korean conflict, he was Chairman of the Railroad and Airline Wage Board.

Before entering government service, Mr. Bortz taught for several years at Worcester Polytechnic Institute and the University of North Dakota. He was graduated from Ursinus College in 1930, received his Master's degree in economics at Clark University the following year, and did further graduate work at the University of Pennsylvania. Ursinus College awarded him an honorary Doctor of Laws degree November 1, 1964. He is married and has four children.

General Statement

Mr. Bortz. I would prefer to just make a few remarks and then we can move into such questions as you may have.

(The prepared statement was submitted for the record:)

Statement by Nelson M. Bortz, Director, Bureau of Labor Standards
Appropriations Committee

Salaries and Expenses

Mr. Chairman and Members of the Committee, I am glad to discuss the program of the Bureau of Labor Standards. The 1968 estimate is for $4,645,000. This includes $462,300 for the President's Committee for the Handicapped, which Mr. Russell will discuss separately.

The Bureau is requesting increased funds to—

1. Administer P.L. 85–742 for the safety of workers in maritime employments whose numbers and activity have expanded substantially ($676,000).
2. Formulate safe and suitable standards of employment for young workers brought within the enlarged coverage of the Fair Labor Standards Act as a result of the 1966 Amendments ($80,000).

Each of these program increases is intrinsically identified with the existing work of the Bureau. This work may be summarized as follows:

1. Inspection, consultation, promotion, training, enforcement and administration of safety provisions for—
   - Longshoremen and shipyard employees;
   - Workers employed by contractors providing goods and services for the Federal Government or under certain Federal grant programs;
   - Minors under 18; and
   - Federal employees.
2. Technical assistance, consultation, studies and training for State and Federal labor agencies covering such subjects as—
   - Wages and hours;
   - Occupational safety;
   - Workmen's compensation;
   - Child labor;
   - Private employment agencies;
   - Wage garnishment; and
   - Labor law administration.

I. PROGRAM INCREASES

Expanded maritime responsibilities

This request for additional funds, in the amount of $676,000 is to support the maritime safety responsibilities of the Bureau of Labor Standards. It is based upon increased Federal maritime responsibilities resulting from the Supreme Court Calbeck decision in 1962 and the substantial increase in longshore and shipbuilding activities due to Viet Nam particularly over the past 24 months.

It is also responsive to observations and, in a sense, directives of both the House and Senate Appropriations Committees in their review and action upon the Bureau's 1967 budget request.

Each Congressional committee expressed concern in their reports over the mounting evidence of accidents and accident potential in maritime employments. Each also called upon the Department of Labor (in the words of the House Report) to "develop positive plans for affirmative action * * *."

During the past two years, and 1966 in particular the pace of stepped up demands upon the maritime industries for more vessels and resulting cargo movements to bridge the supply lines to Southeast Asia has escalated the problem which was first described to the Committee several years earlier. In short:

Since 1962—

A 69 percent increase in workload has occurred with maritime employment rising from about 139,000,000 to over 235,000,000 man-hours under Federal jurisdiction;

Shipyard injuries are up 57.8 percent in same period;
Fatalities are up 42 percent.

In the past 12 months—

In 5 maritime districts, longshore hours are up over 20 percent; similar increases have occurred in 9 shipyard districts;

In the North Atlantic Region, shipyard activity has increased 25 percent; in the Gulf 14 percent; on the West Coast 82 percent in past years alone;

"Worksites" to be inspected both in shipbuilding and stevedoring have multiplied in numbers. This is especially significant in shipbuilding where each vessel under conversion, repair, or construction constitutes a separate "workplace" to be inspected and incidents to be investigated. As yards have been reopened, and as existing shipyards have expanded their capacities, these new and additional worksites must be inspected; preferably at frequent intervals because of the tempo of work and the use of inexperienced labor. A similar situation prevails in longshoring where additional pier facilities have been put in use along with day and night utilization of existing piers and wharves to minimize port congestion and facilitate the flow of cargoes and vessels utilizing large numbers of unskilled labor.

Capsulized, the body of evidence clearly indicates that in both longshore and shipyard activities the combination of increased coverage, Southeast Asian commitments, and the high level of general economic and industrial expansion has generated a steadily increasing amount of maritime work. This has required on the part of industry marked increases in employment and the utilization of inexperienced, green employees, thereby increasing the number of accidents and the explosive potential for a serious deterioration in the level of employee safety so far achieved—and intended by the Congress in the passage of P.L. 85–742.

The cumulative impact of these developments has attenuated the Bureau's resources. The staffing criteria previously used as a measurement of minimum adequacy (i.e., one maritime safety specialist for every 3 million man-hours of activity) has been seriously diluted. Moreover, the resort to round-the-clock, 7-day-week schedules, the activation of new shipyards and port facilities, and the greater utilization of heretofore relatively-little-used ports (e.g., Stockton, California) has made it impossible for the Bureau's limited field force to inspect and service all shipyards and stevedore operations. The distances over which existing staff is deployed extend hundreds of miles, and the staff must be responsive to emergency calls or complaints. There simply are no longer enough of them to meet the days and distances involved.

In summary, to restore a reasonably balanced program to maintain a field staff of safety officers where the workload is heaviest, and to keep down deaths and injuries additional funds are requested. Their authorization will provide for approximately 13,000 inspections, some 16,000 trainee hours of safety instructions for maritime employees and 9,000 to 12,000 accident prevention consultative services to employers.

Safeguarding youth under FLSA

Enactment of the Fair Labor Standards Act amendments of 1966 has given further scope to the Bureau's program for development and issuance of stand-

ards for the employment and safety of young workers. To meet these added demands $80,000 is requested.

In brief, it is necessary to—

Determine which occupations in agriculture are too hazardous for the employment of children below age 16;

Determine which occupations in the newly covered nonagricultural areas are too hazardous for the employment of children 16 and 17;

Expand the employment certification program to provide protection to employers of minors under 16 in agriculture and minors 14–17 in the newly covered nonagricultural industries;

Determine, under Child-Labor Regulation No. 3, suitable occupations for 14- and 15-year-olds in the newly covered nonagricultural areas.

Some idea of the magnitude of the expanded coverage of the Fair Labor Standards Act as regards the Nation's youth can be gleaned from estimates which indicate that around 750,000 boys and girls under 16 work as paid farm hands. Almost another 1,000,000 between the ages of 14 and 17 typically get full or part-time jobs in restaurants, hotels, motels, laundries, hospitals, schools, recreation and amusement centers.

For each of these new areas of Federal coverage the Bureau must identify the types of job hazards encountered, determine suitable working conditions as to hours, night work, environment, school and nonschool work periods, and arrange with State school and labor department agencies for the issuance of proof-of-age work permits.

To carry out its assignments the Bureau proposes an 8-point program to get the essential facts and statistics, investigate typical farm and service operations employing youth, determine hazardous occupations, develop new standards, revise or expand other standards and regulations, make specific studies, and prepare for and participate in public hearings and develop cooperative programs with State labor and education authorities.

Of all these functions probably the most challenging is a determination of the types of farm activities that are too hazardous for farm youth under 16 as required by section 13(c)(2) of the amended Fair Labor Standards Act. The wide range of factors which must be considered include, among others, the interaction of machinery, chemicals, animals, terrain, and weather coupled with the known resourcefulness of farm youth but also the natural tendencies of youth generally to discount dangers and act impetuously. To ascertain the hazards, develop reasonable safeguards, and administer a practical program will require additional personnel specialized in farm safety problems. Staff resources for appraising the work situations and suitable conditions of employment in the broad range of newly covered nonagricultural industries will make up the remainder of the four additional professional positions requested.

II. ON-GOING PROGRAMS

Reassigned safety activities

By direction of the Secretary of Labor, all safety responsibilities of the Department of Labor were assigned to the Bureau of Labor Standards effective September 1, 1966. This involved a reassignment of the Walsh-Healy Public Contract Act responsibilities and responsibility for the administration of the safety requirements of the newly enacted Service Contracts Act, the Arts and Humanities Act, and the amended Vocational Rehabilitation Act.

The combined coverage of these laws, added to the Bureau's existing responsibilities means that up to 27 million workers, depending upon the magnitude of the Federal Government's contractual commitments, are within the scope of the Department's safety authority.

Total resources for the administration of the reassigned and new programs amount to 23 positions (19 professional) as reflected in the transfer of $399,000 from the budget of the Wage-Hour and Public Contracts Divisions to the Bureau of Labor Standards.

These resources provided at an earlier time for a smaller activity must be evaluated in light of the present volume of contracts let by the Federal agencies, especially for military-related items.

Estimates suggest that as many as 180,000 PCA contracts were awarded in fiscal 1966 and that figure may exceed 250,000 in fiscal 1967. Contracts let by

the Department of Defense are estimated to exceed 200,000 and reflect a rise of about 25 percent over the past year. Altogether, some 20,000,000 workers and 50,000 work locations are estimated to be involved in making goods used by the government during the course of the coming year.

The number of service contracts may total 50,000 annually and apply to 2,000,000 workers and 25,000 operator-locations.

Measured against the magnitude of the Government's contractual programs existing resources for administering safety requirements are meager. To a limited degree, and particularly with respect to the Walsh-Healey program, the Department's efforts have been supplemented by inspectional services rendered by six States. These cooperative arrangements will be reviewed during the next year. States with the resource competency will be encouraged to assist and it is hoped that following the establishment of suitable criteria additional States may participate since concern for occupational safety is shared by both State and Federal authorities.

Mission safety-70 progress

A new all-time low was recorded in the injury frequency rate for Federal employees in 1965.

The rate of 7.3 disabling injuries per million hours worked was a 5.2 percent improvement over the preceding year and 7.6 percent under the base year for measuring progress toward the President's Mission SAFETY–70 goal of a 30 percent reduction by 1970.

Some 1,226 fewer Federal workers were injured in 1965 than in 1964. Estimated savings amounted to at least $4 to $5 million.

There is no question that Mission SAFETY–70 has rekindled efforts among agency managers to improve their accident prevention programs. Employee interest has also been stimulated and government unions have added their emphasis.

Much remains to be done. The record of many agencies can be improved. Efforts at the field installation level must be increased. More effective accident reporting and investigating systems need to be set up. Better standards and guidelines are needed. Training programs for supervisors and key employees should be expanded. To the extent feasible off-the-job safety programs should complement the agency's job-oriented accident prevention activities. The Government's losses in manpower, material and money from accidents remain too large.

Bureau staff will continue to service the Federal Safety Council and its nearly 100 field chapters. Leadership, guidance, training and technical materials will be provided within available resources. The basic job—and responsibility—rests, however, with each agency which is accountable for the adequacy of its accident prevention efforts.

Working with the States

When Secretary of Labor Frances Perkins, a former State labor commissioner, proposed to this committee in 1934 the creation of a bureau whose main objective would be to help the States help themselves she spoke with foreknowledge as well as foresight. The depression years, followed by years of war and then bursts of technology and population propelled the Federal Government into not only a role of leadership but also of widespread operational undertakings.

As the Committee well knows much of the pioneering labor legislation evolved at the State level in such States as Massachusetts, New York, Wisconsin, and California. These and other States still provide occasional examples of experimentation and initiative. But the pattern is limited and spotty. Many, if not most States—again for a complex variety of reasons or circumstances—have not matched their constitutional mandates with supporting actions. This does not necessarily mean they cannot, or will not, given the encouragement and assistance that our present economic-socio-political environment can provide.

Recently, a combination of circumstances not the least of which is the President's concept of "creative Federalism" has tended to provide the basis for a renaissance of State activity. The extent to which this resurgence actually materializes depends upon many factors. One of the supporting ingredients is the work the Bureau of Labor Standards is able to provide. Within

the whole fabric of Federal-State relations the Bureau's role has been quite modest but affirmative.

Signs of encouraging developments are appearing. During the two-year period, 1965–1966 legislative activity by the States in the field of labor legislation increased in tempo as reflected by the introduction into their legislatures of 9,200 bills and the enactment of over 1,000 labor laws, the largest volume in a quarter century. This record reflects an increasing concern by the States to assume a more positive role to improve working conditions of wage earners. As the next biennium begins 47 States and Puerto Rico will meet in regular sessions and further State activity is anticipated. The Bureau's role, as in past years, is to provide the States with summaries, analyses, and digests of labor laws, suggested draft language for the enactment or amendment of laws, and technical assistance in the problems of administering and enforcing laws.

In an effort to (1) evaluate the extent to which existing State labor laws reflect recognized standards and (2) measure trends in State legislation the Bureau this past year has been exploring the feasibility of a "Labor Standards Index (LSI)." The preliminary findings indicate that for a group of 10 subject areas, the national average stands at 51, or roughly halfway approaching the level that might be characterized as consistent with recognized standards.

The gaps and weaknesses in labor laws vary markedly among the States. With relatively few exceptions the need for stronger laws is evident particularly in the areas of workmen's compensation, minimum wages, occupational safety and health, and in the very limited protection afforded hired farm workers. Additionally, State labor agencies need strengthening to assure effective and uniform administration and enforcement of their programs. In most cases, their staffs are limited, underpaid, and need technical training.

To provide assistance to the States, the Bureau makes available a wide variety of resource materials, including inspection manuals and reporting forms and procedures; and, in cooperation with the States conducts training courses for inspectors and workshops for key administrative personnel. Illustrative of these services were those to Delaware, Indiana, and Maryland to provide practical assistance in their administration of newly enacted laws for which the States had no prior experience. Other States, such as Illinois, Kentucky, New Jersey, New Mexico, Rhode Island, Wisconsin, Tennessee, Arizona, and North Dakota, were furnished technical assistance in workmen's compensation administration—a service which was extended also to union, management, civic and other groups in many States.

Fiscal 1967 will witness sharp increases in legislative activity and in the demand by the States for assistance to improve their labor programs. The Bureau staff have already responded to requests for on-the-spot service in 18 States interested in seeking improvements in one or more of their labor statutes. Regional conferences of State labor commissioners to exchange information and to discuss operating problems of common concern will be encouraged. The Government of Guam has been provided with on-the-spot technical assistance in establishing a labor department and drafting needed labor legislation. Draft language and resource materials have been prepared in the fields of wage garnishment and debt pooling. Cooperation will continue with the Atomic Energy Commission to improve the standards in workmen's compensation laws related to radiation injuries; and workshops will also be conducted to improve administration of workmen's compensation laws in a number of States.

With 50 States and their varying problems, outlook, and emphasis, the Bureau's role in providing technical and analytical materials and legislative services is continually shaped by social, economic, and political factors arising both at the State and Federal levels. Flexibility in programming is necessary. As in the past, however, the Bureau will compile basic data, develop suitable guidelines and standards, issue digests and reports, and respond to specific requests as they arise. It is a challenging if not always encouraging assignment.

SUMMARY OF BUDGET

Mr. BORTZ. The budget this year for the Bureau of Labor Standards amounts to $3,389,000. The budget which you have before you is for the amount of $4,645,000.

Now, this amount includes about $462,000 for the President's Committee on Employment of the Handicapped.

So we have then an increase in the budget figures of $1,256,000 for fiscal 1968. About one-third of this amount represents the transfer of safety functions from the Wage and Hour Public Contracts Division to our Bureau concerning which you alluded, and Mr. Lundquist spoke to just a few moments ago.

MISSION SAFETY–70

Mr. FLOOD. Are you going to have somebody speak directly to the Federal safety program by itself?

Mr. BORTZ. I will incorporate that in my remarks.

Mr. FLOOD. How long have we been at it?

Mr. BORTZ. The President announced the program 2 years ago, February 16.

Mr. FLOOD. Have you been with it ever since?

Mr. BORTZ. I have been with it ever since, yes; serving as Chairman of the Federal Safety Council.

Mr. FLOOD. What do you think about it?

Mr. BORTZ. I think that it has given the greatest boost to employee safety in the Federal Government that we have had, certainly since the 1930's.

Mr. FLOOD. Did the employees buy it?

Mr. BORTZ. The employees are interested, the Government employee unions are interested, and they have cooperated splendidly with us. It has stimulated the agencies. The agencies from top management down have taken a greater interest in developing sounder programs. The results of this, in terms of statistics, are that the frequency rate has declined 7.6 percent since the program has begun.

Mr. FLOOD. Is that bad?

Mr. BORTZ. It is relatively good, if you compare it with, for example, manufacturing industries.

Let me put it this way, in terms of a general range of comparison: The Federal Government injury rate currently for the last year for which we have figures was not good, sir, and it was static. It had remained on a plateau for roughly 10 years with no change.

Mr. FLOOD. So anything we did was good.

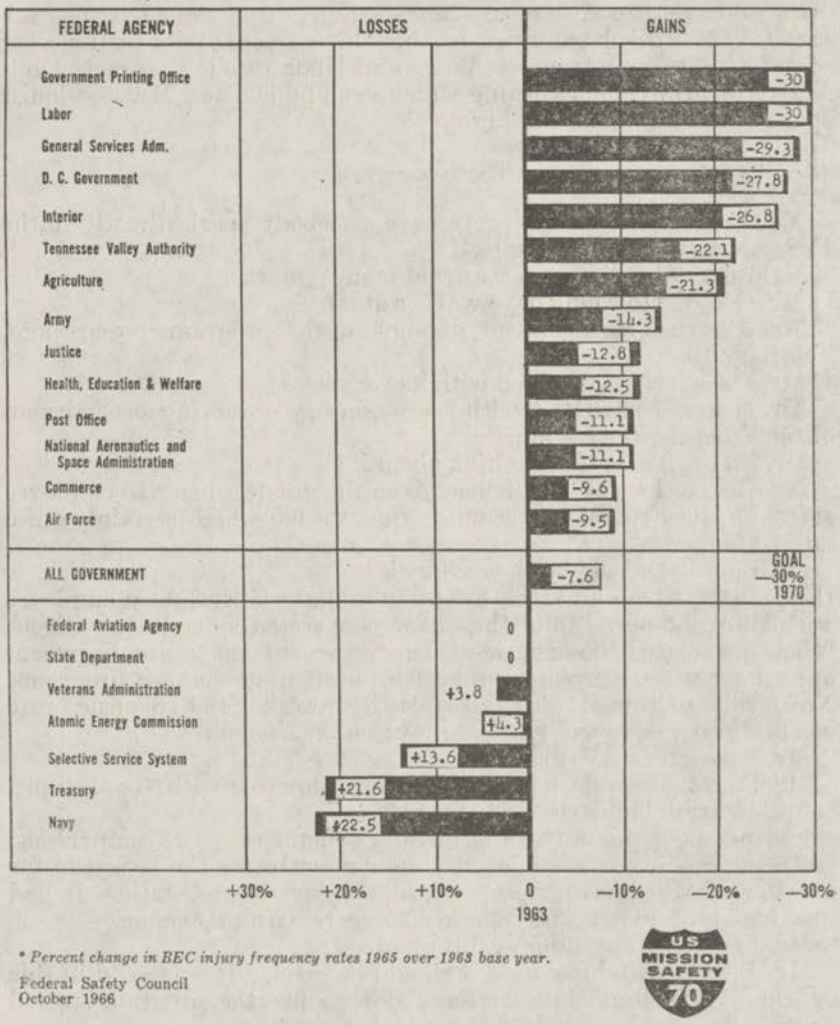
Mr. BORTZ. Anything we did should be good. It was good in this instance. The trend line has been down since the program started and we are hopeful that it will get better.

Mr. FLOOD. At that point I direct your attention to page 21 of your justifications in which you have a title, "1965 Progress Toward Mission Safety–70 Goal." I would like to have inserted in the record at this point either a reproduction of this page or a chart which would reflect the same statistics.

Mr. BORTZ. We can provide, Mr. Chairman, a chart that will reproduce for this transcript; will be glad to.

(The information follows:)

1965 PROGRESS TOWARD MISSION SAFETY-70 GOAL *



* *Percent change in BEC injury frequency rates 1965 over 1963 base year.*

Federal Safety Council
October 1966

US MISSION SAFETY 70

Mr. FLOOD. How do you account for this appalling statistic on page 21 with reference to the Navy?

Mr. BORTZ. This represents the change in their experience since 1963 which we took as 100, or the base.

Mr. FLOOD. And Treasury, what do they do that they get in that much trouble?

Mr. BORTZ. Treasury has, as one of its largest components, of course, Internal Revenue Service and the operation of the mint.

Mr. FLOOD. You mean you can get hurt making money?

Mr. BORTZ. Yes, particularly in making coins. With all of the new service machines, the demand for coins has expanded enormously. They have huge presses and some of the plants are not modern.

Mr. FLOOD. I see.

Mr. BORTZ. But these are changes, as I say, over this base year.

In terms, for example, of where the rate of injuries is the highest, Mr. Chairman, it is the Post Office, although on this chart you will see that the Post Office has improved its record. But the Post Office has the highest injury rate of any Federal agency.

Mr. FLOOD. I can see why.

Mr. BORTZ. It is a very challenging problem that they have, not only in terms of letter carriers but the trucks on the streets and in the handling of the mails.

Mr. FLOOD. Has this ever been brought to Postmaster General O'Brien's attention?

Mr. BORTZ. Yes.

Mr. FLOOD. He's very good at straightening things out.

Mr. BORTZ. Shortly after the program was announced, at that time Postmaster General Gronouski developed a very comprehensive program. This has been followed by Postmaster General O'Brien. As a matter of fact, we have had a second anniversary program of mission safety–70 just 3 weeks ago. The Post Office has developed a cancellation die and every February during the duration of this program up through 1970 there will be stamped in the 15 largest post offices of the country—all the letters will be canceled with a cancellation mark with the mission safety–70 symbol which we have, and the wording "Cancel Out Accidents." And they have told us that this would appear on about three and a half billion pieces of mail each year. Now, this is a tremendous visibility for the President's mission safety–70 program.

Mr. FLOOD. What difference does it make whether it is 5 billion or 3 million? We are talking about Federal employees.

Mr. BORTZ. Well, this has an impact not only in terms of Federal employees but also in terms of the concept of improving safety in industry generally. I might make this observation: The injury rate in the Federal Government has been going down since mission safety–70 was instituted. The injury rate in industry generally has been going up in the last several years.

RECOGNITION OF MISSION–70 IN THE PRIVATE SECTOR

Mr. FLOOD. Is the Government injecting itself into the safety operations of private industry and do the employees and management know what mission–70 is?

Mr. BORTZ. Yes, they do.

Mr. FLOOD. Not to the same extent that the Federal people do?

Mr. BORTZ. The executive council of the AFL–CIO, for example, and the Government Employees Council which, as you know, is made up of 30 unions representing Government employees, each of these has specifically endorsed mission safety–70. The National Safety Council which is the largest quasi-public organization and composed

of, primarily, industry, they, too, have not only endorsed it but they have cooperated with us.

Mr. FLOOD. Do you think there is public awareness of this?

Mr. BORTZ. I think there is, sir; but not nearly as much as what I would like to see and what I think the program deserves.

MARITIME SAFETY PROGRAM

Returning, then, to a description of the two new program areas for which we are placing before your committee a request for a sum of money, the largest of these two program increases relates to what we call our maritime program. Mrs. Peterson just referred to it. When we say maritime, we mean the coverage of Federal law which the Congress enacted in 1958 and which applies to employment in stevedoring, longshoring and shipbuilding, ship repair, shipbreaking and certain other harbor activities which are within the navigable waters of the United States, and hence subject to Federal jurisdiction and not to State jurisdiction.

Our Bureau has administered the maritime program since its inception, under the responsibility given to the Secretary of Labor.

Mr. FLOOD. The shipyard injuries have been skyrocketing, haven't they?

Mr. BORTZ. They have been going up very seriously, yes. And longshoring, stevedoring operations have also. So we find ourselves in this situation, and you will recall from our discussion here a year ago, on the reflection of problems at that time, in terms of the increased amount of activity both in shipbuilding and ship repair and in the longshore operations.

The latest and greatest stimulus, of course, has been the increase in the activity coming out of the Vietnam situation. That, together with the generally higher level of economic activity and foreign commerce which has prevailed, together with the Supreme Court decision which extended jurisdiction, the *Calbeck* decision.

Mr. FLOOD. We urged you on in our report in this area, if you recall.

Mr. BORTZ. Indeed you did. We have, I hope, sir, responded affirmatively to your urging and the urging of the Senate Appropriations Committee, as well, to bring before you a proposal to strengthen our safety program under this law.

This is the request that we have for $676,000.

Mr. FLOOD. As I told you, I have been sitting on the Appropriations Subcommittee for the Department of Defense for about 20 years since the Department was organized back in Jim Forrestal's days, God rest his soul. So I am no amateur in this field.

Now, the bulk of the requested increase is $676,000 for the expanded safety services to the maritime industry because of the escalation of the war in Vietnam. What are you spending on maritime safety now? By "now," I mean this year, this fiscal year, in round numbers.

Mr. BORTZ. In round numbers, about $1,400,000.

Mr. FLOOD. Isn't the maritime activity that could be identified with Vietnam a pretty small percentage of our overall general Maritime activity?

Mr. BORTZ. There has been a tremendous increase. Overall, from this base period which we have taken in terms of reflecting the increased workload which has come to us, namely, 1962, the increase has been between 50 and 70 percent. On some of the west coast ports it has been much higher than that. As I said, it is made up of three components, the "Calbeck" decision which expanded jurisdiction, then in the 2 recent years especially the southeast Asia situation and the generally increased amount of foreign shipments of materials to countries throughout the world.

Mr. FLOOD. Yes; I know all about that.

Mr. BORTZ. So that there has been this increase.

Mr. FLOOD. But you are not going to hang this whole request on Vietnam, are you?

Mr. BORTZ. No; but this is the problem that we have which I think we have to be responsive to.

Mr. FLOOD. Yes; very special and peculiar problem.

Mr. BORTZ. I think that if this operation were within the broad complex of the Department of Defense they probably would have, as they have in certain other areas, placed more manpower into it.

There is a recent press clipping which I have here from the west coast "Almost half of the west coast volume is handled through the bay area and military cargo moving through the west coast ports has already topped the monthly volume of the Korean war and is approaching the proportion of World War II." This is attributed to Brigadier General Crowley, commander of the Western Area Military Traffic Management.

Mr. FLOOD. Well, it is so.

Mr. BORTZ. In Portland, Oreg., you can see just by this chart the marked rise in longshore activity and tonnage.

In terms of the number of ships, numbers of ships operating in the Vietnam servicing area, carrying cargoes, materials, that has more than doubled.

Mr. FLOOD. And they have taken some of these old crates out of mothballs.

Mr. BORTZ. Precisely. They get one trip out of them, and it has to come into a repair yard. This increases the repair activity in the shipyards tremendously. And they are, of course, working around the clock, 7 days a week.

We do not have, Mr. Chairman, at the present time, a staff that can be on duty during the night or on weekends. They are—I have several reports here——

Mr. FLOOD. I know. But do you still tell me that the bulk of the increase, $676,000, is because of the escalation in the Pacific?

Mr. BORTZ. The substantial portion of it is. Now, the other portion, the other substantial portion is the "Calbeck" decision, expanding our jurisdiction. With the expanded jurisdiction and Vietnam piled on top of it we have the sort of situation we now have.

AVAILABILITY AND TRAINING OF MANPOWER

Mr. FLOOD. Suppose you get these 61 bodies, what would you do with them, specifically?

Mr. BORTZ. Most of them, all but six would be placed in the areas around the country where our workload has increased.

Mr. FLOOD. Where are you going to get them? You can't pick up people like that overnight, can you?

Mr. BORTZ. No. It requires a recruitment program. We have had some initial discussions with the civil service people in terms of another announcement.

There are, of course, safety engineers, people in private employment throughout the country.

Mr. FLOOD. You were talking about a budget for 1 year. How long will it take you to pick up 61 bodies to do this job? How many years?

Mr. BORTZ. I would hope we could do it in less than a half year, sir.

Mr. FLOOD. Oh, are you serious?

Mr. BORTZ. I would hope so.

Mr. FLOOD. You would take a man off of a civil service list, cold and green, in 6 months? Why, he would get hurt before the guy he was looking after would.

Mr. BORTZ. One of the problems is we are a year late in terms of presenting this request to you.

Mr. FLOOD. Well, I can't help that. I am asking about these 61 for this budget. Where are you going to get these people?

Mr. BORTZ. We would get them in terms of industry, in terms of some of the insurance companies which have accident-prevention departments and have people who are engineers and want to move or change, come into the Government.

Mr. FLOOD. This is the 1968 budget and you are going to get me 61 properly trained, qualified people to go out and do this kind of job within the fiscal year 1968. What are you, Houdini?

Mr. BORTZ. If this committee and the Congress sees fit, sir, to give us the opportunity, we are going to do the best we can.

Mr. FLOOD. Yes. I can't hate you for that.

Mr. BORTZ. We found the recruiting market was a little better last fall than it was a year or two ago but it will be a challenge, it will be a problem.

Mr. FLOOD. How about your supervision?

Mr. BORTZ. We would have to upgrade some, but basically we have senior people in the offices.

Mr. FLOOD. What will these fellows start at, what grade?

Mr. BORTZ. It would vary, but I would say between GS–9 and GS–11, depending on the amount of experience they have had.

INCREASE IN MARITIME FATALITIES

The other side of the coin is one, frankly, that as far as we are concerned, and representing it to you, sir, is one that we feel we have to present to you for your consideration. The number of fatalities has increased. It increased last year. Already this year we have had reports of 23 fatalities. Now, this is serious because we have had a reasonably good record.

Mr. FLOOD. Twenty-three fatalities, where?

Mr. BORTZ. Scattered throughout the country.

Mr. FLOOD. In what categories?

Mr. BORTZ. In both handling cargo and in ship repair.

Mr. FLOOD. You are talking about maritime only?

Mr. BORTZ. I am talking about maritime. I could give you the gory details of people falling off boats, being hit by lumber, and so on.

Mr. FLOOD. Suppose you pick out certain ones and place them in the record at this point.

Mr. BORTZ. I will be very glad to do that, sir.

(The information follows:)

JOB FATALITIES UNDER PUBLIC LAW 85-742

The number of job-connected work fatalities in stevedoring and shipbuilding—ship repair operations subject to the Longshoremen's and Harbor Workers' Compensation Act rose to a record high level in 1966. This alarming upward trend has continued into the first two months of 1967 with a total of 23 fatalities recorded. Illustrative of the types of accidents occurring are the following:

LONGSHORE

Area	Accident
East coast	Truck being loaded had almost reached floor of hold when new offshore fall parted. Truck swung inshore under coaming and struck 3 men, 1 of whom died.
West coast	Before landing lift truck on covered hatch, checked for presence of queen beam. Then drove lift truck across adjacent section of hatch without checking. Queen beam missing. Truck and man broke through and fell to lower hold.
Do	Inexperienced man walking along inshore side of deck. Saw draft moving toward him and tried to avoid it. Tripped and fell and draft came down on his head.
Do	Walking along deck and dropped handsaw down the hatch. When he turned to watch it he lost balance and fell over low coaming into the hold.
Do	Hatchtender standing on temporary platform at bulwark when he was either struck by a draft or stumbled over bulwark in trying to avoid it. Fell, landing on edge of pier. No witness to actual start of fall.

SHIPYARD

Gulf coast	2 men who had been painting were found dead. No information yet as to actual cause of death.
Do	Boom on derrick barge failed while lifting tug; man fell into water and drowned when tug dropped.
Do	Welder pulling hoses across hatch on barge. Fell back into open hatch.
West coast	Taking dunnage from pile at edge of 'tween deck hatch. Pile collapsed, pushing man off the edge.

Mr. FLOOD. We are a bit gunshy about Vietnam being responsible for everything.

Mr. BORTZ. I can appreciate that, but there are the work pressures associated with getting cargo moving with green labor. Longshoring is one of the most hazardous occupations in the country.

Mr. FLOOD. What else do you want to talk about?

ADDED RESPONSIBILITIES UNDER THE FAIR LABOR STANDARDS ACT AMENDMENTS

Mr. BORTZ. I would like to mention also the increase which we have before you in the sum of $80,000 for work in connection with administering and handling our responsibilities under the amendments to

the Fair Labor Standards Act. You have heard from Mr. Lundquist. His responsibility is the big one, the job of enforcing and investigating. Our role here, Mr. Chairman, is in the development of the standards that Mrs. Peterson mentioned a few moments ago. What occupations are too hazardous for youths 16 to 18? The Fair Labor Standards Act says the Secretary shall determine which occupations are too hazardous for youth between 16 and 18.

Last year the Congress, in its amendments——

Mr. FLOOD. And I suppose for older people?

Mr. BORTZ. That is correct, but there you work on your own risk. That is, if you can get a job and are willing to accept the hazards, there is no proscription on the part of the law to say that you can't work in that job. But for youngsters 16 to 18 there is the responsibility which the Department has had——

Mr. FLOOD. Male and female?

Mr. BORTZ. Male and female. One of determining what occupations are too hazardous.

HAZARDOUS OCCUPATIONS FOR CHILDREN UNDER AGE OF 16

In the amendments last year to the Fair Labor Standards Act there was written into the law the requirement that the Secretary determine, in agriculture, the occupations which are too hazardous for boys or girls under the age of 16; not 18; 16 in this particular instance. This is one of the responsibilities with which we are charged in the Department: to study these jobs and determine what ones the Secretary of Labor should say, "Look, this is not for you. Don't send a boy out to do this work. He must be at least 16 years of age."

We have that responsibility. This is one of the reasons for the increase for which we here ask.

There is the additional coverage. Mr. Lundquist mentioned some 9 million.

Mr. FLOOD. Do you get down to the family farm?

Mr. BORTZ. No, sir. Children on a family farm are not covered. If the boy or girl goes from the family farm across the pasture to a neighbor's farm and works, then he would be considered an employee and we would have this responsibility here.

So you have new coverage up to the extent of 9 million. This brings under the act, as you know, hospitals, motels, hotels, laundries; what jobs are too hazardous for those under 18? Around hospitals we don't know. We need to examine and find out.

For example, do we want to declare jobs in a mental hospital or a tuberculosis hospital off bounds for hiring those under 18? I think it is a reasonable question to ask. We have to ascertain the facts.

Under the age of 16 there is also the requirement in the Fair Labor Standards Act that the Secretary determine what occupations are too oppressive. "Oppressive" is the word the law uses.

Mr. FLOOD. What does that mean?

Mr. BORTZ. However you would want to define it, it isn't a good place for a boy or girl under 16 to be employed. It is oppressive in

the sense of taking them away from their schoolwork, stunting their development in some other fashion, whatever it may be.

Mr. FLOOD. It is a very poor choice of words.

Mr. BORTZ. It was a choice made in 1938.

Mr. FLOOD. It doesn't improve any. It is getting worse by the year.

Mr. BORTZ. We are wrestling with this.

We have to consider jobs in terms of 14- and 15-year olds. The extent to which they move into any stream of employment during the summer, or at nighttime. Should they work at night? Should they work as a carhop bringing food out on a tray at the drive-in restaurant or working around a cocktail lounge in a hotel or motel? These are the types of questions which now flow to us by virtue of the expanded coverage under the Fair Labor Standards Act.

Also, under the law the employer must have, or produce—if one of Mr. Lundquist's investigators comes into a shop or plant—an employment certificate to show that the boy or girl is of legal employment age. Our Bureau, ever since the days of Miss Perkins, has worked with the States because most of the States have child labor laws and school attendance laws and have employment or work permits which they issue.

This applies to 45 States out of the 50 where there are cooperative arrangements.

Mr. FLOOD. How uniform are those State laws? Is there any sense of uniformity at all?

Mr. BORTZ. There is a relatively good sense of uniformity when you come to the basic sort of child labor safeguards. There are variations between 14 and 16 and there are some that are creeping up and making it 17.

Mr. FLOOD. They would get better before they got worse in any State? Better as far as you are concerned? They would improve?

Mr. BORTZ. I would hope so, yes.

There are these work permits and in order to satisfy both the State requirement and the Federal requirement, we have these arrangements with, as I say, 45 States, in which they cooperatively issue the permits which are valid then under Federal law, as well as State law.

Now, the introduction of agriculture under coverage here, has posed an interesting new problem for which I can't tell you we have a complete answer at the moment. Most State laws do not cover agriculture as employment in terms of minimum wage and hours.

We, therefore, wrote to these States several months ago asking them if they would, in the light of the amendment to the Federal law, bringing agricultural workers under the law—and since there would now have to be in the hazardous occupations proof of age, that this person was old enough to work in these particular things—we asked them if they would agree to extend their cooperative program so as to service this Federal need, for which there is no counterpart in the State.

Most of the States from which we have heard so far have indicated they would be willing to cooperate and work it out. I think this is a commendable example of cooperation.

SUMMARY OF ADDED RESPONSIBILITIES UNDER THE FAIR LABOR STANDARDS AMENDMENTS

In terms of the $80,000 we are talking about, we have four specific responsibilities: The hazardous occupation order in agriculture; the determination of hazardous occupation orders in these newly covered industries—laundries, hotels, hospitals; what jobs are suitable for 14- and 15-year-olds and the employment certificate coverage program with the States.

Mr. FLOOD. That is the $80,000, and you want six additional positions?

Mr. BORTZ. Yes, sir.

Mr. FLOOD. Six positions and $80,000 for the protection of young workers under the 1966 amendments to the Fair Labor Standards Act.

Mr. BORTZ. That is correct.

Mr. FLOOD. What will these six people do if you get them?

Mr. BORTZ. That is certainly a fair question.

Mr. FLOOD. That is why I asked it.

Mr. BORTZ. We need an agricultural safety engineer. We do not have on our staff this type of professional person.

Mr. FLOOD. I believe that.

Mr. BORTZ. We have had no specific statutory responsibility in this area. Two of these positions would be to get agriculture people with the appropriate type of background.

Mr. FLOOD. Are there such characters around?

Mr. BORTZ. Yes. I was surprised, frankly, at the degree of interest and the scope of organization and people in the farm and agricultural area that are concerned with safety. There is an entire unit within the National Safety Council on Farm Safety. It shows the manufacturers, the agricultural implement people are quite concerned on their own. I don't anticipate any difficulty in terms of these hires.

The other two professional jobs would be in terms of the programs in these other areas that I described to you. In terms of going—particularly people with a social standards type of background that could make studies——

Mr. FLOOD. You have thought this through and you know what you are talking about? You are not just asking for six jobs?

Mr. BORTZ. No. We need specialization, as I say, in the agricultural safety area and we simply need more hands to do this additional 9 million coverage which we have here. We are asking for four professional people.

Two of the six would be secretarial and clerical. There are four professionals and two clericals involved.

MISSION SAFETY–70

Mr. FLOOD. With regard to Mission Safety–70, we did something on that. We gave you an increase for 1967 and we have talked about your goals and what you have accomplished so far, which is pretty good.

Have you been in touch with General Hershey and the Selective Service people about this problem at all? Is there any way you tie this into the Selective Service System?

Mr. BORTZ. We have worked with the Selective Service System in terms of their safety program.

Now, actually I don't think, in terms of the number of employees which General Hershey has, that is in the System, that it is an extremely large number. Certainly it doesn't begin to compare with the Navy, with over 300,000 people, and Treasury with between 90,000 and 100,000.

I would simply like to add a word of caution, Mr. Chairman, that this chart, which we talked about earlier, on Mission Safety 70, does not reflect the size of the organization—labor, for example.

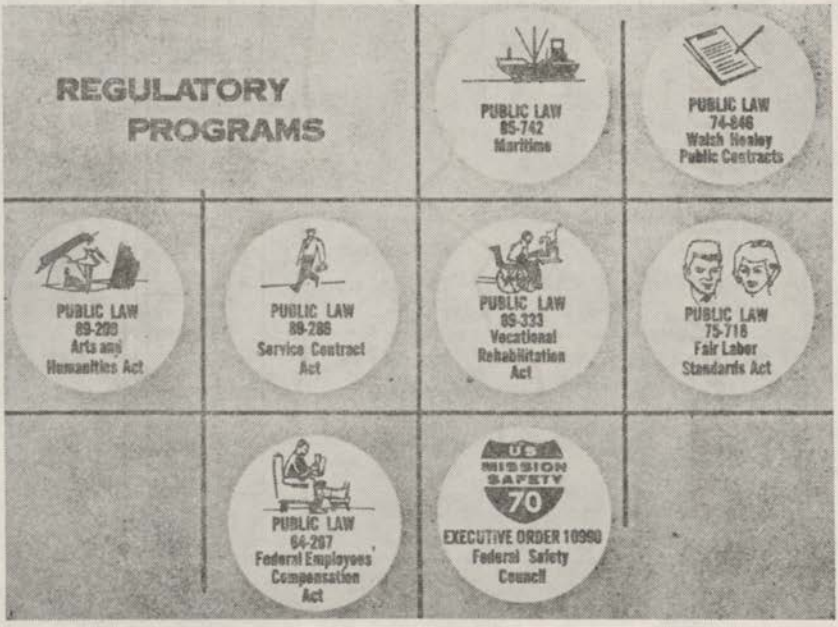
This chart was designed for one purpose only: To show what the movement had been since the base year.

SAFETY ENGINEERING AND PROGRAM SERVICES ANNUAL REPORT

Perhaps this might be the appropriate time to present this and ask if you would place in the record at an appropriate spot the report that we have prepared and presented to this committee each year, showing our safety engineering and program services. This, I think, would give the whole story.

Mr. FLOOD. Without objection, at this point in the record it will be included.

(The report follows:)

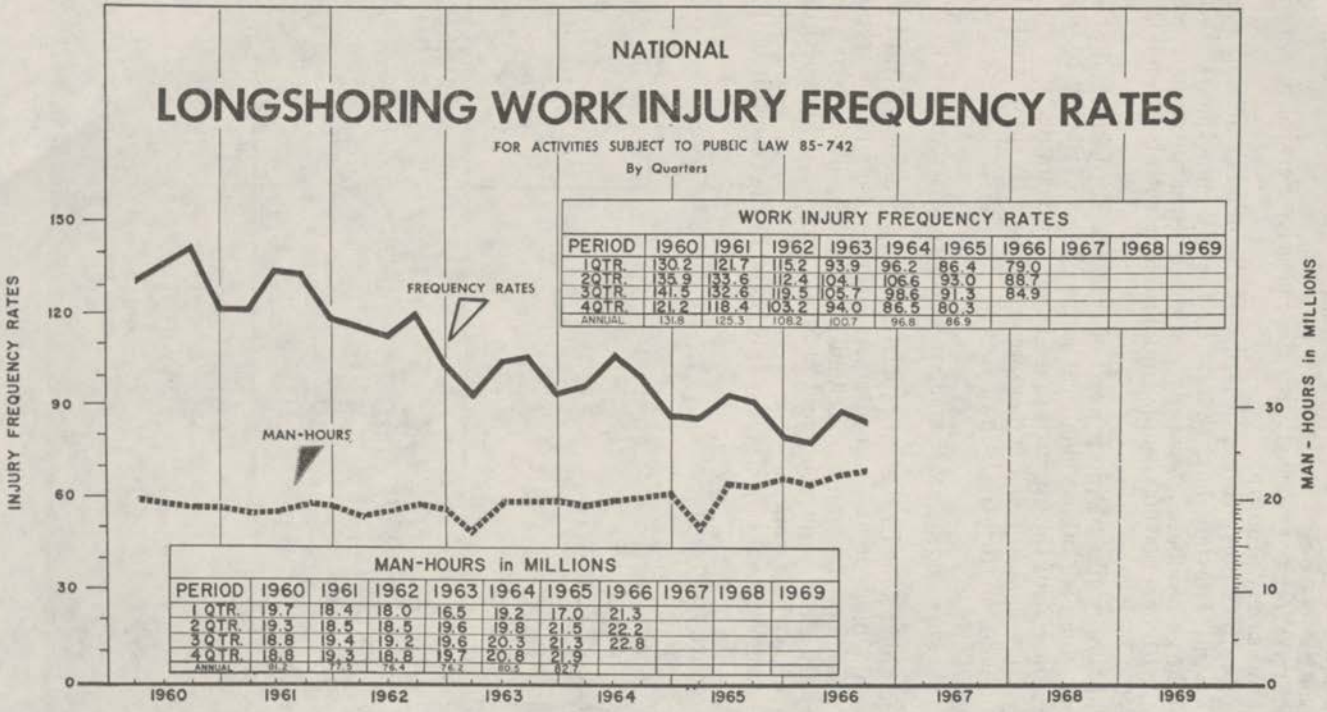


NATIONAL

LONGSHORING WORK INJURY FREQUENCY RATES

FOR ACTIVITIES SUBJECT TO PUBLIC LAW 85-742

By Quarters



WORK INJURY FREQUENCY RATES

PERIOD	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
1QTR.	130.2	121.7	115.2	93.9	96.2	86.4	79.0			
2QTR.	135.9	133.6	112.4	104.1	106.6	93.0	88.7			
3QTR.	141.5	132.6	119.5	105.7	98.6	91.3	84.9			
4QTR.	121.2	118.4	103.2	94.0	86.5	80.3				
ANNUAL	131.8	125.3	108.2	100.7	96.8	86.9				

MAN-HOURS in MILLIONS

PERIOD	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
1 QTR.	19.7	18.4	18.0	16.5	19.2	17.0	21.3			
2 QTR.	19.3	18.5	18.5	19.6	19.8	21.5	22.2			
3 QTR.	18.8	19.4	19.2	19.6	20.3	21.3	22.8			
4 QTR.	18.8	19.3	18.8	19.7	20.8	21.9				
ANNUAL	81.2	75.6	74.4	75.5	80.2	82.7				

CHART 21

COMPILED BY:
BUREAU OF LABOR STATISTICS

U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

Bureau of Labor Standards
Office of Occupational Safety

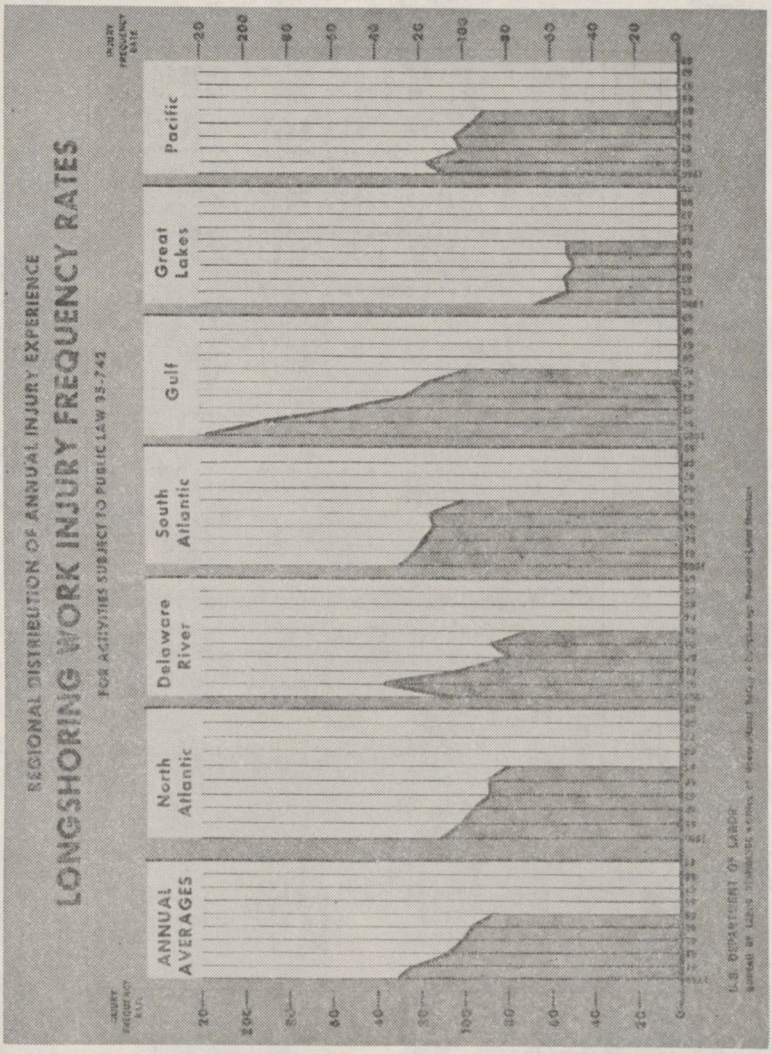
Longshoring Program

MARITIME
WORK INJURY DATA @
REPORTED UNDER PUBLIC LAW 85-742

DISTRICTS	LONGSHORING PROGRAM — FREQUENCY RATE							SEVERITY RATE					
	1960	1961	1962	1963	1964	1965	1966*	1960	1961	1962	1963	1964	1965
NATIONAL TOTAL	131.8	125.3	108.2	100.7	96.8	86.9	83.9	7,583	7,616	7,849	6,872	8,046	6,228
NORTH ATLANTIC REGION	115.8	101.3	96.5	88.6	89.7	80.7	81.3	7,410	6,496	7,375	6,329	7,217	6,438
Boston-Prov.	94.4	91.9	88.8	112.3	80.6	77.6	78.0	2,303	7,586	8,941	6,036	7,287	5,018
New York	117.9	102.2	97.1	86.7	90.4	81.0	81.5	7,944	6,426	7,254	6,354	7,212	6,563
DELAWARE RIVER AREA	104.6	136.6	101.9	79.9	87.5	73.1	75.8	7,174	6,507	7,679	5,480	9,984	6,197
SOUTH ATLANTIC REGION	130.6	123.3	119.3	114.0	116.3	101.2	95.5	9,809	10,445	11,759	9,717	13,046	6,417
Baltimore	105.1	108.2	111.3	106.9	105.4	103.1	84.0	11,865	17,543	15,904	12,486	12,988	7,580
Norfolk	121.3	109.7	108.4	98.5	114.0	113.7	103.7	5,814	6,491	8,910	9,239	14,939	6,197
Savannah	168.7	142.8	149.1	134.6	144.3	103.4	113.3	13,129	9,187	9,052	9,450	16,537	4,988
Jacksonville +	161.8	156.9	133.2	146.7	127.8	89.6	96.6	9,123	3,990	13,669	5,354	9,746	7,700
Ft. Lauderdale	xx	xx	79.1	84.0	80.8	66.9	65.0	xx	xx	3,492	4,815	2,946	2,719
GULF REGION	217.6	193.5	151.4	126.7	116.3	98.6	92.8	11,791	10,907	11,859	8,823	8,025	5,427
New Orleans	102.6	97.4	82.3	77.6	74.7	87.4	80.3	8,796	6,933	9,565	8,287	5,421	4,825
Mobile	164.5	157.2	150.3	163.6	121.6	104.3	102.5	9,826	5,480	9,416	9,203	6,551	8,020
Galveston	371.9	339.1	232.1	197.8	177.0	136.6	150.0	18,438	19,156	12,515	6,898	10,280	5,399
Houston	381.0	336.6	252.2	180.0	169.8	100.3	86.4	16,963	17,980	18,855	10,771	12,960	5,578
GREAT LAKES REGION	66.6	51.3	53.7	49.7	51.8	55.2	47.9	6,104	7,724	1,737	4,298	5,386	9,901
Cleveland +	67.3	41.6	33.5	35.9	37.9	35.8	35.5	3,227	1,657	1,327	2,523	5,081	4,472
Detroit	xx	xx	73.6	36.9	34.5	48.0	44.0	xx	xx	2,725	8,412	821	18,034
St. Louis	xx	xx	31.0	15.9	25.6	18.6	15.9	xx	xx	1,252	828	15,109	712
Chicago +	66.0	58.8	73.8	79.4	81.1	89.5	80.4	8,194	12,670	1,890	5,409	2,310	14,042
PACIFIC REGION	103.4	117.0	100.2	108.8	95.8	90.6	86.5	5,399	6,307	5,457	5,619	6,786	5,395
San Francisco +	97.0	111.0	101.5	113.8	80.4	92.3	84.9	5,574	7,715	5,555	5,826	4,536	3,710
Long Beach	121.1	135.1	129.7	143.3	128.5	100.7	95.0	4,686	5,010	5,569	7,370	9,069	5,413
Seattle	88.7	103.5	93.0	98.1	93.8	79.5	82.9	6,079	3,593	6,307	6,242	9,079	7,708
Portland	112.6	126.1	101.8	98.0	100.8	95.6	93.7	5,157	7,482	6,503	4,495	6,863	5,228
Honolulu	50.4	62.4	55.9	66.8	65.8	70.6	61.0	5,040	3,532	2,332	2,246	3,329	7,420
NATIONAL													
Injuries	10,701	9,710	8,265	7,676	7,794	7,186	5,601						
Man-hours #	81,197	77,486	76,367	76,216	80,534	82,718	66,747						

@ See technical notes on page 5.
* Nine-month year to date.

+ Based on LSB districts of 1960 and 1961
xx Insufficient or no data reported.
Man-hours in thousands.


REGIONAL DISTRIBUTION OF ANNUAL INJURY EXPERIENCE
LONGSHORING WORK INJURY FREQUENCY RATES
FOR ACTIVITIES SUBJECT TO PUBLIC LAW 85-742
ANNUAL AVERAGES
North Atlantic
Delaware River
South Atlantic
Gulf
Great Lakes
Pacific
U.S. DEPARTMENT OF LABOR

TECHNICAL NOTES

For

MARITIME
WORK INJURY DATA
Reported Under Public Law 85-742

TECHNICAL NOTES:

The injury frequency and severity rates shown in these tabulations are for activities subject to the Longshoremen's and Harbor Workers' Compensation Act collected under provisions of Public Law 85-742. These data are based on only the reported ship-board exposure and do not include work performed in shoreside environments.

USA Standard Z16.1 is used as the work-injury reporting criteria and rates are those compiled by the Bureau of Labor Statistics.

The injury frequency rate is the average number of disabling work injuries for each million employee-hours worked.

The severity rate is the average number of days of disability resulting from disabling work injuries, for each million employee-hours worked.

1960 longshore figures include railroad man-hours under the Act.

1961 adjusted totals exclude railroad hours that were reported under longshoring hours and re-assigned to other harbor work category.

1962 data are reported under revised geographical and statistical boundaries due to establishment of additional LSB districts.

1963 "shipyard" classification was established. It combines all ship repairing, shipbuilding, and shipbreaking activities reported under the Act.

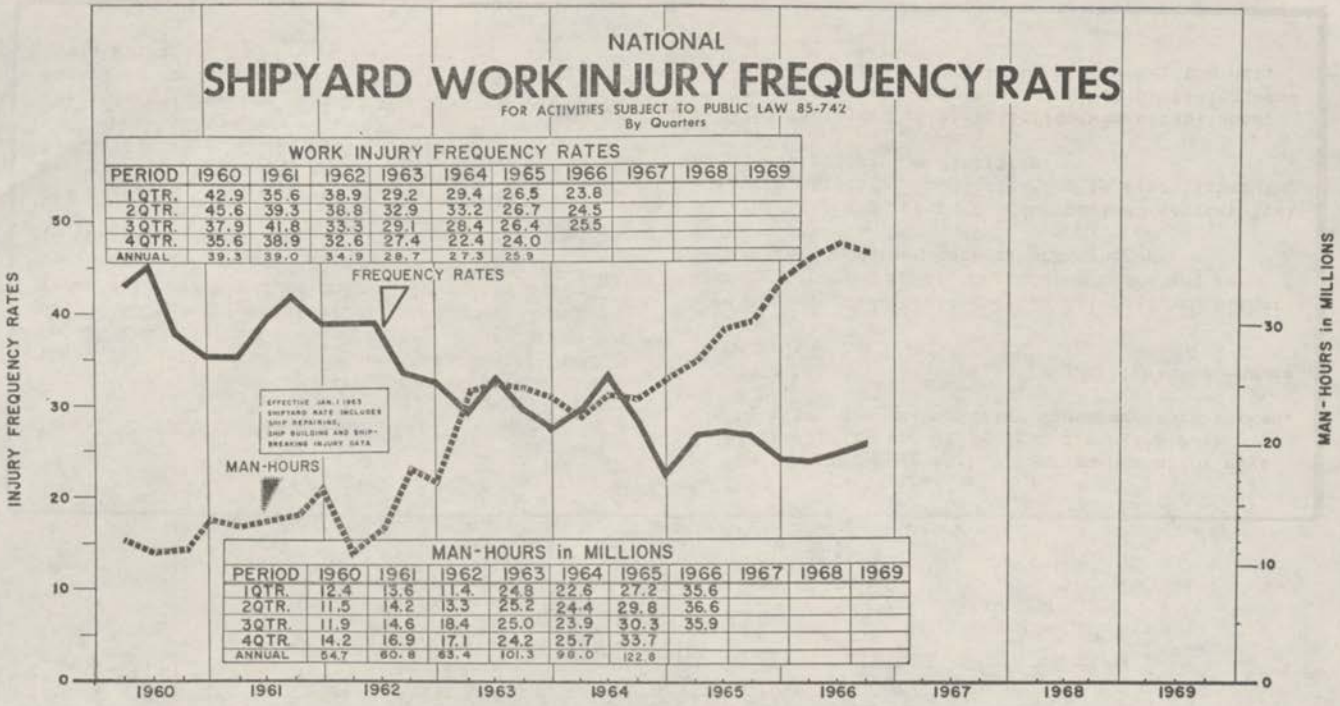
NATIONAL

SHIPYARD WORK INJURY FREQUENCY RATES

FOR ACTIVITIES SUBJECT TO PUBLIC LAW 85-742
By Quarters

WORK INJURY FREQUENCY RATES

PERIOD	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
1 QTR.	42.9	35.6	38.9	29.2	29.4	26.5	23.8			
2 QTR.	45.6	39.3	38.8	32.9	33.2	26.7	24.5			
3 QTR.	37.9	41.8	33.3	29.1	28.4	26.4	25.5			
4 QTR.	35.6	38.9	32.6	27.4	22.4	24.0				
ANNUAL	39.3	39.0	34.9	28.7	27.3	25.9				



MAN-HOURS in MILLIONS

PERIOD	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
1 QTR.	12.4	13.6	11.4	24.8	22.6	27.2	35.6			
2 QTR.	11.5	14.2	13.3	25.2	24.4	29.8	36.6			
3 QTR.	11.9	14.6	18.4	25.0	23.9	30.3	35.9			
4 QTR.	14.2	16.9	17.1	24.2	25.7	33.7				
ANNUAL	54.7	60.8	63.4	101.3	98.0	122.8				

CHART 22

COMPILED BY:
BUREAU OF LABOR STATISTICS

U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

Bureau of Labor Standards
Office of Occupational Safety

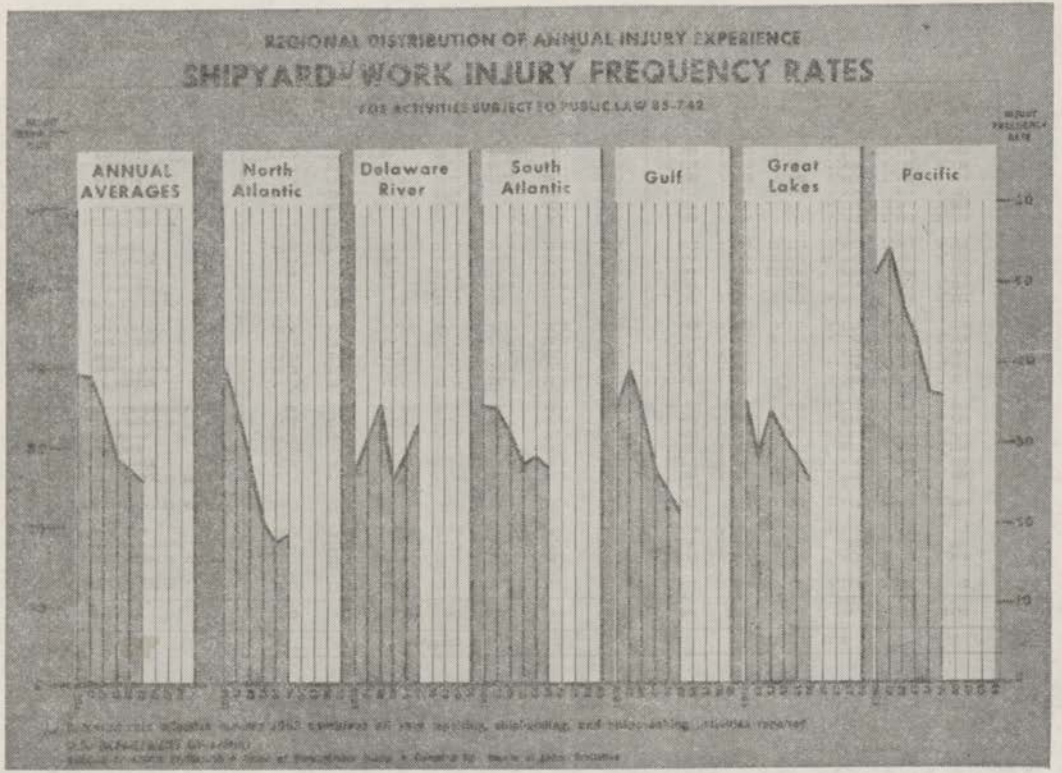
Shipyard Program

MARITIME
WORK INJURY DATA @
REPORTED UNDER PUBLIC LAW 85-742

SHIPYARD PROGRAM

DISTRICTS	FREQUENCY RATE 1960	1961	1962	1963	1964	1965	1966*	SEVERITY RATE 1960	1961	1962	1963	1964	1965
NATIONAL TOTAL	39.3	39.0	34.9	28.7	27.3	25.9	24.5	3,411	2,750	3,392	2,549	2,585	2,152
NORTH ATLANTIC REGION	39.7	35.9	28.6	20.7	18.2	19.2	21.2	2,095	2,684	1,588	978	2,032	1,558
Boston-Prov.	51.6	27.0	21.0	12.9	10.3	12.3	13.9	4,209	1,219	1,125	482	1,361	1,008
New York	40.9	39.3	30.1	30.9	29.3	34.3	38.1	2,214	3,509	1,692	1,752	3,006	2,763
DELAWARE RIVER AREA	26.9	31.2	35.5	26.2	29.3	33.0	40.7	481	763	1,061	1,667	2,034	1,980
SOUTH ATLANTIC REGION	35.4	35.0	31.6	27.7	28.7	27.0	22.5	3,580	1,764	3,015	1,729	1,744	1,904
Baltimore	10.6	11.1	12.2	13.7	12.4	12.5	12.0	2,778	1,360	3,439	611	2,068	3,053
Norfolk	24.0	30.5	29.9	23.0	23.2	24.1	20.5	2,085	1,383	1,577	937	955	1,096
Savannah	41.9	26.1	29.7	39.5	35.8	31.3	30.7	1,619	2,421	5,831	1,894	2,722	1,950
Jacksonville +	84.1	75.0	58.8	55.7	61.0	40.8	33.1	15,418	3,268	4,825	5,239	2,995	2,253
Ft. Lauderdale	xx	xx	31.1	32.2	20.7	43.9	21.3	xx	xx	478	1,711	226	1,468
GULF REGION	34.7	39.6	34.8	26.9	23.9	21.9	19.2	4,308	4,376	4,323	3,588	4,512	2,321
New Orleans	40.2	35.6	35.1	32.2	24.9	29.5	23.2	1,433	2,702	1,231	5,328	3,924	2,567
Mobile	26.0	30.8	25.8	14.7	16.1	12.1	11.2	7,293	8,147	3,715	622	7,201	2,680
Glaveston	45.2	39.8	34.5	25.0	22.3	19.3	20.0	8,256	5,117	2,968	4,720	1,810	1,106
Houston	34.1	68.0	60.7	64.0	46.3	36.2	30.6	1,590	2,633	9,325	4,174	5,794	956
GREAT LAKES REGION	35.6	28.6	34.5	31.0	28.5	25.2	21.4	3,147	1,914	7,282	6,205	2,616	2,513
Cleveland +	27.5	20.8	19.3	20.0	18.6	23.9	27.4	5,569	740	336	514	2,681	2,326
Detroit	xx	xx	31.7	22.7	13.8	15.8	9.2	xx	xx	13,290	896	938	620
St. Louis	xx	xx	50.5	46.8	54.6	27.0	21.3	xx	xx	8,677	24,990	3,300	4,270
Chicago +	43.6	35.1	39.5	37.3	39.6	35.2	24.1	832	2,834	10,113	1,820	3,612	3,479
PACIFIC REGION	51.4	54.6	47.4	43.5	36.4	36.0	31.4	3,589	3,434	5,140	4,050	2,563	2,933
San Francisco +	39.3	35.6	30.5	25.3	20.7	32.2	26.2	2,148	4,502	3,855	6,729	3,240	5,086
Long Beach	34.7	39.4	37.8	27.9	30.5	32.3	34.1	1,615	1,147	3,254	1,306	955	3,107
Seattle	73.8	79.7	74.8	53.4	32.2	28.2	22.4	7,738	2,923	5,840	2,885	1,398	1,858
Portland	89.5	90.9	62.8	89.9	81.2	74.1	56.0	7,876	5,010	11,059	5,900	4,167	2,336
Honolulu	174.3	7.8	40.3	90.9	96.2	59.3	37.1	2,592	8,803	1,204	2,315	20,349	602
NATIONAL													
Injuries	2,148	2,372	2,197	2,908	2,673	3,180	2,666						
Man-hours #	54,666	60,752	63,012	101,291	97,992	122,769	108,757						

@ See technical notes on page 5.
* Nine-month year to date.
+ Based on LSB districts of 1960 and 1961
xx Insufficient or no data reported.
Man-hours in thousands.


REGIONAL DISTRIBUTION OF ANNUAL INJURY EXPERIENCE
SHIPYARD WORK INJURY FREQUENCY RATES
FOR ACTIVITIES SUBJECT TO PUBLIC LAW 85-742
ANNUAL AVERAGES
North Atlantic
Delaware River
South Atlantic
Gulf
Great Lakes
Pacific

OFFICE OF OCCUPATIONAL SAFETY

FIELD PROGRAM ACTIVITIES - MARITIME PROGRAM

FISCAL YEAR 1966

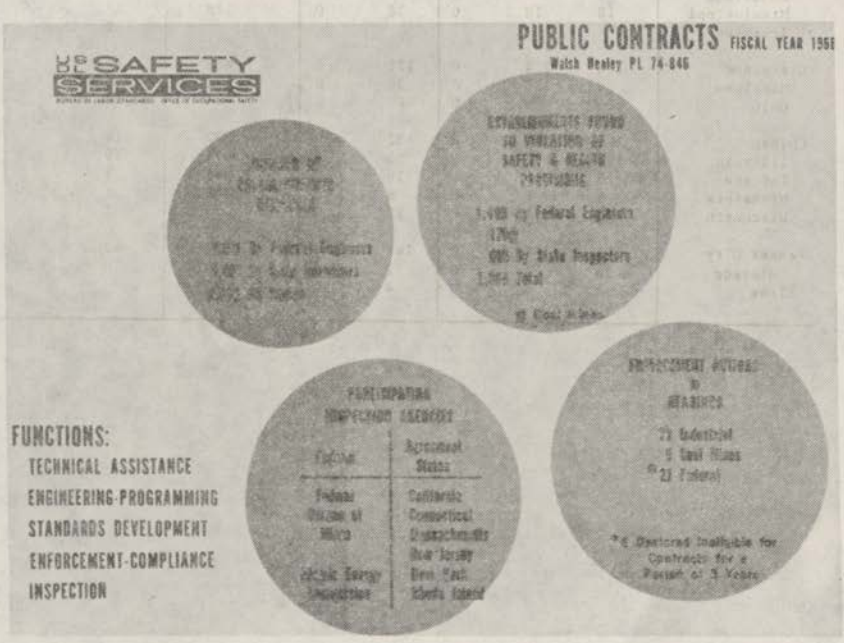
LONGSHORING	FUNCTIONS	SHIPYARD				OTHER HARBOR WORK
		TOTAL	Ship Repair *	Shipbuilding *	Shipbreaking *	
178,000	Number of Work Locations **	67,200	65,000	2,000	200	
178,000	Inspection Volume (100%)	80,200	65,000	14,000	1,200	
10,554	Number of Ships Inspected	6,953	4,575	2,228	150	14
9.3%	Inspection Performance	8.6%	7.0%	15.9%	12.5%	@
1,274	Violations Issued	1,824	1,459	340	25	5
6,999	Contacts: Promotional-Consultative	2,658	1,575	785	98	59
3,139	Recommendations Made	1,543	750	748	45	19
729	Number of Establishments Reporting Under the Act	531	451	70	10	106
103,000	Number of Employees Subject to the Act *	120,000	---	---	---	20,000

TRAINING AND EDUCATIONAL ACTIVITY	LONGSHORING	SHIPYARD	OTHER HARBOR WORK
Training Sessions Presented	461	430	1
Number in Attendence	10,397	10,831	58
Safety Meetings (Participation)	541	231	5
Number in Attendence	15,655	5,225	91
Safety, Technical & Educational Publications Distributed	65,059	23,741	201

* Estimate

** Estimate - Under the Act

@ Area of Jurisdiction lacks clear definition



3-213
February 20, 1967

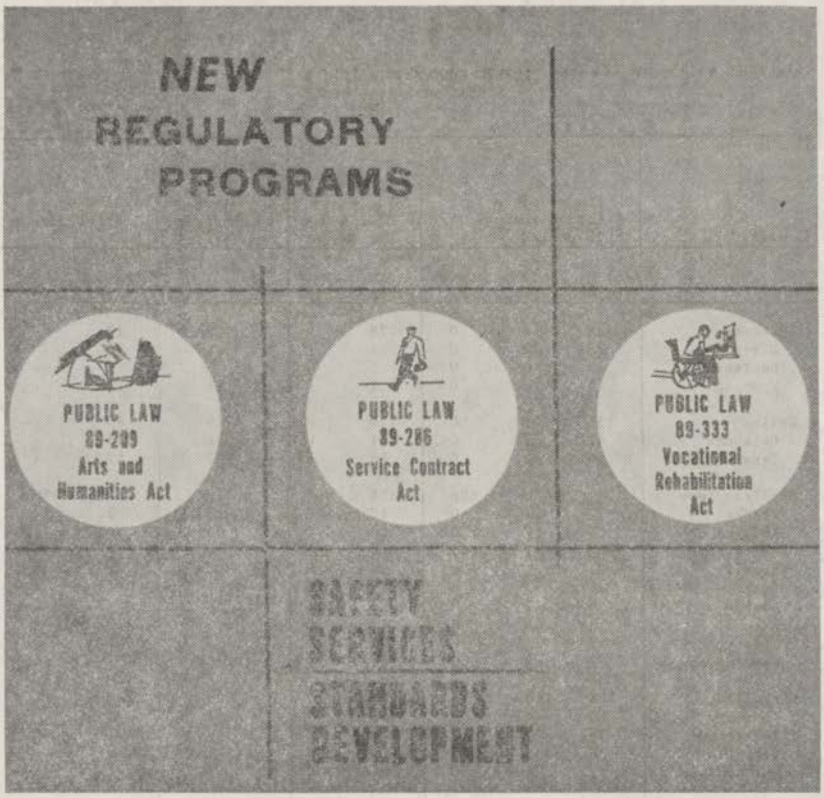
PUBLIC CONTRACTS SAFETY ACTIONS
FISCAL YEAR 1966

REGION & STATE	Number of Establishments Inspected			Estab. Found in Violation of S & H Provisions		Number of Unsatisfactory Conditions in Nonagreement States	Follow-up Inspections Made	
	All States	By Fed. Engrs.	By State Insp.	By Fed. Engrs.	By State Insp.		By Fed. Engrs.	By State Insp.
National	3,052	1,591	1,461	1,495	695	8,691	462	772
Boston	410	19	391	19	66	126	8	47
Connecticut	134	0	134	0	0	0	-	-
Maine	6	6	0	6	0	42	3	-
Massachusetts	230	0	230	0	64	0	-	45
New Hampshire	10	10	0	10	0	52	4	-
Rhode Island	27	0	27	0	2	0	-	2
Vermont	3	3	0	3	0	32	1	-
New York City	496	32	464	32	225	326	11	229
New Jersey	169	1	188	1	90	13	-	78
New York	307	31	276	31	135	313	11	151
Chambersburg	317	317	0	311	0	2,336	113	-
Delaware	8	8	0	8	0	50	4	
D. C.	5	5	0	5	0	16	-	
Maryland	56	56	0	52	0	242	15	-
Pennsylvania	248	248	0	246	0	2,028	94	
Birmingham	69	69	0	65	0	402	55	
Alabama	42	42	0	39	0	211	28	-
Louisiana	9	9	0	8	0	63	11	-
Mississippi	18	18	0	18	0	128	15	-
Arkansas							1	-
Cleveland	124	124	0	121	0	606	67	-
Michigan	38	38	0	36	0	162	20	
Ohio	86	86	0	85	0	444	47	
Chicago	146	146	0	132	0	737	14	
Illinois	108	108	0	95	0	478	10	
Indiana	18	18	0	18	0	141	1	
Minnesota	6	6	0	6	0	43	1	
Wisconsin	14	14	0	13	0	75	2	
Kansas City	145	145	0	141	0	1,090	43	
Colorado	34	34	0	32	0	214	6	
Iowa	4	4	0	4	0	49		

3-213
February 20, 1967

PUBLIC CONTRACTS SAFETY ACTIONS
FISCAL YEAR 1966 CONT'D

REGION & STATE	Number of Establishments Inspected			Estab. Found in Violation of S & H Provisions		Number of Unsatisfactory Conditions in Nonagreement States	Follow-up Inspections Made	
	All States	By Fed. Engrs.	By State Insp.	By Fed. Engrs.	By State Insp.		By Fed. Engrs.	By State Insp.
Kansas	28	28	0	28	0	219	13	-
Missouri	73	73	0	71	0	562	23	
Nebraska	5	5	0	5	0	35	1	-
Wyoming	1	1	0	1	0	11	-	-
Dallas	131	131	0	129	0	719	80	
Oklahoma	41	41	0	41	0	222	33	-
Texas	90	90	0	88	0	497	47	-
San Francisco	796	190	606	158	404	710	32	496
Alaska	12	12	0	10	0	28	2	-
Arizona	27	27	0	20	0	75	6	-
California	607	1	605	0	404	0	--	496
Hawaii	21	21	0	19	0	106	2	--
Idaho	5	5	0	5	0	37	1	
Nevada	9	9	0	4	0	24	-	
Oregon	43	43	0	33	0	139	13	
Utah	25	25	0	24	0	133	7	-
Washington	47	47	0	43	0	168	1	
Nashville	163	163	0	146	0	720	32	-
Kentucky	44	44	0	41	0	192	3	-
Tennessee	76	76	0	70	0	339	21	-
Virginia	36	36	0	29	0	142	6	-
W. Virginia	7	7	0	6	0	47	2	-
Atlanta	246	246	0	232	0	875	7	-
Florida	78	78	0	73	0	239	-	-
Georgia	106	106	0	102	0	395	6	-
North Carolina	42	42	0	39	0	159	-	-
South Carolina	20	20	0	18	0	82	1	-
Santurce, P. R.	9	9	0	9	0	44	-	-


NEW
REGULATORY
PROGRAMS
PUBLIC LAW
89-209
Arts and
Humanities Act
PUBLIC LAW
89-286
Service Contract
Act
PUBLIC LAW
89-333
Vocational
Rehabilitation
Act
SAFETY
SERVICES
STANDARDS
DEVELOPMENT


US DL SAFETY
SERVICES
US MISSION SAFETY 70
FEDERAL FISCAL YEAR 1966
FEDERAL AGENCY TRAINING COURSES
TRAINING COURSES FOR FIELD SAFETY COMMITTEES
20 Courses Sponsored
27 Courses Presented
1,150 Students Trained
FEDERAL AGENCY TECHNICAL ASSISTANCE
SUMMARY
554 Consultative Services and Program Surveys
108 Training Courses Presented
3,431 Persons Trained
234 Meetings Attended or participated in

3-213
August 12, 1966

FEDERAL SAFETY SERVICES PROVIDED FEDERAL AGENCIES
FISCAL YEAR 1966

AGENCY	SERVICE - COURSE - ATTENDANCE
Agriculture Dept.	42 Promotional Contacts, 3 Safety Program Evaluations, 2 Inspections, 3 Surveys, 4 Recommendations Made, 1 Safety Meeting Attended, 4 Training Sessions, 165 Persons, 1 Supv. Course, 88 Persons
Air Force Dept.	26 Promotional Contacts, 1 Investigation,,3 Recommendations Made, 1 Speech, 1 Conference Attended, 1 Training Session, 11 Persons, 7 Supv. Courses, 255 Persons, 1 Special Course, 30 Persons
Army Dept.	34 Promotional Contacts, 2 Investigations, 1 Recommendation Made, 1 Speech, 1 Safety Meeting Attended, 8 Training Sessions, 198 Persons, 1 Special Course, 15 Persons, 8 Supv. Courses, 237 Persons, 6 Safety Courses, 128 Persons
Atomic Energy Commission	1 Promotional Contact
Bureau of the Budget	1 Promotional Contact
Civil Service Commission	8 Promotional Contacts, 1 Safety Program Evaluation, 1 Safety Meeting Attended
Columbia Basin Inter-Agency Committee	1 Promotional Contact
Commerce Dept.	12 Promotional Contacts, 2 Special Courses, 61 Persons
Defense General Supply Center	1 Promotional Contact, 1 Supv. Course, 25 Persons
District Government	8 Promotional Contacts
Economic Opportunity	1 Safety Program Evaluation
Federal Aviation Agency	7 Promotional Contacts, 1 Safety Course, 50 Persons
Federal Business Assoc.	5 Safety Meetings Attended
Federal Communication Commission	2 Promotional Contacts

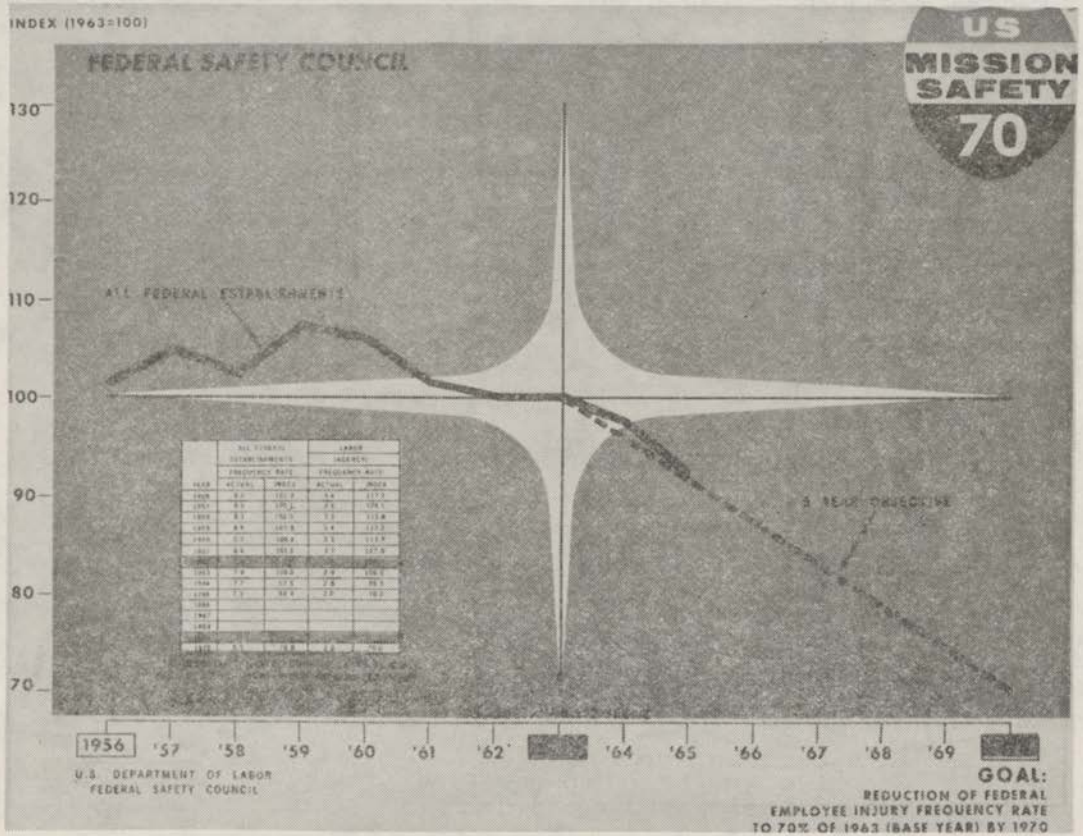
AGENCY	SERVICE - COURSE - ATTENDANCE
Federal Executive Board	4 Promotional Contacts, 1 Speech, 2 Safety Meetings Attended
Federal Mediation & Council	2 Promotional Contacts
Federal Power Commission	1 Promotional Contact, 1 Training Session, 21 Persons
General Accounting Office	1 Promotional Contact
General Service Admin.	27 Promotional Contacts, 1 Inspection, 1 Survey, 1 Speech, 2 Safety Meetings Attended, 7 Safety Courses, 254 Persons
Health, Education & Welfare	6 Promotional Contacts
Housing & Home Finance Agency	7 Promotional Contacts
Interior Dept.	38 Promotional Contacts, 5 Safety Program Evaluations, 3 Safety Meetings Attended, 1 Training Session, 30 Persons
Interstate Commerce	3 Promotional Contacts
Justice Dept.	19 Promotional Contacts, 1 Inspection, 3 Safety Program Evaluations, 12 Supv. Courses, 310 Persons
Labor Dept.	27 Promotional Contacts, 5 Safety Meetings Attended, 1 Conference Attended, 2 Training Sessions, 46 Persons
Marine Corps	2 Promotional Contacts, 1 Recommendation Made, 1 Supv. Course, 25 Persons
National Aeronautics & Space Admin.	3 Promotional Contacts, 2 Recommendations Made, 1 Office Safety Course, 44 Persons, 2 Special Courses, 236 Persons, 2 Management Safety Course, 49 Persons, 4 Supv. Courses, 60 Persons
National Security Agency	1 Promotional Contact, 1 Inspection, 1 Recommendation Made
Navy Dept.	14 Promotional Contacts, 1 Recommendation Made, 2 Safety Meetings Attended, 1 Supv. Course, 38 Persons
Post Office Dept.	57 Promotional Contacts, 6 Safety Program Evaluations, 1 Survey, 3 Inspections, 4 Recommendations Made, 2 Speeches, 3 Safety Meetings Attended, 1 Conference Attended, 7 Training Sessions, 481 Persons, 2 Safety Courses, 43 Persons, 2 Supv. Courses, 50 Persons
Selective Service System	1 Promotional Contact
Small Business Admin.	1 Promotional Contact
Smithsonian Institution	1 Safety Program Evaluation
Social Security Admin.	2 Promotional Contacts
State Dept.	3 Promotional Contacts, 1 Safety Program Evaluation
Treasury Dept.	27 Promotional Contacts, 3 Safety Program Evaluations, 18 Recommendations Made, 1 Safety Meeting Attended, 6 Training Sessions, 155 Persons, 1 Organization & Administrative Course, 7 Persons, 1 Mission Safety-70 Course, 105 Persons, 11 Safety Courses, 221 Persons
U. S. Information Agency	1 Safety Program Evaluation
Veterans Administration	21 Promotional Contacts, 1 Recommendation Made, 2 Training Sessions, 80 Persons

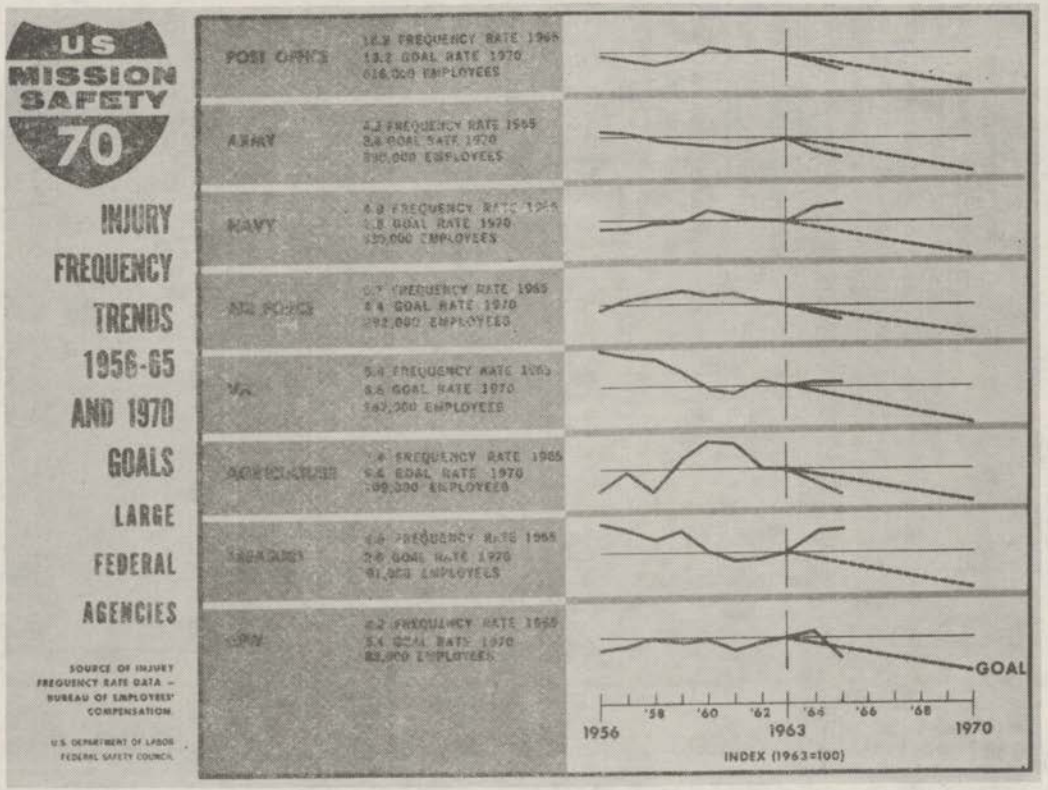
3-213
September 20, 1966

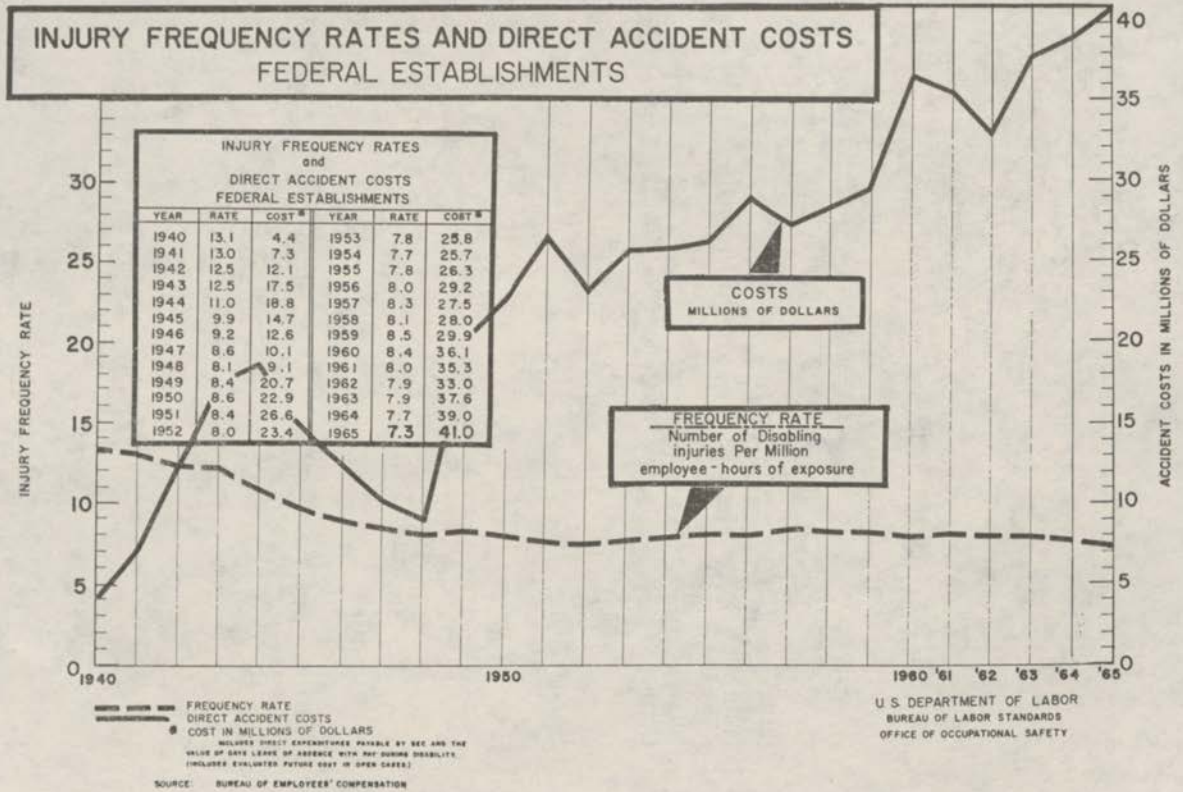
FIELD SAFETY COUNCIL SERVICES
PROVIDED CHAPTERS OF FEDERAL SAFETY COUNCILS
FISCAL YEAR 1966

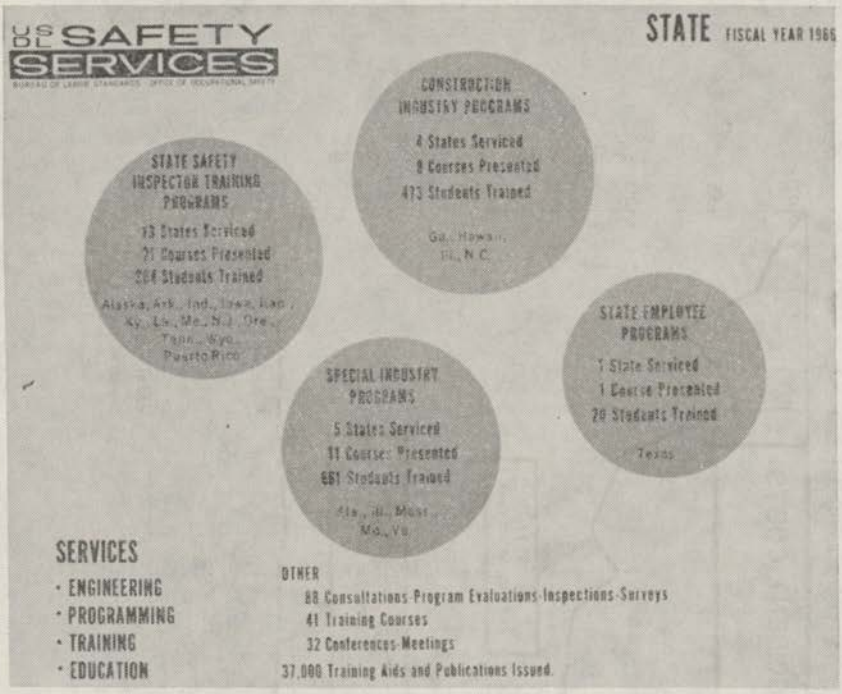
STATES	SERVICE - COURSE - ATTENDANCE
Alabama	6 Promotional Contacts, 2 Speeches, 1 Program Evaluation, 3 Meetings Attended, 1 Recommendation Made
Alaska	2 Promotional Contacts, 1 Meeting Attended, 4 Safety Courses, 110 Persons Trained
Arizona	4 Meetings Attended
Arkansas	2 Promotional Contacts, 1 Speech, 1 Recommendation Made, 1 Meeting Attended
California	4 Promotional Contacts, 20 Meetings Attended, 2 Training Sessions, 69 Persons Trained, 4 Conferences, 1 Supv. Course, 20 Persons Trained, 3 Speeches
Colorado	3 Promotional Contacts, 2 Meetings Attended,
District of Columbia	35 Meetings Attended
Florida	3 Promotional Contacts, 6 Meetings Attended
Georgia	5 Promotional Contacts, 4 Meetings Attended, 1 Supv. Course, 54 Persons Trained, 1 Program Evaluation, 1 Speech, 1 Recommendation Made, 1 Conference
Hawaii	1 Promotional Contact, 20 Meetings Attended, 1 Supv. Course, 45 Persons Trained
Idaho	1 Meeting Attended
Illinois	1 Promotional Contact, 9 Meetings Attended, 3 Supv. Courses, 90 Persons Trained, 2 Conferences
Indiana	1 Promotional Contact, 1 Conference
Iowa	1 Promotional Contact
Kentucky	2 Promotional Contacts
Louisiana	1 Promotional Contact, 4 Meetings Attended
Maryland	8 Promotional Contacts, 4 Meetings Attended, 1 Training Session, 6 Persons Trained, 3 Program Evaluations, 2 Speeches, 1 Supv. Course, 16 Persons Trained, 2 Recommendations Made, 1 Conference

STATES	SERVICE - COURSE - ATTENDANCE
Massachusetts	1 Promotional Contact, 9 Meetings Attended, 2 Safety Courses, 56 Persons Trained
Michigan	1 Meeting Attended
Minnesota	1 Meeting Attended, 2 Supv. Courses, 54 Persons Trained
Mississippi	1 Promotional Contact, 1 Speech, 1 Conference
Missouri	1 Speech, 7 Supv. Courses, 251 Persons Trained, 1 Conference
New Hampshire	1 Promotional Contact, 1 Conference
New Jersey	1 Promotional Contact, 3 Meetings Attended
New Mexico	2 Promotional Contacts, 2 Meetings, 4 Recommendations Made
New York	6 Promotional Contacts, 9 Meetings Attended, 1 Supv. Course, 27 Persons Trained, 1 Speech, 1 Safety Course, 45 Persons Trained
Nevada	2 Promotional Contacts, 2 Meetings Attended, 1 Speech
North Carolina	1 Promotional Contact
Ohio	1 Promotional Contact, 2 Meetings Attended, 1 Speech
Oklahoma	1 Promotional Contact, 1 Speech, 1 Conference
Oregon	1 Promotional Contact, 8 Meetings Attended, 1 Speech
Pennsylvania	4 Meetings Attended, 1 Safety Course, 51 Persons Trained, 1 Supv. Course, 28 Persons Trained
Rhode Island	1 Promotional Contact, 3 Meetings Attended, 2 Safety Courses, 113 Persons Trained
South Carolina	3 Promotional Contacts, 3 Speeches, 1 Recommendation Made, 1 Conference, 2 Meetings Attended
Tennessee	5 Promotional Contacts, 5 Mission Safety-70 Courses, 140 Persons Trained
Texas	6 Promotional Contacts, 13 Meetings Attended, 3 Recommendations Made, 3 Speeches, 1 Conference
Utah	1 Meeting Attended
Virginia	6 Promotional Contacts, 15 Meetings Attended, 2 Recommendations Made, 2 Speeches
Washington	4 Promotional Contacts, 13 Meetings Attended, 1 Conference
West Virginia	1 Promotional Contact, 2 Meetings Attended, 1 Program Evaluation, 1 Conference, 3 Speeches
Wyoming	2 Promotional Contacts, 2 Meetings Attended
TOTALS	**41 States Serviced; 86 Promotional Contacts; 6 Program Evaluations; 15 Recommendations Made; 27 Speeches; 206 Meetings Attended; 17 Conferences; 3 Training Sessions; 75 Persons in Attendance; 33 Courses; 1,100 Persons in Attendance**


INDEX (1963=100)
FEDERAL SAFETY COUNCIL
US
MISSION
SAFETY
70
130
120
110
100
90
80
70
ALL FEDERAL ESTABLISHMENTS
5 YEAR DIRECTIVE
1956
'57
'58
'59
'60
'61
'62
'64
'65
'66
'67
'68
'69
U.S. DEPARTMENT OF LABOR
FEDERAL SAFETY COUNCIL
GOAL:
REDUCTION OF FEDERAL
EMPLOYEE INJURY FREQUENCY RATE
TO 70% OF 1963 (BASE YEAR) BY 1970


US
MISSION
SAFETY
70
INJURY
FREQUENCY
TRENDS
1956-65
AND 1970
GOALS
LARGE
FEDERAL
AGENCIES
SOURCE OF INJURY FREQUENCY RATE DATA – BUREAU OF EMPLOYEES' COMPENSATION.
U.S. DEPARTMENT OF LABOR
FEDERAL SAFETY COUNCIL
POST OFFICE
ARMY
NAVY
AIR FORCE
VA
AGRICULTURE
TREASURY
GPO
GOAL
1956
'58
'60
'62
1963
'64
'66
'68
1970
INDEX (1963=100)


INJURY FREQUENCY RATES AND DIRECT ACCIDENT COSTS
FEDERAL ESTABLISHMENTS
INJURY FREQUENCY RATES
and
DIRECT ACCIDENT COSTS
FEDERAL ESTABLISHMENTS
YEAR | RATE | COST* | YEAR | RATE | COST*
1940 | 13.1 | 4.4 | 1953 | 7.8 | 25.8
1941 | 13.0 | 7.3 | 1954 | 7.7 | 25.7
1942 | 12.5 | 12.1 | 1955 | 7.8 | 26.3
1943 | 12.5 | 17.5 | 1956 | 8.0 | 29.2
1944 | 11.0 | 18.8 | 1957 | 8.3 | 27.5
1945 | 9.9 | 14.7 | 1958 | 8.1 | 28.0
1946 | 9.2 | 12.6 | 1959 | 8.5 | 29.9
1947 | 8.6 | 10.1 | 1960 | 8.4 | 36.1
1948 | 8.1 | 9.1 | 1961 | 8.0 | 35.3
1949 | 8.4 | 20.7 | 1962 | 7.9 | 33.0
1950 | 8.6 | 22.9 | 1963 | 7.9 | 37.6
1951 | 8.4 | 26.6 | 1964 | 7.7 | 39.0
1952 | 8.0 | 23.4 | 1965 | 7.3 | 41.0
COSTS
MILLIONS OF DOLLARS
FREQUENCY RATE
Number of Disabling injuries Per Million employee - hours of exposure
INJURY FREQUENCY RATE
ACCIDENT COSTS IN MILLIONS OF DOLLARS
0
5
10
15
20
25
30
35
40
1940
1950
1960 '61 '62 '63 '64 '65
FREQUENCY RATE
DIRECT ACCIDENT COSTS
* COST IN MILLIONS OF DOLLARS
INCLUDES DIRECT EXPENDITURES PAYABLE BY SEC AND THE VALUE OF SAVE LEAVE OF ABSENCE WITH PAY DURING DISABILITY. (INCLUDES EVALUATED FUTURE COST IN OPEN CASES.)
SOURCE: BUREAU OF EMPLOYEES' COMPENSATION
U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY


USDL SAFETY SERVICES
BUREAU OF LABOR STANDARDS · OFFICE OF OCCUPATIONAL SAFETY
STATE FISCAL YEAR 1966
CONSTRUCTION INDUSTRY PROGRAMS
4 States Serviced
8 Courses Presented
473 Students Trained
Ga., Hawaii, Ill., N.C.
STATE SAFETY INSPECTOR TRAINING PROGRAMS
13 States Serviced
21 Courses Presented
284 Students Trained
Alaska, Ark., Ind., Iowa, Kan., Ky., La., Me., N.J., Ore., Tenn., Wyo., Puerto Rico
STATE EMPLOYEE PROGRAMS
1 State Serviced
1 Course Presented
28 Students Trained
Texas
SPECIAL INDUSTRY PROGRAMS
5 States Serviced
11 Courses Presented
661 Students Trained
Ala., Ill., Mont., Mo., Va.
SERVICES
· ENGINEERING
· PROGRAMMING
· TRAINING
· EDUCATION
OTHER
88 Consultations-Program Evaluations-Inspections-Surveys
41 Training Courses
32 Conferences-Meetings
37,000 Training Aids and Publications Issued.

3-213
October 3, 1966

STATE* SAFETY SERVICES BY STATE
FISCAL YEAR 1966

STATES	SERVICES - COURSE - ATTENDANCE
Alabama	3 Promotional Contacts, 1 Motor Vehicle Course, 21 Persons
Alaska	3 Promotional Contacts, 3 Safety Courses, 35 Persons
Arkansas	4 Promotional Contacts, 1 Investigation, 2 Low Voltage Elec. Hazard Courses, 16 Persons
California	4 Promotional Contacts, 2 Conferences
Delaware	2 Promotional Contacts
District of Columbia	1 Promotional Contact, 1 Speech, 1 Meeting Attended, 1 Motor Vehicle Course, 24 Persons
Florida	2 Meetings Attended, 1 Conference
Georgia	2 Promotional Contacts, 1 Meeting Attended, 1 Construction Safety Course, 12 Persons
Hawaii	4 Promotional Contacts, 1 Conference, 1 Meeting Attended, 1 Training Session, 20 Persons, 2 Supv. Courses, 139 Persons
Idaho	1 Promotional Contact, 2 Speeches
Illinois	2 Promotional Contacts, 3 Meetings Attended, 6 Supv. Courses, 426 Persons, 1 Construction Course, 34 Persons
Indiana	1 Promotional Contact, 1 Supv. Course, 40 Persons
Iowa	2 Promotional Contacts, 22 Recommendations Made, 2 Supv. Courses, 49 Persons
Kansas	1 Conference, 1 Low Voltage Elec. Hazard Course, 35 Persons
Kentucky	4 Promotional Contacts, 1 Special Course, 10 Persons
Louisiana	7 Promotional Contacts, 1 Speech, 1 Conference, 4 Training Sessions, 117 Persons, 1 Supv. Course, 12 Persons
Maine	1 Promotional Contact, 1 Supv. Course, 27 Persons
Maryland	3 Promotional Contacts, 1 Recommendation Made, 1 Survey, 1 Speech, 1 Conference, 1 Meeting Attended

STATES	SERVICE - COURSE - ATTENDANCE
Massachusetts	2 Promotional Contacts, 9 Meetings Attended, 1 Flam. Hazard Course, 125 Persons
Michigan	2 Promotional Contacts
Missouri	2 Promotional Contacts, 1 Program Evaluation, 1 Training Session, 22 Persons, 1 Special Course, 79 Persons
Nebraska	1 Promotional Contact
Nevada	2 Promotional Contacts, 1 Conference
New Jersey	5 Promotional Contacts, 1 Chemical & Environmental Course, 15 Persons, 1 Mechanical & Physical Course, 15 Persons
New York	2 Promotional Contacts, 2 Speeches, 1 Conference, 1 Meeting Attended, 1 Training Session, 60 Persons
North Carolina	2 Promotional Contacts, 4 Construction Courses, 288 Persons
Ohio	3 Promotional Contacts
Oklahoma	1 Promotional Contact
Oregon	4 Promotional Contacts, 1 Conference, 1 Special Course, 22 Persons
Pennsylvania	3 Promotional Contacts, 1 Survey, 1 Meeting Attended
Rhode Island	1 Promotional Contact
Tennessee	3 Promotional Contacts, 2 Conferences, 1 Training Session, 35 Persons, 1 Supv. Course, 11 Persons
Texas	4 Promotional Contacts, 1 Conference, 1 Training Session, 25 Persons, 1 Supv. Course, 20 Persons
Utah	1 Promotional Contact
Virginia	1 Promotional Contact, 2 Recommendations Made, 1 Special Industry Safety Program Course, 10 Persons
Washington	1 Promotional Contact, 2 Conferences
West Virginia	2 Promotional Contacts, 1 Meeting Attended
Wisconsin	1 Promotional Contact
Wyoming	1 Promotional Contact, 4 Safety Courses, 61 Persons

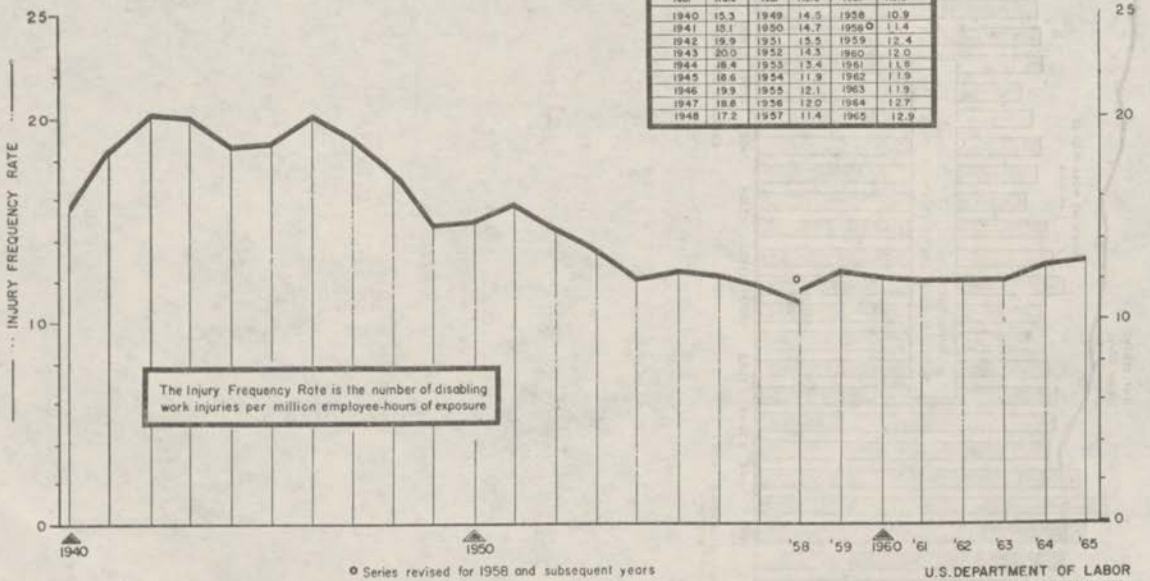
STATES	SERVICE - COURSE - ATTENDANCE
Foreign Countries	
France, Paris	1 Promotional Contact
Puerto Rico, San Juan	1 Speech, 2 Instructor Institute Courses, 16 Persons

* Includes "States" and "Other" Services

INJURY FREQUENCY RATES IN MANUFACTURING

1940 to date

INJURY FREQUENCY RATES IN MANUFACTURING 1940 to date					
Year	Rate	Year	Rate	Year	Rate
1940	15.3	1949	14.5	1958	10.9
1941	15.1	1950	14.7	1958 ⊙	11.4
1942	19.9	1951	15.5	1959	12.4
1943	20.0	1952	14.3	1960	12.0
1944	18.4	1953	13.4	1961	11.9
1945	18.6	1954	11.9	1962	11.9
1946	19.9	1955	12.1	1963	11.9
1947	18.8	1956	12.0	1964	12.7
1948	17.2	1957	11.4	1965	12.9

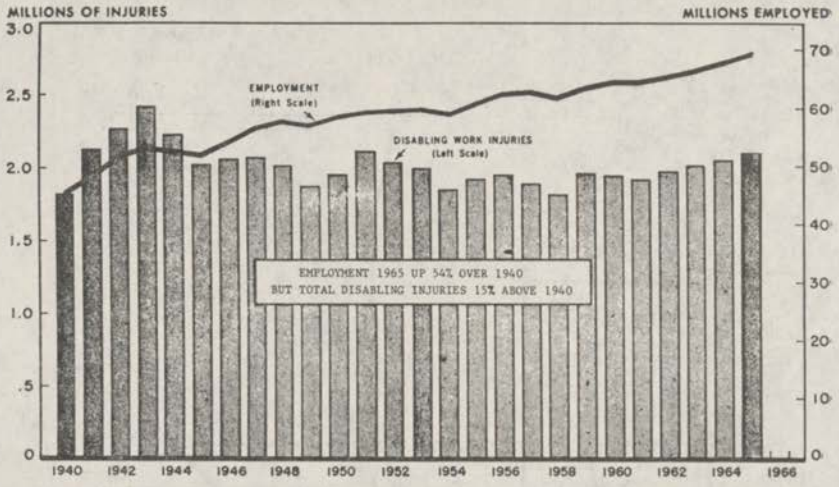


⊙ Series revised for 1958 and subsequent years

SOURCE: BUREAU OF LABOR STATISTICS

U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

DISABLING WORK INJURIES
RELATED TO EMPLOYMENT
1940 TO 1965



UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

Excludes domestic service workers



UNION FISCAL YEAR 1966

AFL-CIO
● NATIONAL HEADQUARTERS ○
Liaison··· Health and Safety
Safety Training Institute

● DEPARTMENTS and LOCAL DEPARTMENT COUNCILS ○
- Building Trades
- Metal Trades
- Maritime Trades

● AFFILIATED NATIONAL / INTERNATIONAL UNIONS ○
- APGE
- IBEW
- IUOE
- ILA
- UAW
- BSF

● DISTRICT COUNCILS ○
- IUOE
- UAW

● INDEPENDENTS···UNAFFILIATED UNIONS ○
- ILWU

● AFFILIATED STATE BODIES ○
- Indiana, Massachusetts
- Michigan, Missouri
- Oklahoma, Utah, Wyoming

● LOCAL UNIONS Natl. and Intl. ○
- BSF
- IBEW
- ILA
- UAW
- USA
- APGE
- IUOE
- UBW

● LOCAL BODIES ○
- New York Linemen's Joint Apprenticeship Committee

TRAINING... EDUCATION
19.. Training Courses
1,447.. Persons Trained
186.. Training Sessions Held
5,995.. Persons Attending
159... Meetings··Speeches

ENGINEERING ▲▲▲
▼▼ PROGRAMMING
567.. Promotional Contacts
21.. Investigations··Surveys

PROGRAM ACTIVITIES

R&D IN RESEARCH & DEVELOPMENT

3-213
September 15, 1966

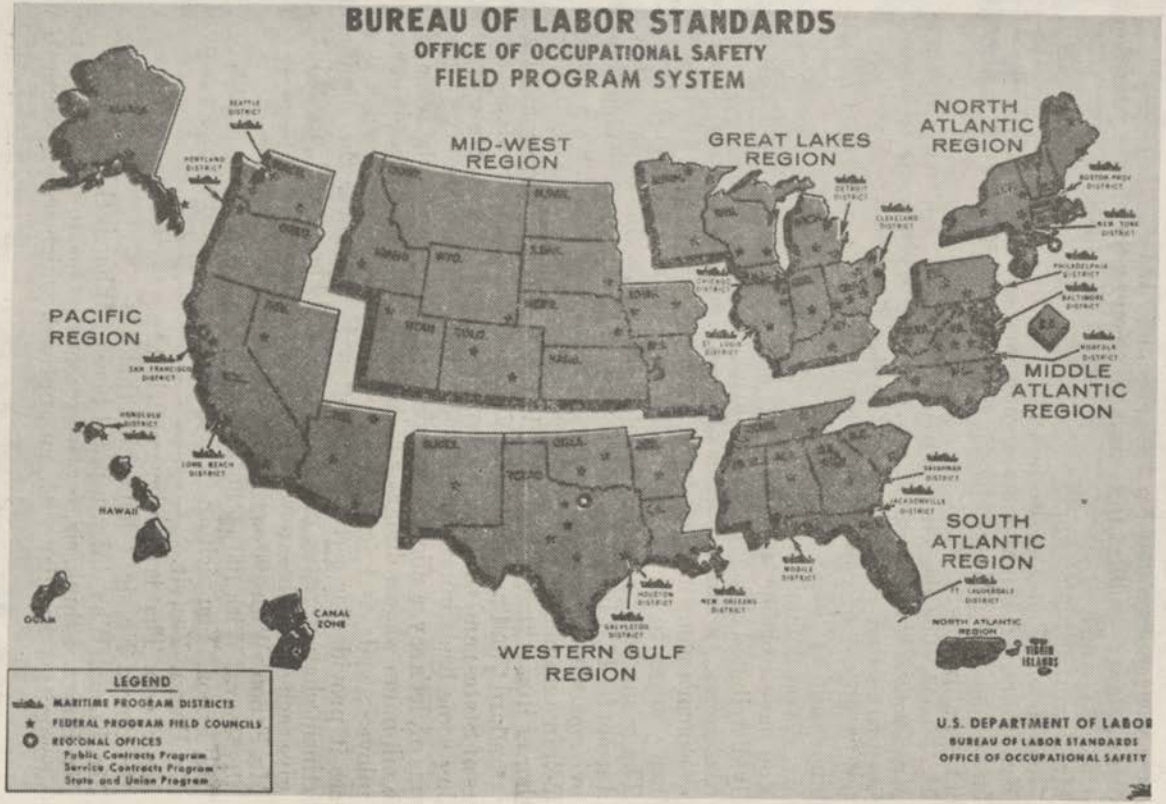
UNION* SAFETY SERVICES BY STATES
FISCAL YEAR 1966

STATES	ORGANIZATION - SERVICE - COURSES - NUMBER
California	AFGE, Lodge 501, 1 Promotional Contact; IBEW, Local 1245 (Int'l Brotherhood of Electric Works), 1 Promotional Contact; Associated General Contractors, 4 Promotional Contacts; IUOE (Int'l Union of Operating Engineers), 11 Promotional Contacts; Building Trades - AFL-CIO, 1 Union Safety Course, 47 Persons
Florida	ILA (Int'l Longshoremen's Association), 1 Conference Attended, 1 Union Safety Course, 350 Persons
Idaho	Building Trades - AFL-CIO, 1 Union Safety Course, 63 Persons
Illinois	URW (Rubber, Cork, Linoleum and Plastic Workers), 1 Union Course, 24 Persons; Labor Conference of Nat'l Safety Council, 1 Speech, 1 Union Safety Course, 400 Persons; Welfare Council Metropolitan Chicago, AFL-CIO, 1 Promotional Contact
Indiana	Indiana State AFL-CIO, 5 Training Sessions, 118 Persons
Massachusetts	ILA Boston Shipping Association, 1 Union Safety Course, 24 Persons
Michigan	Michigan State AFL-CIO, 2 Union Safety Courses, 113 Persons; United Auto Workers, Local #372, 8 Promotional Contacts, 1 Union Safety Course, 23 Persons; United Steelworkers, Local #1299, 2 Promotional Contacts, 1 Accident Causes Course, 39 Persons; BBF (Boilermakers) Lodge #169, 1 Promotional Contact
Minnesota	ILA - Local #1366, 1 Meeting Attended, 1 Longshore Safety Course, 41 Persons
Mississippi	BBF (Boilermakers (AFL-CIO)), 1 Union Safety Course, 30 Persons
Missouri	Missouri Labor Council, 1 Promotional Contact
New York	ILA (International Longshoremen's Association), 2 Union Safety Courses, 111 Persons; Lineman's Joint Apprenticship Safety Committee, 1 Promotional Contact; IBEW (Int'l Brotherhood of Elec. Workers),2 Promotional Contacts; American Standard Association, 1 Meeting Attended
Ohio	URW (Rubber, Cork, Linoleum & Plastic Workers), 3 Union Safety Courses, 117 Persons; BBF (Boilermakers) Lodge #85, 1 Training Session, 27 Persons

76-665—67—pt. 1——39

STATES	ORGANIZATION - SERVICE - COURSES - NUMBER
Oklahoma	Oklahoma State AFL-CIO, 1 Promotional Contact, 1 Recommendation Made
Texas	BBF (Boilermakers) Local #469 (AFL-CIO), 1 Union Safety Course, 30 Persons
Utah	Utah State AFL-CIO, 1 Union Safety Course, 35 Persons
Washington	Maritime Trades, 1 Conference Attended
Wyoming	Wyoming State AFL-CIO, 1 Promotional Contact
TOTALS	35 Promotional Contacts; Recommendations Made 1; 1 Speech; 2 Meetings Attended; 2 Conferences Attended; Training Sessions 6; 145 Attendance; 19 Courses; 1,447 Attendance; 17 State Serviced

* Excludes Maritime Program Data


BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY
FIELD PROGRAM SYSTEM
PACIFIC REGION
MID-WEST REGION
GREAT LAKES REGION
NORTH ATLANTIC REGION
MIDDLE ATLANTIC REGION
SOUTH ATLANTIC REGION
WESTERN GULF REGION
NORTH ATLANTIC REGION
HAWAII
CANAL ZONE
LEGEND
MARITIME PROGRAM DISTRICTS
FEDERAL PROGRAM FIELD COUNCILS
REGIONAL OFFICES
Public Contracts Program
Service Contracts Program
State and Union Program
U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STANDARDS
OFFICE OF OCCUPATIONAL SAFETY

Mr. FLOOD. I direct your attention to page 12 of your justifications. This is an interesting-looking table. I can't make head nor tail of it.

(The table referred to appears on page 615.)

Mr. FLOOD. Table 1. "Labor Standards Index. Rating of States on 10 major labor standard areas for January 1966."

"Preliminary—subject to revision." You really protect your flanks on this, don't you?

Mr. BORTZ. I think we have to.

Mr. FLOOD. What does this mean?

Mr. BORTZ. If I may take a moment, Mr. Chairman, and again refer to something Mrs. Peterson said on the difficulty of measuring what is happening.

Mr. FLOOD. The Secretary agreed with that. I agree with that.

Mr. BORTZ. This presented something of a challenge to us and it seemed to us that we ought to try to see if, on some basis, we can develop some sort of yardstick. This is, as you have observed, a preliminary and a tentative approach.

Mr. FLOOD. "You" have observed. I have read it.

You have 10 labor standard areas and I presume this is geographically distributed throughout the Nation?

Mr. BORTZ. In terms of some of these almost—well, every State has a workmen's compensation law. Every State has a child labor law. When you get to some of the standards, then they begin to trail off.

The point here was did the State have a minimum wage law, or did it not? If it had a law, what were its provisions? What were its provisions when measured against a reasonable standard, a standard which in a number of instances the States themselves have established, either as in workmen's compensation by a series of adoptions of goals or standards, and in some cases by the legislation of a State, or a numbers of States; and then, for each of these, area by area, State by State, using some basis internally of weighting, if there are six factors in terms of, let's say, a minimum wage law, six criteria in the sense of: Is the minimum wage a dollar or is it under a dollar? Does it cover all employees, male and female? Does it provide for a wage board? Does it provide for certain exemptions? Whatever the significant, pertinent characteristics of a good law would be, and then within that, to give each one of these a weight according to how——

Mr. FLOOD. With 100 as the basic standard?

Mr. BORTZ. With 100 as the basic standard.

Mr. FLOOD. You pick up 10 areas and get a national average of 51?

Mr. BORTZ. Yes, sir.

Mr. FLOOD. That is not very good, is it?

Mr. BORTZ. No, sir; I don't think that it is.

Mr. FLOOD. Why did you put it here? What is the point?

Mr. BORTZ. I think, sir, for two reasons. One, to show, and to make the committee familiar with, an approach which we are seeing if we

can develop and, two, and much more importantly, to help focus attention on the problem of how do we succeed in this Federal-State type of government that we have? How do we succeed in improving the sum total of law?

Now, you have heard Mrs. Peterson say there are 11 million nonsupervisory workers not covered by the Fair Labor Standards Act.

We feel, and I think this is the feeling over the country, that all workers, whether they happen to be covered by a law which, under definition, brings them within interstate commerce, or whether they are purely intrastate—in Wilkes-Barre, sir—that they should be entitled to the same basic standards, the same basic protections. They are not. This index reflects the fact that there is not this sort of uniformity throughout the Nation, and yet with our increasing mobility, with our communications, with our television, I don't think you can expect a worker in State A to be satisfied with his conditions when he sees increasingly what State B or State C has.

The purpose of this is to help focus attention on this problem and then hopefully, with the resources that we have at our disposal, to help the States help themselves.

Mr. FLOOD. It is a good thing you came here because you can imagine my going to my apartment at 9 o'clock at night and looking at this page. I used to be able to read Greek several years ago, but even that is easier than this.

COOPERATIVE SAFETY PROGRAMS WITH STATES

Mr. BORTZ. You indicated earlier, Mr. Chairman, Mr. Laird's interest in the safety program with reference to States. As the Secretary reported to you—and others have so indicated since—last summer, in fact September 1, the safety work which had been performed heretofore in the Wage, Hour, and Public Contracts Division was transferred to our Bureau. This included, as of that time, six States, which had cooperative arrangements or agreements with the Department of Labor that they would undertake the inspection for safety in the public contracts area where there were plants producing munitions or desks or paper and pencils for the Federal Government. I know the history of this problem and I am aware, as I indicated, of Mr. Laird's concern and the concern that was expressed to this committee several years ago.

In September one of the first things we did was to visit each of these six States and Mr. Brown, the Deputy Director seated behind me, represented me, and we visited each of the States to discuss with them their program.

Next week we are having all of these six States in to discuss our mutual problems. The Secretary has met with the Association of State Labor Commissioners, the International Association of Governmental Labor Officials; he has discussed it.

In December I met with the executive board of the State labor commissioners and they are appointing a committee to work with us

in terms of seeing what can be developed to place these Federal-State arrangements on a good, solid basis with an indication of the criteria or the standards which should apply in terms of having the work done.

Mr. FLOOD. Are these representative States?

Mr. BORTZ. Generally; yes, sir. Five are on the eastern seaboard: Rhode Island, Massachusetts, Connecticut, New York, New Jersey; and the sixth is California.

These six States currently perform about 47 percent of all the inspections that we are able to make under the Walsh-Healey safety program, which has been a very, very minimal program.

Mr. FLOOD. You know that language we had in the committee report, 89th Congress, first session, 1966:

> The committee would like to restate and reaffirm the views expressed in its Report No. 1316 to accompany H.R. 10809 of last year regarding safety investigations of the Public Contracts Division.

Then that language follows. Will that language embarrass you in any way? Will this cause you any trouble?

Mr. BORTZ. I couldn't give you an answer because I am not fully conversant with it.

Mr. FLOOD. Suppose you check that. This, conceivably, could get in your way, but suppose you let us know about that.

Mr. BORTZ. I will be glad to, sir.

(The following was submitted to the committee:)

> Since the time the Committee expressed its views in its 1965 Report no further changes in the number of participating States have been made by the Department. There have been, however, discussions between State agencies, speaking through their organization—International Association of Governmental Labor Officials (IAGLO) and officials of the Department of Labor. These conferences have reflected agreement as to the desirability of meaningful criteria or qualifications upon which such a cooperative program should be based in the future. The discussions have involved the Executive Board of the IAGLO and the appointment by it of a subcommittee from the IAGLO to meet with the Bureau of Labor Standards. The Bureau has also met with each of the six States which have been participating in the public contracts program. Further, the Secretary of Labor on February 14, 1967 established a Department of Labor Safety Advisory Committee of 15 members, of whom five are representative of industry, labor, and the public respectively. Provision is made for representation of State labor agencies as part of the public group.
>
> It is the intent of the Department to proceed, with consultation with interested parties, to develop policies and procedures which will result in the most effective and efficient administration and enforcement of the various occupational safety laws under its jurisdiction. We shall be pleased to report to the Committee the progress attained and any difficulties encountered in complying with the Committee's views.
>
> Finally, I should like only to offer two further specific observations: (1) The Bureau of Labor Standards' request for an additional $676,000 is solely for maritime safety work unrelated to the administration of public contract safety program which was only recently transferred to the Bureau and, (2) despite very substantial increases in the volume of contract activity subject to safety inspections under the Public Contracts Act no additional funds or positions have been vested in this program since the Committee's initial comments in its Report of April 10, 1964 dealing with this subject.

JUSTIFICATION MATERIAL

Amounts available for obligation

	1967	1968
Appropriation or estimate	$3,389,000	$4,645,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504, effective July 3, 1966)	45,000	----------
Comparative transfer to the Office of the Secretary for centralized audit and systems functions	−11,000	----------
Comparative transfer from Wage and Hour and Public Contracts Divisions for safety functions	399,000	----------
Appropriation or estimate, revised	3,822,000	4,645,000

Obligations by activities

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Improving working conditions of wage earners	50	$657,300	56	$751,000	+6	+$93,700
2. Reducing industrial accidents	183	2,423,000	244	3,149,200	+61	+726,200
3. Promoting employment of the handicapped	31	459,800	31	462,300	----------	+2,500
4. Administration and management services	25	281,900	25	282,500	----------	+600
Total obligations	289	3,822,000	356	4,645,000	+67	+823,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	289	356	+67
Average number of all employees	274	339	+65
11 Personnel compensation	$2,829,000	$3,383,100	+554,100
12 Personnel benefits	206,200	247,500	+41,300
21 Travel and transportation of persons	261,400	327,400	+66,000
22 Transportation of things	16,000	19,000	+3,000
23 Rent, communications, and utilities	110,800	154,600	+43,800
24 Printing and reproduction	180,900	215,200	+34,300
25 Other services	47,600	92,900	+45,300
Services of other agencies	105,000	115,000	+10,000
26 Supplies and materials	45,400	58,100	+12,700
31 Equipment	19,700	32,200	+12,500
Total obligations	3,822,000	4,645,000	+823,000
Working capital fund items included above	(191,000)	(234,400)	(+43,400)

Summary of changes

1967 enacted appropriation	$3,389,000
Proposed transfer from "Unemployment Compensation for Federal Employees and Ex-servicemen" for pay increases (Public Law 89–504 effective July 3, 1966)	45,000
Comparative transfer to Office of the Secretary for centralized audit and systems functions [1]	—11,000
Comparative transfer from Wage and Hour and Public Contracts Divisions for safety functions [2]	399,000
1967 appropriation, revised	3,822,000
1968 estimate	4,645,000
Total change	+823,000
Mandatory items:	
Increases:	
Net additional cost to restore pay costs absorbed in 1967	+40,000
Net additional cost of within-grade promotions effective for part year in 1967	+12,500
Net cost of within-grade promotions becoming effective in 1968	+27,800
Decreases:	
Nonrecurring extra day of pay for current year staff	—10,000
To reduce the level of contributions to the Federal employees' compensation fund	—1,300
Subtotal, mandatory items	+68,800
Program items:	
Increases:	
To provide expanded safety services to the maritime industries because of escalation of the war in Vietnam (61 positions $512,700; nonlabor $163,300)	+676,000
To provide additional services for protection of young workers under 1966 amendments to the Fair Labor Standards Act (6 positions $48,700; nonlabor $31,300)	+80,000
Decreases: Non recurring equipment costs for new positions in 1967	—1,800
Subtotal, program items	+754,200
Total change	+823,000

[1] The comparative transfer involves no positions.
[2] The comparative transfer involves 23 positions.

Activity 1. Improving Working Conditions of Wage Earners (1967, $657,300, Positions 50; 1968, $751,000, Positions 56)

Narrative description of program

The core of the Bureau's program of improving working conditions of wage earners is its assistance to the States in developing better labor laws, more effective administration, and other measures to achieve this objective. The Bureau serves as a national resource for technical information on all types of labor laws and administrative techniques; reviews changing economic and legal developments and appraises State experience as a basis for development of new or improved standards for giving advisory technical assistance to State labor departments.

Fiscal 1966 accomplishments

In 1965–1966 more than 9,200 bills affecting labor conditions were introduced into State legislatures and more than 1,000 were enacted. The Bureau gave on-the-spot field services in 1966 to 40 States through labor standards conferences, regional training programs for State personnel, seminars with State labor agencies and universities, workshops dealing with specific laws or administrative

problems, such as debt pooling and regulation of private employment agencies. This momentum is expected to continue into the next biennium which began in January 1967.

The upturn in State legislative activities covered a range of worker needs many of which have no Federal counterparts. Its continuance in 1967 will put heavy pressure on the Bureau's limited staff, first, for legislative assistance in incorporating tested standards in proposed laws and, second, for administrative advice in initiating procedures and training staff to carry out newly enacted or amended laws. State requests cover a wide variety of subjects—wage and hour regulation, workmen's compensation, wage garnishment and debt-pooling, protection of agricultural workers, fair employment practices, age discrimination, strengthening of State labor departments, and safeguarding the employment of youth, to name a few.

Nonetheless, State labor standards today are only about 50 percent as complete as they should be. (See table 1, "Labor Standards Index," following.)

TABLE 1.—Labor Standards Index—Rating of States on 10 major State labor standards areas for January 1966 [1]

[100=meets basic recognized standards]

Labor standards area:	*Labor Standards Index*
Workmen's compensation	55
Occupational safety and health	64
Fair employment practice	55
Antiage discrimination	27
State labor agencies	48
Minimum wage	40
Wage payment and wage collection	62
Child labor	50
Private employment agencies	64
Protection of agricultural workers	34
National average for 10 labor standards areas	51

[1] Preliminary, subject to revision.

The Index was constructed by determining for each major subject area a basic standard typically derived as a composite of existing practice and by rating the States on the extent to which their laws meet such standards. The national average is a composite of the figures for the 10 standards areas.

No single State workmen's compensation law meets all of the 16 standards generally accepted by authorities.

Twelve States have no minimum wage law at all and 3 others with wage board laws have no wage orders in effect.

Nine States lack general rule-making authority to regulate job safety and health.

Fifteen States do not have Fair Employment Practice laws, and 28 States lack laws against age discrimination.

Wage garnishment laws designed to protect debtors against excessive expropriation of necessary earnings in most States fail to do so adequately. Only in a few States is the use of garnishment strictly limited: it is prohibited outright in one State. Nineteen States neither regulate nor prohibit debt pooling; many States which do need stronger laws.

Three States have no laws on wage payment and 27 none on wage collection,

Practically all State child labor laws need improvement.

Four States lack laws regulating private employment agencies, most States need strengthening amendments.

Most agricultural workers are employed in States whose labor laws do not cover them or only offer a tiny fraction of needed protection.

Additionally few State labor agencies are presently equipped to administer their laws effectively. Turnover among commissioners was 50 percent in the triennium, 1961–63, staffs in most cases are small, poorly paid, and lack training or adequate administrative tools, operating manuals, and guides to assure effective labor law administration and enforcement.

As measured by the Labor Standards Index, nearly 40 percent (22.7 million) of the Nation's 60 million wage earners in 1965 worked in 26 States with least adequate labor laws.

Significantly, the work force in most of these States has been growing much faster in the last quarter century than the national growth rate. Except for California, the States with the highest labor standards have not generally shown such growth.

Services provided.—Requests for Bureau service as a result of the legislative resurgence, 1965–66, increased appreciably, many of which could not be filled because of limited staff. Illustrative of services rendered were:

Requests from States without prior administrative experience in administering new laws: *Delaware*, minimum wage, wage payment and wage collection; *Indiana*, State housing provisions for migrant workers, minimum wage; *Maryland*, minimum wage.

Technical assistance on a wide variety of workmen's compensation laws, amendments, and administrative problems: to State agencies in *Arizona*, *Illinois*, *Kentucky*, *North Dakota*, *New Jersey*, *New Mexico*, *Puerto Rico*, *Rhode Island*, *Tennessee*, and *Wisconsin;* to union, management, and other groups in many States.

Continuing studies to assist States in the difficult administrative problems of compensating victims of radiation disease, the U.S. Department of Labor and the Atomic Energy Commission published three studies: (1) Federal-State Cooperation in Improvement of Workmen's Compensation Legislation; (2) The Incidence, Nature, and Adjudication of Workmen's Compensation Claims Involving Radiation Exposure and Delayed Injury; and (3) Ionizing Radiation Recordkeeping.

In addition, Volume 1 of the Bureau study, "Workmen's Compensation: the Administrative Organization and Cost of Administration," was completed. Volume 2 dealing with the processing of uncontested and contested cases was drafted and circulated for review.

Bureau activities to extend protective labor standards to seasonally employed agricultural workers included assistance to farm worker organizations seeking minimum wage protection and the right to collective bargaining; preparation of legislative documents for citizen groups seeking various labor laws for farm workers; initiation in cooperation with BES of a safety training program for young agricultural workers (agriculture suffers the third highest accident death rate in the country) and issuance of kits of safety materials.

Other Bureau programs designed to safeguard young workers included an investigation of hazards to minors employed in highway and street construction and a study of youth hazards involved in wood splitting. A number of bulletins, reports and articles concerning work safety for youth were published: a study of injuries occurring to working minors during an 18-month period as reported to the Bureau by 28 States; a safety promotional kit; a pocket safety promotional aid; two youth safety pamphlets; a guide to safe transportation of young workers; a series of one-page-releases on timely safety topics; and a safety bulletin addressed to school-shop students and enrollees in work-experience programs (developed jointly with U.S. Office of Education).

A first draft was prepared of a new pamphlet intended to convey to young workers their role and stake in the management-supervisory process. A program to develop advisory labor standards to be applied in school-work programs was begun.

Fiscal 1967 accomplishments

Fiscal 1967 will witness sharp increases in legislative activity with the legislatures of 47 States and Puerto Rico meeting in regular session (only 25 met in 1966). It is estimated in the first year of the next biennium that 5,000 to 6,000 labor bills will be introduced and some 600 to 750 will become law. In addition, in the current year, at least 15 new labor commissioners will be appointed.

In anticipation, Bureau staff have already responded to requests for technical on-the-spot service in 18 States in preparing draft language, conducting training courses, and promoting seminars designed to improve State labor law in various fields.

Regional conferences with State labor commissioners to exchange information and workshops to assist States in streamlining their administration and enforcement procedures especially for new laws, are also being encouraged. The

Government of Guam was provided on-the-spot technical assistance in establishing a labor department and drafting needed legislation.

Cooperation will continue with AEC to improve State workmen's compensation laws related to radiation injuries; workshops will also be conducted to improve administration of workmen's compensation laws in a number of States.

An interim general hazardous-occupations order in agriculture; and identification of major hazardous areas in newly-covered nonagricultural fields (hospitals, laundries, and dry-cleaning establishments, etc.) will be completed in 1967.

Fiscal 1968 plans

Labor standards are not static. They are influenced by continuously changing conditions. They change as a result of improved technology and a growing recognition by both workers and employers of the importance of good working conditions. Many standards activities have no clearly defined beginning or terminal point, and are developed through many channels—employers, unions, and governmental agencies. Awareness of a problem is followed by requests for suggested courses of action. These in turn lead to legislative drafts or amendments. Their adoption into law then brings requests for assistance in working out administrative techniques. As experience is gained gaps or need for improvement appear and the cycle repeats itself.

With 50 States, their varying problems and stages of development or emphasis, the Bureau's role of advising and providing technical and analytical consultation and legislative digesting services is continually shaped by social, economic, and political forces arising both at Federal and State levels.

Within the context of the Bureau's continuing programs and current State needs and requests, plans for fiscal 1968 include the following:

1. Continue current level of day-to-day technical services to the 50 States, their labor departments, labor, management, and citizen groups.
2. Maintain clearinghouse of information on State labor legislation—proposals, enactments, summaries and digests of new and amended laws.
3. Issue reports and bulletins on selected standards subject areas—workmen's compensation, migratory labor, minimum wages, etc.
4. Conduct/sponsor conferences and workshops with State labor commissioners on selected problem areas such as minimum and prevailing (public works) wage laws and administrative practices, regulation of private employment agencies.
5. Review and revise existing hazardous-occupations orders for minors and examine areas where new orders should be considered in light of changing education and employment patterns for youth.
6. Develop recommended standards for improved supervisory practices in the employment of young workers with particular attention to the needs in the large youth-employing industries or services.
7. Explore the impact of excessive or unfair credit and wage garnishment laws or practices upon the living and working standards and conditions of low income, underemployed or unemployed groups of workers.
8. Seek new approaches to the handling of legislative or administrative problems of mutual and sometimes overlapping State and Federal interests or jurisdiction through greater consultation, pre-planning, cooperative arrangements, use of State facilities, interstate reciprocity agreements, and multi-State devices as illustrated by the Appalachian compact.
9. Continue development of a "Labor Standards Index," a guide to basic standards, and other measures to record and assess State progress and gaps in providing adequate services and safeguards to all working groups.

Changes for 1968

Mandatory changes amount to	$13,700
Program changes amount to	80,000
6 positions.	

1966 amendments to the Fair Labor Standards Act

Recent enactment of the Fair Labor Standards Amendments of 1966 requires the Bureau to—

—Determine which farm occupations are too hazardous for the employment of children below age 16;

—Determine which occupations in the newly-covered non-agricultural areas are too hazardous for the employment of children 16 and 17;

—Expand the employment certification program to assure that employers do not unknowingly hire minors under 16 in agriculture and minors 14–17 in the newly-covered non-agricultural industries;

—Determine, under Child Labor Regulation No. 3, suitable occupations, hours, and conditions of employment for 14- and 15-year-olds in the newly-covered nonagricultural areas.

The most recent available data (compiled by the Department of Agriculture) show that in 1961 some 782,000 young workers under 15 worked as paid employees on farms. Of this number, nearly half (364,000) were between 10 and 13 years of age. These are the ages covered by the new amendment providing for hazardous-occupations orders in agriculture.

Larger numbers of youth are employed in the newly-covered nonagricultural areas. Almost a million young people aged 14 through 17 were employed during 1965, either full-time or part-time, in restaurants; hotels and motels; laundry and dry-cleaning establishments; hospitals, nursing homes, and other establishments providing health services; educational institutions; the transit industry; and the recreation and amusement industry, including bowling alleys. About 20 percent of these were under 16.

Comprehensive national data on work injuries to minors under 16 in agriculture do not exist. However, a 2½-year study conducted by the Bureau in 7 States showed 784 farmwork injuries to boys and girls under 16. Many of these were serious: 11 resulted in death, 11 involved amputations, 101 were fractures, and 6 were major crushing injuries. These data do not, of course, reflect the total of all injuries occurring nationwide to agricultural workers under 16. They do, however, provide some insight into the seriousness and extensiveness of such injuries. Among the major industries, agriculture's death rate from accidental injury is third highest in the Nation; only construction and the extractive industries, such as mining and quarrying, have higher rates. The hard facts are that 3,000 persons of all ages were killed in 1965 while doing farmwork and 260,000 persons received disabling injuries.

Identification of those farm activities which are too hazardous for minors calls for analysis and evaluation of data on farm practices, including the interaction of machinery, equipment, chemicals, animals, terrain, and weather. To carry on an effective and practical program, the Bureau must collect and analyze considerably more information than is now available in this specialized area.

The Bureau also made a 28-State study of work injuries to minors under 18 during an 18-month period. While this is not a comprehensive study, it showed that 4,235 injuries occurred to boys and girls under 18 employed in the newly-covered industries. More than half of these (2,248) occurred in restaurants; nearly 600 in hospitals, nursing homes, and other medical services; and nearly 500 in the amusement and recreation industries.

The following 8-point program has been developed to discharge the Bureau's four new functions:

1. Obtain data on the total employment of young people under 16 in agriculture, their occupations, specific work activities, and crop specialization, kinds of farm equipment and machines generally used, and injuries sustained.

2. Issue a temporary industry-wide hazardous-occupations order in agriculture which will provide protection for a substantial number of persons under 16 years of age. Such an order would specify those machines, vehicles, chemicals, and farmwork operations which experts believe to be too hazardous for young workers under 16.

3. Conduct investigations in two of the major areas covered by the temporary agricultural hazardous-occupations order to determine whether the temporary prohibitions should be retained and made permanent or modified.

4. Obtain data on the total employment of young workers under 18 in the newly-covered nonagricultural areas, their occupations and specific work activities, equipment used, and injuries sustained.

5. Conduct studies of specific operations which may be particularly hazardous for the employment of persons 16 and 17 years of age in the newly-covered nonagricultural areas; e.g., nurse's aide and other occupations in hospitals which involve contact with patients; use of power-driven machinery in laundries, dry-cleaning, and dyeing establishments; and em-

ployment in occupations involving the use of chemical compounds, caustics, toxic and flammable materials, and dyes in dry-cleaning and dyeing establishments; and occupations which may be detrimental to the health or well-being of minors under 18 such as those of waitresses in hotels, motels, and restaurants, carhops for curb service and drive-in restaurants, maids in hotels and motels, and bellhops in hotels and motels.

6. Revise Regulation No. 1, which sets forth the standards for acceptance of State employment and age certificates as proof of age for employment subject to the Fair Labor Standards Act, to adapt the issuance of employment certificates to the requirements of the recent amendments.

7. Arrange with the States to make adequate employment certificates available in agriculture and in the newly-covered nonagricultural industries. This requires a review and analysis of State employment certificate provisions to determine their adequacy in light of the new amendments and negotiations with States to expand and strengthen their certificate programs.

8. Revise Child Labor Regulation No. 3 to apply to the newly-covered industries. This regulation governs the employment of 14- and 15-year-olds in establishments subject to the act. This requires an analysis of the nature of work, duties, and conditions of employment in occupations or operations in the new areas to identify suitable and unsuitable conditions of employment. Inspection of a representative sample of establishments to observe duties and conditions under which young persons work will be required. A sampling of at least 5 to 10 establishments will be examined in each of the following fields: hotels and motels; hospitals and nursing homes; cotton gins; laundry and dry-cleaning establishments; urban transit companies; public and private elementary, secondary, and advanced schools; and recreation and amusement industries (including bowling alleys). Staff will also consult with officials of labor and education agencies in every State, along with a selection of officials of national trade associations, unions, and other interested persons on the suitability of the occupations tentatively intended to be permitted or prohibited, evaluate the information and opinions gathered, and prepare a report of findings and recommendations. A proposed amendment to the Regulation will be developed with the Office of the Solicitor, and necessary arrangements will be made for a public hearing. Staff will participate in public hearing, evaluate testimony and prepare final amendment for submission to the Secretary for issuance.

Six employees (4 professional and 2 clerical) are requested to carry out the foregoing activities.

Workload Statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Reports prepared and services given to States	2,523	1,969	2,200	2,200
Draft laws prepared	58	73	90	90

ACTIVITY 2. REDUCING INDUSTRIAL ACCIDENTS (1967, $2,423,000, POSITIONS 183; 1968, $3,149,200, POSITIONS 244)

NARRATIVE DESCRIPTION OF PROGRAM

The Bureau carries out safety promotional and inspectional activities in the maritime industries; provides consultative services to Federal agencies and serves as secretariat to the Federal Safety Council; provides engineering, consulting, and training services for personnel of State governments, private industry, municipal, public and labor organizations; conducts research directed toward establishing saftey codes and standards; and obtains compliance with minimum safety standards which are applicable to contractors engaged in performing services or furnishing goods to the Government.

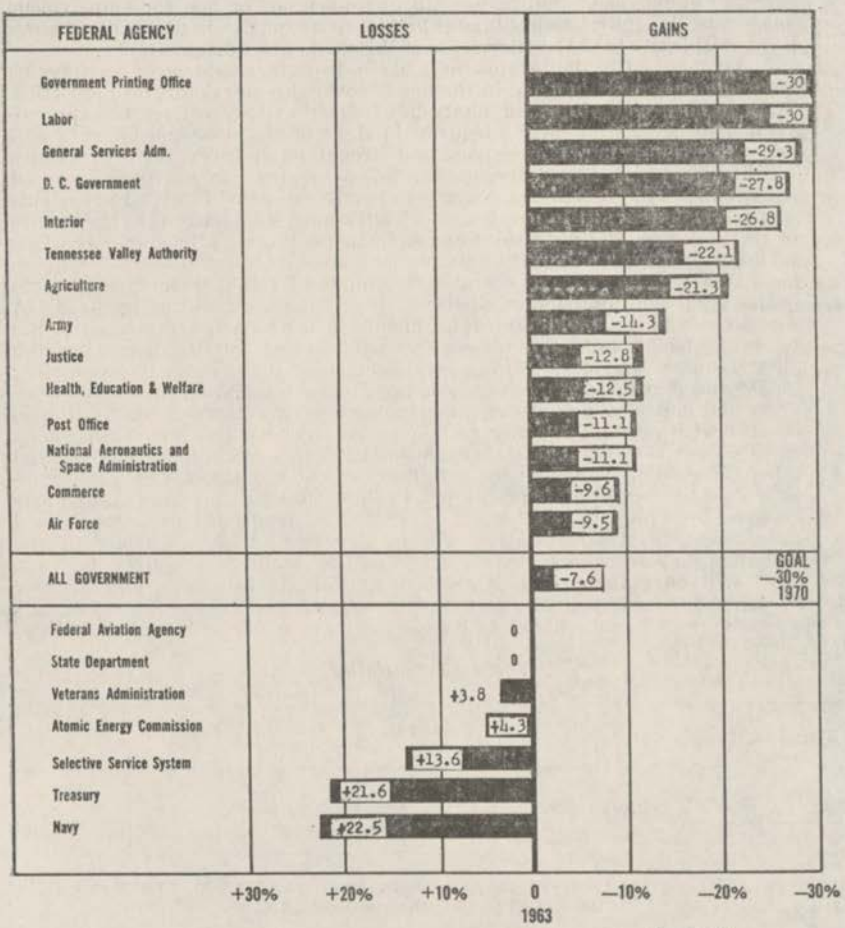
Fiscal 1966 accomplishments

Reducing Federal work injuries and costs

Mission SAFETY–70 was initiated on February 16, 1965, by the President, at which time he stated "further improvement in the safety record of individual

agencies as well as the Federal Government as a whole must be attained." He called for a 30-percent reduction in work injuries and their costs by 1970. (The chart on page LSB–21 shows the progress made in the short time the program has been in operation, including the following tangible results:)

1965 PROGRESS TOWARD MISSION SAFETY-70 GOAL *



** Percent change in BEC injury frequency rates 1965 over 1963 base year.*

Federal Safety Council
October 1966

US MISSION SAFETY 70

1. An over-all improvement of 5.2 percent in the Federal injury frequency rate occurred in 1965 and a total improvement of 7.6 percent has been recorded toward the President's 30-percent goal.
2. The present rate of 7.3 disabling injuries per million manhours worked is the lowest injury rate ever achieved by the Federal Government.
3. The number of disabling injuries was reduced by 1,226.
4. Estimated savings of at least $4–5 million have been achieved.
5. Agencies have responded to the challenge by initiating new safety programs and strengthening existing ones.

6. Participation by agencies in activities of field Federal Safety Councils has increased.

7. The Federal Executive Boards and the Civil Service Commission have strengthened the personnel areas of safety programming and support. Interagency coordination of activities has been strengthened.

8. Employee organizations have taken a greater interest and have been accorded more participation through joint safety committees.

Public Contracts Act

During 1966, there were 1,591 initial inspections of Public Contracts Act employers, of which 1,495 firms were in violation of the safety and health standards. A total of 8,693 specific violations were noted at the inspections. Subsequent to initial inspections, 462 follow-up inspections were made to ascertain whether firms held in violation had complied.

In the six States with which the Department has agreements for the States (California, Connecticut, Massachusetts, Rhode Island, New Jersey, and New Hampshire), 1,461 initial inspections were made and 695 firms were reported not in compliance. The six States made a total of 772 follow-up investigations.

The Federal Bureau of Mines inspected 176 mines, subject to the Public Contracts Act, under an agreement with the Department.

As a result of enforcing the safety and health regulations, more than one million employees of Public Contracts Act suppliers were provided improved conditions of safety and health.

Twenty-six hearings actions were conducted to enforce compliance. As a result, five firms became ineligible to receive Federal supply contracts for a period of three years.

Research and training

The Bureau gave 25,606 trainee hours of safety training to State employees, labor unions, and industrial groups; and 41,750 trainee hours were given to Federal employees.

523 technical services covering a wide range of problems were provided to States, unions, individuals, Federal agencies, and industry.

A total of 23 new safety texts, bulletins and data sheets were published, most of which were put on sale by the Superintendent of Documents and given national publicity.

A series of 22 complete instruction outlines were developed and made available in safety education.

A comprehensive State safety law library and index was developed and has been called upon by Members of Congress, States, industry, and unions.

State safety code comparisons were continually updated and provided to the States.

Fiscal 1967 accomplishments

Reducing Federal work injuries and costs

The Department's role in Mission SAFETY–70 is to provide the central cohesive force for the implementation of specific programming measures, designed to facilitate individual agency actions in meeting their goals. Actions in both 1967 and 1968 will be directed toward—

(1) Preparing data and program materials for agency management to use in promoting increased and strengthened agency safety program direction.

(2) Guiding field Federal Safety Councils and representatives on promotional and educational projects, technical problems and safety program initiation and conduct.

(3) Conducting seminars and training sessions stimulating off-the-job safety where maximum results are obtainable.

(4) Providing a limited clearinghouse of safety information on technical Federal safety problems.

(5) Evaluating selected agency safety programs as requested and need is justified.

(6) Conducting safety instruction for key supervisors of problem agencies and areas of the country.

(7) Continuing discussions and evaluations of methods for improving Federal accident-reporting and accident-cost systems.

Meeting Mission SAFETY–70 goals will save 200 lives, 45,000 injuries, and $250 million. It will establish a strong safety program base throughout Government for continuing long-range savings.

Reassigned safety activities

By direction of the Secretary of Labor, all safety responsibilities of the Department of Labor were assigned to the Bureau of Labor Standards effective September 1, 1966. This involved a reassignment of the Walsh-Healey Public Contracts Act responsibilities and responsibility for the administration of the safety requirements of the newly-enacted Service Contracts Act, the Acts and Humanities Act, and the amended Vocational Rehabilitation Act.

The combined coverage of these laws, together with the Bureau's existing responsibilities, means that up to 27 million workers, depending upon the magnitude of the Federal Government's contractual commitments, are within the scope of the Department's safety authority.

Total resources for the administration of the reassigned and new programs amount to 23 positions (19 professional) as reflected in the transfer of $399,000 from the budget of the Wage and Hour and Public Contracts Divisions. These resources must be evaluated in light of the present great volume of contracts let by Federal agencies, especially for military-related items.

Estimates suggest that as many as 180,000 Public Contracts Act contracts were awarded in fiscal 1966 and that figure may exceed 250,000 in fiscal 1967. Contracts let by the Department of Defense are estimated to exceed 200,000 and reflect a rise of about 25 percent over the past year. Altogether, some 25,000,000 workers and 50,000 work locations are estimated to be involved in making goods used by the Government during the course of the coming year.

Preliminary estimates suggest that the number of Service Contracts Act contracts may total 50,000 annually and apply to 2,000,000 workers and 25,000 operator locations.

The Bureau has taken the following steps to improve the Contract Safety Program:

1. Developed a draft of safety and health regulations for the Vocational Rehabilitation Act which is currently under review by the Department of Health, Education, and Welfare.

2. Developed a draft of safety and health regulations under the Arts and Humanities Act which is now being reviewed and commented upon.

3. Developed first draft of safety and health regulations for the Service Contracts Act which has been given wide national distribution for informal comment.

4. Has under development new proposed safety and health regulations for the Public Contracts Act.

5. Conducted a series of information exchange meetings with interested groups from the private sector on the Bureau's safety programs.

6. Is developing a new method of receiving notice of contracts from the Defense Department which will enable the Department of Labor to meet the tremendously increasing volume of contracts.

Research and training

In 1967, the Bureau conducted 26,900 trainee hours of safety training for State government employees, labor unions, and industrial groups. Federal agencies are receiving an estimated 44,000 trainee hours of safety education.

Approximately 500 requests for technical advice and assistance will be handled.

16 new safety bulletins and technical data sheets will be published and made available for sale through the Superintendent of Documents.

A series of Instructor Outlines (6) covering the construction industry have been drafted and distributed for comment.

A manual of instruction "Civil Defense and Emergency Planning for Safety Engineers" was developed for the Office of Civil Defense.

The Bureau will participate in the work of 54 national safety standards committees and boards.

Fiscal 1968 plans

Continued technical assistance will be devoted to the Mission SAFETY–70 project.

Safety and health standards under the various statutory authorities will be developed.

Twelve technical bulletins will be revised, updated, and put on sale.

Training and education will continue at the 1967 level.

Bureau staff will continue participation on working committees of national standards-setting bodies.

Changes for 1968

Mandatory changes amount to	$50,200
Program changes amount to	676,000
61 positions.	

Maritime safety

The combination of Southeast Asian commitments, high level of general economic and industrial expansion and Supreme Court Calbeck decision has generated an ever-expanding amount of maritime work subject to Federal jurisdiction. Industry has experienced a marked increase in employment, and the need to utilize inexperienced green employees. Accidents have risen and there exists an explosive potential for serious deterioration in the level of employee safety achieved to date. This budget proposal is designed to restore a balance to the Bureau's efforts to perform the functions the Congress vested in the Secretary of Labor when the safety law was enacted in 1958.

The extent to which the expanded jurisdiction due to the Calbeck decision and forces generated by Viet Nam and the extended period of domestic economic growth have impacted upon the Bureau's program can be seen by the following:

Shipyard injuries are up 13.2 percent; longshore, up 5.3 percent, compared with the first nine months of 1965.

Fatalities are up 18 percent. More workers lost their lives in 1966 than in any previous year since the law was enacted.

Manhours of employment under the Act are up 10.4 percent in longshoring and 23.1 percent in shipbuilding.

In San Francisco, longshore hours are up 21.7 percent; in shipbuilding, up 128.3 percent.

In the North Atlantic region, shipyard activity has increased 25 percent; in the Gulf, 14 percent; on the West Coast, 82 percent.

Early in 1966, 109 vessels were loading for Viet Nam; at the end of 1966, there were 270, with 30 more being readied from the reserve fleet.

In May 1965, 325 vessels were being built; by the end of 1966, 500 major vessels, with Defense placing orders adding 60 more.

As of December 1966, nearly 400,000 military personnel were in Viet Nam—double that of a year ago. The U.S. Army Transportation Corps estimates that for every thousand men put in the field, one large (C–3 class) freighter is required to supply them, and the resupply requirements require one large freighter per month for every 10,000 men. Translated, this means more ships broken out of mothballs and readied, more reliance upon existing vessels, more utilization of foreign flag ships to service normal (nonmilitary) cargo requirements, more ship-repair activities, more shipyard workers, more stevedoring at virtually every domestic port, and more safety problems for the Bureau's surveillance.

Expansion of maritime operations has substantially increased the number of worksites which must be inspected both in shipbulding and stevedoring. This is especially significant in shipbuilding, where each vessel under conversion, repair, or construction constitutes a separate "workplace." As new yards have opened or reopened, and as existing shipyards have expanded their capacities, these new or additional worksites must be inspected, and preferably at frequent intervals, because of the tempo and use of inexperienced labor. To a lesser degree, the same situation prevails in maritime ports where additional pier facilities have been put in use along with day and night utilization of existing piers and wharves to minimize port congestion and facilitate the flow of cargoes and vessels.

The cumulative impact of these developments has seriously attenuated the Bureau's resources. The staffing criteria previously used as a measurement of minimum adequacy (i.e., one maritime safety inspector for every 3 million manhours of exposure) has been eroded since the ratio is now 60 to 70 percent higher.

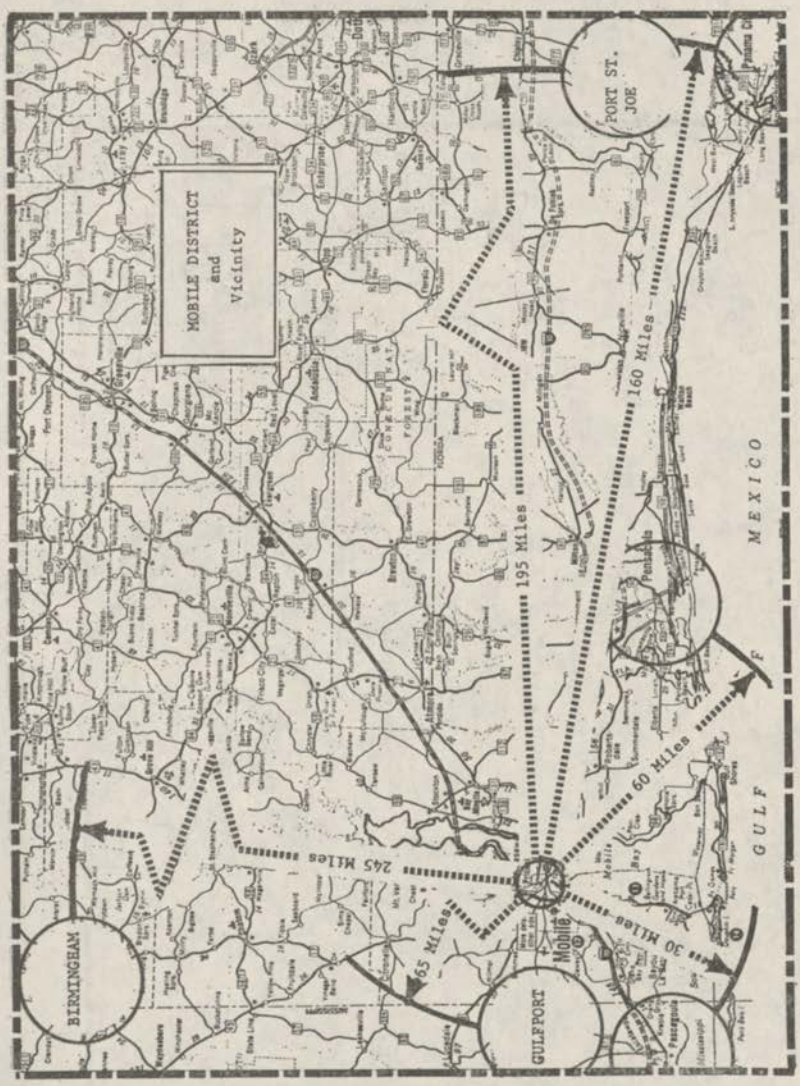
Moreover, the resort to round-the-clock, seven-days-a-week schedule, the activation of new shipyards and port facilities, and the greater utilization of heretofore relatively little-used ports (such as Stockton, California) has made it impossible for the limited field force to inspect and service shipyards and stevedore operations adequately. The distances over which the safety inspector

LSB-28

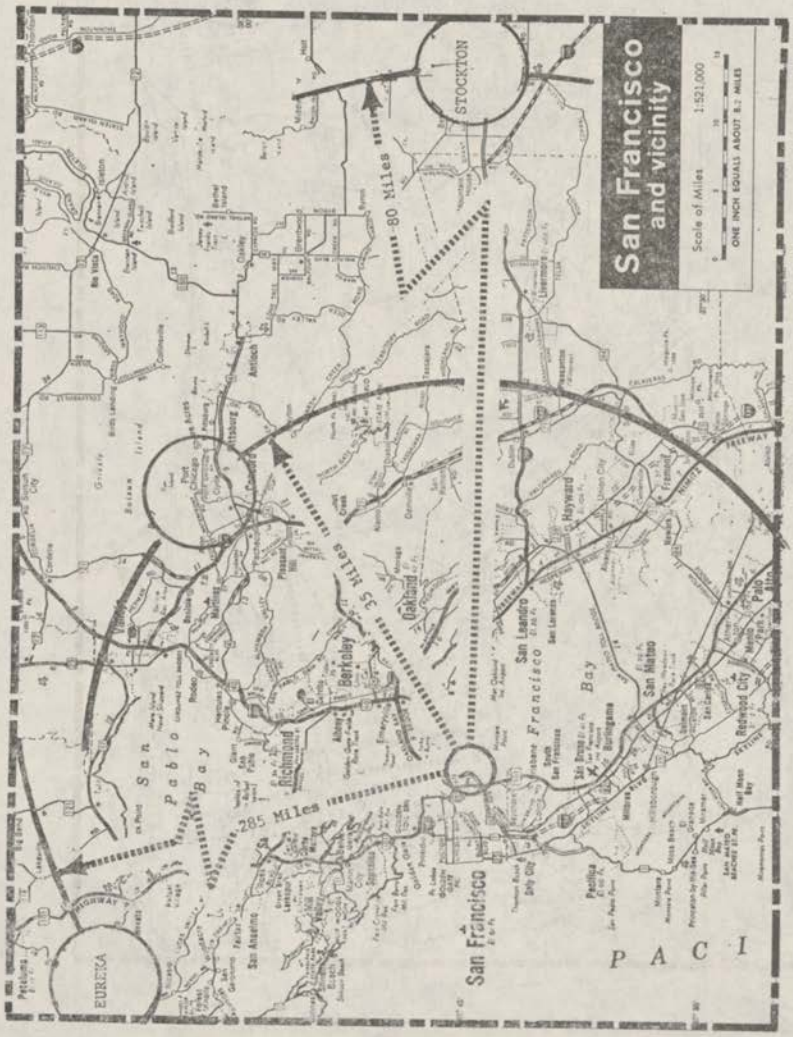


is deployed extends hundreds of miles, and the staff must be responsive to emergency calls or complaints. There is no longer enough of them to meet the days and distances involved. (See charts on pages 624–627). In 1962, employers reported 139 million manhours under the program. Preliminary estimates indicate that the total was 235 million, or almost double, at the end of 1966.

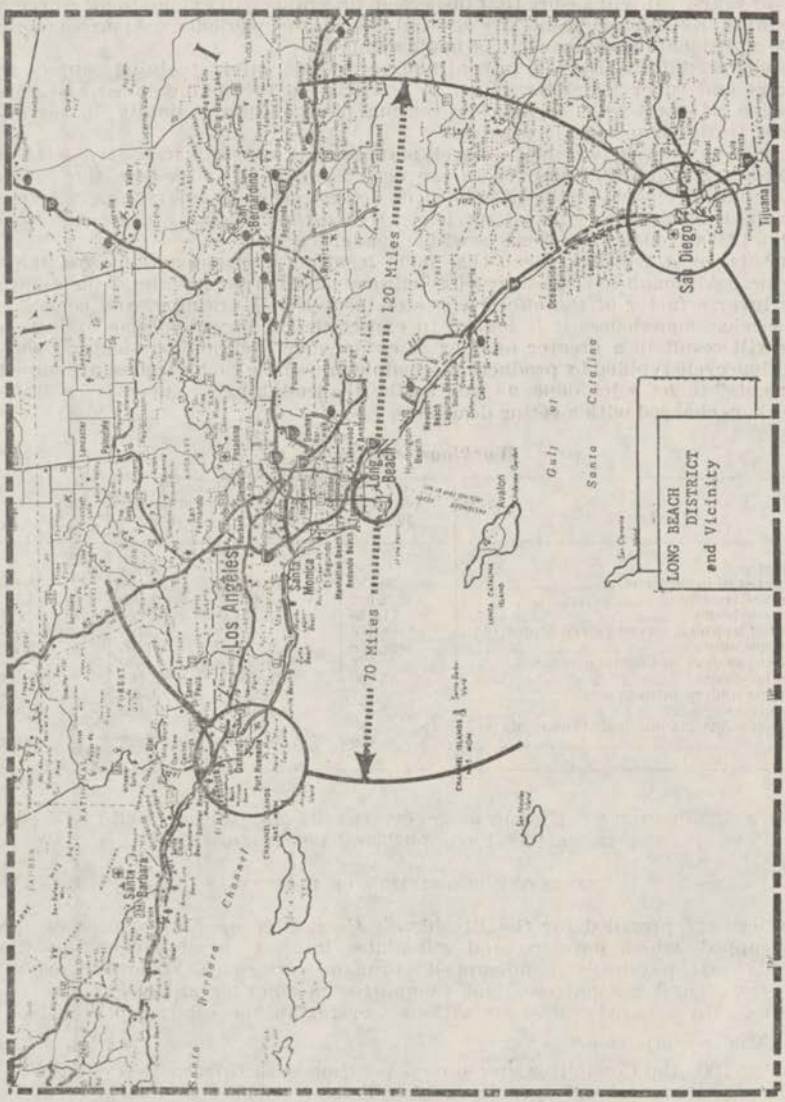
LSB-29



LSB-30


San Francisco
and vicinity
Scale of Miles 1:521,000
ONE INCH EQUALS ABOUT 8.2 MILES
80 Miles
35 Miles
285 Miles
STOCKTON
EUREKA
San Francisco
Oakland
Berkeley
Richmond
San Leandro
Hayward
San Mateo
Redwood City
Palo Alto
San Pablo Bay
San Francisco Bay
PACI

ISB-81


120 Miles
70 Miles
Los Angeles
Long Beach
San Diego
Tijuana
Santa Monica
Santa Barbara
Channel
Gulf of Santa Catalina
LONG BEACH
DISTRICT
and Vicinity

Accordingly, this budget estimate is to redress the imbalance and assure a minimum level of inspectional and other safety services. It is also responsive to the instructions of the House Appropriations Committee in its Report a year ago. In specific terms, 45 safety professionals and 16 supporting clerical positions in a total of 20 existing maritime field offices and Washington is requested to supplement the current staff of 113.

The deployment of new staff thus becoming available will enable the Bureau to restore, in reasonable measure, the quality and level of service established in prior years. It will assure that inspection programs will extend to all workers necessary protection, irrespective of the size of the worksite. Approximately 13,000 additional inspections will be made annually.

It will permit the Bureau to continue to provide safety training courses to workers and supervisory personnel, so essential to the maintenance and continuation of plant-wide accident-prevention plans. Approximately 16,000 additional trainee hours will be provided.

It will provide important top-level management consultative services to a larger number of employers where the need is greatest and where the potential for improvement, or the likelihood of deterioration in safety programming warrants consultative technical services. It is estimated that an increase from 9,000 to 12,000 consultative services will be made.

On balance, it will also mean that more legal enforcement actions are likely to occur. Although to some degree the enforcement output in safety compliance is an inverse factor of the effectiveness of inspectional, training, and consultative service, nonetheless it is logical to expect that a larger volume of inspections will result in a greater number of enforcement actions, particularly during a time cycle typified by production schedule pressures, rush cargoes, attempted "shortcuts" to get a job done, as well as the chance-taking by supervisory staffs or workers charged with meeting deadlines.

Workload statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Maritime:				
Number of inspections	20,788	21,000	22,000	35,000
Corrective actions	2,905	2,945	3,000	4,000
Trainee-hours	21,118	21,293	24,000	40,000
Number of technical services given States, etc.	170	196	195	195
Trainee-hours	28,350	25,606	29,400	29,400
Number of services to Federal agencies	174	327	370	370
Trainee-hours	37,950	41,750	45,000	45,000
Inspections under contracts acts		1,577	3,400	3,400
Violations		1,480	3,000	3,000
Number of safety standards and materials produced	2,019	1,916	2,000	2,000

ACTIVITY 3. PROMOTING EMPLOYMENT OF THE HANDICAPPED (1967, $459,800, POSITIONS, 31; 1968, $462,300, POSITIONS, 31)

NARRATIVE DESCRIPTION OF PROGRAM

Services are provided for the President's Committee on Employment of the Handicapped, which develops and stimulates interest in employment of the mentally and physically handicapped through work with Federal agencies, State Governors' Committees, and Committee member organizations and cooperates with a variety of organizations working in the international field.

Fiscal 1966 accomplishments

During 1966 the Committee, in close cooperation with Governors' Committees, Federal departments and agencies, and volunteer member and member organizations, has undertaken the task of maximizing opportunities for the handicapped for increased mobility through an Ad Hoc Committee on Transportation. It has continued and increased its efforts to eliminate architectural barriers both at the State level in cooperation with the National Society for Crippled Children affiliates and at the Federal level through close cooperation and coordination with the Vocational Rehabilitation Administration's new statutory citizens group on architectural barriers; through closer liaison with Commerce, Health Education, and Welfare; Labor; Office of Economic Opportunity, and other

agencies in the manpower field has persistantly and patiently emphasized the need for including the handicapped in all programs designed to raise the level of skills of people; through a greatly expanded radio-television-mottion picture-pamphlet-business paper output, the Committee continued to emphasize the philosophy that IT'S GOOD BUSINESS TO HIRE THE HANDICAPPED, with the full cooperation and support of the National Association of Broadcasters and the Advertising Council, the networks, magazines, newspapers, etc.; and, through Project Earning Power, supported by Labor, Health, Education, and Welfare grants, has endeavored to dramatically force a breakthrough in the workshop field by increasing the quality and desirability of products produced by the handicapped.

Fiscal 1967 accomplishments

Fiscal year 1967 will see an intensification of the above activities aimed at meeting the needs of the handicapped, all eventually supporters of greatly increased revenues through income tax payments of the handicapped at work and decreased expenditures through release of larger numbers from welfare and family support caused by idleness and nonproductivity. Several special projects keyed to the specifics of the above problems are under way. The most dramatic of these was the November 15, 1966, meeting with all major national health agencies in an endeavor to ascertain their involvement in jobs for their clients with ultimate aim of assisting them to make the same dramatic impact on the work horizon as the National Association for Retarded Children has done with Committee guidance and assistance.

Changes for 1968

Mandatory changes amount to $4,300
Program changes amount to ..... —1,800
0 positions.

Elimination of funds for new positions equipped in 1967 is requested.

The need for the work of The President's Committee remains unchanged—increasing job opportunities for the qualified handicapped workers.

The objectives include improving public attitudes toward the physically handicapped, the mentally retarded and restored so that employers will more readily hire them and fellow workers more readily accept them as workers—ready, willing and able to carry out their part in the world of work.

The scope is both national and international in terms of general attacks upon ignorance, bias and misunderstanding of the handicapped as workers. The scope is local and State- or area-wide as related to specific projects of the Committee and its various standing committees in the fields of labor, education, public employment, private employment, women, veterans, contests, awards, agriculture and other long-term education, information and promotion activities.

The problems, in addition to the always-present human tendency to fear or shun those different from one's self, include the urgency to see that the new fast transportation programs include opportunity for the handicapped to use such facilities; the equal urgency that the building boom does not result in a great increase of facilities to which the severely disabled are denied access through stairs, narrow doorways, etc.; the necessity to provide the stepped-up services to State and local committees *now* so that their impact on these and other current local, State, and Federal programs and projects will be such that the handicapped are included in all such training, retraining, education, and work opportunities being opened up, the obvious responsibility to speedily improve worker and employer attitudes toward the disabled at an accelerated rate so that the handicapped are not only employed, but employed at their highest potential with opportunity for advancement, including the severely handicapped who can now benefit from the stepped-up opportunity available for the first time in workshops.

The changes in emphasis will include a greater concentration on the severe disability groups; a maximum visitation program aimed at increasing both the quantity and quality of local volunteer citizens' groups providing close support of vocational rehabilitation and employment service activities; and a breakthrough in enlisting the major trade associations in special and specific job projects for the handicapped.

Fiscal 1968 plans

The present level of funds will be used in 1968 to step up previous informational, educational, and promotional activities primarily among employer and

worker and educational groups with "rifle-type" approaches such as the involvement of trade associations as co-workers and partners, while continuing to use the essential "shot-gun" approach to the general public. A new development will be our involvement promotionally in the education and agriculture environments.

Anticipated Federal programs aimed at higher employment and decreasing inflation should be substantially bolstered, indirectly, by Committee efforts to increase quality and quantity of local committees through opening of more jobs, lowering welfare costs, and increasing public acceptance of the handicapped.

A promotional campaign will be undertaken for the first time directed *at* the handicapped and stressing *their* responsibility, etc. This will be coordinated with a campaign to better inform the handicapped of already available opportunities. It will also be coordinated with a survey to determine the underemployment of the handicapped and the enlistment of the Advertising Council in a campaign for the severely disabled.

The major gap in our efforts to promote the increased utilization of handicapped persons in the economy as workers is and will continue to be the appropriation ceiling under which the Committee operates and the consequent inability of the Committee to keep pace with the greatly expanded Federal-State programs of aid to and training of the handicapped, including the most severely handicapped. This is compounded by the response of many States to our efforts to provide full-time staffs for Governors' Committees under executive order or legislative enactment and the subsequent need for more Committee staff services, as well as the success in persuading more and more States to enact legislation and create public interest in all necessary efforts aimed at eliminating artificial architectural barriers to the handicapped at work, worship, play, or education.

With a younger population injecting more and more workers in the work force each year, both in numbers and percentages, with an older population staying in the work force longer and longer for a variety of reasons, with medical science saving more and more lives and keeping people alive who can and should work, the Committee is caught in a bind from which it cannot extricate itself without more resources if its voice in behalf of the handicapped is to be totally effective in increasing opportunities and thereby backstopping the expanded activities of all manpower agencies. This is further complicated by the fact that this is the oldest President's Committee (20 years in August 1967) and that many of the newr programs for disadvantaged groups are appealing for public attention with greater promotional and staff resources than we possess. The fact that we have been able to claim the public attention we have, is both a tribute to the product we "sell," the qualified handicapped worker, and the persistent and dogged determination of many volunteers who have been with us year after year, not to mention the ingenuity, tact, and dedication of the very small staff which continues to provide the necessary catalytic action in the public and private sectors.

Workload statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Reports prepared and services given to the States	899	902	1,060	1,100

ACTIVITY 4. ADMINISTRATION AND MANAGEMENT SERVICES (1967, $281,900, POSITIONS, 25; 1968, $282,500, POSITIONS, 25)

NARATIVE DESCRIPTION OF PROGRAM

Overall program planning and policy development are provided, as well as administrative services for the Bureau.

Changes for 1968

Mandatory changes amount to $600
Program changes ..... None

Workload statistics

None.

FRIDAY, MARCH 10, 1967.

WOMEN'S BUREAU

WITNESSES

MRS. MARY DUBLIN KEYSERLING, DIRECTOR
MRS. MARY N. HILTON, DEPUTY DIRECTOR
MISS MARGUERITE I. GILMORE, CHIEF, FIELD DIVISION
MISS DOROTHY A. CARROLL, CHIEF, DIVISION OF MANAGEMENT SERVICES

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 est.	1968 est.
11.1	Personnel compensation: Permanent positions	628	689	693
12.0	Personnel benefits	45	52	52
21.0	Travel and transportation of persons	40	40	40
22.0	Transportation of things	1	2	2
23.0	Rent, communications, and utilities	27	29	29
24.0	Printing and reproduction	66	57	57
25.1	Other services	28	23	23
25.2	Services of other agencies	1	1	1
26.0	Supplies and materials	8	13	13
31.0	Equipment		1	1
99.0	Total obligations	844	908	912

Personnel summary

	1966 actual	1967 est.	1968 est.
Total number of permanent positions	76	76	76
Average number of all employees	70	72	72
Average GS grade	8.6	8.6	8.6
Average GS salary	$9,088	$9,523	$9,710

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Advancement of women's employment opportunities and status	798	867	871
	2. Interdepartmental Committee and Citizens' Advisory Council on the Status of Women	37	41	41
	Total program costs, funded	835	908	912
	Change in selected resources [1]	9		
10	Total obligations	844	908	912
	Financing:			
16	Comparative transfer to other accounts	3	3	
25	Unobligated balance lapsing	24		
	New obligational authority	871	911	912
	New obligational authority:			
40	Appropriation	860	888	912
42	Transferred from "Unemployment compensation for Federal employees and ex-servicemen" (Public Law 89-426)	11		
43	Appropriation (adjusted)	871	888	912
46	Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for civilian pay act increases		23	

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders. 1965, $13,000; 1966, $22,000; 1967, $22,000; 1968, $22,000.

Financing and expenditures

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Relation of obligations to expenditures:			
10	Total obligations	844	908	912
70	Receipts and other offsets (items 11-17)	3	3	
71	Obligations affecting expenditures	847	911	912
72	Obligated balance, start of year	41	64	90
74	Obligated balance, end of year	−64	−90	−92
77	Adjustments in expired accounts	6		
90	Expenditures	830	885	910

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. FLOOD. We are very pleased again to have with us Mrs. Mary D. Keyserling, the Director of the Women's Bureau.

Mrs. Keyserling, you have a statement?

Mrs. KEYSERLING. I will be glad either to read the statement or just to present a few of the highlights.

Mr. FLOOD. Suppose you do it your way.

Mrs. KEYSERLING. Let me then just cover some highlights.

GENERAL STATEMENT

Mr. FLOOD. We will insert the full statement in the record.

(The statement follows:)

BIOGRAPHICAL SKETCH OF MRS. MARY D. KEYSERLING

Mrs. Mary D. Keyserling, Director of the Women's Bureau of the U.S. Department of Labor, is a noted economist. Since 1953 she has been Associate Director of the Conference on Economic Progress, a research organization of which her husband Leon H. Keyserling is Director. Mr. Keyserling was formerly Chairman of the President's Council of Economic Advisers.

Mrs. Keyserling's appointment was announced March 4, 1965 by President Lyndon B. Johnson at the Eleanor Roosevelt Golden Candlestock Award dinner of the Women's National Press Club in Washington.

An outstanding economist in her own right, Mrs. Keyserling has held high-level economic posts in agencies of the Federal Government. She was director of the International Economic Analysis Division of the U.S. Department of Commerce from May 1946 to January 1953, and in that position directed the work of the Division's three sections. From July 1943 to December 1945, Mrs. Keyserling was chief of the Liberated Areas Division of the Foreign Economic Administration, and was responsible in that position for the formulation of policies and procedures and for coordination of supply action with regard to civilian requirements of the Liberated Areas. She served as a member of the U.S. Delegation to meetings of the UNRRA Council in London in 1945.

In 1942 and early 1943, Mrs. Keyserling was Chief of the Research and Statistics Division of the Office of Civilian Defense. There, she developed plans and policies for the Division's work and directed its programs in Washington and in the field. Her work focused on meeting social problems of the World War II period, including housing, and child and community welfare. During this period, Mrs. Keyserling also served as personal adviser to Mrs. Roosevelt.

In 1941, Mrs. Keyserling was Coordinator of Hearings of the House of Representatives Committee on National Defense Migration. She was responsible for field hearings of the Committee held to inquire into the social and economic impact on local communities of migration arising as a result of war activities.

Mrs. Keyserling was General Secretary of the National Consumers' League from March 1938 to 1941. She directed League activities to promote consumer interests in and support for improved living and labor standards. During these years, Mrs. Keyserling served as a member of the Advisory Committee of the Women's Bureau, of the Children's Bureau, and of the Labor Standards Division of the U.S. Department of Labor.

During 1940 and 1941, Mrs. Keyserling was employed by the New York State Civil Service Commission. From 1933 to 1938, she was Professor of Economics and Statistics, Sarah Lawrence College of Bronxville, New York. Earlier positions were with the State Charities Aid Association, New York City, and the Committee on the Costs of Medical Care.

Mrs. Keyserling received an A.B. degree from Barnard College in 1930. She is a member of Phi Beta Kappa and was Editor-in-Chief of the Barnard Bulletin. She received a fellowship after her junior year to study at the Geneva Institute of International Studies. She also was the recipient of a fellowship to the London School of Economics, 1931–1932. She continued her studies at Columbia University from 1932–1933.

Currently, Mrs. Keyserling is President of the Woman's National Democratic Club. She is a member of the Board of Directors of Henry Street Settlement, New York City; Friendship House, Washington, D.C.; Neighborhood Service Project, Washington, D.C.; National Federation of Settlements; National Consumers' League; and National Conference on International Economic and Social Development. She was a founding Board Member of the Committee for Nation's Health and National Consumers' Association, both now disbanded.

As a member of the Committee on Protective Labor Legislation of the President's Commission on the Status of Women, she drafted the Committee's Report.

Women's Bureau

SALARIES AND EXPENSES

Mr. Chairman and members of the committee, the request for the Women's Bureau for fiscal year 1968 is $912,000, a net increase of $4,000 over the revised 1967 appropriation. The changes include an increase of $6,700 for part of the cost of within-grade promotions, less one extra day of pay of $2,700. The estimate includes $870,600 for the regular programs and services of the Women's Bureau and $41,400 for the secretariat and other essential costs of the Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council on the Status of Women.

NATIONAL NEEDS

The Women's Bureau since its establishment 47 years ago has had as its basic concern promoting the welfare of wage earning women. Today, in response to the manpower needs of the Nation and the national goal of the fullest possible utilization of our human resources, a major focus of the Bureau's program is on the serious problem of the underutilization of American womanpower.

Imaginative, forward looking efforts are urgently needed to encourage the development and use of women's skills and enlarge their contribution to the economy.

Although the close to 29 million women workers in the United States today constitute 37 percent of the work force and 48 percent of all women 18–64 years of age, they continue to be concentrated largely in low-skilled, lower-paying jobs. Their proportionate representation in professional and managerial positions has decreased over the past 25 years while their proportion in clerical and service occupations has increased; the gap between men's and women's earnings has widened; a third of the women working year-round and full-time earned less than $3,000 in 1964, as compared with 11 percent of men in year-round full-time jobs. These evidences of underutilization are in part a reflection of women's disadvantaged position in educational attainment. Proportionately only three-fifths as many women as men 25 years of age and over are college graduates. Moreover, women earned only 32 percent of the master's degrees conferred in 1964—down from 40 percent in 1930—and only 11 percent of the doctor's degrees in 1964—down from 15 percent in 1930.

Fuller utilization and more extensive training and education of our womanpower are required in the interest of both sound, sustained economic growth and social equity.

As I noted in my statement last year, the opportunities for the Women's Bureau to promote the welfare of wage earning women have increased greatly over the past three years. The establishment of commissions on the status of women in 49 States, two municipalities, the Virgin Islands and the District of Columbia has provided new channels through which those concerned with the advancement of women can work. The inclusion in Title VII of the Civil Rights Act of a prohibition against employment discrimination on the basis of sex has made the equal treatment of women in employment national policy and given urgency to the need for new or improved labor standards legislation for both men and women in many States. The much higher level of public visibility of problems relating to women's economic status occasioned by these developments and by the growing awareness of the existing waste of womanpower resources has led to a rapid acceleration of the need and demand for the services of the Women's Bureau.

WOMEN'S BUREAU PROGRAMS STIMULATE ACTION TO MEET NEED

In recent years the Women's Bureau has substantially redirected its program to focus on emerging priority goals and to utilize outreach techniques which engage the participation of ever widening circles of organizations and individuals. These approaches have greatly enhanced the Bureau's influence and impact and have at the same time contributed to the increasing demands upon the Bureau.

The outreach techniques employed by the Bureau to maximize its educational, promotional and informational functions include stimulation of the establishment of the 53 commissions on the status of women now in being and providing them, upon request, with technical and advisory services and background information. In many instances the work that these commissions have done, and are doing, to promote needed legislation and recommend and stimulate action programs at the State and local level is the result of the creative cooperation between the State group and the Women's Bureau. Commenting on this cooperative relationship the Wisconsin Governor's Commission on the Status of Women said in a recent report that "Without the Women's Bureau's expert guidance, research materials, inspiration and unfailing assistance in all aspects of our Commission's concerns, the Wisconsin Commission could never have begun to accept or fulfill its charge."

Another technique which permits the Bureau to serve as a catalyst for far-reaching action is the stimulation of unified efforts by voluntary organizations in areas of mutual concern. Illustrative of this approach is the Bureau's role in the establishment of the National Committee on Household Employment which represents 21 national organizations and which is now actively developing training, placement and other constructive pilot and demonstration projects to help upgrade and dignify this most disadvantaged occupation. The Committee had its origin in two consultations called by the Women's Bureau and the Bureau cooperates closely with all its activities. Through this approach a dynamic nationwide program concerned with reconstituting private household employment is now in existence.

We have also found that pilot conferences sponsored or co-sponsored by the Bureau can have a multiplier effect in stimulating programs at the State and local level. An example is the two pilot conferences on new approaches to the vocational counseling and guidance of girls sponsored by the Bureau with the cooperation of the Office of Education. These very carefully planned and structured conferences which were followed by descriptive reports highlighting important findings have led, as intended, to numerous similar State conferences and the inclusion of this subject on the agenda of several important national organizations. To date close to 39,000 copies of these conference reports have been distributed and the Bureau is continually invited to participate in State and local conferences patterned on the pilot projects.

As part of its outreach program the Bureau co-sponsors conferences with State commissions on the status of women, women's organizations, educational institutions and other concerned groups on a wide variety of carefully selected subjects including new opportunities for Negro women, employment problems of mature women and legal status of women.

Another significant outreach aspect of the Bureau's program is its work with other Federal agencies and departments in areas where the shared goal is of concern to women. As an example, the Bureau co-sponsored with the Children's Bureau of the Department of Health, Education and Welfare a survey of day care arrangements of working mothers and plans are in progress with the Children's Bureau for a State or regional pilot conference on all aspects of child care services needed by mothers and children.

ACCOMPLISHMENTS

The significant highlights of accomplishments achieved through these dynamic outreach programs are presented in some detail in our narrative statement. Of special importance is the notable acceleration of State legislative programs in all fields of concern to women particularly in the field of employment standards.

From 1961 through 1964, only one State enacted a minimum wage law for the first time. In 1965, four States enacted new laws establishing a statutory minimum wage, all covering men as well as women; and two States with minimum wage programs for women extended coverage to men. In 1966, two more States enacted statutory minimum wage laws for the first time, applicable to both men and women, and two other States extended coverage to men. Also in the past three years, nine States have amended their minimum wage laws to increase the statutory minimum rate, and there has been much activity with respect to the improvement of State minimum wage orders.

From 1961 through 1964, only two States enacted an equal pay law for the first time. In 1965, three States did so and one State improved its statute. In 1966, four States enacted equal pay laws for the first time.

Up to 1964, only two States had enacted laws prohibiting general discrimination in employment on the basis of sex or amended existing Fair Employment Practice laws to include sex. Since then, eight States and the District of Columbia have taken such action.

In calendar year 1966 State legislatures approved 125 laws or amendments of special interest to women in the areas of family and property law and four States improved their jury service laws with respect to women.

Summarizing our accomplishments in statistical form, the Women's Bureau, in fiscal year 1966 co-sponsored 10 major conferences and actively participated in 675 conferences and meetings. Bureau staff provided a total of 13,685 technical and advisory services with well over half of these provided by the five regional offices. Fifteen printed and 157 processed publications were prepared for public use; and in response to specific requests, 353,500 publications were distributed to the public excluding sales by the Government Printing Office.

In the first half of fiscal year 1967, the Bureau co-sponsored seven major conferences and actively participated in 204 conferences, conventions and meetings. A total of 6,900 technical and advisory services were provided by Bureau staff. Ten printed and 70 processed publications were prepared for public use. In response to specific requests, 130,260 publications were distributed to the public.

PROGRAM PRIORITIES FOR FISCAL YEAR 1968

Fuller utilization of womanpower resources.—The Bureau will continue to stimulate and encourage, through the provision of technical assistance, advisory services, conference participation and informational materials, the development of programs to encourage more realistic vocational counseling and guidance for girls and mature women on the part of parents, educators, employers, the mass media, and the general public; to expand training and retraining and educational opportunities adapted to the needs of girls and women at all skill levels; to stimulate business and industry to make fuller use of the training and talents of women; to provide information on the requirements of new and developing occupations; and to expand child care and other community services which are especially needed by women who must combine homemaking and paid employment.

Improvement of the economic status of women workers.—The Bureau will promote through well established Women's Bureau channels the fair labor standards needed especially by the millions of women in low-wage industries including adequate State minimum wage legislation for men and women, State

equal pay legislation, and legislation to prohibit discrimination in employment based on sex. We will continue to encourage programs to raise the economic status of an entire relatively disadvantaged industry or occupation such as private household employment.

Provide a clearinghouse and central source of information.—The Bureau will serve as the staff resource for the Citizens' Advisory Council and the Interdepartmental Committee on the Status of Women, and provide information and technical and advisory assistance to State commissions on the status of women, national women's organizations, unions, employers, educational institutions, communications media, and all concerned State and local groups. It will prepare and distribute informational materials relating to such subjects as women's civil and political status, trends in women's employment, educational attainment, occupational outlook, career guidance, and labor legislation of special importance to women; and it will serve as a liaison with all agencies of Government to maximize and coordinate efforts and programs concerned with the advancement of women's status.

INTERDEPARTMENTAL COMMITTEE ON THE STATUS OF WOMEN AND CITIZENS' ADVISORY COUNCIL ON THE STATUS OF WOMEN

The Women's Bureau will continue to supply information and technical assistance to the Interpartmental Committee and the Citizens' Advisory Council on the Status of Women. The Committee, on which I serve as Executive Vice-Chairman, reviews and evaluates the recommendations of the President's Commission on the Status of Women in the light of priorities in developing programs and encourages needed research. It serves as a clearinghouse for information on programs and activities related to the advancement of women. It coordinates information on efforts within the Federal service to provide greater opportunities for women and stimulates cooperation at the Federal, State and local governmental levels and among the Governors' Commissions. The Citizens' Advisory Council advises and assists the Committee, recommending action to accelerate progress. The Council evaluates new developments and suggests and promotes action on the part of private institutions, organizations, and individuals directed toward the improvement of women's status.

The Secretariat for the Committee and the Council is located in the Women's Bureau. It maintains liaison with agencies represented on the Committee and with members of the Council. It secures reports, background information, and other data needed by the Committee and the Council from other Women's Bureau staff and from other governmental agencies; prepares the agenda and makes arrangements for meetings; prepares the initial draft of the annual report of the Committee and the Council as well as news bulletins and interim reports.

Senator Maurine B. Neuberger is the new chairman of the Citizens' Advisory Council on the Status of Women, having been named by the President on June 28, 1966, to succeed Miss Margaret Hickey who resigned.

Thank you, Mr. Chairman, for this opportunity to discuss the work of, and the budget estimate for 1968 for the Women's Bureau. I shall be glad to answer any questions.

Mrs. KEYSERLING. Let me start by saying, Mr. Chairman, that our request for the fiscal year 1968 is $912,000. This is a net increase of $4,000 over the revised 1967 appropriation. The change includes an increase of $6,700 for part of the cost of within-grade promotions, less an extra day of pay of $2,700. The estimate includes $870,600 for the regular programs and services of the Women's Bureau, and $41,400 for the secretariat and other essential costs of the Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council on the Status of Women.

You will recall that the Women's Bureau serves as the secretariat to those two bodies.

PROGRAM HIGHLIGHTS

Just to pick up a few of the highlights of our program which we think you might find of greatest interest and importance—as you know, the basic function of our Bureau has been the promotion of the

welfare of wage-earning women. For 47 years this has been our task. We hope very shortly to celebrate our 50th anniversary and to make it quite an occasion.

The major focus of our program at the present time is on what we believe to be a really serious problem for our economy, not just for women—the underutilization of women in the Nation's labor force.

As you know, the number of women who are in the labor force has now reached the high level of about 29 million. It is over twice what it was before the war. These women now represent 37 percent of the Nation's work force and nearly half of all women between the ages of 18 and 64 are now in the labor force—48 percent—and this percentage is increasing very rapidly year by year.

But what is of very real concern to us in the Bureau is that we find that women are increasingly, rather than less, concentrated in the lower skilled, lower paying jobs; more of them are at work but they are more intensively concentrated at the lower reaches of the economic ladder.

To indicate this, just to summarize it very briefly, if you take a look at all of the people in the professions, technical and kindred occupations, women constitute a substantially smaller percentage today of the total than they did in 1940. This should be of concern to the Nation.

Mr. FLOOD. Have you ever heard the percentage of doctors of medicine in Russia who are women, who are what we would call the family physician?

Mrs. KEYSERLING. Yes.

Mr. FLOOD. It is an extraordinary number, you know.

Mrs. KEYSERLING. They say it is well over half. We also find the percentage in many other countries is very high. In our country women are still only 6 percent of the Nation's doctors and there has been very little increase in recent years; 3 percent of the Nation's lawyers, 1 percent of the engineers, 8 percent of its scientists; and in management the percentage is negligible.

This is naturally of concern to us. It means a loss of investment in our education of women at the higher levels.

We find in contrast to this diminution of their proportion in the professions a very distressing increase in their relative role in the less skilled jobs. Take the clerical occupations. In 1940, women were 53 percent of those in clerical jobs. Today they are 72 percent. This is a very sharp increase.

In the service occupations—the service trades other than household employment—women were only 40 percent of all people in the service trades in 1940, they are now 55 percent.

There are other measures of the underutilization of women in the labor force We like to use as a measure of where women are in the economy the very imprecise but usable index—the relative earnings of men and women who are employed year-round and full-time. We find that today the median earnings of women in year-round and full-time employment are 60 percent those of men. It was 64 percent a little more than 10 years ago. So that, again, measured by relative earnings, women are occupying a less advantaged place in the Nation's economy.

Just one more point on this because this is the preface to the programs of the Bureau.

We find that a third of all women who work year-round and full-time earn less than $3,000, 75 percent of all women working year-round and full-time earn less than $5,000. And women work because they need the money. This is true of the great bulk of women. Their earnings are extremely important to themselves and to their families. Many women are heads of their own families. So that when we see by all of the evidence before us that in fact we are wasting—and I use that word advisedly—potential skills of our people which are now more than ever needed, we feel that our programs in the Bureau have got to be directed increasingly to the fuller utilization of the skills and abilities of women to help enlarge the contribution that women can make to all aspects of our society.

Very briefly, to summarize a few of the statements which we present to you in our budget presentation, we see a very rapid widening of the opportunities open to us in the Bureau which enable us to give a larger measure of assistance toward these objectives that I speak of.

COMMISSIONS ON THE STATUS OF WOMEN

You will remember that we had a Presidential Commission on the Status of Women which worked from 1961 to 1963, and presented some 50 recommendations to the President and to the country. The Bureau felt, as did the Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council, it would be exceedingly wise if we could encourage the appointment of similar commissions on the status of women in the States. I am very pleased and very proud to be able to say today that a commission has been established in every State in the Union. Three weeks ago the last State commission was appointed. So that every State has had a commission appointed and in addition we now have one in the District of Columbia, one in the Virgin Islands, and two in municipalities, with probably more to come.

These commissions have been modeled after the President's Commission. They have brought together women and men in leadership roles, representatives of the leading organizations within the States, and they have focused on the same problems that are of concern to us in the Bureau.

One is the problem of enlarging training and employment opportunities for women. This is basic if women are to play a less disadvantaged role. They are stimulating improvement of vocational education, helping to stimulate colleges and universities to expand continuing educational opportunities to mature women who are coming back in such large numbers into the labor force after they have raised their families, concentrating on legislative needs in the labor standards field, and in the field of civil and political status, urging the expansion of services, homemakers' services, and day care services for the children of working mothers. This is an especially acute problem in our country today.

We have helped set these commissions up, working with the Governors, working with the women's organizations, and then generally serving as the primary source of technical assistance to these bodies.

And this activity has greatly augmented the demand for service and information on the Bureau. There has been a tremendous increase of service assistance.

In order to meet increasing demands for assistance which have grown from the creation of these commissions, and which grow from the establishment of a Cabinet-level committee—the Interdepartmental Committee on the Status of Women—and the Citizens Advisory Council, and growing demand from women's organizations and other groups throughout the country, we have had to really reprogram our work. Formerly we did a great deal of research work. In order to give leadership and help, we have had virtually to eliminate the research work which was a very important part of the Bureau's work in earlier years.

We still remain the central source of information on women in the labor force, on the trends relating to employment and education and training, to the need for services, and so on. But we now must concentrate on getting others to do the basic research for us—and if they are not doing it—to request it, to utilize it, to analyze it, to present it. In this way we have released some of our energies for the leadership functions and for technical assistance functions.

We find that we also have a great increase in the challenge to the Bureau flowing from not only the developments that I have spoken of, but from the fact we have made great legislative progress.

LEGISLATIVE PROGRESS

The inclusion in title VII of the Civil Rights Act of a prohibition of discrimination in employment on the basis of sex also presents us with very important new opportunities for helping to improve the position of women in our economy.

I might just say a word or two about some of the gains which we believe we can point to in the last 3 years—I think I would take the last 3 years as a good index—which flow from the new developments I have mentioned.

Commissions on the Status of Women have been a very great force in pointing to the fact that so many of our women are still in very low paid occupations, women not reached by the Federal Labor Standards Act.

I was in one State recently where surveys showed that the average wage of women in a number of occupations in the State were as low as 42 cents, 50-some cents, 61 cents an hour, and so on.

The commissions have universally felt that all States should have minimum wage laws to supplement the Federal law to reach those not covered by the Federal law. And they have felt very strongly that these laws should cover men as well as women. They have not sought legislation for women alone. They have really precipitated an increase in State action with almost universal support in the States on the part of all women's organizations.

Just to illustrate, in the 3-year period from 1961 to 1964, only one new State minimum wage law was passed, but in 1965, after the commissions were at work, four new laws were passed and two laws that had formerly related only to women were extended to men as well.

In 1966 two new statutory rate laws were passed in the States, and a law here in the District setting a statutory minimum for men as well as women.

So that we now have 36 State laws in effect supplementing the Federal law, and we feel that a very great tribute should be paid to the commissions for their contribution to this progress.

They have been active too in initiating and supporting the passage of equal pay laws in the States. This is important if women are to occupy a less disadvantaged role.

We had only two new equal pay laws in the period 1961 to 1964, but in 1965 we had three laws, thanks again to the activity of the commissions and the women's groups that were cooperating with them.

In 1966 we had four new equal pay laws passed. In Indiana this year a law has been passed both by the House and by the Senate and it awaits the signature of the Governor. We are confident it will receive it. Equal pay bills are pending in five other States.

Many States are passing laws similar to title VII of the Civil Rights Act—including in their fair employment practice laws a prohibition against discrimination in employment on the basis of sex. We had only two such laws before 1964, but in 1965 and 1966, eight States and the District of Columbia prohibited discrimination in employment on the basis of sex.

This year Nevada has joined the fold, and in Idaho a bill has passed both Houses and awaits the Governor's signature. We are confident it will have it.

The commissions are very active in the field of civil and political rights legislation. Last year alone there were over 125 improvements in State laws affecting the civil and political position of women, the year before there were over 300 such improvements and this is very significant.

WORK WITH WOMEN'S ORGANIZATIONS

The Bureau is working actively with the women's organizations. This too is an area where we can be exceedingly helpful in supplying technical assistance and information. It provides outreach which multiplies the impact the Bureau can have in helping to upgrade the position of women.

The Bureau has long been concerned with those occupations which are the most substandard, the least paid, the ones most lacking status. I might illustrate our Bureau technique of outreach with one example of the type of work which we have been able to do. We are concerned naturally with the 2 million women who work in the field of household employment. The median earnings of such women who work year round and full time are less than $1,200 a year. We felt that the best approach was not for us to make additional surveys—numerous surveys had already been made—but to involve our friends in all of the national organizations in a joint action program.

We called together 2 years ago some 15 national organizations. We talked together about the need for our common support of so large a group of women in American life. These groups rose to the challenge and set up a national Committee on Household Employment, in which now some 21 national organizations are members. Together they

are finding ways to expand the training opportunities open to women in this field which will help upgrade their status, improve their economic position, and give this field of employment greater dignity. They are finding new approaches to the development of jobs, specialization of jobs, which will again increase dignity and improve status.

I will not illustrate this in further detail, but this indicates the way in which the Bureau now seeks to work by involving the interest, the cooperation, the activity of those who share with us a responsibility for leadership and action.

I might take one more illustration.

OUTREACH PROGRAM TO SCHOOLGIRLS

We feel very strongly—and you will appreciate why—that one of the reasons for underutilization of the Nation's women is that so many of our young girls in school do not anticipate realistically the roles that they will play as adult women. They think that they may work for a few years before they marry and then marry and drop out of the labor force and live happily ever after. They are astonished when we tell them that the women in our society who are most likely to work are middle-aged women, those aged 45 to 54, and that about 53 percent of these women are now working. The more education these women have, the more likely they are to work.

In fact, just to illustrate, if you take women of this age who have had 5 or more years of higher education over 80 percent of such women are now in the labor force.

Our youngsters are not anticipating that the majority of them will work before marriage, then marry, have their children, rear their children and then find themselves with 30 or 35 years ahead which they will want to be filled with creative activity. At that point they will turn and say, we have talent we want to contribute, we have financial needs we want to meet. At this point when their family responsibilities are diminishing the majority will elect to return to the labor force.

It is at this point that they drift back into the labor force and are particularly poorly used. They take jobs that are far from commensurate with their potential ability. They do not get the training they need to refresh old skills or to acquire new ones. And so we feel so strongly that we must reach our youngsters through more effective vocational guidance to help them to see more realistically the pattern of life ahead and prepare for it.

To help to give leadership in this area, we called two pilot conferences. This is another illustration of the outreach which we seek to have in the Bureau. By bringing together leading people in the vocational guidance field, education people, administrators, representatives of the women's organizations and of the Commissions on the Status of Women, we sought to pose these problems, to ask what revisions, what new approaches we need in the field of vocational guidance that will help increase the realism of our young women as they think ahead to their preparation for life.

And out of these two regional conferences which we held—one in Chicago and one in Philadelphia—have followed, just as we hoped it

would, the calling of many State and local conferences based on a similar pattern in which hundreds of leaders have been involved to think through the same kinds of questions which we posed at these initial conferences.

PUBLICATION PROGRAM

We have shifted the character of our publication program. Rather than rely primarily upon the printed document which is slow to produce and which cannot be changed quickly, as a moneysaving device and as a device to reach our friends and clientele more rapidly, we have shifted more and more to processed publications which can be changed quickly, which can go out, which are more informal, and the number of such publications has increased very largely. This again has expanded our outreach.

Just to illustrate what we are trying to do—in the last fiscal year we cosponsored with Commissions or with educational institutions or others some 10 major conferences. Our Bureau staff participated as technical advisers, as resource, as leadership people in an additional 675 conferences and meetings.

I would mention just one other area of our work.

When the President's Commission on the Status of Women finished its work and presented its recommendations to the President in 1963, the President set up a Cabinet-level group, the Interdepartmental Committee on the Status of Women, which is headed by the Secretary of Labor W. Willard Wirtz. It has other Cabinet membership. It is the responsibility of this group to take every possible measure to promote the fuller utilization of womanpower in the Federal Service.

Similarly, a Citizens' Advisory Council was set up with some 20 members, which is now headed by Senator Maurine Neuberger.

Part of the budget—we are requesting—$41,400—is to enable us to serve both of these groups as secretariat.

Task forces have been set up by both groups with which we work, providing basic information and technical assistance. And this is no small part of the Bureau's work.

Just in conclusion and to summarize generally, we feel that the demands on the Bureau have never been greater, the challenges that we confront more important. We see in the year ahead growing opportunities for a truly creative role in helping to enlarge the contribution of women—to improve the status of women in all aspects of American life.

Mr. FLOOD. You would do very well with a jury.

Will you tell your distinguished spouse for me, as far as this subcommittee is concerned he is Mary's husband.

Mrs. KEYSERLING. I think I will let him read that in the report rather than tell him.

PRESS COVERAGE

Mr. FLOOD. Much of what you said of course we know because the press in recent years has been fairly good in its coverage of these subjects. I do not mean just ladies' pages. I read a great deal in ordinary news items about what you are talking about.

I suppose you might have your hand in that someplace, but anyhow, it is effective and it is being read.

Mrs. KEYSERLING. I think we have had a large hand in helping make this kind of information available, in getting information to meetings so that other people tell the story, and in increasing the number of media telling the story.

What we like best I think is the serious nature of the discourse. There is growing recognition that society suffers when half of its people are not pulling their weight and giving fully of what they have to give, not only on the job but in volunteer service, in politics, in appointive posts, in all the work that there is to be done.

SUMMARY OF BUDGET REQUEST FOR THE WOMEN'S BUREAU

Mr. FLOOD. Your adjusted appropriation for 1967 is $908,000. Your request for 1968 is $912,000. That is an increase of $4,000, and no increase of positions.

It looks as though the so-called powers that be ran out of money when they came to increasing the Women's Bureau. You are obviously very effective nationwide, but you do not seem to be very effective in the Department of Labor and the Budget Bureau.

Mrs. KEYSERLING. If I might just say this: The Secretary did approve the submission of a request for a larger sum of money to the Bureau of the Budget.

Mr. FLOOD. So it was the Bureau of the Budget.

What did you ask the Secretary for?

Mrs. KEYSERLING. $1,331,000, an increase of some $419,000 additional over what we are presenting to you today.

Mr. FLOOD. How much did the Secretary ask for, do you know?

Mrs. KEYSERLING. Yes, what went over was the same figure.

Mr. FLOOD. He went along with you?

Mrs. KEYSERLING. Correct.

Mr. FLOOD. The Bureau of the Budget did the hatchet job? They did the cutting.

Mrs. KEYSERLING. Yes.

COMPARISON OF EDUCATION AND EARNINGS OF MEN AND WOMEN

Mr. FLOOD. You mentioned in the justifications this widening gap between the men and women's earnings.

I did not know it was quite that bad. Is there not also quite a gap between women's education and men's education?

Mrs. KEYSERLING. Not in general.

Actually, if you take the median years of education completed by men and women, the median is a little higher for women than men. This may be startling, but this is actually true.

But as you go up the educational scale, then you clearly see that women are relatively disadvantaged, and there has been some worsening of this situation.

For instance, in 1965 we received 41 percent of all bachelor's degrees and first professional degrees. This was a little higher than it was in 1930, a little lower than it was in 1940, but not significantly different.

Mr. FLOOD. I direct your attention to the following statement in your justifications:

> Proportionately only three-fifths as many women as men 25 years of age and over are college graduates. Moreover, women earned only 32 percent of the Master's degrees conferred in 1964—down from 40 percent in 1930—and only eleven percent of the Doctor's degrees in 1964—down from 15 percent in 1930.

We had been led to believe that education is of paramount importance in increasing earnings. This would indicate the reason for the dearth of women in the professions.

Does not this gap between men and women's education affect the end result of the problem?

ENCOURAGING PURSUIT OF ADVANCED DEGREES

Mrs. KEYSERLING. Yes, and these trends you have spoken of, the relative decline of women in the receipt of both master's and doctor's degrees, is very much a factor in the diminishing proportion of women in the professions.

I should make very clear that the number of women in the professions has been increasing very rapidly. The point is that the number of men has been increasing much more rapidly. But this leaves women in a relatively disadvantaged position.

Mr. FLOOD. What is your shop doing to get these girls to stay in school longer?

Mrs. KEYSERLING. There are many things. We are concerned with this. We are doing a great many things to try to draw attention to the problem and to help change attitudes. We seek to promote better vocational guidance of young girls in school to help them to see that the average woman will work over 25 years of her life—that is the whole group regardless of education—and the more educated she is the longer she will work.

If you recognize that this is true, if you recognize that the time that you will spend rearing your children will be less than a third of your life, then you will take your career decision very much more seriously and put forth the effort to prepare more adequately. This is one thing that we can do to help our youngsters see the changing nature of women's choices more realistically.

Mr. FLOOD. I know that, but what is your Bureau doing about this?

Mrs. KEYSERLING. I have mentioned the conferences with vocational guidance people. I would say this: A great many of our vocational guidance people are men who are not as aware as they should be of the changing pattern of women's lives, who are not aware of the extraordinary high proportion of women, educated women especially, who elect to work from the age of 35 on.

Mr. FLOOD. Why would they not know that? With the job they are in, they should.

Mrs. KEYSERLING. Times have changed so much. People do not always understand how rapidly events are taking place. We have to help people to see what the new realities are.

Secretary Wirtz has appointed a very important committee with which we are working too—a task force of the Interdepartmental Committee on the Status of Women, concerned with what we can do,

what we can recommend to enlarge the opportunities open to women for professional training and employment.

ADMISSION POLICIES OF PROFESSIONAL SCHOOLS

One of the problems I think that should be faced up to realistically is the admissions policy of our professional schools, our medical schools, our law schools. We have representatives of both groups on this task force. We feel quite strongly there needs to be a reevaluation at that point because as long as the schools severely limit the admission of women, you are not going to have an increasing number of women in the professions.

Mr. FLOOD. They deny this, but there is a quota system?

Mrs. KEYSERLING. It is denied and we find—I will not specify but let me illustrate with one profession.

In one profession we were told that the proportion of women in the entering class had grown a good deal since 1940. This was in fact true. The percentage of entrants who were women had risen from about 5 percent to 8 percent in some 25 or 26 years. But then we asked, "What is happening to the number of women who are applying?" We found that there had been a threefold increase in the number of women applying in that profession as against about a 50 percent increase in the number of men.

So it is a 6–1 ratio. So that the chance of an individual woman who was brave enough to apply being admitted in the last year or two was a great deal less than it had been before the war.

INTERDEPARTMENTAL COMMITTEE ON THE STATUS OF WOMEN

Mr. FLOOD. You spoke very well about these State commissions with regard to women. We have heard about the Citizens Advisory Council and the Interdepartmental Committee on the Status of Women for some time. Have these people contributed something specifically since you were here last year?

Mrs. KEYSERLING. Yes. I think that the contribution of both groups cannot be overstated. The Interdepartmental Committee has had a tremendous impact on the attitude of all of the departments toward women's employment.

The President, as you know, has stated his position with great vigor.

Mr. FLOOD. Just as recently as a couple of days ago.

Mrs. KEYSERLING. Yes, just a few days ago. I was going to lead up to that.

There was a Presidential letter sent to all of the executive agencies saying that all of the agencies should hire and promote people on the basis of skill and ability and the sex is irrelevant, except in a very small number of jobs where obviously either a man or a woman only is qualified. And this policy has really been implemented through the continuing efforts and pressures of the Interdepartmental Committee.

The Committee has also recommended that the prohibition of discrimination in employment on the basis of sex be explicitly asserted in an Executive order and 2 days ago the President asked that this be done.

Mr. FLOOD. It actually is a going concern, the Committee is productive?

Mrs. KEYSERLING. It is exceedingly productive.

Mr. FLOOD. We have so many of these things that we often wonder. It is good to know.

Mrs. KEYSERLING. Let me cite a few other things that the Interdepartmental Committee has done that I think are very important.

I mentioned the fact that it has set up three task forces. I mentioned the one which I have been most involved with, the one concerned with enlarging opportunity for training and employment in the professions.

Another task force was set up to try to reach out to employers throughout the country to help them to understand more fully that it is they that suffer when they fail to make full use of the potential contribution of women. This was thought of as a very essential part of promoting compliance with the sex provisions of title VII of the Civil Rights Act.

You do much better by seeking understanding and compliance, by will, in the first place than through law enforcement. The material that this task force sent out, the involvement that it was able to achieve on the part of employers, led to a number of most interesting advertisements. I wish I had a copy of one with me.

MCGRAW-HILL ADVERTISEMENT ON WOMANPOWER IN AMERICAN INDUSTRY

I would like to submit it if I might for the record an advertisement by the McGraw-Hill people carried in three magazines with large national circulations. It was an effective piece of education. It was a three-page insertion in these magazines.

The first page was a picture solely of men with a heading referring to the Nation's manpower needs. Naturally when I saw it, my fur rose just a little—"What, all men, no women?" And I turned the page and there was a two-page spread on the importance of womanpower to American industry, using all of the materials that we have been developing, saying to the country and to employers:

You are not using the skills and abilities of women as fully as you should. This is your loss. What can you do about it?

It was an extraordinary effective piece.

(McGraw-Hill advertisement follows:)

WOMANPOWER

It's one of America's greatest natural resources—but it's not being properly used.

Women have invaded male ranks in almost every field. There are more women in professional and semi-professional occupations than ever. But year after year, their proportion of the total *declines*.

Today, only 18% of America's skilled workers are women.

Only 12% of our technicians. 7% of our doctors. 3% of our lawyers.

Only 15% of America's executives are women.

Women are working. But women are also *shirking* the jobs that put a premium on talent and brains.

The reasons are many. Women are marrying earlier. Some 60% of all women students leave college *before* graduation. For married women, it's easier to help family finances by taking a clerical, factory, or service job.

But the most disturbing reason is the barrier which still exists—of prejudice, ignorance, and simple discrimination.

Frequently, women earn less money than men, even when doing similar jobs. Advancement is uncertain. In many fields, "for men only" is the unwritten sign on the front door. Even today, when industry faces a near-critical labor shortage, one of the *last* palliatives applied is the hiring of women.

Of course women are different. And viva that difference.

But when it comes to intelligence, learning abilities, and skills, women are hardly different at all.

In the study of the government's Commission on the Status of Women, it was found that at comparable high levels, women differed very little from men in job turnover, length of service, and reliability.

Today, both industry and government have discovered that a prime source of brainpower is the woman in college.

Today, universities and companies are proving that *women* can be trained for top-level management jobs.

Today, there is legislation designed to guarantee equal pay for women who perform jobs equal to men.

But legislation alone isn't the answer. We need a new attitude. Acceptance of women in the realms which only stubborn tradition has left to men. Programs to encourage women to enter new fields and enlarge their knowledge horizon. Ways to help women *continue* education after marriage, to enable them to cope with technological changes when they're ready to re-enter the labor force.

Our lack of womanpower may be a crucial weakness in our social and economic system—and a determining factor in our survival.

If we're fair to the fair sex, our nation's manpower and brainpower can be increased enormously. Our capacity for growth can be greatly enlarged. Our future can be brighter and more secure.

There's so much work to do.

Let's not do it by half.

Mr. FLOOD. You should drop Mr. McGraw and Mr. Hill a note.

Mrs. KEYSERLING. We did.

COOPERATION WITH WOMEN'S DIVISION OF JOB CORPS

Mr. FLOOD. On page 19 of your justification you make a very brief reference to assisting the OEO people.

Are you called on by those people for any substantial help or is this just one of these interdepartmental telephone calls now and then?

Mrs. KEYSERLING. We work very closely with the Women's Job Corps of the OEO.

Mr. FLOOD. They opened a Women's Job Corp Center in my district yesterday, a very elaborate setup.

Mrs. KEYSERLING. When the Job Corps was first set up the Women's Division of the Job Corps turned to us for facts and figures on who the girls are who are 16 to 21 out of school, out of work, and in poverty. We developed a basic manual for them in relation to needs and in relation to the types of training that they might give to these girls so that our help was integrated right into the Women's Job Corps work from the start.

Mr. FLOOD. Then you have been working hand-in-glove with private groups, and especially the Job Corps?

Mrs. KEYSERLING. Yes.

Just last week the Director of the Special Service Division of the Women's Job Corps came to meet with our staff and discuss ways in which we could work more effectively together.

About 2 months ago I went to meet with the directors of all the centers of the Women's Job Corps to talk about changing employment trends that would be of importance to them to know.

Mr. FLOOD. It has been a problem?
Mrs. KEYSERLING. Very much.
Mr. FLOOD. Mr. Laird?
Mr. LAIRD. No questions.
Mr. FLOOD. Mr. Natcher?

WORKLOAD FOR 1968

Mr. NATCHER. Mr. Chairman, I want to join with you in thanking Mrs. Keyserling for an excellent statement. You certainly made a good statement, Mrs. Keyserling.

As I understood from the justifications, you anticipate your workload for 1968 is approximately the same as for 1967. Is that correct?

Mrs. KEYSERLING. We will have to keep our services to the same level to work within our budget. I am quite frank to say there are endless opportunities to do more, but within our budget we will have to be realistic.

Mr. NATCHER. You have five regional offices at this time?

Mrs. KEYSERLING. Yes.

Mr. NATCHER. Under your travel and transportation of persons, does that apply to the regional offices as well as to other travel?

Mrs. KEYSERLING. Yes.

Mr. NATCHER. It includes all of your regional offices?

Mrs. KEYSERLING. Yes, that is our total travel budget.

Mr. NATCHER. Thank you, Mrs. Keyserling.

Mr. FLOOD. Mr. Smith?

DISCRIMINATION AGAINST WOMEN IN SALARY LEVELS

Mr. SMITH. Are there many school districts that do not pay the same to women as they do to men teachers?

Mrs. KEYSERLING. It would be hard to say how many. There are a good many.

Mr. SMITH. There still are a good many?

Mrs. KEYSERLING. Yes

I still keep a little folder of advertisements which indicate a real discrepancy. I put into the folder recently a published advertisement, on librarians indicating a large discrepancy in the salaries being offered to women and men.

Mr. SMITH. Just a few years ago there were a great many more than there are now, were there not?

Mrs. KEYSERLING. There were many more. There can be no more such gaps in private industry within the area of coverage of the Civil Rights Act. There can be no discrepancy in the Federal Government. But in the States and in the municipalities, except where they have passed a fair employment practices law relating to public services as well as private and prohibiting sex discrimination, there can still be and there still is some discrepancy.

Mr. SMITH. Do you have any figures which indicate the salary level of women compared to men of the same educational attainment?

Mrs. KEYSERLING. I do not think there has been sufficient detailed study. We do have the starting salaries offered in various professions. We have a considerable body of information on this, the women who

go out directly from college graduation or from master's or Ph. D. graduation into industry or science or other professions.

EFFECT OF TITLE VII ON THE NUMBER OF WOMEN IN MANUFACTURING JOBS

Mr. SMITH. Will the provision in title VII of the Civil Rights Act result in eliminating a considerable number of women from manufacturing jobs?

Mrs. KEYSERLING. I think it will lead to increasing rather than lowering the number.

Mr. SMITH. I am sure you are aware of the real problem they are having because they cannot discriminate against men on account of sex resulting in men with seniority taking the jobs that were reserved for women. In manufacturing industries like rubber, packing and processing, the only way women can get one of the jobs that used to be reserved for them is first to go through the sweatshop, which they are unwilling to do. Men with seniority are now going to take these easier jobs that were reserved for women. What are you going to do about this problem?

Mrs. KEYSERLING. This is a problem of which I think the EEOC, which administers title VII of the Equal Employment Opportunities Act, is very much aware. We have had many discussions with them about this problem. We feel it is a sound proposition that jobs should be open to all people on the basis of ability. As you say, there have been light jobs open only to women.

Mr. SMITH. At least, they did not have to first take heavy and dirty jobs to secure seniority in order to get the easier job. Many women are not willing to take those jobs a beginning man takes and many could not handle their home responsibilities and also work 8 hours per day at a heavy, dirty job.

Mrs. KEYSERLING. EEOC has recently made a determination which we think may be very helpful in this connection. In the short run, there may be some difficult problems. In the long run, we feel women are gaining, because many women will be able to go into work which formerly had been called men's work. We do not think a very great number of men, even though they are free to be hired in what was formerly called women's work, will elect to take some of those jobs where the skills of women are generally regarded as somewhat superior, such as those requiring special manual dexterity.

Mr. SMITH. In the packing industry, this certainly is not true. Men have demanded those jobs because they are paid the same and they have the seniority giving them the right to the job unless they are reserved for women. They say, "Look, we want these jobs."

Mrs. KEYSERLING. We cannot be having a serious problem, Congressman, because the number of women in these jobs has continued to rise very rapidly. There has been no diminution.

On the score of the relatively disadvantaged position of women which I mentioned earlier in my statement, we find that we are over the hump and that we are now moving toward a relatively more advantaged position for women. We see this in many fields. There is a marked narrowing of the wage gap in the last year or two, occupation by occupation.

Mr. SMITH. Do not let those statistics blind you so much that you do not see the loss of all these jobs in manufacturing, because those are the jobs that help to increase the average pay of women.

Mrs. KEYSERLING. The average pay of women has risen rapidly in the last year.

Mr. SMITH. You have not really gotten the brunt of this problem yet, though. They are still trying to work this out, and I do not know if they can within the law. I doubt it.

Mrs. KEYSERLING. They must say that qualified women are free to enter heavy jobs, that qualified men are free to enter the lighter jobs. They cannot be called "men's jobs" and "women's jobs." What they are permitting the firms to do is to publicize the heavy jobs as of primary interest to men, the lighter jobs as of primary interest to women, and those that are of interest to both. They must admit a candidate who is qualified, regardless of sex.

We think the problems of adjustment will be rather brief and that in the end, women will stand greatly to gain.

Mr. SMITH. The sheer economics of it would indicate ultimately that these jobs will be downgraded in salary. That is the way you make them less attractive to people with seniority. That is just the way the economics of the thing would work.

Of course, this is something men as well as women do not want to happen. I just wondered if you were working on this problem.

Mrs. KEYSERLING. We are following it, and I might tell you that the increase in the median wage of women in the last few years has been a good deal higher.

Mr. SMITH. That would not have much to do with this problem, though.

Mrs. KEYSERLING. It would show that the relative position of women in the economy was improving a bit, in spite of this problem.

MEN IN THE WOMEN'S BUREAU

Mr. SMITH. I notice you have 74 people on your staff.

Mrs. KEYSERLING. Seventy-five on our payroll at the minute, with a ceiling of 76.

Mr. SMITH. How many of those are men?

Mrs. KEYSERLING. We have four men. We do not discriminate.

Mr. SMITH. Were the 68 women superior to men?

Mrs. KEYSERLING. It has something to do with who applies for the jobs as well as their qualifications. We have two young men who are on-the-job trainees from the Capital Center Job Corps. Altogether, there are six men in our Bureau. Not enough, I might say. We feel there should be more.

Mr. FLOOD. Mr. Hull.

RELATIONSHIP OF WORKING MOTHERS TO DELINQUENCY

Mr. HULL. I have just one question, Mrs. Keyserling.

On page 9 you say one-third of the women working year-round and full time earned less than $3,000 in 1964 as compared with 11 percent of men similarly employed. Are these married women with families or single women? What type of women are these?

Mrs. KEYSERLING. This relates to all women who are working year-round and fulltime. Out of the total number of women in the labor

force in March 1965, about 6 million women were single, about 5½ million were widowed, separated, or divorced, and the balance were married women, with as the Census says, husbands present.

Mr. HULL. With families?

Mrs. KEYSERLING. Not all are women with families. Some are childless married women. A figure I can give you is this: of the women in the labor force in March 1965 about 9.7 million had children under the age of 18.

Mr. HULL. The reason I ask this question is many people think when both parents are working, is where most of the delinquency comes from, through the neglect of the children by the parents.

Mrs. KEYSERLING. If I might speak to that, the reason the married woman with children works ——

Mr. HULL. I can understand why she does.

Mrs. KEYSERLING (continuing). Is very generally dire economic need. If you take the group of women who are married, who have husbands, over one-fifth of them, about 23 percent, have husbands who bring nothing home or whose annual earnings are less than $3,000. In other words, the family would face all the hardships of acute poverty unless the woman worked. She works to meet very real and urgent economic needs. Another quarter of the married women with husbands have husbands whose annual earnings are between $3,000 and $5,000. We now say that a modest but adequate standard for a family of four in urban areas is something around $7,000. Nearly half of all married women who work have husbands with less than $5,000 income.

It is need that is pushing these women into the labor force. As the earnings of men rise, many of these women will not work. Many of them would prefer to stay home. But there are women in the more educationally advantaged bracket, which still represents a very small part of our total population, who do work by choice, but it is they who can afford to replace themselves in their home and not neglect their children.

There is just one other point that you might be interested in, related to your question. Two of our leading authorities in this field put together all of the studies that they could find that had been made in recent years to throw light on whether in fact the children of working mothers do become juvenile delinquents somewhat more frequently than the children of mothers who stay at home. Interestingly enough, there was no difference. The benefit of the doubt was a little on the side of the children of the working mother. That is an interesting finding.

Mr. HULL. Our subcommittee was in Detroit last year looking into the school lunch program and the food stamp program as well as the transportation of foodstuffs. We found there was less than 2 percent unemployed in that area. It was also said this lunch was the only hot meal these youngsters got.

Something is wrong someplace. Both of the parents are working. That would almost have to be if there were less than 2 percent unemployed. Yet I think it a disgrace and certainly a lack of parent responsibility that they have to go school to get the one hot meal. I do not know what you could do about it or what any of us could do about it, but it is certainly a blot on American society, I think.

Mrs. KEYSERLING. I think this does not reflect the presence or absence of the mother as much as it does the inadequacy of the income of the family.

Mr. HULL. The lowest wage in this area was $2.50 an hour. I think they could give them at least one hot meal a day. I am for the ladies, honestly. If the parents neglect the children, you know what happens. It happens not only in the cities but in the rural areas.

I know the problems we have in the little town I live in out in the country. Many of the youngsters just run wild and the parents do not pay any attention to them. They have completely lost control of them. I do not know what we can do about it. I think this enters into it to a certain extent. I am for the school lunch program.

That is all I have.

MEN IN THE WOMEN'S BUREAU

Mr. LAIRD. Mr. Chairman, Mr Smith brought up an interesting question. The Women's Bureau seems to be doing a little better. They have gotten another man in the last 10 years. We had an all-women employee force in the Women's Bureau about 10 years ago, did we not? So, you have made some progress there.

Mrs KEYSERLING. In the last 30 years, as I remember the figure, there never has been a manless Bureau.

Mr. LAIRD. I thought about 10 years ago you were without a man.

Mrs. KEYSERLING. I would have to check the record, but I should assure you that whenever a job vacancy occurs in the Bureau, it is posted and we welcome all qualified men applicants. We go to very special pains, I might say, to try to encourage a greater number of applications from men.

REDUCTION IN WOMEN'S BUREAU BUDGET REQUEST

Mr. LAIRD. You have a larger cut in your budget for 1968 than you ever had before, haven't you?

Mrs. KEYSERLING. We have not actually had a cut.

Mr. LAIRD. You requested $1,331,000, and it was approved by the Secretary of Labor. You received from the President only $912,000. As you go back over the history of your requests, this is the highest cut that ever has been received by the Women's Bureau at least that I can remember.

Mrs. KEYSERLING. The $912,000 figure does not represent a cut. Our request for $1,331,000 was the largest increase that ever has been presented. We were actually courageous enough to say that we felt the time had come for a very substantial increase. I can think of no other time in the history of the Bureau when the Department concurred in the notion that some 30 additional positions might well be added.

Mr. LAIRD. The Women's Bureau's percentage cut by the President is the highest percentage cut of any item in the Department of Labor budget. You must not have made a very good case when you got up to the White House level.

Mrs. KEYSERLING. I think we made a good case, but I would emphasize the fact that our requested increase was probably the highest percentage increase of any request ever presented.

Mr. LAIRD. You think you asked for too much, in other words?

Mrs. KEYSERLING. I do not think we did, no.

Mr. FLOOD. Did you yourself have a chance to make this presentation to the Bureau of the Budget people? Or was that done by some man for you?

Mr. LAIRD. Here comes a man into the picture now. Mr. Secretary, can you help on this? This is the man behind the scenes.

Secretary WIRTZ. Mr. Chairman, you will know what I am about to say, which is that the presentation was made in very effective fashion to the Bureau of the Budget. The reevaluation was by me. The presentation to the Bureau of the Budget was by me.

Mr. LAIRD. You supported the Women's Bureau?

Secretary WIRTZ. I did in the first instance, in the presentation in the first budget. I feel the balance of things at that time did warrant this enlargement, and it reflects great admiration for the work of the Women's Bureau.

I should like to make quite clear in the final analysis, weighing this appropriation request against others was my responsibility, and it did follow discussions that went somewhat into detail. It reflects at the present moment my complete respect for the work of the Women's Bureau, but it also reflects my own judgment as to the necessary balance. I assume full responsibility for the final decision, and so recommended to the Bureau in the last analysis.

Mr. LAIRD. Mr. Chairman, I think we ought to have another column in this table supplied by the Department of Labor. We have the Secretary's request and the President's request here in two columns. Evidently there should be a column C(1) between C and D, in which we have the Secretary's revised request.

Secretary WIRTZ. That could be.

Mr. LAIRD. Evidently you have two budget requests.

Secretary WIRTZ. That is right. My attention is called for the first time to the form in which it is put.

Mr. LAIRD. I was just going on the basis of the information supplied by your Department to me.

Mr. FLOOD. He was not aware of it until this minute.

Secretary WIRTZ. This is a request which involved a subsequent consideration in which I took full part. The budget identified here as the President's budget is in a column separate from the Department estimate. You are very correct that this does leave out adequate reflection of the fact that between those two steps there was full opportunity on my part to consider this matter with the Bureau of the Budget.

The present budget parallels exactly the results of my conversations with the Bureau of the Budget.

Mr. LAIRD. I understand, Mr. Secretary, that the inbetween step here is really not a formal step, and perhaps that is why your budget officer left it out of the table. The other two are formal steps.

Secretary WIRTZ. It is formal to an extent. I know exactly what you mean. I suppose what we have emerging here is a consequence of the special efforts that have been made in the last 2 or 3 years. It is also a consequence and reflection of the previous habits. But it is formal to the extent that there is an exchange of letters and there is a conference in my office in which Mr. Hudson and Mr. Leo Werts and

the various Bureau chiefs sit down and we go over a list. It results in a specific item-by-item redetermination.

Yes, I think it is unquestionably true this results from the special efforts that have been made recently. It is quite formal. It is not a single, overall figure. It takes the form of some quite real working out of one issue against another, one item against another. It is quite formal.

Mr. LAIRD. That is all, Mr. Chairman.

Mr. FLOOD. Thank you, Mr. Secretary. Thank you, Mrs. Keyserling.

JUSTIFICATION MATERIAL

WOMEN'S BUREAU

Amounts available for obligation

	1967	1968
Appropriation or estimate	$888,000	$912,000
Proposed transfer from "unemployment compensation for Federal employees and exservicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	23,000	
Comparative transfer to the Office of the Secretary for centralized audit and systems functions	−3,000	
Appropriation or estimate, revised	908,000	912,000

Obligations by activities

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Position	Amount	Position	Amount	Position	Amount
1. Advancement of women's employment opportunities and status	74	$867,150	74	$870,600		+$3,450
2. Interdepartmental Committee and Citizens' Advisory Council on the Status of Women	2	40,850	2	41,400		+550
Total obligations	76	908,000	76	912,000		+4,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	76	76	
Average number of all employees	72	72	
11 Personnel compensation	$689,150	$692,850	+$3,700
12 Personnel benefits	52,000	52,300	+300
21 Travel and transportation of persons	40,450	40,450	
22 Transportation of things	2,050	2,050	
23 Rent, communications, and utilities	28,575	28,575	
24 Printing and reproduction	57,400	57,400	
25 Other services	23,070	23,070	
Services of other agencies	1,330	1,330	
26 Supplies and materials	12,875	12,875	
31 Equipment	1,100	1,100	
Total obligations	908,000	912,000	+4,000
Working capital fund items included above	(58,920)	(58,920)	(----------)

Summary of changes

1967 Enacted appropriation	$888,000
Proposed transfer from "unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	23,000
Comparative transfer to Office of the Secretary for centralized audit and systems functions[1]	−3,000
1967 Appropriation, revised	908,000
1968 Estimate	912,000
Total change	+4,000

MANDATORY ITEMS

Increases:	
Net additional cost of within-grade promotions effective for part year in 1967	+3,950
Net cost of within-grade promotions becoming effective in 1968	+2,750
Decreases:	
Nonrecurring extra day of pay for current year staff	−2,700
Subtotal, mandatory items	+4,000
Total Change	+4,000

[1] The comparative transfer involves no positions.

Explanation of mandatory changes for 1968

Within-grade promotion costs:	
1968 net additional cost of within-grade promotions effective for part-year in 1967	+$7,950
Personnel compensation	7,661
Deduct lapse	−261
Personnel benefits	550
Net cost	7,950
Absorption of a portion of above increases	−4,000
1967 adjusted net additional cost of within-grade promotions effective for part year in 1967	3,950
Net cost of within-grade promotions becoming effective during 1968	+6,750
Personnel compensation	6,546
Deduct lapse	−246
Personnel benefits	450
Net cost	6,750
Absorption of a portion of above increases	−4,000
1968 adjusted net cost of within-grade promotions becoming effective during 1968	2,750
Decreases:	
Nonrecurring extra day of pay for current year staff	−2,700
Total, mandatory items	+4,000

ACTIVITY 1. ADVANCEMENT OF WOMEN'S EMPLOYMENT OPPORTUNITIES AND STATUS

(1967, $867,150, Pos. 74; 1968, $870,600, Pos. 74)

NARRATIVE DESCRIPTION OF PROGRAM

The program of the Women's Bureau, since the Bureau's establishment in 1920, has had as its underlying purpose promoting the welfare of wage earning women.

Today, in response to national manpower needs and the national goal of full utilization of all our human resources, a major focus of the Bureau's program is on the serious problem of the under-utilization of American womanpower.

The Women's Bureau is primarily a promotional and service agency and the methods through which its expertise and knowledge become effective are technical assistance, consultative, information, and advisory services. Its program is largely an outreach operation which informs, interests and involves ever increasing numbers of organizations and individuals in achieving national objectives related to needed advances in the status of women. Working through its national office and its five regional offices, the Bureau is able to stimulate at the State and local level interest in, and activity toward bringing about, needed changes in laws, institutions and attitudes affecting women's status and their opportunities in employment, education, and civil and political life.

The Bureau serves as the focal point of informed concern, policy advice and leadership, and is the clearinghouse and central source of information within the Federal Government on questions relating to utilization of womanpower and the economic, legal and civil status of women. It is the staff resource for the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women and its program emphasizes the stimulation and promotion of efforts to implement the recommendations of the President's Commission on the Status of Women. It assists and cooperates with State commissions on the status of women, national women's organizations, unions, employers, educational institutions, communications media and State and local groups and individuals concerned with improving women's economic, civil and political status. It also furnishes consultative services and prepares technical reports on various aspects of women's legal and economic status and employment questions for specialized international agencies and for use of United States delegates at international conferences such as ILO and the U. N. Status of Women Commission.

National needs

"The underutilization of American women", as President Johnson pointed out in an address on February 28, 1966, "continues to be the most tragic and the most senseless waste of this century. It is a waste that we can no longer afford. Our economy is crying out for their services."

Further efforts are urgently needed to stimulate the fuller development of women's skills and enlarge their contribution to the economy. Ample evidence confirms the fact that womanpower, which comprises half of our human resources, is not effectively utilized in our Nation. Although the 28 million women workers in the United States today constitute about 35 percent of the work force and 46 percent of all women 18–64 years of age, they are concentrated largely in low-skill, lower-paying jobs. Their proportionate representation in professional and managerial positions has decreased over the past 25 years while their proportion in clerical and service occupations has increased. The gap between men's and women's earnings has widened, as revealed by the fact that among full-time year-round wage and salary workers, women's median wage slipped from 65 percent of men's median in 1955 to 60 percent in 1965. A third of the women working year-round and full-time earned less than $3,000 in 1964, as compared with 11 percent of men similarly employed.

Women's Bureau programs are directed toward the redressing of economic disadvantage. The Bureau continues to work to strengthen labor standards and practices affecting women workers through improvement and extension of State labor laws in line with its historic concern for low-paid workers, so large a percentage of whom are women, and the urgent need for improvement of their wages and working conditions.

The recent improvement of Federal wage and hour standards widens the gap between the wage levels of those covered by the Fair Labor Standards Act and those excluded—the majority of whom are women. Fifteen States still lack minimum wage statutes. Standards in many of the 35 States which have enacted such laws remain exceedingly inadequate. The State commissions on the status of women and a large number of women's organizations are bringing to bear an important influence in helping to raise State standards. They rely increasingly on the Women's Bureau for information and advisory assistance in making their concern effective.

While discrimination against women in hiring and promotion is being reduced by Title VII of the Civil Rights Act of 1964, as well as by the fair employment

practice laws adopted by 10 States and the District of Columbia, much work remains to be done to help implement these laws. State commissions and women's organizations are promoting further State action to eliminate discrimination in employment based on sex and their requests for Women's Bureau information and assistance in this connection have expanded rapidly.

Twenty-nine States have enacted equal pay legislation. Ten States and the District of Columbia prohibit discrimination in employment on the basis of sex. The passage of these measures and Title VII of the Federal Civil Rights Act focuses increased attention on State laws that establish standards relating to the employment of women which do not apply to men. There is urgent need for the re-examination of such statutes on a State-by-State basis along the lines recommended by the President's Commission on the Status of women. This is necessary if the two types of legislation are to be reconciled without losing the benefits which protective legislation has provided. Most of the State labor standards laws, applying now to women only, should be extended to men, be made administratively more flexible, or otherwise adapted to current needs.

Women's disadvantaged position in educational attainment is especially significant because of the role that education and training play in providing skilled workers for the economy. Proportionately only three-fifths as many women as men 25 years of age and over are college graduates. Moreover, women earned only 32 percent of the master's degrees conferred in 1964—down from 40 percent in 1930—and only 11 percent of the doctor's degrees in 1964—down from 15 percent in 1930.

Greater utilization and more extensive training and education of our womanpower can help in satisfying our Nation's growing demand for skilled manpower. While the total U.S. work force is expected to increase 12 percent from 1965 to 1970, employment requirements for professional and technical workers will probably expand one-fourth. The relative importance of women in the work force will also rise, with the number of women workers expected to increase 13 percent, as compared with an 8 percent increase for men.

By raising the levels of both production and consumption women are currently making an increasingly significant contribution to improved living standards throughout the country. Requirements in the interest of sound, sustained economic growth and social equity make essential the fullest possible opportunities for and utilization of the woman work force.

Women's Bureau program stimulates action to meet need

In recent years following the issuance of the report of the President's Commission on the Status of Women, which brought the problems and potential contribution of women to a higher level of visibility than ever before in this Nation's history, the Women's Bureau program has been substantially redirected to focus on emerging priority goals and to utilize outreach techniques which involve the participation of ever-widening circles of organizations and individuals. These approaches have resulted in greatly extending the Bureau's influence and impact, and simultaneously have increased heavily the demand for the Bureau services.

The Women's Bureau through the coordinated efforts of its national office and field staff has stimulated the establishment of commissions on the status of women in 48 States, two municipalities, the Virgin Islands, and the District of Columbia. The establishment of these commissions has provided a new instrumentality at the State level for identifying and promoting action which will enable women to increase their contribution to our economic life and has enlarged the opportunities for the Women's Bureau to promote the welfare of wage earning women.

Reports of the State commissions underscore the large contribution they are making in the promotion of needed legislation and the development of a greater awareness of the need for improved vocational guidance programs, continuing education, child care services, etc. In all this work the Women's Bureau has been called on for a greatly expanded volume of technical assistance, informational materials, and advisory services.

Commenting on this help, the Wisconsin Governor's Commission on the Status of Women stated in its recent report that while the University of Wisconsin had assumed the basic underwriting of the State commission work, it depended on the continued "technical assistance in organization and programs from the Women's Bureau of the United States Department of Labor. Without the

Women's Bureau's expert guidance, research materials, inspiration and unfailing assistance in all aspects of our Commission concerns, the Wisconsin Commission could never have begun to accept or fulfill its charge."

The new efforts toward fuller utilization of women's skills, which have involved thousands of concerned individuals throughout the Nation, have led to highly significant acceleration of State legislative progress in all fields of concern to women. Particularly has this been true in the field of employment standards. This is of special significance to employed women, since so large a proportion is still concentrated in the lowest paying jobs. Many of these proposals were sponsored by State commissions on the status of women and *ad hoc* agencies, organized for education and action programs in cooperation with the Bureau.

From 1961 through 1964, only one State enacted a minimum wage law for the first time. In 1965, four States enacted new laws establishing a statutory minimum wage. All of these statutes covered men as well as women in line with the commission recommendation. In addition, two States with minimum wage programs for women extended coverage to men. In 1966, two more States enacted statutory minimum wage laws for the first time, applicable to both men and women. Two other States extended coverage to men. Also in the past three years, minimum wage laws were amended to increase the statutory minimum rate in nine States, and there was great activity with respect to the improvement of State minimum wage orders. These legislative achievements have great significance in reducing the numbers of the working poor.

From 1961 through 1964, only two States enacted an equal pay law for the first time. In 1965, three States did so and one State improved its statute. In 1966, four States enacted equal pay laws for the first time. This extraordinary progress is a direct result of the status of women program and will elevate the level of earnings of working women.

Up to 1964, only two States had enacted laws prohibiting general discrimination in employment on the basis of sex or amended existing Fair Employment Practice laws to include sex. Since then, eight States and the District of Columbia have taken such action.

A State-by-State summary of highlights of legislative enactments follows:

HIGHLIGHTS OF STATE LEGISLATIVE ENACTMENTS, AMENDMENTS, AND PROGRAMS OF SPECIAL INTEREST TO WOMEN, 1964–66

Alabama.—In 1966, legislation was enacted to permit women to serve on State juries, provided they may be excused at the discretion of the judge for good cause.

Alaska.—A 1965 amendment to the fair employment practices act prohibits wage discrimination on the basis of sex and paying a female less than a male for comparable work; State Commission on the Status of Women was established by legislation in 1966.

Arizona.—The fair employment practices law enacted in 1965 includes a prohibition of employment discrimination based on sex; 1966 amendment to the hours-of-work law permits women to work overtime in specified emergencies providing overtime compensation is paid.

California.—A 1965 amendment strengthened the enforcement procedures of the equal pay act and a Commission on the Status of Women was established. In addition, there was an increase in the powers of courts to enforce performance of support obligations of fathers of illegitimate children.

Delaware.—A new minimum wage law was enacted in 1965 providing a $1 per hour rate for both men and women.

District of Columbia.—A 1965 ordinance prohibits discrimination in employment based on sex. A Commission on the Status of Women was appointed in January 1967.

Florida.—In 1966, a Constitutional amendment was approved by voter referendum to permit women to serve on condemnation juries in eminent domain proceedings. However, a statutory requirement for all-male juries in eminent domain cases remains in effect.

Georgia.—A law was enacted in 1965 providing that a wife may secure alimony and support for the children when her husband gets an out-of-state divorce. In 1966, Georgia became the first Southern State to enact an equal pay law. A Commission on the Status of Women was established by legislation. In addition, the 1966 legislature passed a simultaneous death act providing for the division of jointly owned property when husband and wife die at the same time.

Hawaii.—A mandatory fair employment practices law effective in 1964 includes a prohibition against sex discrimination in employment.

Idaho.—A 1965 law permits responsible agencies to request and receive information from State records to locate those liable for support of their dependents.

Indiana.—In 1965, a new law establised a minimum wage of $1 per hour for both men and women. At the same session, the courts were authorized to provide all or part of the education of a child beyond the 12th grade.

Kentucky.—A 1966 amendment added men to the coverage of the wage board law previously applicable only to women and minors. In the same year, an equal pay law was enacted for the first time.

Maine.—A 1965 amendment to the minimum wage law increased the rate from $1 to $1.25, extended coverage to nursing home and hospital employees, and required the payment of one and one half times the regular rate for hours worked over 48. A 1965 amendment to the equal pay law extended coverage to men.

Maryland.—A new minimum wage law was enacted in 1965 establishing a rate of $1 per hour for men and women. During the same session, the legislature passed a fair employment practices law prohibiting discrimination based on sex.

An equal pay law was enacted in 1966. Also, Maryland adopted a law permitting women to serve on State juries under the same conditions as men in all counties of the State.

Massachusetts.—In 1963 a Commission on the Status of Women was established by legislation.

In 1964–65 the minimum wage was increased from $1.25 to $1.35 and from 85 cents to 93 cents (in 1967) for service workers. Also amended in 1965, the mandatory fair employment practices law to prohibit discrimination in employment based on sex. In addition, the dower and curtesy law was rewritten to change it from a common-law right to one which attaches only to the real property owned by the decedent at death.

1966 amendments to the fair employment practices law strengthen the report and record-keeping provisions. In 1966, the fair employment practices law was amended to require the Massachusetts Commission Against Discrimination to give its opinion, when so requested by an employer, employment agency or labor organization, on whether any existing or proposed requirement for employment or membership is a bona fide occupational qualification. A 1966 amendment to the minimum wage law increased the minimum rate to $1.40 effective February 1, 1967 and to $1.60 effective February 1, 1968. These rates will take effect with regard to employees engaged in intrastate and interstate manufacturing when the minimum wage rates under the Fair Labor Standards Act are equal to or higher than those required by state law. The amendment also specifies that service employees who regularly receive gratuities are to receive a minimum of 93 cents an hour. During this year sex specifications were prohibited on civil service job requests without the permission of the State FEPC. In addition, women working in professional, executive and administrative jobs were exempted from the hours-of-work law. In the consumer field, the 1966 session of the legislature enacted a law providing for the full disclosure of the interest rate on retail sales.

Michigan.—A new statutory minimum wage law enacted in 1964 established a rate of $1 per hour, increasing to $1.25 per hour in 1967, and a wage deviation board to set deductions for such things as tips, board and lodging.

1966 amendments strengthened the enforcement procedures of the minimum wage law and reduced the percentage of deductions permitted. In 1966, the Legislature also amended the fair employment practices law to prohibit discrimination in employment because of sex.

Mississippi.—In 1964 a Commission on the Status of Women was established by legislation.

Missouri.—The fair employment practices law was amended in 1965 to include a prohibition against employment discrimination based on sex.

Nebraska.—A prohibition against employment discrimination based on sex was included in the fair employment practices law enacted in 1965.

Nevada.—In 1965 the minimum wage law was amended to extend coverage to men and increase the rate from $1.15 to $1.25.

New Jersey.—A new statutory minimum wage established in 1966 sets a rate of $1.25, increasing to $1.50 in 1969, applicable to almost all workers; requires overtime of one and one half times the regular rate for hours over 40; and provides a wage board procedure to cover exemptions.

New Mexico.—A 1965 amendment increased the statutory minimum wage from 80 cents to 90 cents per hour.

New York.—A prohibition against sex discrimination in employment was included in the fair employment practices act in 1965. A 1966 amendment increased the statutory minimum wage from $1.25 to $1.50, effective in 1967, except that if the Fair Labor Standards Act is increased to not less than $1.60, the statutory rate shall be the same as the increased rate, effective the same date.

A 1966 amendment to the domestic relations law extended the grounds for which absolute divorce may be granted, previously limited to adultery; at the same time a conciliation bureau was established to aid reconciliation of estranged couples before a divorce is granted.

North Carolina.—In 1964 a constitutional amendment permitting a married woman to convey her real property without the written consent of her husband was submitted for referendum and ratified.

In 1965 the statutory minimum wage was increased from 85 cents to $1. During the same session, the N.C. Commission on the Education and Employment of Women was established.

North Dakota.—A 1965 amendment to the minimum wage law extended coverage to men, agriculture and domestic service.

A new equal pay law was enacted in 1965.

Ohio.—The State legislature directed the Legislative Service Commission to make a comprehensive study of the status of women.

Oklahoma.—In 1965 a new minimum wage law was enacted establishing a rate of $1 per hour for covered employees.

A new equal pay law was also enacted in 1965.

Oregon.—A 1965 law provides that neither spouse is responsible for the debts contracted by the other after the wrongful separation of one spouse from the other.

Pennsylvania.—A 1965 amendment to the hours-of-work law exempted women in professional, executive and administrative jobs from coverage. In addition, a recent regulation under this law establishes a system by which women will be permitted but not required to work overtime when certain safeguards have been provided.

Rhode Island.—A 1965 amendment to the equal pay law included employees covered by collective bargaining agreements who were previously exempt from coverage.

South Carolina.—A Constitutional amendment was approved by voter referendum in 1966 to permit women to serve on State juries on the same terms and conditions as men. The amendment becomes effective upon ratification by the General Assembly.

South Dakota.—Amendments to the minimum wage law in 1964 and 1966 increased the minimum rate and extended coverage to men.

A new equal pay law was enacted in 1966.

Tennessee.—A statutory minimum wage law proposed by the Governor and supported by the Commission on the Status of Women in 1965 failed enactment by only one vote.

Texas.—A 1965 law permits a married woman to sue alone to recover her separate property. In addition, the Uniform Reciprocal Enforcement of Support Act was adopted.

Utah.—The fair employment practice law enacted in 1965 includes a prohibition against discrimination based on sex.

Vermont.—A 1965 amendment increased the statutory minimum wage from $1 to $1.25. In addition, the poll tax was eliminated.

Virginia.—A 1966 amendment to the hours-of-work law exempts any business establishment meeting the requirements of the Fair Labor Standards Act with respect to hours, wages and record-keeping.

Washington.—A 1965 amendment of the hours-of-work law exempted women in professional, executive and administrative jobs.

West Virginia.—A new statutory minimum wage law enacted in 1966 sets a rate of $1 per hour, effective in 1967, and overtime of one and one half times the employees regular rate for hours over 48. A new equal pay law was enacted in 1965.

Wyoming.—A 1965 amendment increased the statutory minimum wage from 75 cents to $1. A prohibition against sex discrimination in employment was included in the fair employment practice act in 1965.

Another technique through which the Bureau is able to serve as a catalyst for far-reaching action is the stimulation of unified effort by voluntary organizations in areas of mutual concern. For example, the Bureau invited some 15 national organizations to consider ways and means through which mutual efforts might help to reconstitute, dignify, and upgrade the disadvantaged household employment occupatoin. Two consultations called by the Women's Bureau led to the establishment of a National Committee on Household Employment, presently representing 19 national organizations, which has a national office and staff, and which, aided by OMPER grants, foundation and other private assistance, is actually developing training, placement, and other constructive pilot and demonstration projects.

Experience has shown that pilot conferences sponsored or co-sponsored by the Bureau have a multiplier effect in stimulating programs at the State and local level. An example is afforded by the two pilot conferences on new approaches to the vocational counseling and guidance of girls sponsored by the Bureau with the cooperation of the Office of Education and financed by a grant from OMPER. These conferences which were carefully structured in terms of content and participants and which were followed by reports highlighting substance and important findings have led, as intended, to numerous similar State conferences or programs and the inclusion of this subject on the agenda of several important national conferences. Close to 39,000 copies of these conference reports have been distributed to date and the Bureau receives a steady flow of requests to participate in State and local conferences which are being organized, patterned on the pilot projects.

As part of its outreach program the Bureau co-sponsors conferences with State commissions on the status of women, women's organizations, educational institutions, or other concerned groups. The subjects of such conferences include new opportunities for Negro women, employment problems of mature women, the legal status of women, etc. Especially important has been a series of regional commission conferences co-sponsored by the Bureau.

For these meetings members of the Bureau's national staff and its regional directors have served as consultants on programming and conference techniques, as speakers and panelists, and as leaders and resource persons for workshops. In addition, the Bureau has compiled pertinent data for these meetings and has supplied publications for distribution. In many cases, the Bureau has assisted in preparation of a conference report for public distribution.

The Bureau also works with other Federal agencies and departments in promoting programs in which the shared goal is of concern to women. For instance, the Bureau co-sponsored with the Children's Bureau of the Department of Health, Education and Welfare a survey of the child care arrangements of working mothers and will co-author the final report. Another illustrative effort is a joint program with the Children's Bureau to stimulate State action with respect to meeting the needs of working mothers for the day care of their children.

Significant accomplishments of fiscal year 1966 and fiscal year 1967

Intensified national manpower needs and growing concern for the full utilization for all our human resources led to increasing emphasis on the more effective use of the abilities and potentials of women in all aspects of our society in fiscal year 1966 and 1967. The Women's Bureau served as a focal point for this concern and gave leadership to heightened efforts to advance the status of women in the United States. An increase of 1¾ million women in the civilian labor force, for a total of nearly 29 million, gave impetus to Bureau programs.

The Bureau's five regional directors assisted in the organization of commissions on the status of women in five States, the District of Columbia, the Virgin Islands, and two municipalities.

There is a trend in the States toward legislative establishment of commissions on the status of women. The Women's Bureau and its regional directors have provided advisory services to groups interested in legislative action of this kind. In the past year commissions were established by legislation in Alaska, California, and Georgia, as well as the Virgin Islands, bringing to a total of seven the number of existing commissions established by legislation.

The Bureau provided information and technical assistance to the Equal Employment Opportunity Commission for its use in formulating policy on the ad-

ministration of Title VII of the 1964 Civil Rights Act and to those States which have similar programs. Recent legislative action in Michigan brought to a total of 11 States and the District of Columbia which have included a prohibition against sex discrimination in their fair employment practice laws and regulations. For this purpose, the Bureau revised its publication entitled, *Laws on Sex Discrimination in Employment*. In addition, through conferences, publications, and the services of staff, the Bureau has provided information and assistance to State administrators of labor laws on the relationship of Title VII to State laws regulating the employment of women.

State and local organizations and State commissions on the status of women sought the assistance and advice of the Bureau on equal pay legislation when new laws were enacted in Georgia, Kentucky, Maryland, Oklahoma, and South Dakota, and existing programs strengthened in California and Missouri. The number of States in which equal pay laws have been enacted now totals 29.

Similarly, these groups turned to the Women's Bureau for information on proposed minimum wage legislation. Developments include a new law providing a minimum rate and overtime for men, women and minors in West Virginia; a law establishing a statutory minimum rate for men and women in Oklahoma, replacing an inoperative wage board program for adult women; a statutory rate and overtime which combined with wage board procedures covers men, women and minors in New Jersey and laws extending to men the existing wage board programs for women and minors in Kentucky and South Dakota. These major developments, increases in the rates established under existing programs, and the strengthening of the minimum wage laws in a number of States indicate the continuing interest in improved labor standards and point up the increasing need for advisory services in this field. Six States also improved their laws pertaining to hours of work (Arizona, Massachusetts, New Jersey, New York, Pennsylvania and Virginia).

Special interest in the eligibility of women for jury service resulted from a decision of the Federal District Court which held that Alabama jury service laws excluding women, denied women equal protection of the laws in violation of the 14th Amendment of the U. S. Constitution. The assistance and advice of the Bureau was sought by groups interested in legislative improvements in this field. Developments include: the enactment of legislation in Alabama which permits women to serve on State juries; an amendment to the Constitution in Florida deleting a provision precluding women from serving on condemnation juries in eminent domain proceedings; an amendment to the jury service laws in Maryland permitting women to serve on juries on the same terms and conditions as men throughout the State; and a constitutional amendment (effective on ratification by the General Assembly) permitting women to serve on State juries in South Carolina.

Bureau assistance and information was also provided to those States which improved provisions of special interest to women in the areas of family law, business and contracts, and property rights. In calendar year 1966 the 28 State legislatures which met in regular or special session approved 125 laws or amendments in this field.

The Bureau initiated and co-sponsored with the U. S. Office of Education a Middle Atlantic regional conference on counseling girls and published the conference report; it co-sponsored with the Maryland State Department of Education a State conference on counseling and guidance for girls; it conducted a session on counseling girls for the Washington Conference of the American Personnel and Guidance Association, and participated in numerous other conferences in this subject area.

The Bureau co-sponsored conferences focusing on employment opportunities for women with Florida State University, jointly with the Chicago Young Women's Christian Association and the University of Chicago, and with the University of California, Los Angeles; it participated actively in conferences of this type sponsored by a wide variety of organizations including Ladies Home Journal, Stern's Department Store and American Girl Service, the University of Oregon, and several State commissions on the status of women.

The Bureau provided the chairman of a task force appointed by the Interdepartmental Committee on the Status of Women to study the preparation of women for technical and professional careers and was represented on other

task forces on Federal employment and on promoting compliance with anti-discrimination statutes and greater employment opportunities for women.

For the White House conference "To Fulfill These Rights" the Bureau prepared comprehensive studies on Negro women, their education and employment opportunities and on the occupation of private-household worker. The Bureau also co-sponsored conferences directed toward the special concerns of Negro women with the National Association of Colored Women's Clubs and the National Association of Negro Women.

The Bureau continued its cooperation with the National Committee on Household Employment in efforts to upgrade the economic and social status of household service occupations; in May 1967 it will co-sponsor a pilot conference on this subject with the National Committee and the Chicago YWCA.

The Bureau assisted the Office of Economic Opportunity in planning training programs for girls and women in subprofessional work as home health aides, and continued its close working relationship with the Job Corps for Girls.

The Bureau and HEW's Children's Bureau cooperated in the preparation of a report on "Child Care Arrangements of the Nation's Working Mothers"; plans are in preparation for a State or regional pilot conference on all aspects of child care services needed by mothers and children.

The Bureau staffed the panel session on women at the White House International Cooperation Year Conference and the Director served as chairman of the Government Committee on Women. The Director served in Geneva as a member of a Panel of Consultants to the ILO on Problems of Women and spoke at a National Conference on the Status of Women in Employment in Melbourne, Australia. Staff members represented the Department of Labor at a meeting in Paris of the OECD, at the Agency for International Development's Second Regional South American Women's Seminar on the Participation of the Volunteer in Social Welfare and Community Development in Chile, and served as adviser to the U.S. Representative to the U.N Commission on the Status of Women.

In summary, the Women's Bureau in fiscal year 1966 co-sponsored 10 major conferences and actively participated in 675 conferences and meetings. A total of 13,685 technical and advisory services were provided by Bureau staff with well over half of these provided by the five regional offices. Fifteen printed and 157 processed publications were prepared for public use. In response to specific requests, 353,500 publications were distributed to the public, exclusive of sales by the Government Printing Office.

In the first half of fiscal year 1967, the Women's Bureau co-sponsored seven major conferences and actively participated in 204 conferences, conventions and meetings. A total of 6,900 technical and advisory services were provided by Bureau staff. Ten printed and 70 processed publications were prepared for public use. In response to specific requests, 130,260 publications were distributed to the public, exclusive of sales by the Government Printing Office.

Program Priorities for 1968

The Women's Bureau has established the following priority goals for F.Y. 1968:

1. *Stimulation and encouragement of the fuller utilization of womanpower resources* through the development and/or promotion of, and the provision of technical assistance and advisory services to, programs which—

(*a*) Encourage more realistic vocational counseling and guidance for girls and mature women;

(*b*) Expand training and retraining and educational opportunities adapted to the needs of girls and women at all skill levels;

(*c*) Encourage changes in outmoded attitudes with respect to the potential contribution of girls and the utilization of women workers on the part of parents, educators, employers, the mass media, and the general public.

(*d*) Stimulate business and industry to make fuller use of the training and talents of women;

(*e*) Provide information on the requirements of new and developing occupations such as those in the health field and how women may prepare to enter these emerging fields of employment;

(*f*) Expand child care and other community services which are especially needed by women who must combine homemaking and paid employment.

2. *Improvement of the economic status of women workers*, particularly those employed in low-wage industries, through the development, coordination, and promotion of, and the provision of technical assistance and advisory services to, program which—

(*a*) Promote through well established Women's Bureau channels fair labor standards including adequate State minimum wage legislation, State equal pay legislation, and legislation to prohibit discrimination in employment based on sex;

(*b*) Are designed to raise the economic status of an entire relatively disadvantaged industry or occupation such as private-household employment.

3. *Provision of a clearinghouse and central source of information within the Federal Government* on matters relating to the utilization of womanpower and related questions concerning the status of women; specifically—

(*a*) To serve as the staff resource for the Citizens' Advisory Council and the Interdepartmental Committee on the Status of Women, and to provide information and technical and advisory assistance to State commissions on the status of women, national women's organizations, unions, employers, educational institutions, communications media, and State and local groups and individuals concerned with the status of women;

(*b*) To prepare and disseminate informational materials relating to such subjects as trends in women's employment, educational attainment, labor and other legislation of special importance to women, and women's civil and political status;

(*c*) To keep under review projects and programs related to utilization of human resources within the Department of Labor and in other agencies of the Federal Government to call attention, when necessary and appropriate, to the need for special consideration of questions relating to womanpower;

(*d*) To serve as a liaison with all agencies of Government to maximize and coordinate efforts and programs directed toward the advancement of women's status.

Basis for the estimate

The underutilization of American womanpower, as has been indicated, represents a serious problem from the standpoint of national manpower needs. At the same time, the substantial gains in legislation of special importance to women and the new program initiated in the fields of vocational counseling and guidance and private household employment indicate that through a fortunate combination of circumstances the years immediately ahead offer an unparalleled opportunity for real improvement in the utilization and economic status of women workers. The psychological climate including the visibility of the subject is favorable, attributable in no small measure to the special interest of the President; a new mechanism in the form of State Commissions on the Status of Women has come into existence as a result in large part of the work of the Women's Bureau and these offer a fertile field for creative Federal leadership; and, the state of the economy is conducive to the development and better utilization of womanpower.

The program of the Women's Bureau, as has been documented, played a major role in the gains which have been achieved in recent years and, at the same time, the demand for Bureau assistance and services has mounted steadily. The following tabulation, summarizing Bureau output in terms of conferences co-sponsored, participation in conferences and other meetings, services rendered, and informational materials produced, shows the increases in productivity which have been achieved without any increase in staff. The tremendous increase in requests received for publications is indicative of the growing demand for Bureau materials flowing from the expanding impact of the Bureau's work. While the increasing requests for publications can be filled, the comparable growth in demand for important leadership, technical and advisory services cannot be met. The tabulation below reflects the growing volume of services the Bureau, with no increase in staff, has been able to render by productivity increases and redirection of its program.

The estimated workload for fiscal year 1968 would be at the same general level as for 1967 since, as these figures indicate, further productivity increases will be difficult to achieve.

Workload for budget activities 1 and 2, fiscal years 1965 and 1966 and estimated for 1967 and 1968

Principal output	1965	1966	Estimated	
			1967	1968
Major conferences cosponsored by Women's Bureau and State agencies, universities, or other groups	11	10	10	10
Participation in conferences, conventions, and other meetings, regional and departmental	600	675	800	800
Technical and advisory services rendered	11,865	13,685	14,490	14,490
Washington office	5,805	5,950	6,130	6,130
Regional offices	6,060	7,735	8,360	8,360
Number of requests for materials	8,574	29,948	38,000	38,000

Every possible research assignment has been transferred, as the Women's Bureau has emphasized encouraging to the fullest extent possible the development of basic materials essential to its information and service requirements elsewhere in other Bureaus and Departments. Staff time thus released has been transferred to the analysis and promotional use of data available from other sources to meet the current demands for more highly service-directed information, interpretation of significant developments and trends, and a large volume of technical service. The workload level estimated for fiscal year 1967 represents the maximum production that can be achieved without an infusion of additional resources.

Although the Women's Bureau in Fiscal Year 1967 has approximately the same number of budgeted positions as it had twenty years ago, the number of women in the labor force has increased from 16,320,000 in 1947 to 28,876,000 in November 1966. The number of national organizations which look to the Women's Bureau for information and technical assistance has grown from 62 in 1947 to 99 in 1966, with an estimated three-fold increase in membership. In addition, an entirely new development is the establishment of 52 Commissions on the Status of Women, which the Bureau helped to organize and which depend on extensive services from the Bureau in carrying out their missions. We might cite as just one example, the National Committee on Household Employment, with which the Bureau cooperates very closely, which, working through 19 national voluntary organizations, has a prospective outreach to approximately 25 million men and women.

Changes for 1968

Mandatory changes amount to ..... +$3,450

Program changes: None.

ACTIVITY 2. INTERDEPARTMENTAL COMMITTEE ON THE STATUS OF WOMEN AND CITIZENS' ADVISORY COUNCIL ON THE STATUS OF WOMEN (1967, $40,850, POSITIONS 2; 1968, $41,400, POSITIONS 2)

NARRATIVE DESCRIPTION OF PROGRAM

The Secretariat, including only two positions, has overall responsibility for providing supportive services to the Interdepartmental Committee on the Status of Women and the Citizens' Advisory Council on the Status of Women which were established by Executive Order 11126, November 1, 1963. The Secretary of Labor serves as Chairman of the Committee, the Assistant Secretary for Labor Standards as the Vice-Chairman, and the Director of the Women's Bureau as Executive Vice-Chairman.

The Secretariat arranges for meetings of the Committee and the Council and has responsibility for helping to plan meetings of the Governors' Commissions on the Status of Women. It serves as liaison with agencies on the Committee and coordinates policies of mutual committee concern. The Council and the Committee members are kept informed between meetings of significant and relevant developments in both Federal and non-Federal spheres of activity to

advance the status of women. Working with the Chairman and Executive Vice-Chairman of the Committee and the Chairman of the Council, the Secretariat gathers materials for and prepares the annual progress report to the President, reporting on progress achieved through the action of the Federal agencies, by the States, and through the activities of leading women's organizations.

The Interdepartmental Committee on the Status of Women is responsible for maintaining a continuing review of Federal Department activities in advancing women's opportunities and status. It serves as a clearinghouse for information on programs and activities and progress related to the advancement of women and stimulates cooperation at all levels of Government, the Governors' Commissions on the Status of Women, and public and private organizations. It encourages needed research and reports annually to the President on progress made in meeting the goals set by the President's Commission on the Status of Women.

The Citizens' Advisory Council on the Status of Women, with a broadly representative membership of 20 persons, advises and assists the Committee in carrying out its functions and recommends action to accelerate progress in advancing women's opportunities and status. The Council suggests and stimulates action on the part of private institutions, organizations, and individuals working for improvement of conditions of special concern to women, and reviews and evaluates progress of such organizations.

The new Chairman of the Council expects to devote considerable time to speaking and to testifying before groups about the work of the Council and to advance its objectives and will require more services from the Secretariat.

Due to absorption of an increasing workload without staff expansion for the past several years, we do not anticipate an increase in productivity over the 1967 level. Figures relating to this are included in the tabulation as shown in the narrative for Activity 1.

Significant accomplishments of fiscal year 1966 and 1967

As secretariat for the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women, the Bureau assisted in perparing recommendations from the Committee and Council to the Equal Employment Opportunity Commission on the administration of the prohibition against sex discrimination in employment contained in Title VII of the Civil Rights Act of 1964. Most of these recommendations were reflected in the guidelines issued by the Commission.

The Interdepartmental Committee and the Citizens' Advisory Council on the Status of Women sponsored two conferences of State commissions on the status of women, which the Bureau coordinated, providing assistance in planning, organizing workshops, making available speakers, resource information, and publications. The report of the first conference, "Progress and Prospects" was prepared by the Bureau and has been distributed and the report of the second conference is in process. Other agencies represented on the Committee also assisted in the conferences. Two informational newsletters have been distributed. The second annual report of the Committee and Council, "Report on Progress in 1965 on the Status of Women," was issued. The third annual progress report of the Committee and Council is in preparation.

In 1967, in response to the request of the National Advisory Commission on Selective Service, the views of the Citizens' Advisory Council on the Status of Women and also of the Interdepartmental Committee on the Status of Women on participation of women in military and civilian service were presented to that body. An updated list of Women in High-Level Executive Branch Positions of the National Government, Women Judges, and Women in Congress was prepared. The Committee and Council met in October. The Committee is meeting again in January 1967 and the Council in February.

Senator Maurine B. Neuberger was named by the President on June 28, 1966, to succeed Miss Margaret Hickey, who resigned, as chairman of the Citizens'

Advisory Council on the Status of Women. Senator Neuberger is setting up task forces to review the recommendations of the President's Commission on the Status of Women in several areas.

Changes for 1968

Mandatory changes amount to $550

Program changes: None.

BUREAU OF EMPLOYEES' COMPENSATION

WITNESSES

THOMAS A. TINSLEY, DIRECTOR
LEROY T. MINOR, ASSISTANT DIRECTOR, ADMINISTRATIVE MANAGEMENT
MRS. CHARLOTTE N. BOWERS, BUDGET OFFICER

Salaries and Expenses

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Direct obligations:			
	Personnel compensation:			
11.1	Permanent positions	3,559	3,832	4,183
11.4	Special personal service payments	124	156	156
11.5	Other personnel compensation	39	29	19
	Total personnel compensation	3,722	4,017	4,358
12.0	Personnel benefits	313	351	398
21.0	Travel and transportation of persons	94	98	156
22.0	Transportation of things	10	4	18
23.0	Rent, communication, and utilities	154	122	178
24.0	Printing and reproduction	54	50	60
25.1	Other services	103	122	234
26.0	Supplies and materials	38	47	54
31.0	Equipment	18	23	53
	Total direct obligations	4,506	4,834	5,508
	Reimbursable obligations:			
11.1	Personnel compensation: Permanent positions	56	55	55
12.0	Personnel benefits	4	4	5
21.0	Travel and transportation of persons	4	6	6
23.0	Rent, communications, and utilities	1	1	1
26.0	Supplies and materials		1	1
	Total reimbursable obligations	65	67	68
99.0	Total obligations	4,571	4,901	5,576

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	514	531	581
Average number of employees	500	505	560
Average GS grade	6.7	6.8	6.8
Average GS salary	$7,353	$7,680	$7,786

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	Direct program:			
	1. Disposition of compensation claims:			
	(a) Federal employees	3,085	3,332	3,982
	(b) Longshoremen and harbor workers	1,133	1,176	1,183
	(c) Administration and management services	261	300	316
	(d) Administration of War Claims Act	23	27	27
	Total direct program costs, funded	4,502	4,834	5,508
	Change in selected resources [1]	4		
	Total direct obligations	4,506	4,834	5,508
	Reimbursable program:			
	2. Administration of Longshoremen's rehabilitation program (costs—obligations)	65	67	68
10	Total obligations	4,571	4,901	5,576
	Financing:			
13	Receipts and reimbursements from: Trust fund accounts	−65	−65	−68
	Proposed increase for civilian pay increases		−2	
16	Comparative transfers to other accounts	40	8	
25	Unobligated balance lapsing	9		
	New obligational authority	4,554	4,842	5,508
	New obligational authority:			
40	Appropriation	4,495	4,707	5,508
41	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (80 Stat. 674)		−6	
42	Transferred from "Unemployment compensation for Federal employees and ex-servicemen" (Public Law 89-426)	58		
43	Appropriation (adjusted)	4,554	4,701	5,508
46	Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay act increases:			
	Civilian		136	
	Military		5	
	Relation of obligations to expenditures:			
10	Total obligations	4,571	4,901	5,576
70	Receipts and other offsets (items 11-17)	−25	−59	−68
71	Obligations affecting expenditures	4,546	4,842	5,508
72	Obligated balance, start of year	295	304	300
74	Obligated balance, end of year	−304	−300	−368
77	Adjustments in expired accounts	−44		
90	Expenditures	4,491	4,846	5,440

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $14,000; 1966, $18,000; 1967, $18,000; 1968, $18,000.

EMPLOYEES' COMPENSATION CLAIMS AND EXPENSES

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Federal civilian employees benefits	60,822	63,140	76,711
	2. Armed Forces reservists benefits	12,860	12,200	12,900
	3. War Claims Act benefits	512	500	500
	4. Other benefits	980	1,160	2,410
10	Total program costs, funded—obligations (object class 42.0)	75,175	77,000	92,521
	Financing:			
11	Receipts and reimbursements from: Administrative budget accounts	−26,670	−32,625	−36,460
25	Unobligated balance lapsing	25		
40	New obligational authority (appropriation)	48,530	44,375	56,061
	Relation of obligations to expenditures:			
10	Total obligations	75,175	77,000	92,521
70	Receipts and other offsets (items 11-17)	−26,670	−32,625	−36,460
71	Obligations affecting expenditures	48,505	44,375	56,061
72	Obligated balance, start of year	10		741
74	Obligated balance, end of year		−741	−1,838
90	Expenditures	48,515	43,634	54,964

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

At the time of his appointment Mr. Tinsley was Deputy Director, and before that, Assistant Director of the Bureau in charge of the administration of the Federal Employees' Compensation Act which provides disability and death benefits for all Federal employees injured in the performance of their duties.

Mr. Tinsley began his Government career with the Department in 1948 and has held increasingly responsible positions in the administration of the Federal Employees' Compensation program since that time. He brings to his new position a broad background in this specialized field and a thorough knowledge of Bureau programs gained through service in responsible positions in various phases of this activity.

Mr. Tinsley was born in Scranton, Pennsylvania in 1924. He graduated from St. Patrick's High School, Olyphant, Pennsylvania. He holds a Bachelor of Science Degree in Public Administration from the University of Scranton and a Master of Arts Degree in Public Administration from American University. He has also done additional graduate work at the latter university.

A veteran of World War II, he served in the United States Navy. He saw action in the Atlantic, European, and Mediterranean theaters of operation and was a member of the amphibious force that participated in the D-Day landings at Omaha Beach, Normandy and also the invasion of Southern France.

Mr. Tinsley is married to the former Mary Elizabeth Harrington of Olyphant, Pennsylvania, and is the father of six children. Mr. and Mrs. Tinsley make their home in Springfield, Virginia.

Mr. FLOOD. We shall hear next from the Bureau of Employees' Compensation.

I notice you have two statements. Generally we are reading these statements if they are not too long for the benefit of the new subcommittee members.

Since it is not too long, suppose you go ahead.

Mr. Tinsley. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, the Bureau's operations are limited solely to the administration of the workmen's compensation laws coming within Federal jurisdiction. These include the Federal Employees' Compensation Act and the Longshoremen's and Harbor Workers' Compensation Act, and their extensions to various other groups.

The employees' compensation fund was established under section 35 of the Federal Employees' Compensation Act to cover the cost of benefits authorized by the act for disability and death resulting from the performance of their duties as employees of the Federal Government. It is also available for the payment of disability and death benefits authorized by sections 4(c) and 5(f) of the War Claims Act of 1948 and to various other groups to whom the benefits of the law have been extended by legislative enactment.

This fund is financed by direct appropriation and reimbursements from Federal agencies for sums already expended from the fund for injuries sustained by their employees occurring since December 1, 1960.

The estimate for fiscal year 1968 provides for a direct appropriation of $56,061,000 and reimbursements by Federal agencies amounting to $36,460,000, or a total of $92,521,000. This is a net increase of $3,325,000 or 3.7 percent increase over the estimated obligations of $89,196,000 for the current year operation. Included in the latter figure for the current year's operation is $723,000 relating to the pay increase costs and $11,473,000 resulting from the Federal Employees' Compensation Act Amendments of 1966.

The increase in reimbursements from Federal agencies, commonly referred to as the chargeback plan amounts to $3,835,000 with a decrease of $510,000 in the direct appropriation.

The increase for the Federal civilian employees benefits activity provides an increase of $1,780,000 for disability and death compensation, $420,000 for increased medical costs and $1,721,000 for increased benefits under the 1966 amendments which is shown in the 1967 budget for items paid on a 9- or 11-month basis as applicable under the circumstances and the law. These increases are partially offset by the increased reimbursements of $3,835,000 under the chargeback plan.

A decrease of $700,000 in the Armed Forces reservists benefits activity is anticipated and will continue to decrease each year since the legislation for coverage of these reservists was repealed in August 1956.

The increase of $104,000 in the "Other benefits" activity provides for the full-year cost under the 1966 amendments which increased benefits to the emergency relief employees and their beneficiaries, a program going back to the 1930's. It is anticipated that expenditures for the other programs in this activity will continue at the same rate as estimated in fiscal year 1967.

Mr. Flood. You have your other statement. We may as well have that at this time.

General Statement on Salaries and Expenses

Mr. Tinsley. The estimate for the Bureau's "Salaries and expenses" appropriation proposes a direct appropriation of $5,508,000 for the administration of the several Federal workmen's compensation acts and an authorization to transfer $68,000 from the trust fund created by section 44 of the Longshoremen's and Harbor Workers' Compensation Act, for a total of $5,576,000.

The net overall increase is 50 positions and $649,000 over funds available for fiscal year 1967. The increase provides for a total of $658,688 in program items. These items consist of positions and money to handle the increased work resulting from the Federal Employees' Compensation Act Amendments for 1966; full-year costs for additional positions approved in fiscal year 1967; and funds to conduct a comprehensive review of the entire compensation payment procedures. This study will be designed to result in minimizing the delay in payments which presently confront the Bureau. The above increases are offset by an overall decrease of $9,688 in mandatory items.

Federal Employees' Compensation Program

The Federal Employees' Compensation Act provides coverage to over 3 million employees of the Federal Government, including officers and employees of the District of Columbia (except members of the police and fire departments) members of the Civil Air Patrol; Reserve Officer's Training Corps while in training; Peace Corps Volunteers and enrollees of the Job Corps and various other groups to whom the act has been extended. It is estimated that approximately 113,000 new injuries will be reported in 1968 which is the same as estimated in 1967. The new injuries reported in fiscal year 1966 were 108,395. The primary reason for the increase in workload is based on the increase in Federal employment from July 1965 through June 1966. This program is administered by the Bureau through its 10 District offices within the continental United States and Hawaii.

Longshoremen's and Harbor Workers' Compensation Act Program

This act was enacted in 1927 and provides workmen's compensation benefits for employees of private maritime employment engaged in loading and unloading, and repairing vessels on the navigable waters of the United States. It was subsequently extended to certain other private employments within Federal jurisdiction. These include all private employment in the District of Columbia, employees of Government contractors employed at defense bases or engaged in public works outside the continental United States; private employees working on the Outer Continental Shelf in the exploration and development of natural resources; employees of post exchanges and other nonappropriated fund instrumentalities of the Department of Defense; employees of contractors on certain projects outside the United States financed and approved under the Mutual Security Act; and employees of the Red Cross and similar organizations associated with the Armed Forces outside the United States.

76-665—67—pt. 1——43

Liability for the payment of compensation benefits under this program rests upon the employer and the only expense to the Federal Government is for the administration of the program. The employer must insure his liability for the payment of compensation benefits with an insurance carrier authorized by the Bureau to write such insurance or by meeting requirements of the Bureau to qualify as a self-insurer. The administration of this program is completely decentralized. Operations are conducted through 13 district field offices. The program relating to employments in the District of Columbia is administered through a local district office, and the cost of administration is paid from funds appropriated to the District government and transferred to the Bureau.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT REHABILITATION PROGRAM

The transfer of $68,000 from the trust fund created by section 44 of the Longshoremen's and Harbor Workers' Compensation Act is used to rehabilitate permanently disabled beneficiaries covered under this act. The fund is made up of sums paid by employers in certain fatal cases and from fines, penalties, and interest on investments. The Bureau does not operate a vocational training program of its own and the amount requested is for the services of seven employees to aid in arranging the rehabilitation of seriously disabled employees through cooperation with State facilities.

SUMMARY OF BUDGET REQUEST FOR EMPLOYEES COMPENSATION CLAIMS

Mr. FLOOD. If we include the proposed supplemental for $12,196,000, you have $89,196,000 available for 1967.

Mr. TINSLEY. That is correct.

Mr. FLOOD. Your estimate for 1968 is $92,521,000, an increase of $3,325,000.

Mr. TINSLEY. That is correct, Mr. Chairman.

1967 SUPPLEMENTAL

Mr. FLOOD. What makes the supplemental for 1967 necessary?

Mr. TINSLEY. Congress enacted Public Law 89-488 which liberalized the benefit payments under the Federal Employees' Compensation Act. The major portion of the amendments that affect this particular appropriation was a cost of living increase to beneficiaries who were on the rolls, which amounted to 12½ percent. The removal of the limitations on the maximum monthly payments of compensation, the continuation of benefits to children after they reached the age of 18 if they are pursuing their education.

Mr. FLOOD. Where did you get this figure of $12,196,000? Off the left field fence?

Mr. TINSLEY. No, Mr. Chairman. The figure was very carefully arrived at through an analysis of the effects and the number of cases that would be involved. We computed very carefully the results. We also began making our first adjustments last August. We had limited experience since we made certain adjustments in August and October 1966.

Mr. FLOOD. When did you put your original budget together?

Mr. TINSLEY. The initial estimates were prepared last spring, and then subsequently the final estimates were submitted in November 1966.

Mr. FLOOD. Since you made that estimate, has anything happened that makes you think this is too high or too low? Has anything happened since you made the estimate?

Mr. TINSLEY. No, Mr. Chairman. As a matter of fact, the experience is beginning to firm up the estimate. The expenditures that were made under several of the adjustments last August and then in October have begun to firm up the estimates.

We believe the estimates will come close to what actually occurs. We have the balance of the year on our present operation. We are still in process in terms of handling some of these children's claims for continuing compensation.

Mr. FLOOD. Are you one of these economists? How did you get here?

Mr. TINSLEY. No, I am not an economist, Mr. Chairman. My education lies in the field of social studies and public administration. My experience lies primarily in the field of workmen's compensation. For the past 18 years I have been associated with this Bureau in various capacities. Prior to assuming this position, I was the Deputy Director of the Bureau for several years.

BENEFIT PAYMENTS RELATED TO CHANGES IN THE CONSUMER PRICE INDEX

Mr. FLOOD. Obviously, you know your job. Your new legislation provides for adjustment of benefits on the basis of changes in the Consumer Price Index.

Mr. TINSLEY. That is correct.

Mr. FLOOD. How does this affect your 1967 supplemental or your 1968 budget?

Mr. TINSLEY. There is a provision in the amendments that provided for increases in payments based on the increase in the Consumer Price Index in cases involving injuries occurring prior to 1 year of date of enactment, which took it back to July 1965.

Mr. FLOOD. I remember that.

Mr. TINSLEY. Beginning the 1st of October, they would receive an automatic adjustment upwards in their compensation.

Mr. FLOOD. How is that related to the CPI?

Mr. TINSLEY. The adjustment was based on the change in the CPI from the average CPI in 1958 to July of 1966. The change in the CPI from 1958 to July 1966 was 12.5 percent. Therefore, all these people on the rolls who had been injured prior to that time received an automatic increase of 12.5 percent in their compensation.

EFFECT OF MISSION SAFETY–70 ON CLAIMS

Mr. FLOOD. I do not notice any place in your justifications a reduction in claims, either past, present, or future, as a result of Mission Safety–70. We heard a great deal of testimony on that yesterday, and everybody told us what a great job they are doing. Even we agreed. We went on for an hour here about how we are cutting down on injuries in the Federal Government.

Is this significant?

Mr. TINSLEY. It certainly is, Mr. Chairman. I agree that the Mission Safety–70 program is doing an excellent job.

Mr. FLOOD. But you did not say a word in your justification about a reduction in any claims due to fewer injuries.

Mr. TINSLEY. There is no reduction in injuries. There is an increase in injuries. The increase is largely due to increases in employment. The Mission Safety–70 results are shown by reductions in frequency rates—in other words, the number of injuries occurring per million man-hours worked. There has been a very excellent reduction in that regard.

You can have that result and at the same time have an increase in injuries and claims. The increase in injuries and claims is largely due to increases in employment.

Mr. FLOOD. Hence, there was no reduction as far as you are concerned.

Mr. TINSLEY. Not unless there are drastic reductions in the number of people that we cover or in Federal employment.

BUDGET SUMMARY FOR BUREAU OF EMPLOYEES' COMPENSATION

Mr. FLOOD. Let us go to your salaries and expenses. The adjusted appropriation for 1967 is $4,927,000. The request for 1968 is $5,576,000. That is an increase of $649,000 and 50 positions.

BUDGET INCREASE RELATED TO 1966 AMENDMENTS

The big part of the increase is $550,000, and I quote from your justifications, "for processing increased benefits authorized by last year's amendments."

But the big increase in the claims, as reflected in the preceding appropriation, seems to come in 1967.

I suppose you can reconcile this. I cannot. Do you see what I mean?

Mr. TINSLEY. I believe I see what you mean, Mr. Chairman. Actually, the bulk of this request is geared almost entirely to work resulting from the 1966 amendments, and not to increases in claims or workload. The amendments provided novel administrative procedures that were not required by law before. For example, we will have a continuation of claims that will be effected by the amendments to the law involving 18-year-olds and cost-of-living increases.

Mr. FLOOD. The big part of the increase, the $550,000, and I quote you again, is "for processing of increased benefits authorized by last year's amendments," but the big increase in the claims, the thing you are talking about, from your own justifications is in 1967. How do you put that together?

Mr. TINSLEY. The $550,000 here is to provide for a hearing procedure that was given to Federal employees by the 1966 amendments. It is to provide for continuing review of cases for the purpose of making adjustments.

Mr. FLOOD. Is that what you mean by "processing"?

Mr. TINSLEY. That is correct, Mr. Chairman. Actually, we are not really asking for any additional money on the basic workload. If

the 1966 amendments had not been enacted, it is highly unlikely that we would have asked for any additional funds. I am sorry I did not make that clear at first.

Mr. FLOOD. It is pretty clear now.

DELAY BEFORE INITIAL BENEFIT PAYMENTS

For practical purposes, the rest of the increase is $100,000 for, and I quote you again, "A study of program administration and organizational relationships." What is it that you do not know about this program's "administration and organizational relationships" that you need $100,000 to study? You have been around here a long time.

Mr. TINSLEY. I do not have an answer to a problem that has been plaguing the Bureau and, to some considerable extent, goes beyond the Bureau, and that is to reduce the length of time a disabled man and his family have to wait under this law to receive the initial payment of their compensation benefits. We have been reviewing this and perhaps we are a little too close to the problem. Perhaps I am too much an expert and it would be helpful to have some outside advice.

Mr. FLOOD. There is an awful wait on some of these; terrible.

Mr. TINSLEY. That is correct, Mr. Chairman. Perhaps it is about time that we had somebody take a look at the operations and give us the benefit of their advice.

Mr. FLOOD. I have seen cases, exceptional cases, two or three of them, over 300 weeks, several of them 225 or 250 weeks.

Mr. TINSLEY. Those would be the unusual-type cases.

Mr. FLOOD. There are a lot at 200 weeks. Three hundred, I admit, is unusual. That is a long time to wait.

Mr. TINSLEY. It certainly is. I agree with you on that.

Mr. FLOOD. So, that's it?

SUPPLEMENTAL FOR RELOCATION COSTS

Now a small item of $20,000, and I quote you again, "for relocation costs." What are you going to relocate for $20,000?

Mr. TINSLEY. I am advised, Mr. Chairman, that that is an increase in travel allowances which resulted from the act of Congress.

Mr. FLOOD. It would have been very simple if you said so. I would not have had to ask you that question.

Mr. Laird.

SPECIAL PROVISION IN APPROPRIATION LANGUAGE

Mr. LAIRD. Mr. Tinsley, this is the third year that you have appeared before us since Mr. McCauley left. We have not had any discussion in the last year or two about the language that we added to your appropriation, something that was worked out between Mr. McCauley and myself back a few years ago.

Is this still needed?

Mr. TINSLEY. That language is not needed any more. It was the desire of this committee that we have it placed in the substantive legislation. During the course of the 1966 amendments, this matter was

considered by the select subcommittee of the House Labor Committee, and it is now a part of the basic law. The language is not needed.

Mr. LAIRD. I noticed it was carried again in this bill and I just wanted to know what the reason for it was.

Mr. TINSLEY. I have a question mark on my copy indicating it is not necessary. I do not know the details of working out the elimination of it.

Mr. LAIRD. We will just eliminate it. We did not want to eliminate it if you needed it, but we can eliminate that, Mr. Chairman. It makes our bill a little cleaner. It is really subject to a point of order, as you know.

Mr. TINSLEY. This was taken care of. It did solve the problem that existed, incidentally.

Mr. LAIRD. That is all pretty well straightened out and you are protected?

Mr. TINSLEY. We are protected in the event any new situations arise. Conceivably, in the activities in some of these areas, we could eventually run into this.

Mr. LAIRD. You will run into this situation in Vietnam.

Mr. TINSLEY. Yes.

Mr. LAIRD. You have quite an increase in claims resulting from that now, I would imagine.

Mr. TINSLEY. The increase has been largely stateside up to this point. The way the military has been operating over there, they have not been creating an employer-employee relationship in all cases. They have been using various approaches.

For example, some of the people who have been used are employed by the Vietnamese Government, even though they are being utilized in connection with operations of the United States. The Defense people would be the best ones to ask about this, but from our latest discussions with them, I understand there will be some.

Mr. LAIRD. They are increasing the number of U.S. employees in order to increase their security there. I think they are going to go up to almost 50,000 civilian employees in order to keep the military manpower figures down to a more reasonable level.

I think we ought to understand the problems that are involved in this program, because the liability involved here is quite great. Whenever they can avoid that liability from the standpoint of our Government, they should. This can be done very easily. We do not have to go through another Philippines situation again.

Mr. TINSLEY. I believe they are aware of that.

Mr. LAIRD. Have you advised them of the problem involved and what is down the road for the next 20 years?

Mr. TINSLEY. Yes; we have. In fact, during the past 2 years we have worked very closely with their staff here in Washington. We have had our Deputy Commissioner in Honolulu participate in discussions with them out there in the various areas of the Pacific. He has also toured and talked with the personnel people and the powers that be out there on two occasions within the last 8 months on this particular problem.

We advise and suggest to them. We call their attention to various things. But, naturally, the ultimate decision as to what they do from their own operational standpoint is entirely theirs.

Mr. LAIRD. That is all I have, Mr. Chairman.

Mr. FLOOD. Mr. Natcher.

BUDGET PROVISION TO REDUCE TIMELAG

Mr. NATCHER. In preparing the budget, did you make a request for an increased staff which would be used to speed up the payment of claims and reduce your timelag within the Department?

Mr. TINSLEY. Yes, sir; we did.

Mr. NATCHER. How many additional were requested?

Mr. TINSLEY. $500,000 and 43 employees.

Mr. NATCHER. Now, Mr. Tinsley, assuming the committee went along with the $100,000 for the comprehensive review, who would make this review?

Mr. TINSLEY. At this point I do not know. It would be a private consulting firm, I would imagine, with some expertise in this area. It would be out for bid, specifications would be drawn, and it would be placed out for bids under the normal contracting procedures.

Mr. NATCHER. That is all, Mr. Chairman.

Mr. SMITH. I have no questions.

Mr. HULL. I have no questions.

REPORTS BY COMPTROLLER GENERAL OF THE UNITED STATES

Mr. FLOOD. Before you leave I want to refer to these two reports by the Comptroller General of the United States dated January of 1967 and December of 1966.

The 1967 report of the Comptroller General with reference to this problem first—

On the basis of our review we believe that there is a need for prompt adjustment of compensation payments to total disability claimants after it is determined that they are no longer totally disabled.

Our examination of 854 cases at four district offices showed that over a 10-year period, 562 claimants had received about $656,000 more than they would have received if partial disability rates had been established effective at the time medical evidence showed that their total disability had ceased. For these 562 cases the time elapsed from the date of maximum medical improvement to the date of adjustment of compensation ranged up to 247 weeks. The claimants received additional compensation averaging about $1,200 over a period of 32 weeks from the date of maximum medical improvement.

Now the report of the Comptroller General for December 14, 1966. first page, states as follows:

We found at the four offices visited that of the 1,206 totally or partially disabled claimants receiving increased payments, about 48 percent, or 584 claimants, were receiving excess compensation in the average amount of $120 a year and through March 1965 each had received excess compensation totalling on the average about $1,640. If these findings are typical of the compensation increases authorized in the cases processed at the Bureau's other six district offices, we estimate that nation-wide, from October 1949 through March 1965,

approximately 1,700 partially disabled claimants received payments that exceeded by about $2.2 million the amounts we believe were intended and that these higher payments are continuing at a rate of about $123,000 annually.

Our conclusion in this matter is supported by prior rulings of the Employees Compensation Appeals Board, dating back to 1953.

It is not my intention to belabor this, in view of these reports, which you know about, but since I have read both of these excerpts into the record will you at this point in the record make some comment on each of those excerpts?

Mr. TINSLEY. I would welcome the opportunity to do so.

(Information follows:)

First let me state that workmen's compensation is a highly specialized field of law. It is also the oldest social insurance type legislation in the world. Here in the United States this is also true. Workmen's compensation laws were enacted in various states and by the Federal Government twenty to thirty years before the passage of the Social Security Act. For our purposes here it is not necessary to outline in detail the history or purposes of this system. It is sufficient to state that it has a well established body of principles, interpretations and philosophy. Expertise on the part of the administrators has always been a part of the system and this has always been recognized by legislative bodies in enacting and amending the laws, by the courts in exercising their limited review authority and others in the field.

Now if I may direct my comments to the specific points raised by those portions of the reports you read, there seems to be some disagreement in interpretation of the law between the General Accounting Auditors and the Bureau. In regard to the section of the January, 1967 report of the Comptroller General that you quoted, the Secretary has advised the General Accounting Office that payments made under workmen's compensation laws are not based on physical disability alone. They are intended to replace wages lost as a result of disability due to an injury, or to state it another way, they are based on the effect the injury or disability has on the man's ability to earn in his disabled condition. In effect we are determining the loss of wage-earning capacity caused by the injury. This is simple when the man immediately finds a job and returns to work with earnings. When he does not it becomes one of the most complex type of determinations under the law. It also requires considerable time and information. It involves not only an examination and application of the law to the facts of the individual case, but a full appreciation of the philosophy, principles and purposes of it. The Secretary stated in part in his letter to the General Accounting Office that

> "The decision is not solely a medical determination and can be made only after a careful evaluation of the claimant's usual employment, age, education, training, work experience, availability of suitable employment, need for further medical care and many other factors in the case which may affect his capacity to earn. In many cases a total loss of earning capacity exists after the date the doctor states the man is no longer totally disabled from a physical standpoint. The claimant also requires sufficient financial assistance until he can find suitable work in accordance with his limitations.
>
> "It has been consistently held under the Federal Employees' Compensation Act, as well as under other workmen's compensation programs, that once liability has been accepted and payment authorized, the burden of justifying a subsequent termination or reduction of benefits is on the employer or the agency authorizing the payment."

He also pointed out that

> "To hold that medical evidence alone is sufficient to warrant the reduction would not be acceptable under any workmen's compensation program. The courts and the Employees' Compensation Appeals Board have clearly established this."

It is also possible that we are misinterpreting the statement of the Comptroller General and that we are in agreement on the law on this point but that his con-

cern is that more than a reasonable amount of time elapses before an adjustment is made in this type of case and he believes they should be made in a prompter manner. If such is the case then I can only say that I believe that such determinations should be made as promptly as possible under the facts and circumstances of the individual case. We are striving and will continue in our efforts to do this with the resources available. We do give priority to the initial adjudication of claims rather than other cases for the reason, and here again I will take the liberty of quoting the Secretary—

> "One of the basic objectives of workmen's compensation systems is to provide for prompt payment of benefits. It is necessary to provide for prompt adjudication of initial claims as most claimants have no other source of income, are suffering physical disability, and are unable to provide for themselves or families until they begin receiving their compensation payments.
>
> "While the reduction of cost is laudatory, it should never be the primary objective of a workmen's compensation system. We are dealing with individual cases, many of which are complex and require time to evaluate before determining loss of wage-earning capacity.
>
> "As you are aware, all compensation laws extend the benefit of doubt to the injured employee. All courts have held that these laws are to be interpreted liberally in favor of the claimant. They were enacted to resolve legal, social, and economic problems created by industrial accidents, to dispense with litigation, and provide adequate benefits for a man and his family until he can be returned to work of a productive nature."

With regard to the second report mentioned, that of December 1966, there definitely seems to be a disagreement in interpretation of the law. Specifically, section 109 of Public Law 357, enacted on October 14, 1949. This section provides that:

> "Notwithstanding any other provision of this Act or of the Federal Employees' Compensation Act, *the monthly pay upon the basis of which compensation for disability or death is computed* under the Federal Employees' Compensation Act, as amended, shall, effective on the first day of the first calendar month following enactment of this Act, be increased by 40 per centum if the injury (or injury causing death) occurred before May 1, 1943, in the cases of persons employed in the postal service whose compensation was affected by the Act of April 9, 1943 (57 Stat. 59), or before January 1, 1941, in all other cases, or by 10 percentum if the injury (or injury causing death) occurred on or after such date but before July 1, 1946, except that such increase shall in no event exceed $50. This section shall apply to any case of death caused by such an injury, regardless of whether such death occurs or occurred before or after the enactment of this Act." (Emphasis supplied.)

The Bureau interpreted this to mean that the wage rate on which compensation was based should be increased by the appropriate percent. The General Accounting Office believes that in addition to this the man's wage-earning capacity should also have been increased by these percentages. Here again the wage-earning capacity determination comes into the picture. Again if I may, I would like to quote in part the Secretary's comments to the General Accounting Office concerning this matter.

> "We are of the opinion that the section does not authorize a change in a claimant's wage-earning capacity as a result of the adjustment which is provided. In effect, the section merely authorizes an increase in the monthly pay upon which compensation is based.
>
> "Our opinion in this regard is based primarily on an analysis of the language used in the section. If Congress intended a specific increase in the compensation payable it would have done so by a direct provision rather than a time-consuming series of computations from monthly pay.
>
> "This analysis is further supported by the definition of 'wage-earning capacity' as found in section 13(b) of the Act. It seems clear that the wage-earning capacity of an injured employee is determined on the basis of his capacity to earn. If Congress subsequently provides for an increase in the monthly pay upon which compensation is based, this does not create an increase in the established wage-earning capacity—the provision rather forbids such an increase.

"In this respect, section 109 of Public Law 357 specially provided that in cases of injury occurring at earlier dates the pay rate for compensation purposes should be increased 40 percent, or 10 percent, depending on the date of injury. The section also contained a limitation that as a result no benefits should be increased by more than $50. If Congress had intended that all claimants should have their compensation increased by a flat 40 percent, or 10 percent, it could easily have so provided. Instead Congress enacted a provision for increasing the monthly pay upon which compensation is computed. The only limitation placed by Congress was the $50 limitation.

"The above interpretation has been applied by the Bureau of Employees' Compensation from the time the 1949 amendment was enacted. We believe that Congress was aware of this interpretation. The interpretation is further supported by the fact that Congress placed a provision in the 1960 amendments (Public Law 86-767) to the Act that increased the monthly pay in a similar fashion to the 1949 amendments; and included a limitation, not in a dollar amount, but in the form of a provision that specifically stated that the compensation should not be increased by more than the percentages established therein for increasing the monthly pay.

"There is one additional point which may help to clarify our opinion. The determination of wage-earning capacity is held to be a factual one. Section 13 of the Act does not require that the Bureau of Employees' Compensation determine a percentage loss of earning capacity. Rather, the Bureau must find a job that the man is able to earn in, and the salary for that job. The expression of this in terms of percent is for administrative convenience and is merely a derived figure that is rounded off for ease in subsequent computations."

I might also point out that the former Director of the Bureau, Mr. William McCauley, and the former Assistant Solicitor of Labor, Mr. Ward Boote, recognized as two of the most outstanding experts in this field, worked quite closely with the committees of Congress and assisted in drafting the 1949 amendments. These men were also responsible for the administration and interpretation of the law at that time. There were no doubts in their minds as to the interpretation and intent of this section of the law, and it is their interpretation that has been followed.

Mr. FLOOD. Thank you very much, Mr. Tinsley.

Mr. TINSLEY. Thank you, Mr. Chairman.

Mr. LAIRD. This is a fine operation.

Mr. TINSLEY. Thank you, Mr. Laird.

JUSTIFICATION MATERIAL

BUREAU OF EMPLOYEES' COMPENSATION, SALARIES AND EXPENSES

Amounts available for obligation

	1967	1968
Appropriation or estimate	$4,707,000	$5,508,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966, and Public Law 89-501 effective July 1, 1966)	+141,000	
Authorized transfer or reimbursement:		
From longshore trust fund, Public Law 87-290	+65,000	+68,000
Proposed supplemental for pay increases (Public Law 89-504)	+2,000	
Comparative transfer to the Office of the Secretary for centralized audit and systems functions	−8,000	
Estimated supplemental for relocation costs to be transferred from "Unemployment compensation for Federal employees and ex-servicemen"	+20,000	
Appropriation or estimate, revised	4,927,000	5,576,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Position	Amount	Position	Amount	Position	Amount
1. Disposition of compensation claims:						
(a) Federal employees	383	$3,352,870	431	$3,981,800	+48	+$628,930
(b) Longshoremen and harbor workers	109	1,180,400	109	1,183,400	.....	+3,000
(c) Administration and management	28	300,120	30	316,100	+2	+15,980
(d) Administration of War Claims Act	4	26,610	4	26,700	.....	+90
Total direct obligations	524	4,860,000	574	5,508,000	+50	+648,000
2. Administration of longshoremen's rehabilitation program	7	67,000	7	68,000	.....	+1,000
Total obligations	531	4,927,000	581	5,576,000	+50	+649,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	531	581	+50
Average number of all employees	505	560	+55
11 Personnel compensation	$4,071,569	$4,413,193	+$341,624
12 Personnel benefits	368,646	402,322	+33,676
21 Travel and transportation of persons	106,420	161,420	+55,000
22 Transportation of things	8,200	17,800	+9,600
23 Rents, communications, and utilities	128,555	178,867	+50,312
24 Printing and reproduction	50,261	60,861	+10,600
25 Other services	122,396	233,996	+111,600
26 Supplies and materials	47,543	54,443	+6,900
31 Equipment	23,410	53,098	+29,688
Total obligations	4,927,000	5,576,000	+649,000
Deduct: Estimated obligations from longshore trust fund by Public Law 87-290	67,000	68,000	+1,000
Total direct obligations	4,860,000	5,508,000	+648,000
Working capital fund items included above	(136,400)	(149,100)	(+12,700)

Summary of changes

	Direct appropriations	Authorizations by transfer	Estimated available
1967 enacted appropriation or transfer	$4,707,000	$65,000	$4,772,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966, and Public Law 89-501 effective July 1, 1966)	+141,000	.....	+141,000
Proposed supplemental for pay increases (Public Law 89-504)	.....	+2,000	+2,000
Comparative transfer to Office of the Secretary [1]	−8,000	.....	−8,000
Estimated relocation supplemental to be transferred from "Unemployment compensation for Federal employees and ex-servicemen"	+20,000	.....	+20,000
1967 appropriation or transfer, revised	4,860,000	67,000	4,927,000
1968 estimate	5,508,000	68,000	5,576,000
Total Change	+648,000	+1,000	+649,000

[1] This comparative transfer includes no positions and $8,000 to Office of the Secretary for centralized audit and systems functions.

MANDATORY ITEMS

Increases:	
Net additional cost of within-grade promotions effective for part year in 1967	$+2,335
Net cost of within-grade promotions becoming effective in 1968	+2,486
To provide for a net increase in contributions to the Federal employees' compensation fund	+6,572
Decreases:	
Nonrecurring rental costs	−6,088
Nonrecurring extra day of pay for current year staff	−14,993
Subtotal, mandatory items	−9,688

PROGRAM ITEMS

Increases:	
To provide for processing increased benefits authorized by Public Law 89-488 Federal Employees' Compensation Act Amendments (50 positions, $365,400 personal benefits, $184,600 nonlabor costs)	+550,000
To provide for study of program administration and organizational relationships ($100,000 nonlabor costs)	+100,000
Net full year cost of 17 new positions approved in 1967 ($13,500 personal benefits)	+13,500
Subtotal, increases	663,500
Decreases:	
Nonrecurring cost of equipment for 17 new positions approved in 1967	−4,812
Subtotal, program items	+658,688
Total change	+649,000

ACTIVITY 1. *Disposition of compensation claims*

(*a*) *Federal employees:*	
1967: Positions, 383	$3,352,870
1968: Positions, 431	3,981,800

NARRATIVE DESCRIPTION OF PROGRAM

This program covers the administration of the Federal Employees' Compensation Act of September 7, 1916, as amended, and is applicable to civilian employees of the United States Government who sustain injury or death while in the performance of duty (including war risk hazards). This Act has been extended from time to time, with and without limitations, to other groups which include or have at times included the following: Employees of the Government of the District of Columbia (except members of the Police and Fire Departments); persons employed on various Federal emergency relief work projects; members of Military Reserve Forces in time of peace; commissioned officers of the U.S. Public Health Service; Federal student nurses; enrollees in the Civilian Conservation Corps; Training Corps of the Army; the Peace Corps; enrollees in the Job Corps; and Volunteers In Service To America, falling within the purview as government employees, as defined in the "Economic Opportunity Act of 1964," and others.

Accomplishments

In fiscal year 1966 approximately 108,400 reports of new injuries were received and processed. Also, in 1966 a major effort to reduce the time-lag in payment of benefits in FECA cases was initiated. In this respect, the Bureau

would provide technical assistance to Federal agencies in an attempt to reduce the time-lag in completing and forwarding necessary reports and claim forms. In an effort to provide this technical assistance the Bureau met with representatives of the 12 Federal agencies which account for approximately 90% of the claims received. The remaining 64 agencies were contacted by letter or telephone. The results of these contacts show the need for increased efforts on the Bureau's part to provide technical assistance.

Fiscal year 1967 has been significantly marked by the passage of the "Federal Employees' Compensation Act Amendments of 1966" Public Law 89–488, signed July 4, 1966. Major changes included a number of increases in compensation awards including such changes as the minimum and maximum allowance on monthly compensation; eliminating the dollar limitation on dependency compensation in disability cases; raising the ceiling in attendants allowances; and cost-of-living allowances based on the Consumer Price Index. In addition, numerous other provisions were made, including the continuation of benefits to unmarried children attending school on a full-time basis after age 18 up to 23, or until they complete four years of education beyond high school, whichever occurs first; informal hearings in instances where a beneficiary disagrees with a decision of the Bureau; reemployment rights to beneficiaries who meet certain requirements; and 24 month lump sum compensation payments to widows or dependent widowers upon remarriage.

Numerous policy and procedural instructions were prepared to carry out the provisions of the Amendments. Most of the adjustments have been completed and the remainder will be accomplished during the current fiscal year.

The Bureau's overall plans for the forth coming year provide primarily, for processing the workload associated with the receipt of approximately 113,000 new injury reports; perfecting the implementation of the various improvements created by the 1966 Amendments, and, hopefully, reducing the time-lag and otherwise improving service in FECA cases. In addition, steps will be taken to perfect the overall organizational framework of the Bureau's headquarters and field structure.

Changes for 1968

Mandatory changes amount	—$16,159
Program changes amount (48 positions)	645,089

Public Law 89–488 entitled "Federal Employees' Compensation Act Amendments for 1966" revised certain sections of the Act and provides substantial increases to claimants, beneficiaries and their dependents.

The increase of 48 positions for this activity is to carry out the provisions of the law in processing and adjudicating claims, making payments and conducting informal hearings on a continuing basis.

The law increased benefits by providing a maximum and minimum limit based on the General Schedule of the Classification Act of 1949; cost-of-living allowance based on the Consumer Price Index and other improvements.

The law also provided that any claimant applying for benefits under the Act may request an informal hearing when he is not satisfied with the decision on his claim. These informal hearings will be conducted by Review Examiners located in the Bureau's field offices.

It will be necessary to have highly skilled and trained personnel to conduct the hearings authorized as they will be responsible for examining additional evidence submitted, determining the legality of the claim, and possibly reversing an adverse decision previously made. It will require a staff of 23 employees; 1 GS–14 Special Assistant for Review, 2 GS–13 Review Analysts, 9 GS–13 Review Examiners and 11 Secretaries to conduct this program. Extensive traveling will be required by the examiners to conduct hearings at a location convenient for the claimants. The examiners will be required to use recording equipment enabling them to carry on lengthy conferences and in turn transmit testimony to their district office for transcription. This personnel will be stationed in the various district offices and the Central Office.

The changes in benefits will require periodic examination of active cases to determine eligibility for the continuation of benefits afforded surviving children attending school up to age of 23; examination and adjudication of case files for the purpose of granting scheduled awards where there is evidence of a loss of wage earning capacity due to work related injury; upon application, referring

recipients of disability compensation to the Civil Service Commission to be placed on a register when eligible to reemployment rights. The amendment providing adjusted rates of compensation related to the percentage rise in the cost-of-living allowance will also require additional handling and adjudication to adjust rates of compensation, upon certification by the Bureau of Labor Statistics that the Consumer Price Index has increased by 3 percent over the base period and continues at that level for a three-month period. The 25 additional positions required to handle the continuing phases of the law will be distributed in the nine district offices and the Central Office. There is no anticipated increase in workload of new injuries reported or claims being filed, however, due to the amendments more time will be required in the adjudication and processing of each case. More wage earning capacity determinations will have to be made relating to the scheduled award disabilities. The educational program will require a considerable amount of correspondence in determining eligibility for benefits for dependent children before reaching age 23. The additional work involved will require increased staff in Docket and Files, Audit and Compensation Payroll, and Claims Branches.

These increased benefits and services were effective August 1, 1966, except for the provision covering the cost-of-living increase which was effective October 1, 1966. The cost of the 48 additional positions is $537,500 (43.2 man-years) of which $33,745 is non-recurring.

The new legislation adds considerable work to the examining and adjudication process. During fiscal year 1967 this will result in burdening a presently overtaxed examining staff. This will bring about development of larger backlogs; longer delay in settling controverted cases; a longer time-lag in payment of benefits in non-controverted cases; and the possibility of larger payments from the Compensation Fund due to lack of adequate examination of cases on the rolls (i.e., it will be more difficult to monitor case files and to take timely steps to require or encourage beneficiaries to return to their employment or to obtain employment consistent with their disability). The newly authorized hearings will not be held in as timely a manner as they should; and subsequent adjustments, required by changes in Federal salary rates or appropriate changes in the Consumer Price Index will not be handled with the dispatch that they should receive.

The intent of the new legislation is to furnish economic and other assistance to the thousands who require the protection under the Act each year, and without adequate resources cannot be fully accomplished.

No increased staff is included in this request to speed up the payment of claims and reduce the time-lag that now exists. However, included in the budget request is $100,000 for a proposed comprehensive review of the entire compensation payment procedure—from the date of injury and filing of the initial claim to the first and subsequent payments. It is anticipated in this study that such things as dispersion of offices, the degree of review exercised at various levels and the controls established at such levels all be explored to help alleviate the time-lag problem.

Basis for the estimate

To determine the staff needed to fulfill the requirements of the amendments it was necessary to (1) establish the number of cases covered by each change in the law (2) determine the type of processing required (3) estimate the time required to process each case through the entire system and (4) project the total time required to process the cases.

In determining the number of items of workload of each type, it was necessary to devise a sound sample of each for analysis of the impact of the amendments. This method was far superior to the tedious task of a total inventory. The results of the sample were adjusted for expected change and the total cases projected.

The estimated "time to process" was based on experience of the time to process each type of workload throughout the entire process from receipt to review to ultimate closing and staff requirements by type applied as experience indicates.

From these factors, the following estimate was evolved (on a full annual basis). The man-hours required were then adjusted for a more realistic time span and the current estimate was derived.

Continuing workload

Section-by-section analysis	Additional workload	Approximate amount of time to process	Estimated man-hour requirements
Scheduled awards	50 cases	17 hours	850
Wage earning capacity	600 cases	28 hours	16,800
Maximum-minimum	51,000 payments	9 minutes	7,640
Reemployment rights-wage earning determinations.	1,500 cases	13½ hours	20,250
Registration for Civil Service Commission certification.	1,860 cases	1 hour	1,860
Educational benefits	175 awards	23 hours	4,000
Remarriage	100 cases	6 hours	600
Hearings	2,040 cases	23½ hours	47,840

Federal employees' compensation act—Workload statistics

ACTUAL AND ESTIMATED NUMBER OF OPEN CASES ON HAND

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Open cases, start of year:				
Long-term continuing cases	20,525	20,649	20,286	21,000
Other than long-term continuing cases	24,953	28,320	27,112	27,000
Total	45,478	48,969	47,398	48,000
Add new injuries reported	111,079	108,395	113,000	113,000
Add reopened cases	31,760	24,173	31,000	31,000
Total cases for year	188,317	181,537	191,398	192,000
Cases closed	139,348	134,139	143,398	144,000
Open cases, end of year:				
Long-term continuing cases	20,649	20,286	21,000	21,000
Other than long-term continuing cases	28,320	27,112	27,000	27,000
Total	48,969	47,398	48,000	48,000

SIGNIFICANT CASELOAD DATA AND COSTS

Total cases for year [1]	188,317	181,537	191,398	192,000
Deduct no time lost cases reported [2]	67,224	65,784	68,000	68,000
Active cases for year [3]	121,093	115,753	123,398	124,000
Long-term cases, start of period [4]	20,525	20,649	20,286	21,000
Other than long-term cases [5]	100,568	95,104	103,112	103,000
Cost of compensation benefits (in thousands)	$73,464	$75,175	$89,196	$92,521

NUMBER OF CLAIMS RECEIVED AND INVESTIGATIONS COMPLETED

New claims received	13,399	13,570	13,500	13,500
Long-term continuing cases	20,649	20,286	21,000	21,000
Claims subject to investigation	34,048	33,856	34,500	34,500
Investigations completed	1,628	1,732	1,800	1,800
Percent investigations completed to claims subject to investigations	4.8	5.1	5.2	5.2

[1] Includes open cases at start of year, plus new injuries reported, and reopened cases.
[2] No time lost cases are cases requiring little adjudicating action other than payment of medical expense.
[3] This is the volume of cases which require initial or continuing claims action effecting all operating segments of the organization in this activity.
[4] These are the long-term disability and death cases carried forward each year for continued servicing and payment of compensation.
[5] Cases in this group are in various stages of adjudication during the year. They consist of approved cases receiving medical and compensation benefits for relatively short periods of time, those requiring development in order to make final decisions, disapproved cases in which an appeal has been filed, previously closed cases which have been reopened for any one of numerous reasons, etc.

Ratio of administrative costs to compensation benefits

Fiscal year	Benefit cost	Administrative cost	Ratio
			Percent
1964	$71,994,147	$3,122,000	4.3
1965	73,464,167	3,257,631	4.4
1966	75,175,316	3,389,753	4.5
1967	[1] 89,196,000	[1] 3,652,990	[1] 4.1
1968	[1] 92,521,000	[1] 4,297,900	[1] 4.6

[1] Estimated.

FECA vocational rehabilitation—Workload statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
1. Cases reviewed for rehabilitation services	4,500	4,057	4,100	4,125
2. Cases selected for development of rehabilitation services	1,599	1,666	1,670	1,675
3. Services provided:				
(*a*) Placed in employment without training	317	328	330	335
(*b*) Placed in employment with training	107	77	80	83
(*c*) Training cases now in progress	126	106	115	120
(*d*) Cases being developed	882	881	883	886
(*e*) Cases in employment status	94	102	135	140
(*f*) Cases with interrupted services	73	172	127	111

FECA statistics by quarter

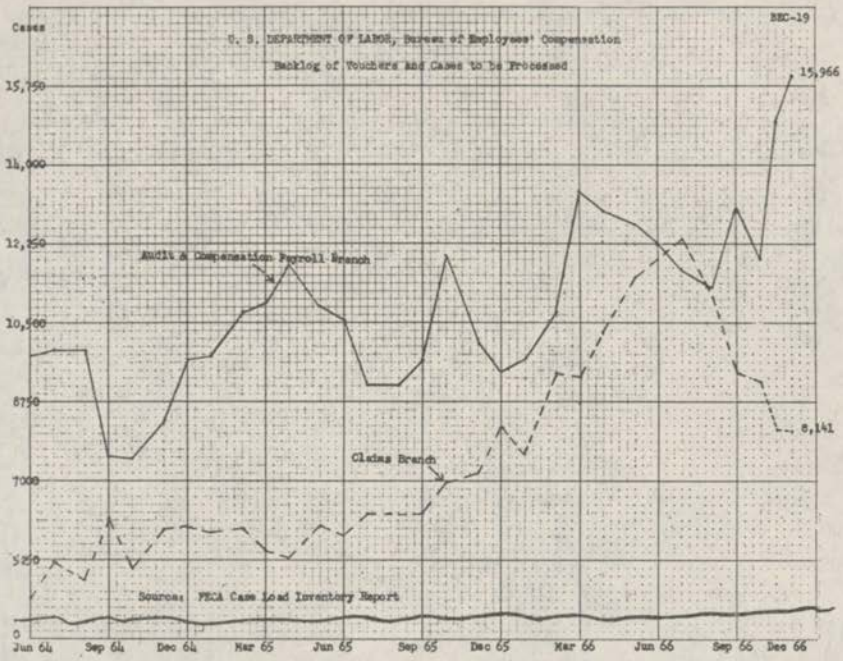
	1st quarter	2d quarter	3d quarter	4th quarter	Total
Fiscal year 1966:					
Long-term continuing cases	20,514	20,325	20,293	20,286	----------
New injuries reported	27,280	24,821	27,805	28,489	108,395
Fiscal year 1967 (July–November 1966):					
Long-term continuing cases	20,275	20,105	----------	----------	----------
New injuries reported	29,409	20,161	----------	----------	----------

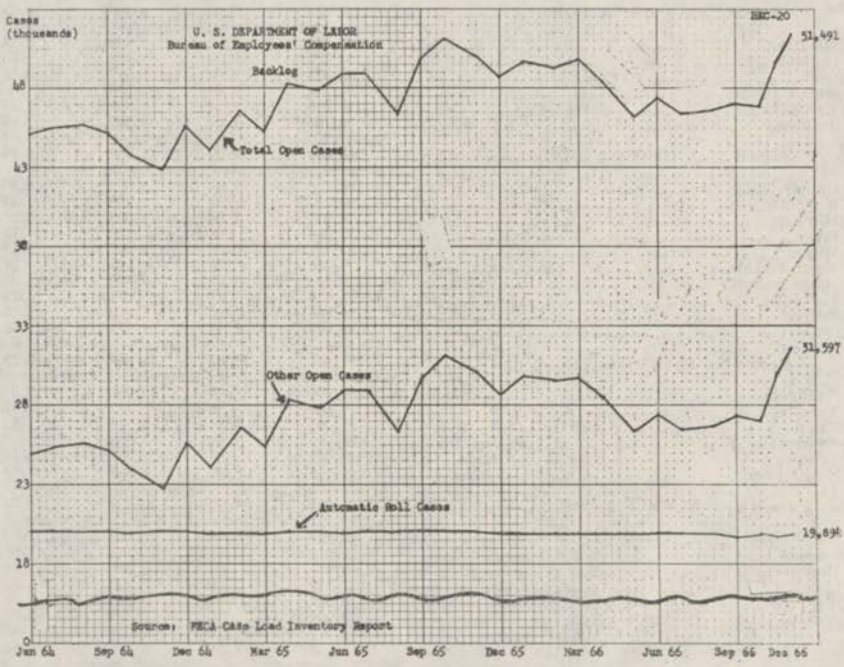
Trend of backlog, fiscal year 1966

Backlog	June 1965	June 1966	High		Low	
			Date	Number	Date	Number
Audit and Compensation Payroll Branch	10,537	9,960	March 1966	12,698	July 1965	9,111
Claims Branch	5,818	12,233	June 1966	12,233	August 1965	6,222
Open cases	48,937	47,398	October 1965.	51,167	May 1966	46,250
Automatic roll	19,969	19,960	July 1965	20,104	do	19,906
Other	28,968	27,438	October 1965.	31,118	August 1965	26,270

Trend of backlog, fiscal year 1967 (July–December 1966)

Backlog	December 1966	High		Low	
		Date	Number	Date	Number
Audit and Compensation Payroll Branch	15,966	December 1966	15,966	August 1966	11,294
Claims Branch	8,141	July 1966	12,346	December 1966	8,141
Open cases	51,491	December 1966	51,491	July 1966	46,448
Automatic roll	19,894	July 1966	19,971	November 1966	19,738
Other	31,597	December 1966	31,597	July 1966	26,477


BEC-19
Cases
U. S. DEPARTMENT OF LABOR, Bureau of Employees' Compensation
Backlog of Vouchers and Cases to be Processed
15,966
15,750
14,000
12,250
Audit & Compensation Payroll Branch
10,500
8750
8,141
Claims Branch
7000
5250
Source: FECA Case Load Inventory Report
0
Jun 64
Sep 64
Dec 64
Mar 65
Jun 65
Sep 65
Dec 65
Mar 66
Jun 66
Sep 66
Dec 66


BEC-20
Cases
(thousands)
U. S. DEPARTMENT OF LABOR
Bureau of Employees' Compensation
51,491
Backlog
48
Total Open Cases
43
38
33
31,597
Other Open Cases
28
23
Automatic Roll Cases
19,894
18
Source: FECA Case Load Inventory Report
0
Jun 64
Sep 64
Dec 64
Mar 65
Jun 65
Sep 65
Dec 65
Mar 66
Jun 66
Sep 66
Dec 66

Geographical distribution of injuries reported, fiscal year 1966 and Federal employment as of Sept. 30, 1965

	Civilian employees	Percent	Injuries reported	Percent
Maine	14,906	0.59	278	0.26
New Hampshire	4,440	.18	604	.56
Vermont	3,170	.12	161	.15
Massachusetts	60,643	2.39	3,685	3.40
Connecticut	15,912	.63	1,208	1.11
Rhode Island	12,970	.51	569	.52
Region No. 1, Boston	112,041	4.42	6,505	6.00
New York	173,599	6.84	11,005	10.15
New Jersey	56,174	2.21	3,284	3.03
Pennsylvania	133,984	5.28	4,175	3.85
Delaware	3,608	.14	183	.17
Regions No. 2 and 3, New York	367,365	14.48	18,647	17.20
Maryland	50,855	2.00	2,073	1.91
Virginia	70,630	2.78	2,856	2.63
North Carolina	31,757	1.25	1,407	1.30
District of Columbia	275,530	10.86	4,990	4.60
Outside Continental United States	163,578	6.45	2,627	2.42
Regions No. 4 and 5, Washington, D.C	592,350	23.35	13,953	12.87
South Carolina	25,510	1.01	1,278	1.18
Georgia	62,488	2.46	2,077	1.91
Florida	55,249	2.18	3,090	2.85
Region No. 6, Jacksonville	143,247	5.65	6,445	5.95
Arkansas	15,244	.60	688	.63
Alabama	60,776	2.40	1,863	1.72
Mississippi	18,731	.74	795	.73
Louisiana	24,646	.97	933	.86
Texas	123,122	4.85	4,617	4.26
Regions No. 7 and 8, New Orleans	242,519	9.56	8,896	8.21
Michigan	45,656	1.80	2,432	2.24
Indiana	34,761	1.37	1,626	1.50
Ohio	93,276	3.68	3,817	3.52
West Virginia	11,718	.46	389	.36
Kentucky	28,926	1.14	1,329	1.23
Tennessee	39,107	1.54	2,310	2.13
Region No. 9, Cleveland	253,444	9.99	11,903	10.98
Illinois	100,732	3.97	5,022	4.63
Wisconsin	22,237	.88	1,105	1.02
Minnesota	26,851	1.06	1,393	1.29
Iowa	17,344	.68	762	.70
Missouri	55,731	2.20	2,297	2.12
North Dakota	7,270	.29	233	.21
South Dakota	9,372	.37	379	.35
Nebraska	15,476	.61	638	.59
Kansas	20,366	.80	812	.75
Oklahoma	46,023	1.81	1,721	1.59
Region No. 10, Chicago	321,402	12.67	14,362	13.25
California	254,698	10.04	13,981	12.90
Nevada	7,188	.28	442	.41
Utah	31,097	1.23	1,213	1.12
Colorado	36,782	1.45	1,806	1.67
Arizona	22,034	.87	1,277	1.18
New Mexico	24,105	.95	1,359	1.25
Region No. 13, San Francisco	375,904	14.82	20,078	18.52
Washington	47,603	1.88	2,562	2.36
Oregon	21,600	.85	1,709	1.58
Montana	9,777	.39	691	.64
Idaho	7,104	.28	706	.65
Wyoming	5,066	.20	360	.33
Alaska	13,904	.55	1,138	1.05
Region No. 14, Seattle	105,054	4.14	7,166	6.61
Hawaii No. 15	23,259	.92	439	.41
Grand total	2,536,585	100.00	108,394	100.00

Activity 1. DISPOSITION OF COMPENSATION CLAIMS

(*b*) Longshoremen and harbor workers:

1967: positions, 109	$1,180,400
1968: positions, 109	1,183,400

NARRATIVE DESCRIPTION OF PROGRAM

This program covers the administration of the Longshoremen's and Harbor Workers' Compensation Act of March 4, 1927, as amended, which provides workmen's compensation benefits for employees of private employers who are engaged in certain maritime employments and other employments to which the law has been extended. The latter includes private employment at Military, Air, and Naval Bases acquired by the United States from foreign countries and on lands occupied or used by the United States for military or naval purposes outside the Continental United States; employees in the service of contractors with the United States engaged in public works including contracts under certain provisions of the Mutual Security Act; persons outside the Continental United States providing welfare or similar services for the benefit of the Armed Forces; certain private employments on the Outer Continental Shelf; and civilian employees of nonappropriated fund instrumentalities (exchanges, motion picture services, etc.) under the jurisdiction of the Armed Forces. In addition to administering the benefit provisions of this Act, the Bureau (a) makes studies of the causes of accidents, (b) determines the authority of insurance carriers to write workmen's compensation insurance under the several laws, (c) the authorization of employers as self-insurers under such laws, and (d) provides rehabilitation services for permanently disabled employees.

Also, the Bureau administers the War Hazards Compensation Act of December 2, 1942, as amended, which is applicable to certain private employees outside the Continental limits of the United States, including (a) employees of contractors with the United States, (b) persons rendering service to the United States under personal service contracts, (c) employees of nonappropriated fund instrumentalities, and (d) employees providing welfare or similar services for the benefit of the Armed Forces. This Act prescribes workmen's compensation benefits for injuries and death due to war risk hazards, and benefits for persons detained by an enemy.

The Longshoremen's and Harbor Workers' Compensation Act authorizes the Bureau to provide necessary vocational rehabilitation services, including prosthetic devices, to permanently injured employees.

CHANGES FOR 1968

Mandatory changes amount	$3,000
Program changes	None

Longshoremen's and Harbor Workers' Compensation Act and extensions—Workload statistics

Item	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Caseloads:				
Time lost and fatal cases reported	18,842	18,714	19,000	19,000
No time lost cases reported	74,820	79,609	79,000	79,000
Total new injuries reported	93,662	98,323	98,000	98,000
Reopened cases	5,533	6,030	6,000	6,000
Active cases, end of year	19,296	21,237	21,000	21,000
Other data:				
Formal hearings	370	260	300	300
Informal conferences and personal interviews	32,096	29,187	30,000	30,000
Number of employees:				
Departmental	8	8	8	8
Field	106	101	101	101
	114	109	109	109

Activity 1. Disposition of compensation claims

(c) Administration and management services:

1967: Pos. 28	$300,120
1968: Pos. 30	316,100

NARRATIVE DESCRIPTION OF PROGRAM

Included in this activity is overall direction of the Bureau, program administration provided by the Director, the rendering of final decisions in respect to individual claims when the right to compensation may be in doubt or an important issue is raised, and all administrative management services.

Accomplishments

In fiscal year 1966 the Bureau continued to carry out the several compensation programs with the authorized staff available.

In fiscal year 1967 legislation was enacted which brought about major changes in the administration of the Federal Employees' Compensation Act. Plans were formulated and guidelines and procedures were developed and issued to the operating staff to fulfill the requirements of the legislation. Specific details relating to the amendments are explained in Activity 1 (a) Federal employees.

Changes for 1968

Mandatory changes amount	$2,381
Program changes amount (2 pos.)	13,599

The increased staff required to carry out the provisions of P.L. 89-488 will require an increase of 2 positions in the support staff in the Division of Budget, Fiscal and Management Services. 1 GS-9 Budget analyst is necessary to assist in budget planning, execution and reviewing all activities and phases in the compensation fund area. 1 GS-3 Clerk typist will be required to assist in clerical duties.

The increased cost in 1968 is estimated to be $12,500 covering 1.8 manyears, of which $775 will be non-recurring in 1969. The non-recurring cost will be for basic equipment.

The additional increase of $1,099 covers the full year cost of 3 new positions approved in 1967 offset in part by the non-recurring costs for these positions.

Activity 1. Disposition of compensation claims

(d) Administration of War Claims Act:	
1967: Pos. 4	$26,610
1968: Pos. 4	26,700

NARRATIVE DESCRIPTION OF PROGRAM

This program covers the administration of certain sections of the War Claims Act of 1948 pertaining to: (a) claims of employees of certain contractors with the United States (principally contractors' employees employed on certain Pacific islands who were captured by the Japanese Government) for wages due such employees under their contracts of employment during the period of detention and compensation for disability and death caused by a War Risk hazard; (b) claims of civilian American citizens for benefits payable under the War Claims Act on account of injury, disability or death occasioned by reason of capture or detention by the Japanese Government at Midway, Guam, Wake Island, the Philippine Islands, and territories and possessions of the United States attacked or invaded by the Japanese Government.

Changes for 1968

Mandatory changes amount	$90
Program changes	None

Workload statistics—War claims activities

The number of active cases involving long-term injuries will continue at a relatively high rate because of the serious nature of the disabilities incurred by the beneficiaries during their long period of internment in prisoner of war camps (or in hiding from the enemy) and require continued or repeated medical care and administrative handling.

Civilian American citizens

Number of—	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
New injuries reported	0	0	0	0
Long-term cases	151	160	150	150
Active cases, end of year	174	159	165	150
Compensation and medical payments	2,871	2,693	2,826	2,826

Employees of Government contractors

Number of—	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Long-term cases	150	148	148	148
Active cases, end of year	150	148	148	148
Compensation and medical payments	1,857	1,834	1,858	1,858

Activity 2. Administration of Longshoremen's rehabilitation program

1967: Position 7 ..... $67,000
1968: Position 7 68,000

NARRATIVE DESCRIPTION OF PROGRAM

The Longshoremen's and Harbor Workers' Compensation Act authorizes the Bureau to provide necessary vocational rehabilitation services, including prosthetic devices, to permanently injured employees. Funds for the administration of the program are derived from the trust fund created by Section 44 of the Longshoremen's Act in such amounts as may be authorized in annual appropriations of the Department of Labor. The fund was established for payment of compensation in second injury cases and certain other benefits. It must be maintained at a level to provide an adequate reserve to cover potential liabilities for such benefits.

Changes for 1968

Mandatory changes amount to: $1,000
Program changes ..... None

Workload statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
1. Cases reviewed for rehabilitation services	1,410	1,061	1,075	1,085
2. Cases selected for development of rehabilitation needs	406	410	420	430
3. Services provided:				
(a) Placed in employment without training	33	44	50	60
(b) Training in progress	49	34	40	45
(c) Training completed	23	28	33	35
Placed in employment after training	23	28	33	36
(d) Cases being developed	289	192	200	215

JUSTIFICATION MATERIAL

Employees Compensation Claims and Expenses

Amounts available for obligation

	1967	1968
Appropriation or estimate	$44,375,000	$56,061,000
Reimbursements from other agencies (Public Law 86-767)	32,625,000	36,460,000
Estimated benefit and pay increase costs supplemental to be transferred from "Unemployment compensation for Federal employees and ex-servicemen"	12,196,000	----------
Appropriation or estimate, revised	89,196,000	92,521,000

Obligations by activity

Description	Appropriation revised, 1967	Estimate, 1968	1968 change
1. Federal civilian employees benefits	$40,165,000	$40,251,000	+$86,000
2. Armed Forces reservists benefits	13,600,000	12,900,000	−700,000
3. War Claims Act benefits	500,000	500,000	
4. Other benefits	2,306,000	2,410,000	+104,000
Total direct obligations	56,571,000	56,061,000	−510,000
1. Federal civilian employee benefits financed by reimbursements from other agencies	32,625,000	36,460,000	+3,835,000
Total obligations	89,196,000	92,521,000	+3,325,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
42 Insurance claims and indemnities	$89,196,000	$92,521,000	+$3,325,000
Deduct: Reimbursements from other agencies	32,625,000	36,460,000	+3,835,000
Total direct obligations	56,571,000	56,061,000	−510,000

Summary of changes

	Direct appropriation	Authorization by transfer	Estimated available
1967 appropriation or transfer	$44,375,000	$32,625,000	$77,000,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" related to pay increases (Public Law 89-504 effective July 3, 1966)	+723,000		+723,000
Estimated benefit and pay increase costs supplemental to be transferred from "Unemployment compensation for Federal employees and ex-servicemen"	+11,473,000		+11,473,000
1967 appropriation, revised	56,571,000	32,625,000	89,196,000
1968 estimate	56,061,000	36,460,000	92,521,000
Total change	−510,000	+3,835,000	+3,325,000
MANDATORY ITEMS			
Federal civilian employee benefits:			
Increase in benefits for this activity are attributed to:			
(a) Increase in disability and death compensation	+1,780,000		+1,780,000
(b) Increased medical costs based on experience	+420,000		+420,000
(c) Full year cost of adjustments for increased benefits effective Aug. 1, 1966, and consumer price index adjustments under the FECA amendments effective Oct. 1, 1966 (Public Law 89-488)	+1,721,000		+1,721,000
Increase to be recovered from Federal agencies for injuries or deaths to their employees occurring after Dec. 1, 1960, as provided by sec. 209 of Public Law 86-767 approved Sept. 13, 1960, amending sec. 35 of the Federal Employees' Compensation Act (5 U.S.C. 785)	−3,835,000	+3,835,000	
Armed Forces reservists benefits: This activity reflects a continuing decrease in benefits for injury or death of members of the Armed Forces, which legislation was repealed by Public Law 881 approved Aug. 1, 1956	−700,000		−700,000
Other benefits: Full year cost of adjustments for increased benefits under FECA Amendments effective Aug. 1, 1966 (Public Law 89-488)	+104,000		+104,000
Total change	−510,000	+3,835,000	+3,325,000

Activity 1. Federal civilian employees benefits

1967	$72,790,000
1968	76,711,000

NARRATIVE DESCRIPTION OF PROGRAM

This Act authorizes payment of benefits to civilian employees of the United States disabled as a result of injuries sustained while in the performance of duty, and to dependents of employees who die as the result of such injuries. Certain of these benefits are payable during the the lifetime of the beneficiary, and the principal annual cost is for permanent disability and death compensation for which liability was incurred in prior years. Expenditures from this fund for temporary disability and for medical care are directly influenced by changes in the number of new cases received within the current and preceding year. Other factors influencing the costs are increases in number of civilian employees, increases in wages on which compensation is based, the severity and frequency of injuries, and the increased cost of medical expense.

Public Law 86–767 amended Section 35 of the Act to provide that other Government agencies reimburse the Compensation Fund for costs incurred due to injuries or deaths occurring after December 1, 1960. The Bureau must provide each agency, prior to August 15 each year, with a statement of such costs. Each agency is then required to include in its annual budget, a request for appropriation in an amount equal to such costs. Sums appropriated pursuant to such requests shall, within 30 days after they become available be deposited to the credit of the Compensation Fund.

Public Law 89–488 entitled "Federal Employees' Compensation Act Amendments for 1966" provides comprehensive revisions to certain sections of the Act, thereby affording increased benefits to claimants and their dependents. One of the most significant changes is the provision providing for the adjustment in benefits for cost-of-living increase based on the Consumer Price Index.

A new maximum-minimum benefit has been established based on the General Schedule of the Classification Act of 1949, thus eliminating a fixed dollar amount previously established. The new rate provides for not more than 75 per centum of the monthly pay of the highest rate of basic compensation for a GS–15 and not less than 75 per centum of the lowest rate of basic compensation for a GS–2, unless the employee is paid less than that amount in which case he shall receive compensation equal to his basic salary.

The law also provides for benefits to be paid for dependent children of deceased or disabled employees who become eighteen and desire to continue their education at qualified educational institutions. These benefits may be paid for four years or until age 23, or until they marry. These benefits have not only been extended to children of Federal civilian employees on the compensation rolls but to dependents of the Armed Forces Reservists.

Other amendments which basically affect claimants or beneficiaries receiving compensation are: the payment of scheduled awards, in cases where a permanent disability exists, for the loss or loss of use of a member or function of the body which involves disfigurement. Compensation payable in these cases is in addition to any continuing total or partial disability to which the claimant is entitled; increases in the amounts payable to attendants of totally disabled employees; lump-sum payments equal to 24 months compensation to widows and dependent widowers upon remarriage; and by increasing the ceiling in payments to employees paid under the Federal Civil Works Administration and certain other employees.

In amending the Act Section 35(d) states that "As used in subsection (a) of this section, the term 'administrative expenses' does not include expenses for legal services rendered by or on behalf of the Secretary under sections 26 and 27." It has therefore been determined that payment may be made from the Compensation Fund for the salaries and expenses of six employees at an estimated annual cost of $55,000 in the Office of the Solicitor in the Department of Labor, who develop and process all Third-Party cases reported to the Bureau.

To determine the effects of the amendments on the expenditures from the compensation fund it was necessary to devise a sound sample of the number of cases to be adjusted. The results of the sample were adjusted for expected changes and an estimate was made as to the cost for each categorical amendment.

Effective dates for some of the amendments were specified in the law, such as minimum-maximum benefits and Consumer Price Index adjustments. Whereas, some of the adjustments have been completed others are still in the process of being adjusted. Since all of the adjustments have not been completed the effect of the amendments on the size of benefit payments for the various recipient categories cannot be determined at this time.

Changes for 1968

Mandatory changes amount	+$3,921,000
Direct appropriation	(+86,000)
Reimbursements	(+3,835,000)

The total increase requested for this activity is $3,921,000 which is offset by an increase in the reimbursements under the "Chargeback" program of $3,835,000 or a net increase in the direct appropriation of $86,000.

An estimated increase of $1,780,000 in disability and death compensation payments is conservatively based upon the trend of expenditures for the past several years. The principal reason for this trend is due to increases in Federal employees salaries.

A conservative estimated increase of $420,000 in medical expenses is based on the continuing increase in medical costs in recent years. (Actual and estimated expenditures for medical costs are as follows: 1965, $11,027,776; 1966, $11,481,688; 1967, $12,900,000, and 1968, $13,320,000.)

An increase of $1,721,000 is requested to provide a full-year cost for benefits under the amendments to the Federal Employees' Compensation Act of 1966 (P.L. 89-488). The law provided effective dates of August 1, 1966, and October 1, 1966, for these amendments, therefore payments made in fiscal year 1967 were less than full-year costs.

Reimbursements to the Compensation Fund by other agencies will total $36,460,000, an increase of $3,835,000 over 1967. Eight establishments, namely the Post Office Department, Department of the Navy, Army, Air Force, Agriculture, and Interior, Veterans Administration, and the Tennessee Valley Authority comprise 85.3% of the reimbursements under the "Chargeback" program.

Activity 2. Armed Forces Reservists benefits

1967	$13,600,000
1968	12,900,000

NARRATIVE DESCRIPTION OF PROGRAM

For a number of years the benefits of the Federal Employees' Compensation Act were extended for the injury or death of members of the Reserve components of the Armed Forces occurring in line of duty when on active duty or when engaged in authorized training in time of peace. Public Law 881, approved August 1, 1956, repealed legislation providing compensation for reservists in respect to casualties occurring after December 31, 1956.

Public Law 89–488, the "Federal Employees' Compensation Act Amendments of 1966" provides educational benefits to dependent children under age 23 and lump-sum payments upon remarriage of widows and dependent widowers. It is anticipated that payments under this activity will continue to decrease each year as the recipients of these benefits remarry and dependent children become of age.

Changes for 1968

Mandatory changes amount ..... $—700,000

In 1967 there were approximately 3,700 cases on the compensation roll. Since the repeal of this legislation it is contemplated that payments will continue to decrease each year. In 1967 it is estimated there will be approximately 3,500 cases and in 1968 approximately 3,300 cases or a decrease of 200 cases per year.

Activity 3. War Claims Act benefits

1967	$500,000
1968	500,000

NARRATIVE DESCRIPTION OF PROGRAM

Benefits for claims arising under sections 4(c) and 5(f) of the War Claims Act of 1948 covers employees of Government contractors and civilian American citizens who were captured by the Japanese Government. Costs during the current fiscal year under sections 4(c) and 5(f) are estimated to be $500,000 the same as in fiscal year 1967.

Changes for 1968

Mandatory changes ..... None

Activity 4. Other benefits

1967	$2,306,000
1968	2,410,000

Changes for 1968

Mandatory changes amount to: $104,000

P.L. 89–488, "Federal Employees' Compensation Act Amendments of 1966" provided a substantial increase in benefits for claimants and dependents receiving compensation under the Relief Work projects that were in effect from 1933 to 1940. This legislation increased the ceiling on payment of benefits from $150 to $300 per month.

The increase for this activity is to provide full-year costs for benefit payment to be made for the "Relief Work Employees" for above amendments. No increases are requested for the other programs in this activity.

The table below reflects the changes under this activity:

Program	Actual, 1966		Revised estimate, 1967		Estimate, 1968		Change	
	Cases	Amount	Cases	Amount	Cases	Amount	Cases	Amount
Civilian Air Patrol	43	$75,078	43	$75,000	43	$75,000		
Reserve Officer Training Corps	2	11,309	2	10,000	2	10,000		
Relief work employees	866	682,585	850	1,821,000	850	1,925,000		+$104,000
Employees of Government contractors	12	77,596	12	78,000	12	78,000		
Civilian war benefits	35	30,826	35	30,000	35	30,000		
Maritime war risk benefits	38	96,063	36	92,000	36	92,000		
Antipoverty benefits	17	6,939	500	200,000	500	200,000		
Total	[1] 1,013	980,396	1,478	2,306,000	1,478	2,410,000		+104,000

[1] Number of cases on payrolls as of June 30, 1966.

U.S. Department of Labor—Reimbursement to employees' compensation fund in accordance with Public Law 86–767 (Federal civilian employees benefits)

Department or agency	Fiscal year 1966 costs for reimbursement in fiscal year 1968	Increase or decrease over paymentsfor fiscal year 1967
Department of Agriculture	$1,663,921	$81,226
Department of Commerce	323,559	69,108
Department of Defense	4,989	1,121
Defense Atomic Support Agency	26,053	−6,771
Defense Communications Agency	380	380
Defense Intelligence Agency	13,402	4,059
National Security Agency	27,628	927
Office of Civil Defense		−966
Defense Supply Agency	230,180	91,052
Depart nent of the Air Force	4,258,041	514,686
Department of the Army	3,804,462	−80,120
Corps of Engineers civil functions	624,417	399,563
National Cemeteries and Ryukyu Islands civil administration	19,770	3,489
National Guard	181,396	168,657
Department of the Navy	6,572,247	798,376
U.S. Marines	213,578	82,187
Department of Health, Education and Welfare	376,558	34,152
Department of Housing and Urban Development	75,952	9,895
Department of The Interior	1,317,041	160,051
Department of Justice	281,531	−23,853
Department of Labor	71,877	21,190
Department of State	49,960	15,032
Agency for International Development	160,212	9,222
International Boundry and Water Commission	9,281	−3,986
Peace Corps	387,485	196,213
Department of Treasury	335,487	58,745
Internal Revenue Service	362,425	80,251
Post Office Department	10,116,298	805,204
American Battle Monuments Commission	48	32
Atomic Energy Commission	34,152	−518
Architect of the Capitol	27,698	−5,596
Bureau of the Budget	5,045	5,045
Civil Aeronautics Board	3,504	2,257
Civil Service Commission	10,581	4,028
Export-Import Bank of Washington	4,589	3,653
Executive Office of the President	193	193
Federal Aviation Agency	504,874	−11,307
Federal Communications Commission	880	436
Federal Deposit Insurance Corporation	5,813	5,415
Federal Home Loan Bank Board	18,048	65
Federal Power Commission	12	−911
Federal Maritime Commission	1,695	1,632
Federal Mediation and Conciliation Service	78	−1,279
Federal Reserve System	341	291
Federal Trade Commission	6,622	5,996
Foreign Claims Settlement Commission		−86
General Accounting Office	15,875	−13,109
General Services Administration	374,506	16,184
Government Printing Office	82,861	28,942
Indian Claims Commission		−29
Interstate Commerce Commission	22,062	18,381
Library of Congress	3,466	−3,735
National Aeronautics and Space Administration	275,483	16,827
National Capital Housing Authority	59	27
National Capital Planning Commission		−12
National Capital Transportation Agency	349	−154
National Labor Relations Board	2,816	−12,371
National Mediation Board	220	220
National Science Foundation		−31
National Security Council		−21
Office of Economic Opportunity	7,015	7,015
Office of Emergency Planning		−31
Railroad Retirement Board	579	−903
Renegotiation Board	23	23
St. Lawrence Seaway Development Corporation	8,976	−497
Selective Service System	21,710	−2,800
Securities and Exchange Commission	4,312	−6,609
Small Business Administration	18,350	10,015
Smithsonian Institution	16,320	13,137
National Gallery of Art	574	−1,569
National Zoological Park	2,985	1,640
Soldiers Home	2,454	881
Subversive Activities Control Board	32	32
Tennessee Valley Authority	1,346,177	−27,673

U.S. Department of Labor—Reimbursement to employees' compensation fund in accordance with Public Law 86-767 (Federal civilian employees benefits)—Con.

Department or agency	Fiscal year 1966 costs for reimbursement in fiscal year 1968	Increase or decrease over payments for fiscal year 1967
White House Office	$25	−$1,083
U.S. Courts	3,087	2,113
Supreme Court	12	12
U.S. House of Representatives	5,363	4,532
U.S. Information Agency	37,389	−11,142
U.S. Senate	6,364	−1,667
Veterans' Administration	2,032,420	276,315
Veterans Canteen Service	14,516	5,107
Virgin Islands Corporation	8,024	3,952
Total	36,463,760	3,837,408
Rounded	36,460,000	[1] 3,835,000

[1] Increase in "Chargeback" as reflected on the summary of changes.

FRIDAY, MARCH 10, 1967.

PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

WITNESSES

MRS. ESTHER PETERSON, SPECIAL ASSISTANT TO THE PRESIDENT FOR CONSUMER AFFAIRS
DAVID SWANKIN, EXECTIVE DIRECTOR

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	170	211	221
11.3	Positions other than permanent	18	18	18
11.5	Other personnel compensation	4	5	5
	Total personnel compensation	193	234	243
12.0	Personnel benefits	13	16	16
21.0	Travel and transportation of persons	34	29	29
22.0	Transportation of things	1		
23.0	Rent, communications, and utilities	7	4	4
24.0	Printing and reproduction	21	19	19
25.1	Other services	6	4	4
25.2	Services of other agencies	13	13	13
26.0	Supplies and materials	9	7	7
31.0	Equipment	7	1	1
99.0	Total obligations	303	327	337

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	19	19	19
Full-time equivalent of other positions	2	1	1
Average number of all employees	16	18	18
Average GS grade	11.5	11.5	11.5
Average GS salary	$12,324	$12,949	$13,289

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	Advancing the interests of consumers (program costs, funded)	296	327	337
	Change in selected resources [1]	7		
10	Total obligations	303	327	337
	Financing:			
16	Comparative transfer from other accounts	−303		
40	New obligational authority (appropriation)		327	337
	Relation of obligations to expenditures:			
10	Total obligations	303	327	337
70	Receipts and other offsets (items 11–17)	−303		
71	Obligations affecting expenditures		327	337
72	Obligated balance, start of year			34
74	Obligated balance, end of year		−34	−46
90	Expenditures		293	325

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $2,000; 1966, $9,000; 1967, $9,000; 1968, $9,000.

BIOGRAPHICAL SKETCH OF MRS. ESTHER PETERSON

Mrs. Esther Peterson was appointed Assistant Secretary of Labor for Labor Standards in August 1961 by President John F. Kennedy. In this position, Mrs. Peterson has responsibility for most of the labor standards activities of the U.S. Department of Labor.

Mrs. Peterson is also Special Assistant to the President for Consumer Affairs, a post to which she was appointed by President Lyndon B. Johnson in January 1964. In this capacity, she serves as Chairman of the President's Committee on Consumer Interests, and administers a new and pioneering Federal program designed to help the consumer to have a voice in Government.

A native of Utah, Mrs. Peterson attended public schools in Provo and received her Bachelor of Arts degree from Brigham Young University. She also holds a Master's Degree from Teachers College, Columbia University.

Mrs. Peterson has had a varied career. She taught at Branch Agricultural College in Cedar City, Utah, and at Winsor School in Boston, a private school for girls. While in Boston, she spent evenings as a volunteer teacher in the YWCA industrial department classes, learning firsthand the problems of women workers. She was active in the labor education movement, teaching at Bryn Mawr Summer School for women Workers in Industry, and later at the Hudson Shore Labor School, the successor to the Bryn Mawr School.

Mrs. Peterson married Oliver A Peterson in 1932, and devoted most of her time to her home but found time also to work as Assistant Director of Education of the Amalgamated Clothing Workers of America. In later years, she was to serve as the Amalgamated's legislative representative in Washington.

In 1948, she went overseas with her husband who served as Labor Attache in Sweden and Belgium. During this period, Mrs. Peterson participated in several international conferences and established working relationships with women leaders of the labor movement in Europe. She was a delegate to the Founding Conference of the International Confederation of Free Trade Unions in London in 1949. In Belgium, she helped organize the first International School for Working Women at LaBreviere near Paris and also taught there.

Upon the family's return to the United States in 1957, Mrs. Peterson became legislative representative of the Industrial Union Department of the AFL–CIO.

She continued in this post until January 1961 when she was appointed Director of the Women's Bureau in the Department of Labor by President Kennedy. Later that same year, she was appointed to the additional position of Assistant Secretary of Labor. Between 1961 and 1963, Mrs. Peterson also served as Executive Vice Chairman of the President's Commission on the Status of Women, under the chairmanship of Mrs. Eleanor Roosevelt.

Mrs. Peterson has been awarded honorary degrees by Smith, Bryant and Montclair Colleges and by the Carnegie Institute of Technology.

Her husband is now Professor of International Labor Studies in the School of International Service at the American University. The Petersons have one daughter, Karen, and three sons, Eric, Iver, and Lars.

Mr. LAIRD. Mr. Chairman, I don't know what Mrs. Peterson is doing here today. I though she had given up this additional hat. Isn't that true?

Mr. FLOOD. Are you asking me or asking her?

Mr. LAIRD. I was trying to ask you, Mr. Chairman. Perhaps you could explain it to me.

Mr. FLOOD. Yes. First of all, I am very fond of her and I like to see her here.

In spite of what you say the situation is, under the circumstances I would prefer to have Mrs. Peterson direct herself to the consumer interest matter—I think she will happily say—for the last time.

Mr. LAIRD. I thought she might be here as a backup witness, but I am surprised that the lady in charge of this program isn't the principal witness.

Mr. FLOOD. It would be a little early in the game for a change.

Mrs. PETERSON. You will have the pleasure next year.

Mr. LAIRD. It is our pleasure this year. I hate to see you leave the job.

Mrs. PETERSON. Thank you.

Mr. LAIRD. I though you were wearing those two hats very well. You were wearing three.

Mrs. PETERSON. You know, Mr. Laird, I never wear a hat. Seriously, I appreciate the opportunity to present the budget for the consumer program.

I have had a really very exciting experience over the last 3 years in directing the consumer program.

We continue to explore ways of insuring that the consumer's voice is heard. I welcome the opportunity to continue to serve the President and the American consumer.

I must say it is with great pleasure that I return full time to my responsibilities at the Department of Labor.

Mr. FLOOD. At least you found out what the troops in the line experience by walking through a minefield.

Mrs. PETERSON. I surely did. It has been a very splendid experience and I am grateful to all the members for the great deal of help they have given me.

My statement this morning is very brief, one reason being that I think it is only right that the person who is about to assume the consumer responsibility be able to shape the program in the direction which she would feel is in line with the President's directions.

I have a feeling it will continue somewhat along the same lines. I have discussed the program briefly with Miss Furness and certainly I shall work with her very closely in whatever way I can.

GENERAL STATEMENT FOR PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

Our estimate for 1968 is $337,000, an increase of $10,000 for mandatory increases only.

As I told you last year, coordination of the many consumer programs of the Federal Government has made possible a stronger rep-

resentation of the consumer viewpoint in developing Government policies that affect consumers.

State response to our program has been likewise encouraging as evidenced by the fact that 13 States established private voluntary consumer organizations last year. In seven others such voluntary organizations are being formed. Other State action included establishment of consumer councils in Rhode Island and Michigan; also, Massachusetts and Pennsylvania, among others, passed major pieces of consumer credit legislation.

The President's Committee's Textile Advisory Committee voluntarily undertook a campaign for improved permanent care labeling of clothing and other consumer textile products. This action has been widely acclaimed in business circles. The Committee has established similar advisory groups with the shoe industry, and is considering the possibility of creating such a committee in the appliance industries.

In conclusion, much has been done but much remains to be done. In 1968, as in 1967, we shall continue our emphasis on solving the many consumer problems of the poor and in stimulating more and better consumer education programs in and out of school. We will also continue our highly successful cooperative work with other Federal agencies, the business community, women's organizations, service groups, trade unions, and adult education groups.

Really, what I am saying is that with the demonstrated interest on the part of the President, the Congress, the business community and many voluntary organizations I am quite confident that the consumer will continue to receive the attention that he deserves.

I would be very happy to go into detail on the program as conducted. A good deal of work was done with the States. This included advising and giving technical assistance to States who wanted to know what other States were doing. Much assistance was also given to women's groups, service groups, and other voluntary organizations which were anxious to have consumer issues as part of their programs.

The Consumer Advisory Council, a group of 12 independent citizens appointed by the President, put out their work and we did all the staff work for that.

We had a tremendous amount of work with the business community. I felt all along that we should explore and use every possible avenue for voluntary work in this area before we ask Congress for new laws to solve consumer problems. I am very pleased with the cooperation we have had in these areas.

I think our Textile Advisory Committee is a landmark in that it brought all the interests together—retail, apparel, textile—and it was a simple thing. I sat down with them and briefed them on actual complaints we had received and asked them how the problems should be handled. They themselves worked out the answers and solutions to this. I feel this is a method that can be used effectively in other industries.

LETTERS FROM CONSUMERS

We have had many, many letters to answer. We have also had a good deal of work with the agencies.

Mr. FLOOD. Who writes the letters?

Mrs. PETERSON. Everybody writes. We get letters from business people on embossed stationery and we get simple letters on inexpensive stationery.

Mr. FLOOD. What do they write about?

Mrs. PETERSON. Their problems as buyers. They write about something they bought which they were told would be wonderful but which does not hold up. They write about difficulties with credit. Much was written on packaging.

They write about new kinds of fabrics, insurance, cars, tires. Actually I think our files run the whole——

Mr. FLOOD. Most of the correspondence from women?

Mrs. PETERSON. Strangely enough, no.

One said "Do you take letters from house husbands as well as wives?"

It is also very encouraging to see the numbers of business people who write and encourage the voluntary acceptance of standards. It is encouraging to work with the many elements of our business community, who genuinely want to isolate and do away with the groups which defraud and deceive.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. Your appropriation last year was $327,000 and the request for 1968 which you give us is $337,000.

Mrs. PETERSON. That is right.

Mr. FLOOD. An increase of $10,000. This is to cover mandatory increases in salary costs?

Mrs. PETERSON. That is right.

Mr. FLOOD. This is a pretty big field. You cover this with 19 people.

Mrs. PETERSON. Yes.

Mr. FLOOD. You must spread yourself pretty thin. Do you get help from other agencies?

Mrs. PETERSON. Our structure is such that the President's Committee on Consumer Interests has 12 private citizens who comprise the Consumer Advisory Council. They advise us and help us a good deal. They help us in conferences, with preparation of materials.

In addition to that we have on the committee 10 representatives of agencies of Government. For example, we have the Federal Trade Commission, Agriculture Department, Interior, Post Office, Justice Department, and so forth, and we get a good deal of help from them. We have had very splendid cooperation. It is one place where all of the agencies who deal with consumer affairs sit down together. In this area we have been very helpful in trying to avoid duplication within the agencies and see where the major emphasis and authority rests.

I must say again that we have had tremendous cooperation.

Then we get a lot of help from voluntary groups—help from professors, universities, and other groups interested in this.

Generally, there has been a good deal of interest and good will expressed in all quarters.

Mr. FLOOD. There must be. In any Bureau in Washington 19 people is barely a corporal's guard.

Mrs. PETERSON. I think it is wonderful to see what can be done if it is done well. I must say we have a very fine staff.

I would like to pay my respects to Mr. David Swankin, my Executive Director, and to the entire staff.

COMMITTEES AT LOCAL LEVEL

Mr. FLOOD. You talked considerably about the work being done at the State level.

Mrs. PETERSON. Yes.

Mr. FLOOD. Are there any committees at the local level?

Mrs. PETERSON. Yes, in many communities and cities.

Mr. FLOOD. It strikes me as being very important.

Mrs. PETERSON. We have had a number of plans to try to set up consumer committees at the local level, the point where the people are. We have to get our activities down to the basic level. This is one of the things we have been trying to do. I think in the future there may will be committees at the local level, perhaps mayors' committees—I have not quite formulated this—where consumers and businessmen are both represented and where there is a sounding board to discuss consumer issues. You must remember that we have at the local level a good deal of help, for example, from the Better Business Bureaus, which are increasing their activities. We need to get better communication and coordination.

Mr. FLOOD. You know the old expression—if you want to shoot ducks go where the ducks are.

Mrs. PETERSON. That is my feeling.

Mr. FLOOD. Mr. Laird?

Mr. LAIRD. I have no questions, Mr. Chairman.

Mr. FLOOD. Mr. Natcher?

Mr. NATCHER. No questions, Mr. Chairman.

Mr. SMITH. I have no questions.

Mr. HULL. I have no questions.

Mr. FLOOD. Thank you, Mrs. Peterson.

JUSTIFICATION MATERIAL

PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

Amounts available for obligation

	1967	1968
Appropriation or estimate	$327,000	$337,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Position	Amount	Position	Amount	Position	Amount
1. Advancing the interests of consumers	19	$327,000	19	$337,000	----------	+$10,000

Obligations by object

	Appropriation revised, 1967	1968 Estimate,	1968 change
Total number of permanent positions	19	19	----------
Positions other than permanent	1	1	----------
Average number of all employees	18	18	----------
11 Personnel compensation	$234,200	$243,400	+$9,200
12 Personnel benefits	15,600	16,400	+800
21 Travel and transportation of persons	29,000	29,000	----------
23 Rent, communications, and utilities	4,000	4,000	----------
24 Printing and reproduction	19,000	19,000	----------
25 Other services	4,000	4,000	----------
Services performed by other agencies	13,200	13,200	----------
26 Supplies and materials	7,000	7,000	----------
31 Equipment	1,000	1,000	----------
Total obligations	327,000	337,000	+10,000
Working capital fund items included above	(13,200)	(13,200)	(----------)

Summary of changes

1967 enacted appropriation	$327,000
1968 estimate	337,000
Total change	+10,000

MANDATORY ITEMS

Increases:

Net additional cost to restore pay costs absorbed in 1967	7,400
Net additional cost of within-grade promotions effective for part year in 1967	1,700
Net cost of within-grade promotions becoming effective in 1968	1,900
Total increases	11,000

Decreases:

Nonrecurring extra day of pay for current year staff	−1,000
Total change	10,000

Activity 1. Advancing the interests of consumers

1967 (positions, 19)	$327,000
1968 (positions, 19)	337,000

NARRATIVE DESCRIPTION OF PROGRAM

The President's Committee on Consumer Interests acts as the voice of the consumer in the Administration, coordinates consumer activity in Government agencies, cooperates with State agencies and voluntary organizations in advancing the interests of consumers, promotes action programs designed to improve consumer education, and recommends legislation of benefit to consumers.

Fiscal 1966 Accomplishments

The work of the Textile Advisory Committee in voluntarily agreeing to undertake a campaign for improved labeling of clothing and other consumer textile products was widely acclaimed in business circles as a new manifestation of industry-government cooperation.

Responsiveness in the States suggests the value of that aspect of the program concerned with upgrading State protection and promotion of the consumer interest. During the last year, 13 States established consumer organizations. These organizations give testimony in support of consumer protection, initiate interest and support for new and improved consumer legislation, encourage in every possible way consumer representation at the level of State Government, and promote more effective consumer education. In addition, some of the most significant consumer legislation was enacted in the States: consumer councils were established in Michigan and Rhode Island, and Massachusetts passed a major piece of consumer credit legislation.

Fiscal 1967 Accomplishments

The Committee plans to establish advisory groups within the shoe and possibly the appliance industry similar to the Textile Advisory Committee, Two additional States have established consumer organizations.

Fiscal 1968 Plans

The Committee will continue at the same level in 1967, continuing to give particular emphasis to consumer problems of the poor and stimulating more and better consumer education programs in and out of school.

Changes for 1968

Mandatory changes amount to $10,000

Program changes.—None.

Workload statistics

	Actual, 1965	Actual, 1966	Estimate, 1967	Estimate, 1968
Conferences serviced, organized	12	12	24	36
Information materials:				
Prepared	8	9	15	25
Distributed	800,000	1,000,000	1,000,000	1,000,000
Promotional contacts:				
Business	118	120	120	125
Federal	302	300	350	350
State	16	15	25	50
Education	50	50	100	200
Volunteer	152	150	200	200

FRIDAY, MARCH 10, 1967.

BUREAU OF LABOR STATISTICS

WITNESSES

ARTHUR M. ROSS, COMMISSIONER
ROBERT J. MYERS, DEPUTY COMMISSIONER
PETER HENLE, CHIEF ECONOMIST
BEN BURDETSKY, DIRECTOR, OFFICE OF ADMINISTRATIVE MANAGEMENT
HAROLD GOLDSTEIN, ASSISTANT COMMISSIONER
ARNOLD E. CHASE, ASSISTANT COMMISSIONER
LEONARD L. LINSENMAYER, ASSISTANT COMMISSIONER
RAY S. DUNN, JR., CHIEF, DIVISION OF FISCAL MANAGEMENT AND SERVICES
WILLIAM D. STEAD, CHIEF, BRANCH OF FISCAL CONTROL

SALARIES AND EXPENSES

Object classification

[in thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	10,552	11,312	12,427
11.3	Positions other than permanent	231	290	330
11.5	Other personnel compensation	238	173	173
	Total personnel compensation	11,021	11,775	12,930
12.0	Personnel benefits	780	864	960
21.0	Travel and transportation of persons	646	770	813
22.0	Transportation of things	16	20	20
23.0	Rent, communications, and utilities	1,154	1,210	1,309
24.0	Printing and reproduction	718	700	734
25.1	Other services	1,821	1,365	1,456
25.2	Services of other agencies	3,441	3,607	4,463
26.0	Supplies and materials	179	177	191
31.0	Equipment	127	108	178
99.0	Total obligations	19,904	20,594	23,054

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	1,363	1,387	1,522
Full-time equivalent of other positions	64	67	67
Average number of all employees	1,318	1,325	1,450
Average GS grade	8.0	8.2	8.3
Average GS salary	$8,500	$8,950	$9,080
Average salary of ungraded positions	$4,514	$4,514	$4,514

Program and financing

(In thousands of dollars[

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Manpower and employment	8,265	8,477	9,645
	2. Prices and cost of living	2,806	3,192	4,048
	3. Wages and industrial relations	3,311	3,563	3,946
	4. Productivity, technology, and growth	1,381	1,656	1,670
	5. Foreign labor and trade	364	463	467
	6. Foreign staff services	1,102	1,225	1,236
	7. Administrative and management services	2,165	2,019	2,042
	Total program costs, funded	19,394	20,594	23,054
	Change in selected resources [1]	510		
10	Total obligations	19,904	20,594	23,054
	Financing:			
11	Receipts and reimbursements from: Administrative budget accounts	−50	−58	
16	Comparative transfer to other accounts	105	52	
25	Unobligated balance lapsing	9		
	New obligational authority	19,967	20,588	23,054
	New obligational authority:			
40	Appropriation	19,726	20,350	23,054
41	Transfer to "Operating expenses, Public Buildings Service," General Services Administration (79 Stat. 531, 80 Stat. 674)	−1	−5	
42	Transferred from "Unemployment compensation for Federal employees and ex-servicemen" (Public Law 89-426)	242		
43	Appropriation (adjusted)	19,967	20,345	23,054
46	Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for civilian pay act increases		243	
	Relation of obligations to expenditures:			
10	Total obligations	19,904	20,594	23,054
70	Receipts and other offsets (items 11-17)	55	−6	
71	Obligations affecting expenditures	19,959	20,588	23,054
72	Obligated balance, start of year	1,170	1,641	2,499
74	Obligated balance, end of year	−1,641	−2,499	−3,053
77	Adjustments in expired accounts	−140		
90	Expenditures	19,348	19,730	22,500

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $139,000 (1966 adjustments −$63,000); 1966, $586,000; 1967, $586,000; 1968, $586,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Date of Birth: May 1, 1916, Rochester, New York

Education: AB Harvard College, *Magna Cum Laude*, 1937; PhD University of California, 1941

Academic Positions: 1943–44, Lecturer, George Washington University, Washington; 1946, Lecturer, Michigan State College; 1946 to date, Lecturer, Associate Professor and Professor of Industrial Relations, University of California, Berkeley; 1961, Guggenheim Fellowship; 1954–1963, Director, Institute of Industrial Relations, University of California, Berkeley.

Government Positions: 1941–42, Office of Price Administration, Washington, D.C., Chief Economist, Chemical Division; 1942–44, War Manpower Commission, Washington, Assistant to Program Director; 1944–45, War Labor Board, Detroit and Washington. Hearing Officer, Arbitrator, Chairman New Case Committee; Vice-Chairman War Shipping Panel; Chairman of National Panels; 1950–51, President's Commission on Migratory Labor; 1951–52, Regional Wage Stabilization Board, San Francisco, Regional Director and Chairman; 1952, National Wage Stabilization Board, Washington; 1953–58, President's Atomic Energy Labor-Management Relations Panel; 1958, Special Representative, Governor of Hawaii, Hawaiian sugar strike; 1959–60, Chairman, Governor's Commission on Employment and Retirement Problems of Older Workers; 1964–65, National Manpower Task Force; 1965, Secretary of Labor's California Farm Labor Panel.

Presidential Emergency Boards: 1961, Member of Emergency Board, Pan American World Airways and Airline Pilots Association; 1962, Chairman of Emergency Board, Chicago and Northwestern Railroad and Order of Railroad Telegraphers; 1962, Chairman of Board of Inquiry under Taft-Hartley Act, Lockheed Aeronautical Corporation and International Association of Machinists; 1964, Member of Emergency Board, Railway Shop Crafts dispute.

Professional Activities in Foreign Countries: 1961, lectures, seminars and conferences in Paris, Copenhagen, Stockholm, Helsinki, Rome, Belgrade, West Berlin, Hamburg and Bremen, at request of U.S. State Department; 1962, lectures, seminars and consultations in Japan, at the invitation of Asia Foundation (official sponsor was Keio University); 1963–64, Convenor and Chairman of Conference on Industrial Relations and Economic Development held in Geneva in August and September, 1964, and editor of resulting research volume; 1965, International Conference on Industrial Relations, Japan Institute of Labor, Tokyo.

Books and Monographs: Trade Union Wage Policy, University of California, Press, 1948; *Industrial Conflict*, with Kornhauser, Dubin, and Ross, McGraw-Hill & Co., 1954; *Changing Patterns of Industrial Conflict*, with Paul Hartman, John Wiley & Sons, 1960; *Unemployment and the American Economy* (edited, and contributed two chapters), John Wiley & Sons, 1964; *Employment Policy and the Labor Market* (edited), University of California Press, 1965; *Jobs and Race* (edited), Harcourt Brace, 1965.

Articles and Reports: "The Negro Worker in the Depression," *Journal of Social Forces* (University of North Carolina), Vol. 18, May 1940; "Economic Effects of Minimum Wages in Agriculture," in Hearings, Select Committee of the House of Representatives to Investigate Interstate Migration, Part 8, 1940; "The Trade Union as a Wage-Fixing Institution," *American Economic Review*, Vol. XXXVII, No. 4, September 1947; "The Dynamics of Wage Determination Under Collective Bargaining," *American Economic Review*, Vol. XXXVII, No. 7; "The Influence of Unionism Upon Earnings," *Quarterly Journal of Economics*, February 1948; "What is Responsible Wage Policy?" *Southern Economic Journal*, Vol. XIV, No. 3, January 1948; "The General Motors Wage Agreement of 1948," *Review of Economics and Statistics*, Vol. XXXI, No. 1, February 1949, "Government and the Economy," Binkley and Moos, *Grammar of American Politics* (New York 1949); "Forces Affecting the Interindustry Wage Structure," with William Goldner, *Quarterly Journal of Economics*, May 1950; "The Tie Between Wages and Employment," *Industrial and Labor Relations Review*, Vol. 4, October 1950; "The New Industrial Pensions," *Review of Economics and Statistics*, Vol. XXXII, No. 2, May 1950; "Strike Experience in Five Countries, 1927–1949: An Interpretation," with Donald Irwin, *Industrial and Labor Relations Review*, Vol. 4, No. 3, April 1951; "The Economic Significance of Collective Bargaining," in *The Law and Labor-Management Relations*, University of Michigan Law School, 1951; "Collective Bargaining and Common Sense," *Labor Law Journal*, June 1951; "The Labor Contractor System in Agriculture," with Samuel Liss, in Hearings Before the Subcommittee on Labor and Labor-Management Relations, U.S. Senate on Migratory Labor, Part 2, 1952, "The Lessons of Price and Wage Controls," *The Commercial and Financial Chronicle*, January 1, 1953; "Productivity and Wage Control," *Industrial and Labor Relations Review*, Vol. 7, No. 2, January, 1954; "The Natural History of the Strike," *Industrial Conflict*, 1954; "New Directions in Industrial Relations," Proceedings of the University of Wisconsin Conference on Industrial Relations, 1955; "Fringe Benefits Today and Tomorrow," *Labor Law Journal*, Vol. 7, No. 8, August 1956; "The External Wage Structure," *New Concepts in Wage Determination*, Eds. George W. Taylor and Frank C. Pierson, McGraw Hill & Co., New York 1957; "The Arbitration of Discharge Cases: What Happens After Reinstatement," *Critical Issues in Labor Arbitration*, The Bureau of National Affairs, Inc., Washington, 1957; "Work Experience of Reinstated Employees," *Monthly Labor Review*, Vol. 80, No. 6, June 1957; "The Well-Aged Arbitration Case," *Industrial and Labor Relations Review*, Vol. 11, No. 2, January 1958; "Do We Have a New Industrial Feudalism?" *The American Economic Review*, Vol. XLVIII, No. 5, December 1958; "The Changing Face of Collective Bargaining," *Labor Law Journal*, October 1958, Vol. 9, No. 10; "Major Trends in Labor Relations," Institute of Industrial Relations Reprint No. 130 (*Monthly Labor Review*, 1959); "Labor and Labor Relations on the West Coast: II. 1. Major Trends in Labor Relations." *Monthly Labor Review*, May 1959,

Vol. 82, No. 5; "Employment Problems of Older Workers," with Jane N. Ross, *Studies in Unemployment* prepared for the Special Committee on Unemployment Problems, United States Senate 86th Congress, 2nd Session, Spring 1960; "Changing Patterns of Industrial Conflict," from annual proceedings of Industrial Relations Research Association, 1959 conference; "Changing Patterns of Industrial Conflict," *Monthly Labor Review*, Vol. 83, No. 3, March 1960; "The Prospects for Industrial Conflict," *Industrial Relations*, Vol. I, No. 1, October 1961; "Labor Unions," Confidential Report of the Long Range Planning Service #108, Stanford Research Institute, August 1961; "La prochaine decade de relations du travail aux Etats-unis," *Sociologie du Travail*, August 1962; "Prosperity and Labor Relations in Europe: The Case of West Germany," submitted to *Quarterly Journal of Economics*, Vol. LXXVI, August 1962; "Prosperity and Labor Relations in Western Europe: Italy and France," *Industrial and Labor Relations Review*, Vol. 16, No. 1, October 1962; "Wage Restraint in Peacetime," presented at Western Economic Association meeting in August 1962; "The New Industrial Relations in Britain," *Labor Law Journal*, July 1962; "Prosperitat und die Beziehungen swischen den Sozialpartnern in Europa: Der Fall Westdeutschland," *Soziale Welt*, November 1962; "American Economy and Labor," Bulletin No. 10, October 1962, published by The International House of Japan, Inc.; "Prosperity and British Industrial Relations," *Industrial Relations*, Vol. 2, February 1963; "Distressed Grievance Procedures and Their Rehabilitation," in *Labor Arbitration and Industrial Change* (BNA January 1963) Proceedings 6th Annual Meeting National Academy of Arbitrators; "How Do We Use Our Scientists and Engineers?" from publication 1191, *Toward Better Utilization of Scientific and Engineering Talent—A Program for Action*, National Academy of Sciences, 1964; "Labor Courses: The Need for Radical Reconstruction," *Industrial Relations*, Vol. 4, No. 1, October 1964; "Labor Organizations and the Labor Movement in Advanced Industrial Society," *Virginia Law Review*, Vol. 50, No. 8, 1964; "How They Automated Arbitration," from Proceedings of 18th Annual Meeting of the National Academy of Arbitrators, 1965; "The New Industrial Relations," Proceedings of the International Labor Conference, Japan Institute of Labor, 1965.

Professional Societies: Industrial Relations Research Association Executive Board 1953–56, President Elect 1965; National Academy of Arbitrators, Board of Governors, 1953–56, Vice President 1957–59; American Academy for Political and Social Science.

Private Arbitration: 1949–50 Associate Umpire, General Motors Corporation and United Automobile Workers; 1956–60 Member, National Arbitration Panel, Firestone Tire and Rubber Company and United Rubber Workers; 1959 to date, Arbitrator in East Bay Drayage Industry; 1957 to date, Chairman, Central Adjustment Board, California Canning Industry; 1954–62, Umpire, General Dynamics Corporation and International Association of Machinists; 1960 to date, Impartial Arbitrator, North American Aviation, Inc., and United Automobile Workers; 1963, Arbitrator, San Francisco Newspaper Industry; 1946 to date, active as *ad hoc* arbitrator to the extent time has permitted.

Mr. FLOOD. We are happy to have Mr. Ross, Commissioner of Labor Statistics, as our next witness.

GENERAL STATEMENT

Mr. Ross. I think all of our requests have a common purpose, and that is the Bureau of Labor Statistics is essentially a service agency. We want to provide the best service we can to the business community, the labor movement, financial community, Department of Labor, and the State, local, and Federal Governments.

We think this helps them make better, more intelligent, more rational decisions. For example, a decision to invest, a price policy on the part of a business firm, a factual basis for labor in determining its bargaining goals——

CRITICISM OF UNEMPLOYMENT STATISTICS

Mr. FLOOD. Are you not the office which really gave birth to the phrase "the credibility gap"? Don't you get criticized a bit on your statistics—criticized, period?

Mr. Ross. Statistics are extremely vital. I think it is right that they should be subject to great scrutiny.

I think our output is well accepted by all of the important groups in the economic community.

Mr. LAIRD. This is one agency that tries to help close the credibility gap.

Mr. FLOOD. Except they are always getting knocked around.

For instance, I have this statement from the Wall Street Journal: "The Federal Government's unemployment statistics draw more knocks for unreliability than almost any other official figures. * * * As a result of heavy criticism in 1961 that the employment statistics were grossly overstating the problem, the Bureau of Labor Statistics is quietly proposing some changes in its counting method, intended to take effect next January."

We haven't time right now to go into this article in detail. I want you to know there is criticism.

Mr. Ross. I think all of our statistics are extremely important, particularly the unemployment statistics, price statistics, wages, and others. It is natural that they would be very critically scrutinized.

We were able to improve the concepts and measurements of employment and unemployment this year, and I think our revised definitions have been very well accepted.

If I may go ahead, sir?

MEASURING PRICES

Mr. FLOOD. Yes. I have been reading your article in the Wall Street Journal, too.

Mr. Ross. On prices.

Mr. FLOOD. Yes; you referred to the inexactitude of the science in measuring prices.

Mr. Ross. Yes. We think the price statistics are the best in the world and are worthy of the confidence of business, labor, and the Government.

My point in that article was that measurement of prices is inherently difficult. There are thousands of goods and services. There are literally millions of prices in the economy. They are changing all the time.

In addition to the dollar-and-cent price you have quantity discounts, options, transportation arrangements, premiums, negotiations, some of which are disclosed and some of which are secret.

MEASURING QUALITY

Mr. FLOOD. And the difficulty of measuring quality. How do you statistic quality?

Mr. Ross. That is extremely difficult. As any televiewer knows every product claims to be new and different and to be improving its quality all the time. It is an important part of our job to try to make a responsible judgment as to whether there really has been a product change or quality improvement which ought to be taken into account.

Mr. FLOOD. It is almost impossible.

Mr. Ross. It is at least extremely difficult. It is one of the reasons why even the best price index must be regarded as a good approximation rather than a precise thing.

Mr. FLOOD. You make that clear.

Mr. Ross. We do make a very genuine effort to take account of quality changes and part of our request this year is for some more resources in that field.

Mr. FLOOD. We might as well insert into the record now this "Labor Letter" of John Grimes from the Wall Street Journal of June 28, 1966, having to do with the abuse you fellows get.

(Letter follows:)

[From the Wall Street Journal, June 28, 1966]

LABOR LETTER—A SPECIAL NEWS REPORT ON PEOPLE AND THEIR JOBS IN OFFICES, FIELDS AND FACTORIES

(By John A. Grimes)

The Federal Government's unemployment statistics draw more knocks for unreliability than almost any other official figures. According to various critics, they either overstate the jobless problem by counting people who shouldn't be counted, or understate it by not counting those who should be included.

President Johnson himself seems dissatisfied; he has ordered Labor Secretary Wirtz to expand the unemployment figures to show why people are out of work, how many workers are on part time but want full-time jobs, and why others are not looking for work even though they seem to need jobs.

The unreliability argument is rising again now as record numbers of teenagers flood into the labor market seeking summer jobs; Federal officials concede that "what the kids do" during these months will have an unsettling effect on the total unemployment rate and that a clearer picture of what is happening among the jobless won't emerge until the teenagers return to school in September. In mid-May, the jobless rate jumped to 4.0% from 3.7% the month before, interrupting a long, steady decline in the indicator; a greater-than-usual number of teenagers were seeking jobs then and thus were counted among the unemployed, even though many were still in school and wouldn't have been available to fill the summer jobs had they found them.

As a result of heavy criticism in 1961 that the unemployment statistics were grossly overstating the problem, the Bureau of Labor Statistics is quietly proposing some changes in its counting method, intended to take effect next January.

The proposed revisions, on which various outside advisory groups are being consulted, are billed by their sponsors as a "substantial improvement" in the accuracy and reliability of the statistics. But simply because any changes in the way unemployment is calculated are so politically sensitive, the outcries are likely to be loud. And particularly so when the critics discover that, after years of Government study, the revisions are not going to radically change the present system; neither of the principal critical camps is likely to be satisfied.

There is a possibility that the altered calculations might yield a lower unemployment rate than would the present system—but probably not until a recession period. In any case, instead of including new problem groups in the unemployed category as some critics want, the new method would eliminate some. The "discouraged worker," who stops looking for a job because he thinks none is available (he's now listed as unemployed under certain conditions) would not

appear as jobless under the new method; separate statistics on him would be compiled. It's also proposed to drop 14- and 15-year-olds from the jobless calculation; in this group, unemployment during the year ended in mid-May ranged between 6.4% and 12.4%.

Basically, the revisions are designed to clarify the definition of unemployment, which the special study committee found was somewhat "fuzzy around the edges." By altering questions asked in the monthly survey of joblessness, the proposed method will aim to reflect more accurately the popular conception of the unemployed as those actively seeking work and being immediately available for the job. One change in this direction, admittedly concerning a small group, would count as employed anyone who had a job but was absent from it and looking for another; the present definition counts such an absentee as unemployed.

The principal criterion of unemployment will be whether a person actively sought work during a certain past period (either a two- or four-week period will be decided on) and was available to work during the week which the survey covered. This would rule out the "classroom jobseekers" who pushed up the mid-May unemployment rate, because they were not available for work in the survey week; their elimination probably would have held the rate down near the previous month's 3.7%.

Federal officials expect a distinct benefit, in added accuracy, will result from the new counting method; the employment survey sample will be broadened from 35,000 households to take in 52,500.

Actually the BLS has been testing its new counting method on a good-sized sample for two years now, keeping the data separate from the regular employment survey. Some significant differences have appeared under the new method. As long suspected, it shows a higher number of workers on overtime than the old.

So far as the unemployment rate itself is concerned, Federal officials profess to find no really significant difference so far between the present and proposed counting methods; in the period mid-November of 1965 through mid-April of this year, officials say, "some months have been higher and some have been lower" than the rate shown by the current system, but the average for the period has been just about the same.

But some economic experts contend the real test of the new method's effect cannot come in an economic boom period like the present; the tight labor supply situation now, with nearly all potential workers actively seeking work, "tends to blur possible differences," concedes one Federal policymaker. In a business recession, some officials speculate, the jobless figure might be substantially lower under the proposed method of calculation than under the present; more "discouraged" workers would presumably fail the tests of close attachment to the labor force and active job-seeking efforts.

Once an economic recovery began, however, those who were counted out of the labor force as the economy declined could quickly become active and available job-seekers again. As a result, the jobless rate might hold at or near a recession-high level that politicians might find increasingly uncomfortable.

Mr. Ross. On the whole, Mr. Chairman, I have been pleased in the relatively brief time I have been here by the acceptance and usefulness of our product.

INQUIRIES FROM THE PUBLIC

Last year we had more than half a million inquiries from the general public.

Mr. Flood. From the general public?

Mr. Ross. Yes, sir.

Mr. Flood. Individuals?

Mr. Ross. From individuals, business firms, from labor organizations.

Mr. Flood. What would an individual such as Joe Zilch write you about?

Mr. Ross. He might write me or one of our regional offices for information which would help his son decide what career to go into.

Mr. FLOOD. How could you help him?

Mr. ROSS. Well, one of our most popular publications is the "Occupational Outlook Handbook."

Mr. FLOOD. I have that in my office.

Mr. ROSS. We have sold in the past year more than 1 million copies or reprints from the Occupational Outlook Handbook so that Joe Zilch might want advice in helping his son plan a career.

Mr. FLOOD. That is a good example but I was wondering about the individual.

Mr. ROSS. Many of the letters are from individuals. I might say I have been very proud to receive quite a few letters this year from Members of Congress, Members of the Senate, staff directors of committees generally praising our staff members for the service they have given in helping to develop facts for handling of their problems.

We have had a chance this year to contribute to quite a number of the important inquiries going on in the Government, for example, the recent report of the Secretary of HEW on medical costs.

We contributed a major report to the President's task force on Government career planning. Of course, our studies on administrative, professional and technical pay, are used by Congress—

Mr. FLOOD. Are you doing anything on the impact of social security since it went into effect?

Mr. ROSS. No, not specifically.

We were asked by the President in his manpower report of 1966 to make a monthly report on manpower shortages—where they are, what they consist of, how they might be solved.

The Secretary of Labor a few months ago asked for surveys of employment and unemployment in urban slum areas to find out why so many people were not able to make a contribution to the economy, or were not doing so, and we played an important part in that.

Mr. Chairman, I shall try to skip over part of my statement.

Mr. FLOOD. Take your time. You are a very important fellow.

Mr. ROSS. Thank you, sir.

PINPOINTING MANPOWER PROBLEMS IN LOCAL AREAS

During the past year, in addition to these various studies I mentioned, we have been adopting our techniques of gathering information on the labor force to the urgent task of locating the causes of unemployment and underemployment among the poor. This information is going to be highly pertinent, we think, to the development of programs in our States and cities. One of our requests is that we can extend and further modify this effort so that a specific and accurate profile of the local labor force is available to the local authorities.

Mr. FLOOD. Have Mr. Shriver's people been after you for help?

Mr. ROSS. Among others, they have endorsed the idea that it would be helpful not only to have the national figures on unemployment, employment, and so on, but specific data for localities.

We are giving our principal emphasis this year as far as our new work in manpower is concerned to pinpointing the problems in the local areas where they will be handled.

NEW DEFINITIONS OF EMPLOYMENT AND UNEMPLOYMENT

Following careful study, supported by this Committee, the Bureau adopted new and more precise definitions of employment and unemployment this year to which you referred a moment ago. We used a special panel of 17,500 households to test these new definitions over the year. Now that the testing is completed, these households have been added to the basic 35,000 households already in the survey to strengthen the sample base. The sharper definitions will assist public understanding of particular unemployment rates and will provide sharper analytical tools for identifying groups which have employment problems, even in a period of generally high employment.

FAMILY CONSUMER BUDGETS

We have also carried forward the work of producing new standard consumer budgets in which this committee has shown such great interest. As you know, the need for consumer budgets is very great among State and local welfare agencies, which use them, and information on the scales employed, in establishing eligibility for various kinds of assistance.

We also furnish budgets to many companies and private agencies for comparing living costs among the various cities.

Mr. FLOOD. Do the State governments and State legislatures ask you to help them?

Mr. Ross. Yes. We have received a good many requests from State authorities for information about consumer needs and also comparative costs of living in various communities. They need this for setting welfare levels and programs of that kind.

We have found the quantities of the items, collected additional price information, and are now computing the costs of the budget. Although it is too early to say what the magnitude of the differences will be between these new budgets and their 1959 counterparts, by August 1967 we should begin publishing our findings.

Internally we have reorganized our staff resources——

Mr. FLOOD. What do you mean by "the budget"? A family of so many people?

Mr. Ross. Yes, a family generally of four people.

Mr. FLOOD. They should have an income of x dollars. Is that it?

Mr. Ross. Yes, x dollars in the city of Kansas City or Philadelphia or wherever it might be to support itself at a certain level of dignity and earning capacity.

Mr. FLOOD. It will be for different parts of the country.

Mr. Ross. Indeed. We are producing budgets at three levels. One is what we call a modest but adequate level, then at a somewhat lower level, a minimum adequate level, minimum for decent support, and then there is a somewhat more ample level which would be pertinent for better paid workers or white-collar workers.

In the long run we also hope to have budgets not only for the more or less standard family but also for elderly people, elderly couples, and single workingwomen.

During this year we have been reorganizing our staff resources to use our talents better. I have established new positions of Chief

Economist and Chief Statistician to provide me with technical support.

We have granted considerably wider latitude to our regional offices.

Mr. FLOOD. How many regional offices do you have?

Mr. ROSS. Six. It might be of interest to you that we are opening an office in Kansas City this summer, recognizing the importance of economic growth in that part of the country.

We have also embarked upon a rather ambitious program of staff training. We are using a wide range of training techniques aimed at almost every level of education and experience in our staff.

For example, in the past year we have had seminars attended by 239 of our professional staff members in the evening entirely on their own time, generally instructed by our senior staff members with some volunteer help from experts in the universities and other agencies.

Mr. FLOOD. They work overtime voluntarily?

Mr. ROSS. This is not considered work but professional training and advancement. They welcome the opportunity.

DATA PROCESSING OPERATIONS

We are also deeply engaged in modernizing our electronic data-processing operations into a single comprehensive system, and this year we have been giving a lot of stress to computerizing our price work.

Mr. FLOOD. Do you rent or own your hardware?

Mr. ROSS. At the present time we rent it.

Mr. FLOOD. IBM?

Mr. ROSS. Yes, sir.

As you know, there has been much discussion of the relative advantages of rental and purchase of computers. Sometime in the near future, I believe, it would be advantageous for the Bureau to have a so-called third-generation computer, and at that time we will have to consider very seriously whether we should purchase it.

Mr. FLOOD. You are aware of the problem?

Mr. ROSS. Yes, sir.

From all of these actions we hope to produce important results which will keep the BLS in the vanguard of those measuring the Nation's growth.

The increases we are requesting for fiscal 1968 will bring the estimated cost for operations to $23,054,000. I hope we can convince the committee that a $23 million program to provide economic data in a $750 billion economy makes good business.

This will be an increase of $2,513,000 over the revised 1967 appropriation.

Of this amount, $281,000 is for mandatory increases. Program items, including $58,000 for funding the civil defense function, previously funded by allocation from the Office of Emergency Planning, total $2,232,000 and 135 positions.

The first of the major requests is for measurement of manpower problems in local communities.

Mr. FLOOD. This might be a good breaking point, gentlemen.

We shall resume at 2 o'clock.

AFTERNOON SESSION

Mr. FLOOD. You may proceed.

Mr. ROSS. Mr. Chairman, I think it might save time if I would place in the record the remainder of the statement, which deals with our specific requests. I am sure the members of the committee have questions concerning them, and you might prefer to proceed in that manner.

Mr. FLOOD. Yes, I am sure there will be. I have several myself.

(The remainder of the prepared statetment follows:)

MANPOWER AND EMPLOYMENT

The national commitment to reduce poverty has already been translated into a variety of programs which, like the Neighborhood Youth Corps, are designed to train and motivate disadvantaged people to earn their way into the mainstream of American economic life. As these programs have grown, the need for information has increased. We want to know exactly what kinds of barriers hamper the fullest use of our human potential. We need to know sufficient detail to give us a sound base for Federal, State and local administrators to use in overcoming these barriers.

We have already taken some steps which will enable us to diagnose the causes of poverty with greater precision, such as the new definitions of employment and unemployment which were officially adopted in January 1967. These new concepts will be more in line with public understanding of the terms. They will promote a better-informed opinion of the condition of the economy. The definitions will also permit us to follow the progress of important groups which have been heretofore lost in the aggregates. They will take us toward sharper appraisals of specific problems. But our proposed new survey will move in on poverty much more closely.

This proposal for expansion represents the natural evolution of Bureau programs to keep pace with the development of the economy. The kind of analytic work that has been undertaken by the Bureau in the last two years was useful in the development of programs to overcome particularly stubborn problems while the general level of economic well-being improved. For example, the six reports issued during the past year on the current manpower situation and outlook were widely used by agencies and corporations in planning for training and recruiting programs to overcome impending skill shortages. Our reports on the poverty neighborhoods and on chronic illness were also aimed at understanding the problems of specific groups within the labor force.

Now we need to expand and intensify this effort. We should be providing the people who administer anti-poverty programs enough information to permit them to tailor their programs to the needs of their own clientele. The lack of detailed information about employment and unemployment and its causes in urban areas has clouded the ability of local communities to adapt their programs to their specific needs. The Bureau is in an unusually strong position to support such local efforts by providing these details. The proposal provides an example of creative Federal, State, and local cooperation.

The probing interviews we propose to conduct in poverty neighborhoods will give us a set of measures of specific local needs.

The cost of establishing this survey system in our program is estimated at $1,000,000 for fiscal year 1968. Of this total, $154,700 (20 positions) is for personal services. The present base for this program is $2,591,000. They will provide the local, State, and Federal authorities with the essentials for charting the necessary steps.

PRICES AND LIVING CONDITIONS

As this committee has undoubtedly noticed economic conditions affect the way the public watches economic trends. When our price indexes were reflecting almost total price stability, few were concerned with minor fluctuations in the indexes themselves. When prices begin to rise at their recent rates, however, accuracy of the indexes becomes increasingly important, and public con-

fidence in their reliability must be maintained. Thus, you will be considering our proposals for improving these indexes at a particularly critical time.

Price statistics now play a central role in the making of economic decisions. They tell us when our economy is reaching a danger point. As the economy approaches the maximum use of its resources, businessmen as well as government officials have a much greater need to detect small shifts in demand and supply pressures. These shifts are most rapidly and accurately reflected in price indexes. The financial and business community has therefore come to rely on the accuracy and reliability of the Bureau's price indexes, not only in setting their own pricing policies, but also in judging current and long-range deployment of their own resources.

We are proposing two improvements which will considerably strengthen our hand in assuring the reliability of these indexes. Another proposal would lay a much-needed foundation for the forthcoming revision of the Consumer Price Index. We are also proposing to advance our pricing research in the difficult but significant field of international price comparisons. Taken together, these four proposals are estimated to cost $824,000, with 71 new positions. The financial summary gives the distribution of costs and positions among the items. The present base for these four price projects totals $1,935,800.

The first of these four programs is aimed at improving our work in adjusting for changes in the quality of goods and services included in the Consumer Price Index. It has been the subject of a great deal of preliminary study. Product specifications are the basis for the decisions we make on how to adjust quoted prices for changes in the quality of products. They describe the product for which we seek to obtain a price. As new products come into the market at a faster rate, adequate product specifications are becoming increasingly difficult to maintain. Our work in taking account of changes made in the 1966 automobiles demonstrates some of the difficulties that face index-makers when a number of improvements are introduced simultaneously. We have similar problems involving a substantial number of product categories. Our tests indicate that while a single minor quality change may not have a significant effect upon the level of the overall index or its components, numerous small changes of this kind that are constantly taking place—as well as some larger changes—can have a significant cumulative effect. Our objective is to bring the index up to the standards of precision that are demanded of it.

Over the long run, the proposed study of the best methods of collecting and handling consumer expenditure data is fully as significant as our proposed improvements in making quality adjustments. Our surveys of the ways consumers spend their money provide the foundation for our periodic revisions of the Consumer Price Index. Using the surveys as our basic instrument, we bring up to date the market basket of goods and services in the index. The proposed study will increase the validity and accuracy of the survey instrument. It will also permit us to examine the feasibility of conducting consumer expenditure surveys annually.

A substantial body of research on consumer preferences offers promise that there are ways of improving our consumer expenditure data. For example, we want to give careful consideration to the choice of family member we interview, the type of questionnaire used, the time period the reports cover, and a number of other aspects of survey design. We want to investigate all possibilities carefully before deciding upon the most accurate and economical system for arriving at a new market basket.

Industry-sector indexes are a newer Bureau product. They were first published for 52 industries in 1965. Their importance has become rapidly established because other economic series are organized on an industry basis. Essentially, they are composite indexes made up of several series of prices that closely match the economic activity of a defined industry or sector. Price indexes organized in this way are particularly useful in studies of economic growth, productivity, and other types of analysis where the emphasis is on industrial structure as distinct from market or commodity-use classifications. They fill a number of important gaps left by wholesale price indexes. Eventually, we hope to extend industry-sector indexes to about 525 industries in manufacturing, mining and agriculture and other subsectors. Our present proposal would add about 75 of these during fiscal year 1968. The indexes we plan to construct with these funds will provide information on industries for which price data has been almost completely lacking: shipbuilding, electronics, plastics, and aircraft.

All of these are industries in which price information will be particularly valuable to Federal purchasing agencies.

Industry sector prices will be collected on the basis of the prices at which commodities are actually bought. Many of our wholesale price indexes are handicapped by the fact that our resources permit us to collect information only on the basis of manufacturer's list prices. List prices do not tell us when changes are made in discounts or terms of trade. For such commodities as metals, chemicals and machinery, these changes often represent the most common method of adjusting prices. Thus it is important that we obtain these data wherever possible. If we are enabled to collect the transaction prices, we will begin a systematic substitution of this more realistic transaction price for the current list price.

Our proposal in the field of international price competiveness is to extend the work which has already been done during the past year by the Bureau in cooperation with the National Bureau of Economic Research. Under this program we would obtain prices for particular products rather than for entire product classes. The latter is now the only information available on trends of export and import prices. In general, the former is the preferred method, but is more difficult to maintain.

Indexes of this kind will permit us to compare the relative movement of international prices. We will then be able to observe the direction of prices in the United States as compared to the affected foreign countries. This information is particularly useful in connection with tariff negotiation and related questions. To compare the level of prices at a particular point in time, we will also embark under this proposal on a program of the collection of directly comparable prices. When these two tasks are completed the Nation's industries will be in a better position to know how their products will fare in competition with other countries.

WAGES AND INDUSTRIAL RELATIONS

Greater public concern with the level of collective bargaining settlements, a more active mediation policy and the increasing complexity of bargaining have all lent additional importance to the Bureau's recent work in the field of wages and industrial relations. We have increasingly served labor and management by providing comparative information on wage settlements and other detail relevant to their bargaining.

We have initiated several projects which will further strengthen our ability to assist the parties and the Government in settling on bargains which take into account the public interest. We have made progress, for example, in the difficult field of pricing out the cost of package wage and fringe benefit settlements. This is intricate work, often affected by the eligibility requirements established under the plan, the composition of bargaining units, the timing of increases, and several other factors. Last year we were also authorized to increase the scope of our program for surveying employer expenditures for the entire range of supplementary benefits. We will soon be visiting employers to obtain their cooperation in this expanded program.

We are asking you to approve two proposals that will significantly increase the amount of information available on wage and benefit practices that prevail in industry. This added information will permit employers and unions to base their decisions on a wider fact base. Our first proposal will make possible a more accurate charting of wage changes in the nonmanufacturing segment of the economy. The second will provide extensive and detailed new studies of the operations of employee benefit plans. Together, these programs are estimated to cost $350,000 (39 positions) over a base of $67,500.

The private and public policy issues associated with major collective bargaining situations in recent years have proved that information is vitally needed on characteristics of changes in wages. By themselves, data on levels of compensation are inadequate. The Bureau's current program is geared to meet these needs insofar as manufacturing industries are concerned. However, the nonmanufacturing sectors of the economy are increasingly important in both public and private policy and represent areas where relatively little factual information on wage changes is now available. Nonmanufacturing industries are characterized by the number of small firms in many specific industries, by differences in traditions and practices that affect wage determinations, and by a relatively smaller degree of unionization, as compared with manufacturing.

We know that the adjustments made in nonmanufacturing establishments have an increasingly significant impact on the level of wages and prices in the economy. We propose to remedy this information lack by surveying nonmanufacturing employers, semi-annually, directly through mail questionnaire. This proposal would establish 24 new positions and cost $200,000.

Our second proposal would substantially expand much-needed information on employee benefit plans. The Congress has long recognized the implications of the characteristics and operations of these plans for the public welfare. During the past session, three Congressional committees held hearings on various aspects of private pension and welfare plans. The economic effect of the plans, their relationship to the Social Security program, and the practices of plan administrators were all the subject of close scrutiny. The importance of these considerations was also brought out in the 1965 report of the President's Committee on Corporate Policy and Private Pension Programs and Other Private Retirement and Welfare Programs, which stressed the need for additional studies of pension plan operations. To accomplish this study will require an additional 15 positions and $150,000.

The Bureau's proposals are based on considerable experience in serving the diverse clientele whose interests are affected by the operation of employee benefit plans. For many years, we have provided factual studies summarizing the important provisions of benefit plans. We have not been able, however, to study the actual operations of such plans. An important part of our proposal would permit us to compare actual benefits received with the formal provisions of the plans. Other subjects for study will include conditions under which plans are terminated, the methods used for financing, and various aspects of plan administration. We also want to examine the relationship of the private welfare systems to public programs. The resulting studies will provide actuaries, plan administrators, employers and unions with a comprehensive set of reports describing the operations of this rapidly developing private system.

SUMMARY OF BUDGET REQUEST FOR BUREAU OF LABOR STATISTICS

Mr. FLOOD. Your adjusted appropriation for 1967 is $20,541,000?

Mr. ROSS. Yes, sir.

Mr. FLOOD. The request for 1968 is $23,054,000. That is an increase of $2,513,000 and 135 positions. In 1965 you increased your positions by 27, in 1966 by 37, in 1967 by 24, now you want in increase of 135.

You know what I think, I think the Bureau of the Budget must be full of statisticians.

Mr. ROSS. I have never felt we had any particular in with the Bureau of the Budget. The way I look at it is, we have an economy of $750 billion a year and when I said "good business" I meant I think it is good business to spend $23 million if we can have more intelligent, better informed decisions affecting $750 billion.

USE OF COMPUTERS

Mr. FLOOD. You were talking about your computers and hardware and I asked a question or two about rental or ownership. My understanding was that by utilizing these computers, you would save manpower. Most especially in the field of statistics I thought the computers would lead to a great saving in personnel.

Mr. ROSS. The use of the computer permits you to do the same amount of work with fewer people, or a greater amount of work with the same people. With the computerization of the manpower statistics, price statistics and all of the others two things appear:

First, many things can be done which could not be done through hand tabulation or computation, and the second is that the demands on the part of our clients are expanding all the time.

I believe we can show that every one of our requests is based on real and persuasive indications of need on the part of business and labor people in the community and in the government agencies.

Mr. FLOOD. Of course there could be no end to the desire and request for statistics.

Mr. Ross. I think it is a practical tool. I really do not believe in statistics for their own sake, Mr. Chairman.

Statistics are a practical tool to make more intelligent and better informed decisions, but I do not think any statistics should be financed by the U.S. Government unless they can be shown to serve that purpose.

Mr. FLOOD. I am glad to hear you say that because I was getting the impression that many of the Government statisticians were playing games, just for the game's sake.

Mr. Ross. You will not find any of them in BLS, sir.

INCREASE FOR LOCALLY-ORIENTED MANPOWER INFORMATION

Mr. FLOOD. This first increase of a million dollars seems to be largely to gather better information to use as a base for planning by the antipoverty people over in Sargent Shriver's shop. This being the case, why should not the antipoverty people decide what is needed over there and pay for it out of their own budget. Why you?

Mr. Ross. This type of local manpower information is needed vitally for programs of the Labor Department and for manpower programs, training programs, of many types.

As you know, some of the programs that were initiated under the OEO Act are now administered by the Labor Department, such as the Neighborhood Youth Corps.

In addition, we have MDTA programs, OJT programs, and other manpower programs you are very familiar with.

The experience is that even at very high employment levels like the present time, there are all too many people who are not working, who are not making a productive contribution, who are on relief. Some of them are not even looking for work. We have to pinpoint just what is wrong in the individual case in the community.

Mr. FLOOD. The OEO people paid you $29,000 last year for services, so there is nothing new about what I suggested.

Mr. Ross. Mr. Chairman, the programs which require this locally oriented manpower information are by no means limited to the OEO programs. In fact, I would say that they are for the most part Labor Department programs.

Mr. FLOOD. That first million? Do you think it is mostly for Labor and not OEO?

Mr. Ross. The programs for training and placement and assisting persons to get into the private economy and find a productive job are to a very considerable extent the responsibility of the Department of Labor.

Mr. FLOOD. You are asking for $100,000—and we touched on this this morning for a minute—to improve quality adjustments in the Consumer Price Index. If there ever was a Never Never Land, you are certainly getting into it when you talk about quality in the CPI. You could spend $10 million more and you certainly could not get a CPI absolutely accurate in reflecting quality, could you?

I buy this suit of clothes and I have to get it pressed every week. Tomorrow I buy another suit and the tailor tells me, "You have just bought a suit of clothes you do not have to get pressed every week." This is quality. Same price, but now I save a couple of dollars every week in cleaning and pressing. And you are going to reflect that? How?

Mr. ROSS. Products are changing all the time. I do not think we will ever, as you suggest, be able to put our finger on each and every change in product specification. It is important though to be able to identify and take account of the major things.

For example, if you buy a black and white television set this year and 5 years from now you buy a color television it is not the same product. That is a simple example of something that must be taken into account.

Mr. FLOOD. Suppose you buy an automobile today and run it for 3 years but the last car was only good for 2 years and 9 months. Are you going to build into the CPI the quality change in that automobile?

Mr. ROSS. We have done that for quite a number of years. It is probably the most difficult of all the products to handle from a standpoint of quality change because there are so many changes each year and there are so many models and so many makes.

We have regularly endeavored to take account of significant changes in quality and to see to what extent they affect the index.

Mr. FLOOD. What is the matter with your current degree of accuracy, the yardstick you use now?

Mr. ROSS. We do not yet have the capacity to do a sufficient job of handling the major significant changes in quality.

Mr. FLOOD. I believe that, but what makes you think you are going to do it for $100,000 or $10 million?

Mr. ROSS. We can do a great deal more with the request that we have made if it is granted. It will be important to buyers and sellers to have a price index that does actually reflect the changes in the nature of the commodity.

As you know, some commodities may have the same name as the same commodity 10 years ago, but are very different. The price index is much more significant, if you take into account the changes in that commodity. To do that we have to have people who have the know-how and the time to study these major changes.

Mr. Chairman, I wrote an article on this problem of quality change several months ago and with your permission submit it for the record.

(The information follows:)

Statement on Price Indexes for 1967 Model Automobiles

SUMMARY

We have completed an intensive analysis of introductory prices of 1967 automobiles in October 1966, as compared with those of the 1966 models in October 1965. The principal results are as follows:

1. Suggested retail prices of factory-equipped cars averaged about $55 (2.1 percent) higher than in 1966 (based on the weighted average of all models in the sample).

2. Net improvements in quality offset practically all of the dollar price increase. Hence the prices of 1967 autos, taken as a whole, are only about 0.2 percent higher than the 1966 models, after allowance for quality changes.

3. The CPI for new cars in October 1966 was 98.4 (1957–59=100) as compared with 97.7 in October 1965, 101.3 in October 1964 and 103.1 in October 1963. The October 1965–October 1966 increase amounts to 0.7 percent. This differs from the basic price change of about 0.2 percent described above for the reason that 1965 as well as 1966 models were being sold in October 1965, and 1966 as well as 1967 models in October 1966. This year the model year was initiated somewhat earlier, so that the proportion of later models sold in October 1966 was greater than in October 1965. In addition, newly enacted sales taxes in Massachusetts and New Jersey caused a rise of 0.3 percent in the new car index over the year.

4. The increase in the October CPI for new cars over September amounted to 4.2 percent. This index customarily jumps several points between September and October. The reason is that dealers, as usual, offered smaller trade-ins and other concessions on the newly introduced 1967 models than they had been granting on 1966 models in September. As the model year progresses, dealer concessions usually become more generous.

5. The Wholesale Price Index for new cars in October 1966 was 0.2 percent over 1965, approximately the same as in the CPI. These two indexes stand on a slightly different footing in that the former is based on factory shipments to dealers, exporters, and fleet purchasers, while the latter is based on dealer sales to individual consumers.

PROCEDURES

As I have previously noted, BLS must determine the price indexes for hundreds of commodities. Movements in a price index from one period to another presuppose that the product is the same. If the product is changed, this fact must be taken into account. The automobile is only one of many products for which quality changes are ascertained in measuring the movement of price indexes.

In the case of automobiles, product changes are taken into account when they result in improvement or deterioration of safety, performance, durability, comfort or convenience. The dollar price change for each make of car is adjusted before computing the price index for new cars as a whole. The adjusted price changes are then weighted together for all models in the sample.

The automobile is the most complex and important of the consumer goods which are subject to frequent changes in quality. Consumers spend about 5 cents out of every dollar for the purchase of new and used cars. Under these circumstances, it is essential to identify and evaluate, with the greatest possible accuracy, any changes in quality. It is equally essential that the same concepts and criteria be used for auto price indexes as for any others.

Some time ago I decided that access to engineering expertise would be desirable to supplement the knowledge and experience of our commodity specialists. Therefore I made arrangements with the Bureau of Standards in the Department of Commerce, and with the General Services Administration, for consultative assistance. The Bureau of Standards has responsibilities under the automotive safety legislation. The GSA has established safety standards for automobiles purchased by the government, which became the core of the industry's safety program this year. The GSA's Automotive Safety Panel consists of distinguished engineers and safety experts in private life, unconnected with the industry or the government.

Consultation with these bodies was most helpful in appraising product changes from the standpoint of their contribution to safety, durability and other objectives. We did not disclose to these groups, nor to any other persons outside BLS, the large volume of economic data furnished on a confidential basis by automobile manufacturers and dealers.

In addition, meetings of the Price Research Committees of the BLS Business Research Advisory Council and Labor Research Advisory Council were held during the month of October. General procedures and criteria for evaluating increases or decreases in quality were discussed. Advice rendered by various members of these Committees was taken into account, but the ultimate decisions were made by the BLS itself.

We intend to continue our intensive review of the handling of product changes in the development of price indexes, to ensure that changes are reflected as accurately as possible and that all products are handled in the same way.

INDUSTRY SECTOR INDEX

Mr. FLOOD. You have a $404,000 increase budgeted to expand the program for industry sector indexes. Tell us what that is all about.

Mr. Ross. Economic statistics are for the most part organized on an industry basis. We were talking about automobiles. One industry is motor vehicles and parts. Another industry might be men's clothing. Another industry could be nonalcoholic beverages.

Mr. FLOOD. How many industries are covered now?

Mr. Ross. At the present time we have 52 industries for which industry sector indexes have been published.

Mr. FLOOD. How many are you going to have?

Mr. Ross. We would like to add eventually another 525. Our proposal would add 75 of these during fiscal year 1968.

Mr. FLOOD. 525?

Mr. Ross. Yes. There are actually a great many more industries than that if you break them down the way they are in the economic statistics.

For example, the statistics on employment or sales or orders, value added by manufacturing.

The economic statistics are now for the most part on an industry base. So the people in the industry or union or other interested parties can get statistics on the manufacturing output of the industry, on sales, on employment, on average earnings, on productivity. That is always on an industry basis.

Mr. FLOOD. What we call industrywise basis.

Mr. Ross. Yes, exactly.

Up to now, the price statistics have just been for a product. We have a price index for men's suits or a price index for men's shirts or for men's socks. We do not have indexes for the men's clothing industry. That the business community has been showing great interest in price indexes for their industry which can be used along with all the other economic data for the industry.

(The following letter was subsequently received by the committee:)

U.S. DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D.C., March 20, 1967.

Hon. DANIEL J. FLOOD,
Chairman, Subcommittee on Appropriations, Committee on Appropriations, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: During your recent hearing on the Bureau of Labor Statistics budget request, members of the Subcommittee inquired about the need for industry-sector price indexes and other proposed improvements in the measurement of prices.

In replying I emphasized the interest of business and labor officials.

May I call attention to some pertinent statements in the report of the Joint Economic Committee, issued last week.

"The Committee emphasizes that high priority should be accorded to research in the area of prices and price indices. . . . For effective public policy, we need to know how prices of various product groups are affected by particular types of monetary and fiscal measures . . . Government agencies should push rapidly ahead with development and regular publication of industry data on output, productivity, prices, capital, labor and incomes."

The Committee also noted the view of its Subcommittee on Economic Statistics (as reported in July 1966) that "emphasis should be directed toward the development of selected price indices for analyzing and predicting inflationary pressures."

Respectfully yours,

ARTHUR M. ROSS, *Commissioner.*

REVISION OF CONSUMER PRICE INDEX

Mr. FLOOD. You want $200,000, and I am quoting you, "to determine the best methods of obtaining consumer expenditure data to lay a foundation for the next revision of the Consumer Price Index."

Mr. ROSS. Right.

Mr. FLOOD. That is a rather broad sweeping justification. What are you going to do with that money?

Mr. ROSS. Each 10 years consumer expenditure studies have to be made as a basis for the revision of the Consumer Price Index. That is what is called the market basket. You have to find out what commodities and services are being consumed by the population and what weight should be given to each product and service.

Of course from one period to another there are great changes, as you know.

Mr. FLOOD. What do you mean "period", decade?

Mr. ROSS. One decade to another. Up to now we have taken the consumer expenditure study roughly every 10 years. Eventually it would be best to do it on an annual basis and try to keep track each year of the changes in the consumption patterns that have gone on currently rather than wait 10 years and try to catch up with it all at once.

It is a terrible headache to do it that way. I have not gone through it myself since I have only been commissioner for about a year. The last consumer expenditure study cost $3 million. It covered 14,000 families. Each family was interviewed for an average of 8 hours to get the material we needed to have a solid basis for the CPI.

This $200,000 request is to lay the groundwork for a better method of studying consumer expenditures. This $3 million was spent almost 10 years ago, and at the current price level even more would be required to do the same job in 1970.

We find that there has been a lot of work done in private market research organizations and in the universities on techniques of collecting expenditure data. It is partly a question of how you get the families to keep the records for you. They have to keep a diary or keep their vouchers or something of that kind.

Secondly, there is a question of what time period should be used, how long must they do it before they get a fair sample of their consumption.

Mr. FLOOD. Do you pay these people?

Mr. ROSS. We do not hire the families. We do hire enumerators.

Mr. FLOOD. I mean families.

Mr. ROSS. We do not. They cooperate with us voluntarily.

I might say that practically all our information comes from people who give it to us voluntarily.

Mr. FLOOD. And probably better information.

Mr. ROSS. I hope so. We do not pay the families, but would have to pay the staff to collect it and analyze it.

I mentioned the problem of the time period. Then there is the problem of what family members have to be interviewed. Typically in the past, the housewife has given all the information. In these days teenagers are big consumers on their own, as you undoubtedly know. It may be necessary, in order to find out accurately what the teenagers are consuming, to have a mail questionnaire to a sample of teenagers as well as to their mothers and fathers.

Then there is the question of whether we can get data on consumption from other sources in addition to the families, what we can pick up from the market research organizations and the business firms.

Mr. FLOOD. Do you have to pay for that?

Mr. ROSS. No. We have found that both individuals and business houses will generally give the BLS what we need if they are able to do so.

There are other problems—what kind of questionnaire to be used, and what categories of expenditure are set forth.

Mr. FLOOD. There are three or four other increases here that I am not going to go into. The justifications will be in the record anyhow. But if you want to comment on them, you may.

TRANSACTION PRICES

Mr. ROSS. I would like to say a little bit about two more things with respect to the field of prices.

One of them is what we call transaction prices. This is a very serious problem of the Wholesale Price Index. In many cases our wholesale prices are based upon list prices. Actually, the list price often is not an accurate representation of the actual transaction. There may be a premium if the goods are scarce, there may be discounts if the goods are plentiful. There are other kinds of arrangements which affect the actual price. And businessmen and journalists have noted for many years that one way is which the WPI should be improved would be to get the actual transactions.

In connection with our industry sector price program, we are proposing to do this: In many cases we will get the prices from buyers as well as sellers so that the buyer will tell us what he actually paid as a check on the list price. To indicate the difference that applies between the list price and the actual transactions I would like to show you, if I may, a chart, the only one we brought along. If you will indulge me for a minute, it might be of interest.

This is just one case, Mr. Chairman, one piece of heavy equipment. The chart shows the price of this piece of heavy equipment over a period of about 6 years. The line on top is the list price or book price and, as you will see, the line on the bottom is the actual transaction price.

Now note how much difference there was. For example, the list price was the same from 1960 through the first half of 1963, but there were large fluctuations in the transaction price.

From 1964 to the present, the book price has been the same, whereas the actual prices have been rising. That would indicate they have been eliminating discounts or charging premiums. In any case, they are getting more money for that piece of equipment.

This is a well-known inadequacy of the WPI. It would be a great service if we could correct it and get the actual terms of transactions.

INTERNATIONAL PRICE TRENDS

Secondly, Mr. Chairman, I would like to say a word about the measurement of international price trends. We all know the importance of keeping our products competitive in the world market, and how much that affects the balance of payments. We want to begin developing indexes by product and industry of the many items that move in international trade, the items which we are trying to sell abroad, the items which foreign marketers are trying to sell in this country. We want to see how our American prices are moving in comparison with the competitive prices of foreign sellers.

In addition to developing indexes for these commodities which are important trading items, we want to make some direct price comparisons with prices of the major competitors.

Mr. FLOOD. Who would your customers be for that information?

Mr. ROSS. The need is particularly great in two areas. One is in the business world among exporters and importers, and secondly, the Government agencies which are concerned with foreign trade, such as the Treasury Department.

Mr. FLOOD. It would be a weapon in the balance-of-payment problem?

Mr. ROSS. Yes, it would be essential for knowledge of how we are doing in terms of competitiveness of specific products. Of course we know what our total balance of payments is, but this would give us a lot of important detail about keeping particular products competitive.

This committee and the Congress gave us some money last year to do some of the spadework for this project, and we are now at the point where we can go ahead and develop actual statistics on price trends and price indexes for goods in foreign trade.

MEASUREMENT OF UNEMPLOYMENT

Mr. FLOOD. Tell me how do you propose to change the definition and the method of measurement of unemployment this year? I come from a distressed economic area, the hard coal fields of Pennsylvania. We have had hard times for 25 years. I have often been very unhappy about some of the statistics I have seen in the last 15 or 20 years. Are you planning to change the rules and give me a new definition and new yardstick?

Mr. ROSS. I would answer that in two ways.

First, we have made some changes which went into effect January 1, and second, we hope to improve the understanding and coverage of people who are at a special disadvantage, such as some of the people formerly employed in coal mines in Pennsylvania, West Virginia, and so on.

As far as the general definitions are concerned, there were several major changes.

For one thing, we eliminated from the general statistics the 14- and 15-year-old children. Historically the labor force in the United States has been counted beginning with age 14. We thought that was out of date because of our educational programs and child labor laws.

To be considered as unemployed an individual must be currently available. There was a small problem with the old concept in dealing with a college or high school student——

THE UNDEREMPLOYED

Mr. FLOOD. You are not building in here the so-called underemployed.

Mr. ROSS. Yes. I want to come to the underemployed in a moment. But there were some students who would begin looking for summer work in April. They did not want to work until June, and they were looking in April. Because of the sequence of questions, formerly such persons were counted as unemployed although they were not yet available.

Mr. FLOOD. I never got so many letters in 20 years as I have been getting this month from kids wanting to work this summer. There is a stack of them.

Mr. ROSS. Our studies last year showed that the number of jobs for teenagers was about a million more than in the previous year, but many problems are still unsolved.

To be counted as unemployed, a person must have engaged in some specific job-seeking activity during the past 4 weeks: applying to an employer, going to the Employment Service, answering a want ad or something of that kind.

That question was rather vague in the previous definition and it was not always clear what the period of time was.

We sharpened up some of the other points, but these were some of the major changes.

THE "CAN'T WORK" AND THE "WON'T WORK"

Mr. FLOOD. What about the phrases we used for years about the "can't work" and "won't work." How do they get into your column, or do they?

Mr. ROSS. One reason for the request for programs of local manpower studies is to pinpoint some of these problems that are beyond merely counting the unemployed. You mention the underemployed.

Mr. FLOOD. Yes.

Mr. ROSS. An underemployed person perhaps would like full-time work and is only working parttime, or is only casually employed when the boss wants him, or is working far below his skill or what his education might permit. We do not count this last group now. We do not know enough about them. Part of the new program is to pinpoint the underemployed individuals and ascertain what it would take to get them fully employed.

You mentioned those who cannot work and will not work.

Mr. FLOOD. There are two different classes.

Mr. Ross. Yes, sir. There are somewhere between a million and two million men who are not looking for work because of ill health. In many cases this is remediable. In some cases it is not. But we know there are many cases where such a person might be rehabilitated. It might be through eyeglasses, it might be through hearing aids, it might be through some more extensive rehabilitation.

For the "will not" work, as you say, we want to find out, why it is that quite a number of men, even those in good health, are not looking and not working.

That is an important part of the program we discussed earlier. Is it a case of preferring to stay on relief, is it a case of being discouraged by having no training or education? Is it a case of people whose residence is too far away from the job, who needs some kind of transportation facility? Just what is it that is preventing these individuals from getting into the economy and seeking a productive job? This is all above and beyond the regular concept of unemployment.

INTERAGENCY ECONOMIC GROWTH PROJECT

Mr. FLOOD. Here is another phrase that I am quoting and this is titled "Interagency Economic Growth Project." You have that mentioned in your justification. What is it and what will it do that is worthwhile?

Mr. Ross. The Interagency Growth Project has involved the Commerce Department, the Department of Labor, and the Council of Economic Advisers. And it is based upon what are called interindustry tables.

I do not think that is a very good phrase either.

Mr. FLOOD. No, it is not.

Mr. Ross. It shows you all of the transactions between industries.

For example, supposing we need to buy a billion dollars worth of airplanes, what industries will have to supply raw material? How much machinery will be needed to make these airplanes?

Mr. FLOOD. What subcontractors and sub-subcontractors and that kind of thing?

Mr. Ross. Yes, sir; it is exactly that.

Or supposing the war in Vietnam terminates and we are able to reduce military expenditures, where would the impact be felt, in what industries, what kinds of workers would be affected and so on.

These are some of the uses of the interindustry tables.

Now the growth project also involves projecting to 1970 and 1975 the production and employment for each industry and for each occupation. It is a basic tool for guidance of educational programs. People sometimes have to think ahead 5 or 10 years.

This growth project is not a new program. We did publish this year the volume you refer to. I was pleased to note a complimentary editorial about it in the New York Times.

Mr. FLOOD. I saw that too.

Mr. Ross. Although the title of the project is rather forbidding, I consider it a very practical and useful project.

Mr. FLOOD. I think you have set it out very well.
Mr. Ross. Thank you, sir.
Mr. FLOOD. Mr. Shriver?

TRANSACTION PRICES

Mr. SHRIVER. Going back to the chart you were using, how do you get the information about the transactions?

Mr. Ross. We obtained this particular information from both the list price of the seller, and the actual transaction price paid by Government buyers. This is a piece of equipment bought by the Government.

Mr. SHRIVER. If the Government were not involved, how would you get the information?

Mr. Ross. We would get it from private purchasers.

Mr. SHRIVER. Would you have any trouble getting it from them?

Mr. Ross. We think it can be done. In general, we have obtained very fine cooperation from industry for any legitimate requests, and we think that we could do that.

Mr. MYERS. We have had some earlier experience during the Second World War in getting this kind of information from buyers and general cooperation has been very good.

Mr. SHRIVER. We frequently have complaints of requirements of various agencies of government for information concerning their business and filling out forms and that sort of thing.

You actually go to these people to get this kind of information concerning transactions?

Mr. Ross. Yes.

I might say the psychology of business is quite different on a voluntary reporting program than a compulsory program. We do not get many complaints, and of course we do try to minimize the burden. I am sure it is quite a substantial burden in many cases.

But since they do it as a voluntary matter, they feel it is in their interest because they can then share in the information along with other people in the economy. In general they are remarkably cheerful about it.

NEW PROGRAMS IN 1968

Mr. SHRIVER. How many new programs are you proposing to start in fiscal 1968?

Mr. Ross. The program of local manpower data is essentially a new program. The number of items in our request adds up to eight. However, four or five of them are all centered on our price measurements and I would not call them new programs.

Mr. SHRIVER. How much money would be involved in the new programs, as you would classify them?

Mr. Ross. The basic new program would be the program on local manpower data. That would involve approximately a million dollars.

Adjustment for quality changes in the CPI is not a new program; we try to do it now. We think we can and should do it better. That is a hundred thousand.

The program for our industry sector indexes is one we have begun, but are now in a position to expand more usefully. That, together with the measurement of transaction prices, is about $400,000.

The program for measurement of price trends and price levels in foreign trade comes to $120,000. Again, that is not brand new because the pilot work was financed by Congress last year.

The improvement of expenditure surveys comes to $200,000. We have been making these major expenditures surveys every 10 years so that is not new. We think that for the $200,000 we can do a much better job, take advantage of improved methods and perhaps get over on an annual basis, which might be a more economical way of doing it.

In the field of compensation, we have two items. One is to measure wage changes in the nonmanufacturing industries. About 75 percent of the labor force works outside of manufacturing industries. Our program of measuring wage changes only covers the manufacturing industries. So we are really only covering a quarter of the economy.

People in the service industries and wholesale and retail trade, the people in construction, the people in mining, the people in financial institutions, all of the other nonmanufacturing industries, transportation, communication, public utilities, insurance, they need to know what is going on in the field of compensation in their industry just as much as the people in manufacturing do. So that would be a $200,000 item.

The present program for measuring of wage changes is about $154,000, but we are only measuring wage changes in one quarter of the economy. To add the other three quarters, we think we can do it for $200,000.

The last item is to develop information on the operation of employee benefit plans, particularly private pension plans. There has been much interest in them. Congress has held three sets of hearings during the past session on the various aspects of private pension and private health and welfare plans. Legislation is now before the Congress on this matter.

I have made speeches during the past year at several pension conferences and I know there is tremendous interest in how the plans operate, how they are terminated, how they are financed, how they are administered, and so on. Of course, they feel that if they can administer these plans effectively and avoid abuses, there will not be the need for drastic regulation.

So it is in their interest to have the information just as the Government needs the information.

Mr. SHRIVER. For these programs you have just described, some of which are not really new, is that where the additional asking lies?

Mr. ROSS. I have described everything for which we are doing except a transfer involving civil defense preparedness.

GOALS OF REGIONAL OFFICES

Mr. SHRIVER. In your statement you say, "We grant to our regional offices considerably wider latitude in studying and achieving their own goals."

Mr. ROSS. Yes.

Mr. SHRIVER. What are their own goals?

Mr. Ross. By that I mean this: Of course, the regional office must do its part in helping us to collect the basic data on prices, wages, and so on. In addition we want the regional offices to be of service to the people in the community, both small and large. The regional offices get the bulk of these 500,000 requests for information that we get each year.

I am encouraging the regional directors, within the limits of the budget to do all they can to give service to local communities and local governmental organs. We will try, if we can, to break out statistics for them on a local basis or State basis if that is needed.

Mr. SHRIVER. How many regional offices have you?

Mr. Ross. Six offices.

Mr. SHRIVER. Where are they?

Mr. Ross. Boston, New York, Atlanta, Chicago, and San Francisco. We have had one in Cleveland, and it will be moving to Kansas City later this year.

Mr. SHRIVER. I believe that is all, Mr. Chairman.

Mr. FLOOD. Mr. Natcher.

FOREIGN LABOR AND TRADE SECTION

Mr. NATCHER. How long have we had the Foreign Labor and Trade Section underway in your division?

Mr. Ross. Let me ask Mr. Myers. I am quite new as Commissioner. I think he will have a better recollection.

Mr. NATCHER. Over a period of approximately how long?

Mr. MYERS. Approximately 20 years.

Mr. NATCHER. Has the location of American industry abroad lessened the importance of this section any at all?

Mr. Ross. No, sir. The foreign activities of American business really increase the importance of this section. Much of the work consists of developing information for the benefit of firms operating abroad. They want to know about the economic conditions, about the labor laws, and all the circumstances in which they will have to do business.

RADIO TUBES

Mr. NATCHER. In the last few years, have you made any studies concerning radio tubes?

Mr. Ross. Perhaps I can get information on that.

Mr. MYERS. No.

Mr. NATCHER. I hear complaints concerning imports of radio tubes. Japan can place on the shelves in our cities radio tubes which sell cheaper than the ones that we can make at the plants across the street. Do you have information on this matter?

Mr. FLOOD. I was in Japan a few years ago, and some prominent Japanese businessmen took me to a plant they were building. They had all the statistics on an RCA plant in my district. They knew it and they knew it was in my district. They told me very frankly they were building this plant and were going to take that market away from this RCA factory in my district, and they did.

Mr. NATCHER. Yes. They are very successful along this line.

Mr. Ross. We did recently complete a comparative study of wages in Japan and the United States. This was jointly sponsored by the Government of the United States and Japan, and we were asked to make it. I would be glad to supply a copy if you would like it. I do not think it has the detail about the radio industry, but it has a great deal of information with respect to wages in these two countries.

Mr. NATCHER. I would like to have a copy of that sometime. You may supply that to me later.

Mr. Ross. I will send you one.

I will look up to see whether we have made any studies of radio tubes and, if so, we can put it in the record.

(The requested information follows:)

The Bureau has not undertaken any wage study of the radio tube industry.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Casey.

Mr. CASEY. I have a complaint the other way around. A company that assembles radios say they cannot buy tubes from General Electric because General Electric use all they manufacture in their own operation, and that the tariff is so high on imports that the tariff is higher than the price of the product itself. They complain about the lack of tubes. They said they were willing to buy them from General Electric and RCA if they will sell them, but they will not sell them to them. Somebody is hollering "wolf" the wrong way.

Mr. Ross, also on the foreign labor and trade, do your men work in the field overseas? Is that the way they do it?

Mr. Ross. They often do. For example, if one of our staff is preparing a monograph on Brazil, he would probably be someone who speaks and reads the language, and he might well go down there and pick up information firsthand in the course of preparing that monograph.

RELATIONSHIP OF THE BUREAU OF LABOR STATISTICS TO THE BUREAU OF INTERNATIONAL LABOR AFFAIRS

Mr. CASEY. Your operations differ completely, I judge from your description, from the Bureau of International Labor Affairs.

Mr. Ross. Yes. The Bureau of International Labor Affairs has the operational responsibility, for example, for representation in the International Labor Office and other international bodies; also the labor aspects of foreign trade negotiations such as the Kennedy round or the GATT negotiations.

We are the fact gathering and the research organ for the Department as far as foreign labor and foreign trade are concerned. Much of the information that we develop is used by Mr. Weaver and his staff in their operational responsibilities.

Mr. CASEY. I notice that they list as one of their roles, the role of imports in the economy at various levels of economic activity. They go on to say later, to see the impact of imports. You say some of your data are for the same purpose.

Mr. Ross. We supply them the data for that purpose.

Mr. CASEY. In other words, you supply them the information from which they make their decisions.

Mr. Ross. Yes. Mr. Weaver and I had a meeting the other day, for example, with respect to the data he will need in connection with the Kennedy round negotiations and other foreign trade problems in the future. We discussed our capacity to supply those needs.

Mr. CASEY. You showed a chart with reference to the heavy machinery list price and the actual sale price. Just what is it used for and who uses it, particularly since that was Government purchases?

Mr. Ross. Who uses the machinery?

USERS OF WHOLESALE PRICE DATA

Mr. CASEY. Who would use that chart to any advantage?

Mr. Ross. We prepared the chart for this hearing to illustrate the problem of the discrepancy which often exists between the list price and the manufacturer's price.

Mr. CASEY. What is the purpose of acquiring this information? It must be useful to someone. To whom is it useful?

Mr. Ross. The Bureau prepares price indexes for all kinds of wholesale commodities. We have 2,400 different items which are priced in our wholesale price index. We publish price indexes for these items and for various groups of items. These are very widely used.

Mr. CASEY. I would not use the wholesale price for anything particularly. Who does use it? We are spending a lot of money accumulating these data, and I think we ought to put in here who is using them. When you say lots of people can use them, that is not much of an answer. I would not want to read that as justification for spending a lot of money on gathering these statistics.

Mr. Ross. The wholesale price data are used by all types of business firms—sellers, buyers, manufacturers. They are used by Government agencies. For example, wholesale prices are one of the important indexes of whether we are suffering from inflation.

Obviously, that is of concern to the Government in trying to deal with that through economic policy. The Federal Government purchases many billions of commodities ——

Mr. CASEY. The answer you have given so far indicates that your Department is primarily for the use of the Government in forming economic policy.

Mr. Ross. No, sir. I would say the wholesale price data are primarily for the use of business.

Mr. CASEY. All you have given me so far as examples is the Government use.

Mr. Ross. There are hundreds of thousands of business firms in this country. They are all vitally concerned with the price trend in their industry. They want to know how their prices are doing in comparison with those of their competitors. They want to know if they are purchasing most advantageously. In deciding whether to produce more or less, let us say next year, they want to know what is the trend of the price for their commodity.

They need this information in deciding whether to go into a new line of business or to develop a new product. I really do not know of any

one of our indexes which is more widely used in business life than the price indexes.

Mr. CASEY. The biggest consumer I talk to is my wife, and she says, "I see where they say the cost of living has gone up 0.3 percent," or something like that. She always wants to challenge that. She always thinks it has gone up higher.

Mr. ROSS. So does my wife.

Mr. CASEY. You live with that, too?

Mr. ROSS. Yes.

Mr. FLOOD. You have been talking all day about what a great job you do for business. We are impressed with that, but is that the only segment of the economy? What about labor? Doesn't anybody have interest in or benefit from your product except the business world?

Mr. ROSS. I think the product of the Bureau is of tremendous importance to labor.

Mr. FLOOD. Why didn't you say so?

Mr. ROSS. I will say so now, sir. The material on wages and on fringe benefits is the basic tool used by all unions in collective bargaining. They have to bargain on the basis of facts, and these are the basic facts they use.

Mr. FLOOD. I know this, and you know that I know, but you have not mentioned anything but business for the last 4 hours.

Mr. ROSS. I did not mean to be one-sided on it.

Mr. FLOOD. You were.

Mr. CASEY. Do you want to go ahead with your response?

Mr. ROSS. For example, we have six different labor advisory committees on six different aspects of our program made up of trade union economists. They are parallel to the industry advisory committees. They are just as interested and just as critical of our program as the industry committees are. We try to meet their needs as well as we can, the same as we do for other clientele.

Mr. FLOOD. I know that, but I wanted the record to show it. You do not want the record to prove you are a captive of the business world. Mr. Wirtz says you are not.

Mr. Casey.

LIST VERSUS SALES PRICES

Mr. CASEY. Again on the list price versus sales, I bought a car the other day, and there was a sign plastered on the window which is required by law now, I believe. Does the fact that that is on the window prove anything, stating that it should sell for around $2,900? Does that mean anything?

Mr. ROSS. That is there by virtue of a law passed several years ago.

Mr. CASEY. I mean did the Congress accomplish anything by requiring that to be stuck on there? Have you drawn any charts, in other words, comparing what is stuck on the window and what the car actually sells for?

Mr. ROSS. We do take that into account, yes. I do not know whether we have charts on it. We take into account the trade-ins and the concessions that are made when you go into the little office with the salesman and he gets out his pencil and you get down to business. We ascertain the actual sales price, which is usually very different from what you see on the window. The sign on the window also tells you

what they are charging you for the various options, and how much of the car you are getting for the basic price.

Mr. CASEY. In other words, if a consumer should write to your department and ask, "What is the average variance between the price that is plastered on the window and what I should pay?" could you tell him?

Mr. ROSS. Mr. Chase, the head of our Price Office, will respond.

Mr. CHASE. Yes, Mr. Casey. We do not ordinarily compute the price this way, but we do have it and it could be supplied.

Mr. CASEY. You ordinarily do not compute that. How do you compute it?

Mr. CHASE. In this case, we do not use the list price, so we do not do anything with it. We use the actual price, including trade-ins and concessions.

Mr. CASEY. I believe that is all, Mr. Chairman.

DISTRIBUTION OF PUBLICATIONS

Mr. SHRIVER. Are there any charges for any of your services?

Mr. ROSS. By the BLS?

Mr. SHRIVER. Yes.

Mr. ROSS. Many of our publications are sold. Aside from that, our materials are supplied as a service.

Mr. SHRIVER. These price indexes are widely distributed for free?

Mr. ROSS. Oh, yes. Tens of thousands of copies are distributed of all of them. I would like to show you some of the releases.

For example, this is the release on the Consumer Price Index for January 1967. It gives the summary and then all of the tables. This is mailed out very widely. It goes out to our regional offices.

Here is one on Wholesale Prices and Wholesale Price Indexes for November and December 1966.

Here are the press releases which are issued prior to the regular bulletins. These go out to the press all over the country. I would say that the price data are circulated as widely as any we have, perhaps more so.

Mr. SHRIVER. All for free?

Mr. ROSS. Yes. These are free upon request. We do not give anything to anyone who does not ask for it.

Mr. SHRIVER. Thank you.

Mr. CASEY. One more question, Mr. Chairman.

VOLUNTARY BASIS FOR GATHERING INFORMATION

Did I understand all your information gathering is on a voluntary basis?

Mr. ROSS. Yes, sir.

Mr. CASEY. None of this 10 and 10 if you do not answer?

Mr. ROSS. No subpoena. It is all voluntary. Of course, we would not have a good program if we were not able to persuade the families, the unions, the corporations, and other people to give it to us. Fortunately, we get very good coverage.

Mr. CASEY. Thank you.

Mr. FLOOD. Out of an abundance of caution now, in view of the size of your request, is there anything else you want to say? I want you to protect your flanks.

Mr. ROSS. No, sir; I think I have been given a very full hearing.

Mr. FLOOD. So do I.

Mr. ROSS. We appreciate it.

Mr. FLOOD. Thank you.

JUSTIFICATION MATERIAL

BUREAU OF LABOR STATISTICS

Amounts available for obligation

	1967	1968
Appropriation or estimate	$20,350,000	$23,054,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	243,000	
Comparative transfer to Office of the Secretary for centralized audit and systems functions	−52,000	
Appropriation or estimate, revised	20,541,000	23,054,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. Manpower and employment	378	$8,419,500	403	$9,645,200	+25	+$1,225,700
2. Prices and cost of living	295	3,192,000	366	4,047,600	+71	+855,600
3. Wages and industrial relations	334	3,562,700	373	3,946,100	+39	+383,400
4. Productivity, technology and growth	130	1,656,100	130	1,669,700	.....	+13,600
5. Foreign labor and trade	42	462,600	42	467,300	.....	+4,700
6. Program staff services	114	1,224,600	114	1,236,100	.....	+11,500
7. Administration and management services	94	2,023,500	94	2,042,000	.....	+18,500
Total obligations	1,387	20,541,000	1,522	23,054,000	+135	+2,513,000

Obligations by object

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	1,387	1,522	+135
Positions other than permanent	67	67	.....
Average number of all employees	1,325	1,450	+125
11 Personnel compensation	$11,723,000	$12,929,800	+1,206,800
12 Personnel benefits	860,200	960,130	+99,930
21 Travel and transportation of persons	768,600	812,900	+44,300
22 Transportation of things	20,000	20,000	.....
23 Rent, communications, and utilities	1,213,200	1,308,970	+95,770
24 Printing and reproduction	699,600	734,400	+34,800
25 Other services	1,367,800	1,455,800	+88,000
Services of other agencies	3,604,300	4,462,700	+858,400
26 Supplies and materials	176,500	191,200	+14,700
31 Equipment	107,800	178,100	+70,300
Total obligations	20,541,000	23,054,000	+2,513,000
Working capital fund items included above	(909,000)	(988,000)	(79,000)

Summary of Changes

1967 Enacted Appropriation	$20,350,000
Proposed transfer from "Unemployment Compensation for Federal Employees and Ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	243,000
Comparative transfer to Office of the Secretary for centralized audit and systems functions[1]	−52,000
1967 Appropriation, revised	20,541,000
1968 Estimate	23,054,000
Total Change	+2,513,000
Mandatory items:	
Increases:	
Net additional cost to restore pay costs absorbed in 1967	+189,000
Net cost of within-grade promotions becoming effective in 1968	+51,000
Payments to states for increased salary rates in connection with the cooperative employment statistics and labor turnover programs (nonlabor $88,000)	+88,000
To provide for a net increase in contributions to the Federal Employees' Compensation Fund	+9,230
Decreases:	
Nonrecurring extra day of pay for current year staff	−51,600
Nonrecurring rental costs	−4,630
Subtotal, mandatory items	+281,000
Program items:	
Increases:	
To expand the program of employment and unemployment data—measurement of manpower problems in local communities. (20 positions, $154,700 personal services; $845,300 nonlabor costs)	+1,000,000
Funding of Civil Defense function formerly financed by Office of Emergency Planning (5 positions, $55,600 personal services; $2,400 nonlabor costs)	+58,000
To provide for improving quality adjustments in present consumer price index (6 positions, $84,900 personal services; $15,000 nonlabor costs)	+100,000
To expand the program for industry sector indexes (39 positions, $321,100 personal services; $82,900 nonlabor costs)	+404,000
To provide for assessing international price trends and levels (11 positions, $95,000 personal services; $25,000 nonlabor costs)	+120,000
To provide for improving consumer expenditures survey methods (15 positions, $168,800 personal services; $31,200 nonlabor costs)	+200,000
To provide for gaging wage changes in nonmanufacturing industries (24 positions, $153,900 personal services; $46,100 nonlabor costs)	+200,000
To provide for increasing employee benefit plan information (15 positions, $114,700 personal services; $35,300 nonlabor costs)	+150,000
Subtotal, program items	+2,232,000
Total Change	+2,513,000

[1] This comparative transfer involves no positions.

BASIS FOR ESTIMATES

This general statement is intended to indicate the nature of the major sources of cost estimates in Bureau programs, and to indicate, in general terms, the ways in which the Bureau has attempted to minimize cost. The fact must be em-

phasized that Bureau methods and procedures are under continual review with respect (1) to the data required to meet major governmental and private needs, and (2) the most efficient way of meeting these needs.

The estimated cost of the Bureau's programs for fiscal 1968 is based upon long experience in the operation of complex statistical programs involving survey planning, data collection, tabulation and summary of data, and the preparation of analytical reports. This experience has been cumulative over the years. Methods and procedures have been constantly refined in light of advances in statistical methodology and in the technology of data processing. Constant experimentation has taken place with respect to sample design, methods of data collection, schedule editing, data tabulation, including the consolidation and summary of data, the use of electronic equipment to prepare statistical tables directly for reproduction, and the efficient analysis of survey results. This work has given the Bureau a leading place among national statistical organizations.

A major element in the cost of a statistical operation is the number of units (individuals, households, establishments) from which data must be collected. In developing sampling designs, the Bureau is guided by the most efficient use of sampling techniques to provide the desired level of accuracy. Size of sample in relation to sampling error will differ for a given survey, depending upon the number and character of the magnitudes to be estimated. In general, the larger the number of breakdowns to be derived from a given survey, the larger the sample required to provide reliable estimates. For example, data on a regional basis (e.g., for wages in the textile industry) will require a larger sample than would be needed for national estimates alone. The Bureau responds to the needs for data by the Government and by private decision-makers. Once these needs are known, the Bureau designs the most efficient sampling procedure to secure the desired results.

A second major element in the cost of Bureau programs involves the method of data collection. The most efficient method of collection depends largely upon the nature of the information that is sought. Some types of information (e.g., comparatively simple magnitudes such as total employment, man-hours paid for, and total payroll of an establishment for a designated week) can be successfully collected by mailed questionnaire. On the other hand, data on the prices of selected items of apparel (involving comparability of specifications from store to store) or on occupational wages (where comparability of occupational duties from establishment to establishment is important) can only be adequately secured through personal visit to the sample units. Again, data for the Monthly Report on the Labor Force, which involves answers to a variety of questions by representatives of households, can only be collected by personal interview. Wherever possible, the Bureau has substituted less for more expensive collection methods. For example, after experimentation, it was concluded that the Bureau's occupational wage surveys in metropolitan areas could be conducted in alternate years largely by mailed questionnaire, with some supplementation by personal visit. In some survey activities, the most efficient collection procedure involves a combination of methods. This aspect of the Bureau's work is under constant review with the aim of maximizing the efficiency of collection procedures with due regard to accuracy of response.

A third major source of cost relates to the frequency of surveys. Frequency depends in part upon the uses to be made of the survey data and partly upon the volatility of the survey items. For example, in terms of both government and private decision-making, monthly data on both the labor force and prices appears to represent the minimum periodicity required. Moreover, both labor force and price data tend to be volatile, thus providing an additional reason for the derivation of highly current estimates. On the other hand, occupational wages tend to change less frequently, so that annual surveys are adequate for most purposes and in most periods. Similarly, estimates of productivity, at least for most purposes, are adequate on an annual basis. In short, the periodicity of Bureau studies are determined largely by the needs of policy makers and by the dynamics of the underlying forces that are being measured. It should be noted that, in view of the increasing role of Government in the operation of the economy, all of the pressures are toward greater currency of information. For example, the Bureau is presently improving its weekly wholesale price index to make it a more precise indicator of change in the monthly index. To give another example, the Bureau is now called upon, from time to time, to provide quarterly rather than annual estimates of productivity for selected industries for internal government use.

A fourth major source of cost in the operation of statistical programs is the tabulation and summarization of the data collected. In this area, the Bureau has made great advances in the use of electronic data processing equipment, and is constantly seeking for the most advanced and efficient use of this rapidly changing technology. The Bureau has a highly effective data processing center and new applications of machine equipment are under constant consideration.

Finally, the fifth major element in the cost of Bureau programs is represented by survey planning and data analysis. The final output of the Bureau ranges from memoranda for internal government use to public releases and reports of various kinds. Here again, the Bureau has sought to devise the most efficient methods of accomplishing its survey planning and its explanatory and analytical work. The requirement for analytical staff is a function of (1) the survey planning that must accompany the initiation and maintenance of statistical programs and (2) the adequate analysis for policy and related purposes of the Bureau's output of statistical and economic data in terms of the full exploitation of the data collected in the vital areas in which the Bureau deals.

ACTIVITY 1. MANPOWER AND EMPLOYMENT

1967 (Positions 378)	$8,419,500
1968 (Positions 403)	9,645,200

NARRATIVE DESCRIPTION OF PROGRAM

This program provides for collection, publication, and analysis of monthly statistics on the labor force, employment and unemployment, hours of work, earnings, and labor turnover, in cooperation with the States and with the Bureau of the Census. It also provides for statistics on employment of scientific and technical personnel and studies of manpower utilization and occupational outlook.

Monthly labor force survey

Data are obtained by the Bureau of Census from a national sample of households each month and published together with analytical text. By January 1967, the sample will consist of 52,500 households. Supplementary surveys are also conducted in conjunction with the regular survey, providing an average of 10 special reports a year. Data are assembled from regular and special surveys to measure the extent of utilization of human resources. Long-term and short-term labor force projections by age, sex, and race, and studies of the relation of labor force activity rates to economic conditions are prepared as a basis for manpower policy.

Employment, hours, earnings and labor turnover statistics

Approximately 180,000 reports are collected from establishments each month, of which 150,000 relate to employment, man-hours, and payrolls, and 30,000 relate to labor turnover. Monthly estimates of employment are published for 401 industries, hours and earnings data for 352 industries, and labor turnover statistics for 224 industries. In cooperation with State agencies monthly data on employment, hours, and earnings are published for each State. Employment data are published for 185 local areas, and hours and earnings data are published for 161. Labor turnover data are published for 50 major local areas.

Two major annual publications are issued each year, one providing all national series from 1909 forward, and the other providing State and area data from the beginning date of each series.

Occupational employment statistics

Surveys of approximately 27,000 industrial establishments, 2,800 State Government agencies, and 8,200 local government units are made by mail questionnaire to obtain employment data for scientific, technical, and professional personnel by occupation and function. Personal interviews are made where necessary to obtain cooperation of companies and government agencies and to assist them in presenting the data required.

A program of pilot studies is underway to determine the most effective methods of obtaining accurate occupational employment figures from establishments. Some metalworking industries are being surveyed in fiscal 1967, marking the first nationwide effort to set up a comprehensive program of occupational employ-

ment statistics. Wherever possible, use will be made of statistics on occupational employment compiled in other Bureau programs and by other agencies.

Manpower and occupational outlook

Information is prepared on future occupational and industry manpower requirements and resources. The information is used by counselors, educators, and others helping young people choose a field of work, and by training authorities and policy makers in developing programs of education and training. The program covers the entire spectrum of manual, white-collar, and service jobs, and all major industries. The information is based on intensive research, including numerous interviews with employers, unions, and professional societies.

The Occupational Outlook Handbook is the major publication of the program, and is designed for use in vocational guidance. The Handbook, which is issued every other year, provides comprehensive information on about 700 occupations and 30 industries. Additional information is published in the Occupational Outlook Quarterly, issued four times a year, and in special reports and bulletins.

Accomplishments in 1966

The Current Employment Statistics program expanded its monthly reporting sample by 10,000—from 135,000 to 145,000. The number of local areas for which published series are available was increased from 161 to 189.

The Bureau expanded its panel of experimental households so as to test new concepts and procedures for improving unemployment and other labor force statistics. As a result of this research, data were collected on the new basis for regular monthly publication beginning with January 1967.

Accomplishments in 1967

The Bureau has accomplished the preparatory work for occupational employment surveys in 19 industries and most of such work for 11 additional industries—all in the electrical machinery group. Of the 225 occupations so far defined, 30 are deemed to be strategic to manpower planning, chiefly because large amounts of training are needed to equip workers to perform these jobs. Employers in a sample of establishments will be surveyed by mail to collect data on their employment in the selected occupations.

A pilot survey of the business and accounting machines industry was made, to secure occupational employment information for about 40 occupations, and the returns received are being validated by personal visits to the reporting establishments.

Changes for 1968

Mandatory changes amount to	+$167,700
Program changes amount to	+1,058,000
25 positions	

Measurement of manpower problems in local communities

Proposal.—To secure a measurement of unemployment, underemployment, barriers to labor-force participation and the economic handicaps in local areas, central cities and slum areas, in order to determine how people in these areas fare under changing economic conditions, and to provide a solid factual basis for policy formulation and for program administration at the State and local as well as Federal levels.

The need.—Despite record emloyment levels, many people are still not making a productive contribution to the Nation's economy. To overcome the remaining unemployment and underemployment, it is necessary to identify and measure the specific personal factors which are responsible for this situation. Increasing emphasis is being placed on the administration of manpower programs at the State and local level, and an involvement of private enterprise in the situation of these problems.

Under these circumstances, there is need for locally oriented manpower satistics and analysis to supplement the present system of national manpower data. For effective collaboration between Federal, State and local governments, as well as private industry, it is essential to have systematic and consistent data on which the program administrators can rely in assessing the nature of the problems and selecting appropriate remedial measures.

For policy purposes, more adequate information is needed on the remaining barriers to employment, including those affecting individual capacity and incen-

tive to work and those external to the individual. Counseling, education, training, and placement are some of the operating programs that must continually be adapted to the realities of the employment situation.

To meet these needs in urban areas, much more extensive and reliable manpower information is required. In the field of manpower planning for local areas, information in much greater depth than can be obtained through large scale statistical surveys is needed to measure the problems associated with poverty and serve as a basis for planning and administering programs appropriate in scale and nature to deal with them.

The present measures of employment and unemployment published each month are based on a survey of a sample of households conducted by the Bureau of the Census for the Bureau of Labor Statistics. Beginning in January 1967, the sample will consist of 52,500 households representing the United States as a whole with some sample households in each State. This is a general-purpose sample. It is not sufficiently large to provide reliable information for specific metropolitan areas or parts of such areas, but is being used to develop data on the employment status of residents of all "poverty areas" in large cities combined, on a regular basis.

A major effort has already been made by a Department of Labor task force to exploit the existing labor force samples to produce labor force data on an annual average basis for the 20 largest metropolitan areas by sex, color, and age. Although these figures have already proven highly useful to the Secretary of Labor and other policy officials for program planning, it is clear from an examination of the data that stronger samples and expanded questionnaires are needed in specific areas to obtain the necessary accuracy and detail.

The Program: To provide a basis for developing new programs and to indicate the extent to which basic conditions in the slum areas are being changed, measurement is proposed of the economic status of the members of the population being served, their employment and unemployment, the nature of their work—whether part-time or full-time—their participation in the labor force, and the reasons for their failure to participate, and their wage levels and family income. Specifically, the proposed expansion comprises the following elements:

1. In each of the 10–15 major areas, a separate sample of 2,200–3,400 households will be surveyed. The specific areas to be surveyed will be selected on the basis of a variety of criteria, including population size, geographic location, and the dimensions of the related problems of unemployment and poverty. The selection would be made after full consultation within the Department and with other interested agencies. The very largest metropolitan areas, such as New York, Los Angeles, and Chicago, probably would be included. Intensive surveys of the underlying factors affecting the employment status of the population of poverty belts within these metropolitan areas would be undertaken, after consultation with interested agencies. In each of the areas, data collection would be done in a manner designed to get maximum results at lowest cost by using highly trained enumerators. The samples in the poverty areas would be surveyed intensively for information on causes of underemployment, unemployment, and alienation from the labor force and low income status of their residents.

The overriding purpose will be to pinpoint the conditions which prevent hundreds of thousands of individuals from making a full contribution (or any contribution, in some cases) to the Nation's economy. What are the reasons why many adult males are not even looking for work? Is lack of transportation a barrier to employment? To what extent are remediable physical deficiencies barring people from participating in the work force? What is the role of illiteracy and language barriers? Are these local residents aware of training opportunities, child-care facilities, etc.? If they are not taking advantage of these programs, what are the reasons?

The planning of the surveys and the analysis of survey results would be performed by the Bureau of Labor Statistics. Data collection would be undertaken by trained agents on a contractual basis through personal visits to the sample households. Planning and set-up of the surveys will be started in fiscal 1967, and data collection will begin in October 1967. Results from the survey program should become available before the end of calendar year 1968, since the basic design involves the accumulation of interviews over a year. For the 10–15 areas as a whole, and some of the larger areas and for the measurement of large population groups, some preliminary results might be available about six months after the initiation of the program.

2. The enlarged national sample, which becomes operative in January 1967, will yield a rich harvest of basic data with greater reliability and detail; in addition, it will make possible, a variety of special tabulations to examine in depth various aspects of the underutilization of manpower resources in the Nation as a whole.

3. Continued study would be made of technical problems arising in surveys of poverty area population, including the undercount problem, better communication with respondents, and development of new techniques to identify the factors associated with non participation in the labor force.

BASE

Positions, 24.
Estimated cost, $2,591,000.

ADDITIONAL COST

Positions, 20.
Man-years, 17.3.
Estimated cost, $1,000,000.

Mobilization coordinator

Economic advisory services are provided to Departmental officials for policies and programs in possible emergency situations, including a review of plans for statistical reporting, analysis of labor force information, and preparation of manpower statistics essential for planning. Bomb damage assessment procedures are developed for labor force estimation evolving techniques and preparing data for appraising, on a national basis, feasibility of proposed production goals and planning statistical surveys for policy guidance on wages, prices, worker productivity and problems relating to the economic impact of proposed emergency programs.

The program provides for the transfer of funding of Civil Defense functions from the Office of Emergency Planning.

BASE

Position, None.
Estimated cost, None.

ADDITIONAL COST

Positions, 5.
Man-years, 4.7.
Estimated cost, $58,000.

Basis for estimates

The estimated cost of the program increases are based upon the operation of varied statistical programs.

ACTIVITY 2. PRICES AND COST OF LIVING

1967 (Positions, 295)	$3,192,000
1968 (Positions, 366)	4,047,600

NARRATIVE DESCRIPTION OF PROGRAM

This program provides for collection and analysis of data on consumer prices and preparation of Consumer Price Indexes for the United States, major metropolitan areas, and four smaller cities in Alaska; for pricing of industrial and agricultural products and publication of Wholesale Price Indexes, monthly, weekly, and daily; for development of wholesale price indexes on an industry basis; for research on standard family budgets; and for price and index number research.

Consumer prices

The Consumer Price Index is compiled and published monthly, based on price quotations on about 400 consumer items obtained mostly by personal visits to approximately 1,750 food stores, 17,000 other types of retail establishments and 40,000 tenants located in 56 metropolitan areas and smaller cities. Separate indexes are presented for 29 component groups and subgroups, for 20 special groups (such as all items, less food), and for 23 individual metropolitan areas (5 monthly and 18 quarterly).

Indexes are computed and published for nearly 400 individual items, as are average prices of individual foods and fuels for the United States and for each of 12 largest metropolitan areas.

Time-to-time indexes for four Alaskan cities and place-to-place comparisons of living costs with Seattle are computed and published, annually.

Industrial prices

The monthly Wholesale Price Index is based on about 7,000 price quotations obtained by mail from industry, government agencies, and trade publications, with separate average price and index details for 2,600 products and product groupings, and indexes for 27 special groupings, 34 groupings by stage of processing, and 8 groupings by durability of product. An annual analytical and statistical bulletin on industrial prices and special reports on primary market price developments are prepared, as requested by the Council of Economic Advisers and other government agencies.

Industry-sector price indexes

Monthly industrial output price indexes are compiled and published for about 55 of a total 525 manufacturing, mining, and agricultural industries using essentially the same data as those obtained for the Wholesale Price Index. Developmental work on additional indexes is continuing.

Standard Budget Research

Up-to-date standard budgets are maintained for a City Worker's Family and a Retired Couple at three levels: (a) modest, but adequate; (b) minimum-adequate; and (c) median standard. Scales of equivalent incomes are developed for families of different size and composition.

Limited consultation and technical assistance are provided to public and private agencies at the Federal, State, and local levels in the use of standard budgets for planning and administering assistance programs of various kinds and in developing assistance standards.

Price Analysis and Interpretation of Price Developments

Continuing analyses of price developments in relation to major factors affecting price behavior are conducted and interpretations are made of their significance. Concepts of price indexes are reviewed in relation to their current important uses, and modifications of existing price measures or development of new measures are prepared as required. Basic statistical research is conducted to improve techniques of price measurement.

Accomplishments in 1966

The Bureau derived the items and quantities to be included in the new "modest-but-adequate" budgets for 4-person families and elderly couples. During fiscal 1967, data will be collected and publication is expected before the end of the year.

Accomplishments in 1967

Limited funds were provided in fiscal 1967 to begin analytical research on prices in the economy. With these funds, the Bureau has started work on two specific projects: (1) factors causing charges for consumer services to rise faster than other prices in recent years, and (2) exploration of various alternative methods of comparing U.S. prices with those of other industrialized countries for products that are important in world trade.

By the end of the fiscal year a report on price behavior in a sector of consumer services will be produced. Techniques for international price comparisons will be developed sufficiently to permit publication in the coming fiscal year.

Changes for 1968

Mandatory changes amount to	+$31,600
Program changes amount to	+824,000

71 Positions.

Improving Quality Adjustments in the Consumer Price Index

Proposals.—To improve the adjustments made for changes in quality of goods and services priced for the Consumer Price Index by obtaining from manufacturers and retailers additional price information and physical specifications relating to varieties and quality-determining characteristics of goods available.

The need.—In our highly complex enterprise economy, actions to ward off inflation or deflation often must be based upon early warnings from relatively minor movements of price indexes and other measures of economic change. It is important, therefore, that the utmost precision be provided by the widely-used Consumer Price Index and its components.

A rapidly changing technology is bringing new, improved products into the market at an accelerating pace. In many cases these new products displace old products or old models of the same product. A bridge must be built between prices of the old and new products to maintain a continuous price index series. Only the "real" price change should be measured by the price indexes. Adequate allowance must be made for differences in market prices due to changes in quality. Removing quality price effects is a most difficult and time-consuming operation. Continuing public interest in this problem was recently highlighted by the attention given to the Bureau's procedures for quality adjustment for the 1967 model automobiles.

The program.—Expansion of investigative and developmental work will permit the establishment of specifications which clearly delineate quality elements for each item, the programing of pricing and processing techniques, and the evaluation of the comparability and validity of the price data obtained. Additional resources will allow systematic and periodic visits to manufacturers who can furnish first-hand information on changes in specifications, production techniques, and related matters that affect quality changes.

Detail on varieties, qualities, characteristics, and prices of goods sold can be obtained from retail stores by a more limited increase in field staff. These steps will then provide an adequate factual foundation for drawing expert judgments about quality differentials.

BASE

Positions, 170.
Estimated cost, $1,790,800.

ADDITIONAL COST

Positions, 6.
Man-years, 5.3.
Estimated cost, $100,000.

Industry-sector price indexes

Proposal.—To add 75 important industries to the Bureau's list of industry-sector indexes and substitute buyers' prices for sellers' prices for 40 major commodities.

The need for sector indexes.—The causes, magnitude, and direction of price movements vary significantly by industry. Successful approaches to the problem of price stability in a rapidly growing economy must take account of these differences. Information is already organized on an industry basis for many of the important factors that affect prices, including production, wages, employment, productivity, investment, and sales. Price indexes, however, have not been available for individual industries, but only for specific commodities or groups of commodities. For this reason, it has been very difficult—often impossible—adequately to evaluate the significance of price increases in relation to cost developments in particular industries, and to determine what actions might be undertaken to alleviate price pressures. The underlying analysis needed to support price stabilization efforts cannot be carried on satisfactorily until price data are available on the same basis as cost data, i.e., for individual major industries.

The sector program.—This proposal will involve instituting and maintaining price series for more than 200 additional commodities, and compiling indexes for approximately 75 additional industries of particular importance both in the economy and in the current price situation. This will involve initiating regular price reporting from about 800 companies, including developmental work in such industries as shipbuilding, electronics, plastics, and aircraft for which price measures of any kind are now extremely limited or nonexistent and where special pricing techniques and reporting methods must be developed.

The need for transaction prices.—In many instances, the present indexes of primary market prices are based on manufacturers' list prices (minus some standard discounts) rather than prices at which transactions actually take place. The indexes do not allow for certain large-volume discounts or other special concessions which may account for a large percentage of sales. The present indexes thus miss some critical turning points in price trends, as the

sluggish list prices lag behind changes effected through raised or lowered discounts. It is estimated that this limitation affects more than a third of the 2,200 commodities currently included in the Bureau's industrial price collection program. If the indexes do not accurately reflect what is actually happening to prices, inappropriate or untimely policy decisions and inaccurate private contract adjustments may be made.

The transactions program.—Under this proposal, the Bureau of Labor Statistics will initiate a program for the substitution of actual transaction prices for list prices wherever necessary in the industrial pricing structure. Two aspects of this program will proceed simultaneously. First, additional data required for the expanded series of Industrial Sector Price Indexes, described above, will be collected from their inception on a transactions basis. Second, prices obtained for certain key metals (ferrous and nonferrous) will be examined. For a number of such products it is already clear from experience that accurate prices cannot be obtained from sellers, and will have to be obtained from buyers. In such cases, a representative sample of approximately 20–25 buyers will be established for each product and actual transactions prices obtained from their purchase invioces each month by personal visits of the Bureau of Labor Statistics field representatives. This two-step program will enable the improvement and maintenance of price indexes for about 40 major commodities through a system of transaction prices.

BASE

Positions, 14.
Estimated cost, $100,000.

ADDITIONAL COST

Positions, 39.
Man-years, 35.3.
Estimated cost, $404,000.

Assessing international price trends and levels

Proposal.—To obtain specification prices on from 50 to 75 commodities important in international trade which may not be adequately represented in present series. These prices will permit comparison of price trends between the United States and its trading partners. They will also be used, with supplemental information on competing foreign products, to compare price levels at a given point in time.

The Need.—United States competitiveness in world markets is essential to maintain the soundness of the dollar. Our competitive position depends largely upon the level and trend of domestic prices for goods that move in international trade relative to those of other industrialized countries. Unforunately, no compresensive and systematic body of information on international prices is currently available.

The Program.—Limited developmental work in this area has been undertaken by the Bureau of Labor Statistics and the National Bureau of Economic Research for fiscal year 1968. Funds are requested to expand this work along two lines:

1. A comparison will be made of U.S. prices for commodities that are important in world trade with those in other selected countries. The techniques employed will be adapted from those recently developed by the National Bureau of Economic Research. Maximum use will be made of data already collected for other purposes, but additional price information for the selected commodities mst be obtained both in the United States and in other industrialized countries.

Specifically, use will be made to the extent possible of data already being compiled by the Department of Commerce on unit values of U.S. commodities exported. These unit value price trends are, however, influenced by changes in the composition of exports within commodity classifications. For nonstandard commodities, therefore, they may not show true price trends. As a first step, the unit-value series will be tested to determine whether they conform reasonably well to price series based on specification pricing—i.e., whether problems of changing product-mix render them unsuitable as true price measures. In product classifications where the problem is likely to be severe—as in some types of machinery—specification pricing will be instituted and price series developed on a quarterly basis. In other cases where unit value data cannot be used, samples of exporters and importers will be established to report regularly on products important in U.S. trade. Finally, bid prices of large buyers, such as

the Tennessee Valley Authority and the Rural Electrification Administration, will be obtained for such complex items as large turbines and generators. Taken as a whole, this part of the project will yield reliable measures of time-to-time trends of prices for commodities important to international trade, for both the U.S. and other countries.

2. The second part of the project will involve annual direct comparisons of actual price levels for U.S. products with competing products of other industrial countries. The comparisons will be based on selling prices of world-traded commodities to the extent that data can be obtained. Where necessary, however, use will be made of competitive bid prices. Reporting will be established from foreign affiliates of U.S. firms, and through information exchange arrangements with other countries. Appropriate agencies of the United Nations will be consulted.

During fiscal year 1968, it is planned to complete the developmental work on this complex project, and to price 50–75 commodities on the basis of specifications and direct collection. Ultimately, the series will be expanded to represent all United States trade on a time-to-time basis, and to provide international comparisons on a place-to-place basis for the United States, each of the principal industrial countries of Western Europe, and Japan.

BASE

Positions, 4.
Estimated cost, $45,000.

ADDITIONAL COST

Positions, 11.
Man-years, 10.0.
Estimated cost, $120,000.

Improving consumer expenditure survey methods

Proposal.—To determine the best methods of obtaining consumer expenditure data and lay a foundation for the next revision of the Consumer Price Index.

The need.—The time is rapidly approaching for the next comprehensive revision of the Consumer Price Index. The revision will be based upon a comprehensive survey of consumer expenditures (in this case, expenditures in the early 1970's). The most recent revison was based on a similar survey covering the years 1960–61. New and improved survey concepts and techniques must be developed, tested, and perfected.

This methodological research will also lay the groundwork for a possible series of more limited annual surveys of consumer expenditures that would have many uses, including the periodic updating of the City Worker's Family Budget and other special-use budgets.

Significant advances have been made in recent years by universities and private market research organizations in this country, as well as by government research organizations in other countries, in techniques of obtaining socio-economic data indicating how families and individuals dispose of their income. If the Bureau of Labor Statistics can take advantage of these advances, more complete and accurate data at less expense can be attained while appreciably reducing the burden on the families supplying the data.

It is important to make certain that these new methods will meet the particular needs of the Consumer Price Index reliably and completely. This will require a thorough investigation of all applicable new procedures, actual field testing of alternatives, and perfection of those new techniques which are most efficient and effective.

The program.—This project will be organized as a cooperative undertaking involving the Bureau of the Census and other research agencies interested in consumer expenditure data. It will involve careful testing and evaluation of the following aspects of collecting consumer expenditure data:

1. "*Diary keeping*" by respondents—the preferred method in some other nations.

2. Use of different time reference periods. The appropriate period of time for which to collect detailed data (weekly, monthly, quarterly, annually) is generally believed to vary among major expenditures (e.g. food, apparel, shelter) and may differ for different collection techniques. This possibility will be tested.

3. Selection of family members to be interviewed. Typically, the practice has been to interview the housewife and, where possible, the husband. The

growing independence of adult children and even teenagers living at home, plus the long-standing question of the housewife's ability to report her husband's expenditures accurately suggests experimenting with additional techniques, including mail questionnaires which will facilitate reporting by other family members.

4. Type of questionnaire to be used. How deeply should the interview probe into family expenditures? To what extent should respondents be encouraged to categorize their spending? There is reason to believe that these decisions affect both the reliability and potential utility of the data.

5. Use of data from other sources. Data banks and electronic computers promise greater sharing of information. As family financial transactions are increasingly recorded in computer memories (in some instances coded with the Social Security numbers of family members), opportunity is enhanced to validate and to supplement data obtained directly from the respondent.

6. Validation of data. Extensive investigation has been undertaken by other research workers regarding the accuracy of respondents, in reporting expenditures, whether by recall or diary. Their investigations will be analyzed and some tests will be undertaken of promising validation procedures.

BASE

Positions, None.
Estimated cost, None.

ADDITIONAL COST

Positions, 15.
Man-years, 17.3.
Estimated cost, $200,000.

Basis for estimates

The estimated cost of the program increases are based upon the operation of varied statistical programs.

ACTIVITY 3. WAGES AND INDUSTRIAL RELATIONS

1967 (position 334)	$3,562,700
1968 (position 373)	3,946,100

NARRATIVE DESCRIPTION OF PROGRAM

This program provides for the collection and analysis of basic data on wages and salaries by occupation, and on supplementary employee benefits, for metropolitan areas and industries; of salaries for selected professional, administrative, and technical jobs on a nationwide basis; and of union scales for selected industries; monthly reports on changes in wages and related benefits; wage or salary indexes and wage chronologies for selected occupational and industrial groups; and surveys of employer expenditures on fringe benefits, and of the composition of payroll hours, for the private nonagricultural economy and for selected sectors.

A representative file of collective bargaining agreements is maintained for public use. Detailed analytical studies are made of the provisions of labor management agreements and health, insurance, pension, and other types of employee benefit plans. Reports are prepared on the structure, membership, and activities of American trade unions. Monthly and annual statistics on work stoppages are compiled.

Occupational wages—Metropolitan area studies

Data are collected from 12,500 establishments in 85 metropolitan areas in the United States to yield avarages and distributions of wage and salary rates, indexes for selected occupations, and information on work schedules and supplementary benefits. Personal visits are made to approximately 9,500 establishments annually; data for the remainder are obtained by mailed questionnaire.

Occupational wages—Industry studies

Data are collected, by personal visit, from approximately 4,000 establishments in selected industries to yield averages and distributions of wage rates, work schedules, and supplementary benefits. Approximately 50 manufacturing and

20 nonmanufacturing industries are surveyed on a regular basis—mostly on a 5-year cycle.

Occupational wages—professional, administrative, and technical pay

Data are collected, by personal visit, from 2,400 establishments to yield averages and distributions of salaries for about 75 occupational work-level categories.

Union wage scales

Data are collected annually, by mail and personal visit, from 3,750 local unions to yield averages and distributions of union scales of wages and hours in four industries for 68 selected cities. Quarterly data are collected by mailed questionnaire from 700 local unions for seven building trades in 100 cities.

Annual earnings

Exploratory studies are continuing to determine the most feasible and economical method of obtaining information on annual earnings, by industry.

Current wage developments

Data on wage changes are obtained from secondary sources for major situations, supplemented by questionnaires sent semi-annually to approximately 3,400 small establishments. The monthly report analyzes individual settlements affecting 1,000 or more workers; the semi-annual and annual statistical summaries present data for these settlements and separate summaries are prepared representing all situations in manufacturing. In addition, several national indexes of wage and salary change are maintained for important occupational groups.

Wage chronologies

Data are obtained from secondary sources or by mail inquiry to maintain, on a current basis, an historical record of the terms of settlement in approximately 40 key collective bargaining situations. This record, showing amounts and characteristics of changes in wages, related benefits, and plant practices, is brought up to date for the situations covered at the beginning of each new contract term.

Employer expenditures on fringe benefits

Data are collected primarily by personal interview, supplemented by mail questionnaire, covering the total private nonagricultural economy to yield data on the composition of employee compensation and of payroll hours. The surveys permit calculation of the percentage of payroll and cents-per-hour expenditures for leave, premium pay, legally required programs and private health and welfare plans. Surveys completed cover broad industrial groupings such as manufacturing, mining, finance, insurance, and real estate, as well as specific industries in both the manufacturing and nonmanufacturing sectors.

An annual report on the value of major collective bargaining settlements, including the cost of both wage increases and of changes in fringe benefits, will be issued. The estimates of the value of "package" settlements will be based on available data supplemented, when necessary, by direct information from companies and unions.

Public file of collective bargaining agreements

Copies of approximately 5,000 collective bargaining agreements are maintained on a current basis for public use, as authorized by Section 211(a) of the Labor Management Relations Act, 1947, and for analytical purposes.

Studies of the provisions of labor-management agreements

Annually, 3 to 5 reports are issued. Each report analyzes selected provisions and their prevalence in approximately 1,700 collective bargaining agreements covering about 7.5 million workers.

Studies of health, insurance, pension, and other employee benefit plans

Annually, 3 to 5 reports are issued covering selected plans or all plans. Reports may be digests of plan provisions, prevalence studies, detailed analyses of selected provisions, or studies of administrative or financial characteristics.

Studies of the structure, membership, and activities of American trade unions

Biennially mail questionnaires are sent to 250 national and international unions and State federations to obtain data for the Directory of National and

International Unions and a study of union membership. As resources permit, studies may be conducted on the structure and activities of trade unions.

Work stoppages

Annually, approximately 7,500 mail questionnaires are sent to employers and unions for work stoppage information, from leads obtained from a variety of sources. Reports analyzing all strikes and lockouts affecting six or more workers and lasting more than one shift are issued monthly and annually. Industry studies and special analytical articles are also prepared.

Accomplishments in 1966

The Bureau expanded the coverage of its survey of professional, administrative and technical personnel. The minimum size of establishments within scope was lowered from 250 to 100 in transportation, communication, and other public utilities; wholesale trade; and selected services industries studied. The minimum was lowered from 250 to 50 in finance, insurance, and real estate industries. A number of new jobs were added and several jobs were redefined.

Accomplishments in 1967

During the first 6 months of fiscal 1967 the survey design and collection forms for the Bureau's first biennial survey of production (blue-collar) and nonproduction (white-collar) workers have been completed.

Universe and sample preparation is underway, and data collection will begin in April 1967. It is hoped that summary results will be available early in fiscal 1968 for use by the Administrative Agencies interested in the comparison of Federal and private pay structures and levels.

As part of the Bureau's continuing program, 11 studies of compensation expenditures and payroll hours in selected manufacturing and nonmanufacturing industries are underway. The additional budget for fiscal 1967 permitted the expansion of these studies to cover all employees in two broad occupational groupings—production (blue-collar) and nonproduction (white-collar).

Exploratory work on annual earnings data have been utilized to study the possibilities of using data from Social Security and from union pension and health and welfare records.

Changes for 1968

Mandatory changes amount to	+$33,400
Program changes amount to	+350,000

39 Positions.

Gaging wage in nonmanufacturing industries

Proposal.—To survey semi-annually, by mail questionnaire, 9,000 establishments in various nonmanufacturing industries to obtain information on general wage and benefit changes in nonunion and small unionized establishments.

The need.—Full information on general wage changes is vitally needed for public and private economic decision processes. Among the issues for which such information is essential for analysis are (1) the extent to which wage changes create upward pressures on prices, (2) the magnitude and differences in movement of wages in union and nonunion situations, (3) the effect of changes in the statutory minimum wage on wage levels and the availability of workers in lower paid occupations, and (4) the relationships of particular wage changes to other economic developments.

The Bureau's present wage program goes a long way toward meeting these needs in manufacturing industries. For nonmanufacturing, however, no existing program provides adequate data on wage changes, hence, wage decisions are being made without the benefit of information on comparisons. Yet these industries employ half of all nonagricultural workers. Limited information is available on the results of major settlements in the relatively small segment of nonmanufacturing covered by collective bargaining. These negotiated changes may differ appreciably from general wage changes in the nonunion segment of nonmanufacturing.

The program.—The proposed semi-annual mail survey would provide data comparable to those collected for manufacturing establishments. Covering nonsupervisory workers, including white-collar workers, it will provide the basic data for adequate analysis of current wage changes in nonmanufacturing as a whole, and for some of its component industry divisions. The data will be used

to meet the policy needs of the Labor Department, the Council of Economic Advisers and others who assess the effects of wage and benefit changes throughout the economy.

Combined with the information already available on wage and benefit changes in manufacturing, these additional data will provide a comprehensive reporting system yielding indispensable identification of wage changes and will be critically important to the assessment of the relationship between wage increases and price changes. The data will also permit a balanced analysis of patterns of wage changes for the economy as a whole, and improve forecasts of future wage movements. They will also be useful in administering the new Federal Service Contract Act, covering employees of contractors performing services for the Federal Government.

BASE

Positions, none.
Estimated cost, none.

ADDITIONAL COST

Positions, 24.
Man-years, 21.5.
Estimated cost, $200,000.

Increasing Employee Benefit Plan Information

Proposal.—To expand available information regarding employee benefit programs, and provide an increased number of analytic reports on their salient characteristics and operations.

The need.—Concern with the role of private pension and other employee benefit plans in the Nation's economic security system has increased. Their growing importance has also led to extensive new demands for the Bureau's analytical studies and reports. Government views were expressed with regard to pension plans in the 1965 report of the President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs. Since then, Congressional hearings on various aspects of private pension plans have been held by the Senate Finance Committee, Senate Special Committee on Aging, Senate Government Operations Committee, and the Joint Economic Committee. Currently, special committees of accountants, actuaries, employers, life insurance associations, and unions are developing recommendations on questions of public policy and private pensions.

As Chairman of the President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs, the Secretary of Labor has emphasized the importance of research studies on pension plans, with particular attention to the problems of vesting, funding, termination of plans, and the level of benefits actually provided by the plans. The recent Congressional hearings have reinforced the need for additional factual and analytical studies on these issues. Information on employee benefit plans is also required to meet the needs of labor and management groups, actuaries, accountants, plan administrators, and social welfare agencies.

The program.—To meet these increased demands, the expanded Bureau of Labor Statistics employee benefits research program would provide both basic information and analytic reports on the following subjects, among others:

1. Changing provisions of employee benefit plans, including in the case of pensions, level of benefits, vesting, early retirement, and portability.
2. Financial aspects of pensions plans, especially funding methods, changes in unfunded liabilities, and experience with financial management of pension plan reserves.
3. Characteristics of employees covered by plans, and of present and prospective beneficiaries, in relation to the characteristics of all employees—covering such items as occupation, income level, age, and length of service.
4. Actual benefits being paid, as distinct from plan provisions.
5. Terminations of pension plans, analyzing extent of loss of retirement protection by employees.
6. Comparative analysis of the respective roles of the private and public systems in providing an adequate level of retirement or health security.
7. Provisions of health and insurance plans, including a detailed analysis of such new developments as provisions for mental, dental and vision care and for long-term disability benefits.

The basic data will be based on reports of pension and welfare plans filed with the Labor Department under the Welfare and Pension Plans Disclosure Act, the Bureau's file of union agreements, special questionnaires, and field visits as needed. A number of the studies would involve cooperation with other agencies, such as the Internal Revenue Service.

BASE

Positions, 6.
Estimated cost, $67,500.

ADDITIONAL COST

Positions, 15.
Man-years, 13.0.
Estimated cost, $150,000.

Basis for estimates

The estimated cost of the program increases are based upon the operation of varied statistical programs.

ACTIVITY 4. PRODUCTIVITY, TECHNOLOGY, AND GROWTH

1967 (Positions 130)	$1,656,100
1968 (Positions 130)	1,669,700

NARRATIVE DESCRIPTION OF PROGRAM

Indexes of productivity are prepared and analyzed for the private economy as a whole, and separately for agriculture, manufacturing, and nonmanufacturing. Indexes for individual industries are extended and developed with analysis of trends and factors affecting productivity. The relationship of output per man-hour to unit labor and nonlabor costs is analyzed for the private economy, and the agricultural and manufacturing sectors. Studies are made of automation and other technological changes within industries, as well as, across industry lines. The displacement of workers resulting from the effects of technological change is analyzed. Up-to-date information is developed on labor requirements for selected types of construction.

A detailed description of U.S. economy in 1970 is developed based on alternative assumptions on economic variables such as the rate of growth and the unemployment rate.

Statistics on the incidence and severity of work injuries are collected and published.

Productivity indexes for the economy and major sectors

Output per man-hour measures are prepared for the total economy and for the major sectors: agriculture, nonagriculture, manufacturing, and nonmanufacturing. Data are analyzed for trends and for the effects of employment shifts among various sectors. Investment, technological changes, energy consumption, and other factors relating to productivity movements are analyzed.

Comparisons of output per man-hour, labor and nonlabor payments, prices and cost

Indexes of employee compensation per unit of output and nonlabor payments per unit of output are developed for the nonagricultural sector of the economy. Work is being undertaken to prepare separate indexes for the manufacturing and nonmanufacturing components.

Industry productivity measures

Annual indexes of output per man-hour for 30 selected industries in manufacturing, mining, transportation, and public utilities are prepared and analyzed. Measures for 5 additional industries are introduced annually. Analysis includes examination of data on industry capital expenditures, technological change, and other factors affecting productivity. Feasibility studies will be undertaken of secondary data sources from 10 to 15 additional large industries to determine if additional index series can be initiated.

Construction labor requirements

This program provides measures of total man-hours per unit or dollar volume of various types of construction activities. It covers the labor required on the

site of construction and in the manufacture of building materials. For on-site labor, measures are provided in terms of total requirements and by occupation. In addition, data on the types and quantity of materials used are developed. Payrolls for all projects are tabulated for hours of work and on-site wages for each prime contractor and an average of 20 subcontractors on each project.

To estimate off-site labor requirements, data on materials used are collected from approximately 1,500 contractors on the 120 projects. Material requirements are translated into labor requirements. Special tabulations are being prepared on labor requirements for the Federal public works program and on other Federal construction projects, such as those involving the Bureau of Reclamation and the Bureau of Public Roads.

Studies in automatic technology

A series of studies are prepared covering the impact of and outlook for major technological changes. One series analyzes developments in major industries, covering the nature, extent, and possible rate of introduction of important technological changes, implications for productivity, production, employment, occupational requirements, and labor relations. Reports are being prepared for electric power, textiles, steel, and transportation. The second series involves studies of key technological innovations that affect various industries. A report is being prepared on use of electronic equipment in process industries.

Economic growth

The major objective of the program of the Interagency Economic Growth project is to provide a more comprehensive and integrated framework than has previously been available for analyzing some of the implications of long-run economic growth for employment opportunities, as well as for other important economic problem areas.

The Economic Growth program has completed the first major stage in its research program; namely, the projection within an input-output framework of final demand, output, and employment in 1970, based on a limited number of alternative assumptions regarding key variables, such as the rate of growth and the unemployment rates

In addition to the work on projections, an interindustry employment table has been prepared showing the direct and indirect employment attributable to $1 billion of expenditures for the output of each industry in the economy.

This table is used, among other things, to develop estimates of the direct and indirect employment attributable to foreign trade and government expenditures.

Injury-Rate Statistics

Annual reports are obtained from approximately 110,000 establishments providing tabulations of annual work-injury frequency and severity measures for 490 manufacturing and 135 nonmanufacturing industry classifications.

Technical service including staff training and review of procedures is provided to insure uniformity in survey operations of the 13 States for which cooperative arrangements exist for the compilation of work-injury statistics.

Accomplishments in 1967

So far in 1967, the Bureau has completed a substantial amount of developmental work on productivity measures for six additional industries. These measures will be completed and published before the end of the year, bringing to 33 the number of manufacturing and nonmanufacturing industries for which we have productivity measures. During the next fiscal year, several additional measures will be developed.

Changes for 1968

Mandatory changes amount to ..... +$13,600
Program changes, none.

ACTIVITY 5. FOREIGN LABOR AND TRADE

1967 (Positions, 42)	$462,600
1968 (Positions, 42)	467,300

NARRATIVE DESCRIPTION OF PROGRAM

Statistics and other information on labor conditions in foreign countries and on the impact of imports and exports on labor in the United States are collected, analyzed, and published. Special attention is given to foreign experience which

may be useful in the United States, such as factors affecting employment and unemployment and the consequences of particular kinds of labor legislation. The program includes analysis of employment, unemployment, wages, labor cost, prices, levels of living, productivity, labor legislation and standards, trade union activities, labor-management relations, and tariffs and other trade conditions.

Labor Developments Abroad

Twelve monthly issues of this periodical are published, totaling 420 pages. Each issue includes 6 to 14 annotated statistical tables.

Special Reports

Many special reports are prepared, some for publication and others for internal government use. Examples of publications are "Labor Developments in the U.S.S.R." and digests of labor conditions in substantially every foreign country.

International Comparisons

Research and analysis are conducted comparing trends and, where possible, the absolute level of labor cost per unit of output as well as per unit of labor input. Special attention is given to the comparison of manufacturing industries and industry groups in other industrial countries with those in the United States. Work will continue on international comparisons of manpower policies and on rates of unemployment in 7 principal foreign countries, with data adjusted for comparability with the United States. Special attention is being devoted to foreign experience with the uses of job vacancy statistics.

Foreign Trade Research

Research is conducted on the impact of exports and imports on employment and other aspects of labor conditions in the United States. The research in this field is chiefly to support the participation of Department of Labor representatives and others in inter-departmental committees on tariff and trade matters. A summary report on the employment impact, industry by industry, of increases in imports of competitive industrial products is expected to be published in 1967.

Changes for 1968

Mandatory changes amount to ..... +$4,700
Program changes, none.

ACTIVITY 6. PROGRAM STAFF SERVICES

1967 (Positions 114)	$1,224,600
1968 (Positions 114)	1,236,100

NARRATIVE DESCRIPTION OF PROGRAM

Statistical standards

Bureau policies are established for the maintenance of statistical standards and improvements of statistical methodology.

Economic consultant

Special economic reports are prepared for the Commissioner, the Office of the Secretary, the Council of Economic Advisers, and other government agencies; Bureau research and reports are coordinated involving several divisions.

Publications and correspondence

The publications and correspondence staff plans the publications program of the Bureau: edits and approves all publications and releases; maintains a central Bureau inquiry service; reviews official correspondence.

Field administration

Six regional offices are operated to supervise the field collection of statistical data and to provide needed information to local government officials, business, and the public.

Changes for 1968

Mandatory changes amount to ..... +$11,500
Program changes, none.

ACTIVITY 7. ADMINISTRATION AND MANAGEMENT SERVICES

1967 (Positions, 94)..... $2,023,500
1968 (Positions, 94)..... 2,042,000

NARRATIVE DESCRIPTION OF PROGRAM

Office of the Commissioner

The over-all operation of the Bureau, including plans, programs, and administration, is formulated and its implementation is directed by the Commissioner, the Deputy Commissioner, and their immediate staff.

Management Services

Directs management planning, personnel coordination, fiscal operations, and service functions.

Changes for 1968

Mandatory changes amount to..... +$18,500
Program changes, none.

FRIDAY, MARCH 10, 1967.

OFFICE OF THE SOLICITOR

WITNESSES

CHARLES DONAHUE, SOLICITOR
EDWARD D. FRIEDMAN, DEPUTY SOLICITOR
J. J. LAFRANCHISE, ADMINISTRATIVE OFFICER
GEORGE M. UBER, BUDGET ANALYST

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	4,347	4,558	4,692
11.3	Positions other than permanent	84	52	52
11.4	Special personal service payments	5	13	13
11.5	Other personnel compensation	22	20	20
	Total personnel compensation	4,457	4,643	4,777
12.0	Personnel benefits	321	346	364
21.0	Travel and transportation of persons	143	156	164
22.0	Transportation of things	11	9	10
23.0	Rent, communications, and utilities	228	160	161
24.0	Printing and reproduction	116	119	122
25.1	Other services	91	120	123
25.2	Services of other agencies	7	20	20
26.0	Supplies and materials	62	117	118
31.0	Equipment	16	25	26
99.0	Total obligations	5,453	5,715	5,885

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	495	479	490
Full-time equivalent of other positions	17	10	10
Average number of all employees	463	454	465
Average GS grade	9.0	9.1	9.2
Average GS salary	$9,636	$10,160	$10,481

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimated	1968 estimated
	Program by activities:			
	1. Departmental program activities:			
	(a) Litigation	674	566	580
	(b) Interpretations and opinions	658	721	738
	(c) Wage determinations	748	897	904
	(d) Legislation	489	549	550
	(e) Labor-management laws	365	364	366
	2. Field legal services (regional offices)	2,090	2,192	2,323
	3. Administration and management services	435	426	423
	Total program costs, funded	5,458	5,715	5,885
	Change in selected resources [1]	−5		
10	Total obligations	5,453	5,715	5,885
	Financing:			
13	Receipts and reimbursements from: Trust fund accounts: Unemployment trust fund (annual appropriation act)	−139	−140	−144
	Proposed increase due to civilian pay increases		−4	
16	Comparative transfers to other accounts	26	16	
25	Unobligated balance lapsing	129		
	New obligational authority	5,469	5,587	5,741
	New obligational authority:			
40	Appropriation	5,401	5,451	5,741
41	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (80 Stat. 674)		−4	
42	Transferred from "Unemployment compensation for Federal employees and ex-servicemen"	68		
43	Appropriation (adjusted)	5,469	5,447	5,741
46	Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for civilian pay act increases		140	
	Relation of obligations to expenditures:			
10	Total obligations	5,453	5,715	5,885
70	Receipts and other offsets (items 11-17)	−113	−128	−144
71	Obligations affecting expenditures	5,340	5,587	5,741
72	Obligated balance, start of year	226	251	251
74	Obligated balance, end of year	−251	−251	−511
77	Adjustments in expired accounts	−13		
90	Expenditures	5,302	5,587	5,481

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders; 1965, $22,000; 1966, $17,000; 1967, $17,000; 1968, $17,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Charles Donahue, whose appointment as Solicitor was announced by President Kennedy on January 7, 1961, and confirmed by the Senate March 2, has combined service with both the Government and organized labor in his chosen field of labor law.

He was born in Portland, Maine, on August 14, 1912, attended the public schools there and the Canterbury School in New Milford, Conn. He holds a bachelor's degree from Princeton University (1934) and a law degree from Harvard Law School (1937). He has also attended Catholic University.

Mr. Donahue began his law career in 1938 as a lawyer for the National Catholic Welfare Conference. From 1939 to 1943 and again from 1946 to 1949 he was a lawyer for the Labor Department. In the interim, between 1943 and 1946, he served in the Army, rising from private to captain the the Judge Advocate General's Division.

In 1949 he was asked by the Senate Majority Policy Committee to be its labor counsel, but that same year he returned to the Labor Department as Assistant Solicitor for Employment Security. He served in the latter capacity until 1951 when he was made Assistant Solicitor of Labor for Legislation, Bureau Servicing, and Trial Examining, a position he held until 1953.

Since 1953 he has been research director for the United Association of Plumbers and Pipe Fitters, AFL–CIO.

Mr. Donahue is married to the former Bertha Halsted Terry. They have five children.

General Statement

We are happy to have with us the Solicitor of the Department of Labor. Please proceed, Mr. Donahue.

Mr. Donahue. I would like to summarize my statement and submit a copy of it for the record.

(The statement follows:)

General Statement of the Solicitor of Labor

Mr. Chairman and Members of the Committee:

I am pleased to once again appear before you to explain the Office of the Solicitor's budget estimate.

Our request of $5,885,000 for fiscal year 1968 represents an increase of $158,000 above the fiscal year 1967 revised level. The major portion of the increase ($140,000) represents funds and positions deemed necessary to carry out the increased workload engendered by the 1966 amendments to the Fair Labor Standards Act. The remainder of the requested increases are accounted for by mandatory changes. The mandatory increases amount to $44,210 of which $21,210 is to finance within-grade promotions and $23,000 to finance the Office's career-ladder promotion plan. Offsetting these mandatory increases are two small decreases, one for $3,786 for non-recurring rental costs and the other of $3,028 to reduce the level of contributions to the Federal Employee's Compensation Fund. Also, as you know, the 1968 fiscal year contains one less day of pay than did the 1967 fiscal year. Therefore, our budget estimate reflects a mandatory decrease of $19,396 to account for this fact.

As mentioned above, the budget estimate includes a program increase to enable the Office of the Solicitor to meet its responsibilities for providing legal services related to the 1966 amendments to the Fair Labor Standards Act. Up to this point the additional workload has been primarily concentrated in the implementing stages of the program, i.e., issuance of necessary regulations and opinions. We are now at the point, however, where we must broaden our legal assistance program to provide legal interpretative services and enforcement litigation services related to the amendments.

One additional position is requested to provide legal interpretations of the complex provisions of the 1966 amendments. The additional position is not only necessary to assist our present staff in preparing interpretative bulletins and other formal legal opinions, but also to provide timely responses to the multitude of questions and inquiries raising legal problems from employers and employees affected by additions or changes to coverage, from trade associations in newly covered industries, from members of Congress, labor organizations, and the general public.

The remaining positions will provide litigation services supporting the Wage and Hour Division's enforcement program. One of the positions will be located in Washington to serve as a coordinator between headquarters and the field offices in litigation activities related to the amendments. The balance of the positions will be located in the Solicitor's field offices. Field offices will assist the Wage and Hour Division in the development of enforcement cases for possible litigation. In addition, the offices will provide at the regional level similar legal advisory services as performed in the interpretations activity at the national level, including answers to legal inquiries from newly covered employees and newly involved employers and assistance to field officials of the Department of Labor.

Mr. Donahue. I would like to mention very briefly what the changes in the past budgets will be, if you approve them.

New Responsibilities Under the Wage-Hour Amendments

Our request this year is for $5,885,000. This represents a change of $158,000 in increases over last year. What causes this change? The

first item is $140,000 for increases in personnel needed to meet the new demands of changes in the Wage and Hour Act enacted by the Congress in 1966.

Mr. FLOOD. I had that marked as a question to ask you. This is the main item, $140,000, and plus 11 positions which you managed to avoid mentioning. Of course, that is to carry out the responsibilities of the wage-hour amendments. We know pretty generally you will have this increase in your workload but perhaps you can embellish this a bit.

Mr. DONAHUE. As you said so accurately, we are asking for 11 additional positions. Two of those positions are here in Washington, one in "Litigation"; the other one in "Interpretations and opinions."

Actually, we are putting nine additional attorneys in regional offices, and it has not yet been determined exactly which regional offices will need this the most. We have figured in the course of the year there will be 4,000 additional investigations by the Wage and Hour Division, and with 4,000 you figure that would produce, roughly speaking, on the basis of our statistics, some 200 cases which would be filed in court. We figure also that one attorney handles roughly 18 cases, and that has been the basis for our calculating.

Mr. FLOOD. Where do you file—in the nearest district court?

Mr. DONAHUE. In the U.S. district court where the employer is situated. We file some 1,700 cases in the course of a year.

Mr. FLOOD. How many take pleas, what percentage, can you guess?

Mr. DONAHUE. Most of them are settled in the process of negotiation. Comparatively few go to trial. I think I have that figure right here.

Out of the 1,700, we had appearances at trial in this past fiscal year in 237.

Mr. FLOOD. That would be a tough case to try, would it not?

Mr. DONAHUE. Not normally speaking. I think perhaps the fact that there are so many settlements indicates that it is not too tough.

Mr. FLOOD. In other words, you are loaded with information when you go in.

Mr. DONAHUE. That is correct, very much so.

MANDATORY COSTS

The other item is a net increase of $18,000 for what is commonly known as mandatory items. The total plus side of it is $44,210, which represents, first, within-grade promotions and, second, a career ladder promotion plan. That means whenever a lawyer——

Mr. FLOOD. We are certainly in the same ball park. I was going to ask you a question about that, too; so let's do it now.

Under your chart on "mandatory increases," you show in your justifications $23,000 for "net cost of promotions to be granted under a career ladder promotion plan." Where is the law that makes that mandatory?

Mr. DONAHUE. That is an awfully good question, and I asked that question of my staff this morning: What is mandatory about this? This is not really mandatory at all.

Mr. FLOOD. That is what I thought.

Mr. DONAHUE. I agree that this is put in here as if it were mandatory.

Mr. FLOOD. You are a lawyer, and you know what the word "mandatory" means, and so do I.

Mr. DONAHUE. I do, and I challenged it this morning. I said this is not really mandatory at all. This is just something which the Budget Bureau has allowed us to enable us, without absorbing it completely in our appropriation, to give yearly promotions to promising lawyers from grade 7 through grade 12. We had not had it. Last year, I believe, was the first time. This is being repeated for the second time this year.

Mr. FLOOD. You are an honest lawyer.

Mr. DONAHUE. The other items are small decreases. There is $3,786 for nonrecurring rental costs; $3,028 for contributions to the Federal employees' compensation fund; and the last item is 1 less day's pay for 1967 fiscal year. I do not know how that happened.

STATUS OF WORKLOAD

Mr. FLOOD. We know about that.

Is your workload going down?

Mr. DONAHUE. I would not say so. We are attempting efficiency, trying to handle things as easily as possible and with as few written memorandums as possible. We are trying to minimize the workload in that way, that is, pick up the telephone and talk to somebody instead of giving him a written opinion.

Mr. FLOOD. Let me ask it the other way around. What is going up for which you are not asking any increases?

Mr. DONAHUE. You will notice, if you have gone over the various figures on workload, as I am sure you have, in accordance with what seems to be the natural and human tendancy, they always estimate a little more for 1968 than they estimated for 1967. This was done by the various divisions in the Department. I think that is just a guesstimate. I believe the workload in other areas, aside from the Wage and Hour Act, can be called fairly stable in character, and could not be said accurately to be increasing.

1967 SUPPLEMENTAL

Mr. FLOOD. The item of $8,000 is not very much. You describe it, "estimated program supplemental" for 1967. What in the world is that for—$8,000?

Mr. DONAHUE. Estimated program supplemental for 1967?

Mr. HUDSON. This is for the cost of employee relocation.

Mr. FLOOD. All right.

REIMBURSEMENT FROM EMPLOYEES COMPENSATION FUND

I think I know the answer to the question I am about to ask you, but I am not sure. You have an item of $55,000, reimbursement from the Bureau of Employees' Compensation. Is that not new?

Mr. DONAHUE. You are quite correct, that is new. It happened as a result of the O'Hara bill last year, which amended the Federal Em-

ployees' Compensation Act. It is in that statute for the first time. We were authorized to obtain moneys appropriated, of course, by this committee ——

Mr. FLOOD. That is your authority?

Mr. DONAHUE. That is correct. That is our authority for it.

Mr. FLOOD. The thing that worried me is we always put language in the bill, in connection with the employees' compensation fund, and I am quoting us now, "except administrative expenses."

Mr. DONAHUE. That is correct.

Mr. FLOOD. I was sure this was an administrative expense within the exception, but it is not?

Mr. DONAHUE. Except for this amendment, you would be absolutely right.

Mr. FLOOD. Insert at this point in the record the pertinent portion of the law.

Mr. DONAHUE. I shall be delighted to do it.

(The requested information follows:)

(a) There is in the Treasury of the United States the Employees' Compensation Fund which consists of sums that Congress, from time to time, may appropriate for or transfer to it, and amounts that otherwise accrue to it under this subchapter or other statute. The Fund is available without time limit for the payment of compensation and other benefits and expenses, except administrative expenses, authorized by this subchapter/or any extension or application thereof, except as otherwise provided by this subchapter or other statute. The Secretary of Labor shall submit annually to the Bureau of the Budget estimates of appropriations necessary for the maintenance of the Fund. 5 U.S.C. § 8147(a).

"(d) As used in subsection (a) of this section, the term 'administrative expenses' does not include expenses for legal services rendered by or on behalf of the Secretary under sections 26 and 27." § 10(d) P.L. 89-488, July 4, 1966, 80 Stat. 255.

Mr. FLOOD. Mr. Shriver.

Mr. SHRIVER. I have no questions.

Mr. FLOOD. Mr. Natcher.

NUMBER OF ATTORNEYS IN SOLICITOR'S OFFICE

Mr. NATCHER. How many attorneys do you have in the Solicitor's Office, Mr. Donahue?

Mr. DONAHUE. We have, sir, at the present point some 203 attorneys. One hundred and fifteen of them are here in Washington, and 88 of them are spread among 10 regional offices in the United States and in Puerto Rico.

Mr. NATCHER. How many vacancies do you have in your attorney staff?

Mr. DONAHUE. This is a matter of attrition. I would guess offhand approximately 10 at the present point. There is a normal turnover, as I am sure you would appreciate.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Smith.

Mr. SMITH. How many are in Washington?

Mr. DONAHUE. One hundred and fifteen.

Mr. SMITH. That is all I have.

Mr. FLOOD. Mr. Casey.
Mr. CASEY. I have no questions, Mr. Chairman.
Mr. FLOOD. Thank you, Mr. Donahue.
Mr. DONAHUE. Thank you very much. It was a pleasure to be here.

JUSTIFICATION MATERIAL

OFFICE OF THE SOLICITOR

Amounts available for obligation

	1967	1968
Appropriation or estimate	$5,591,000	$5,885,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	140,000	
Proposed supplemental for pay increases (Public Law 89-504 effective July 3, 1966)	4,000	
Comparative transfer to the Office of the Secretary for centralizing audit and systems functions	−16,000	
Estimated program supplemental to be transferred from "Unemployment compensation for Federal employees and ex-servicemen"	8,000	
Appropriation or estimate, revised	5,727,000	5,885,000

Obligations by activities

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Positions	Amount	Positions	Amount	Positions	Amount
1. (*a*) Litigation	43	$565,700	44	$580,700	+1	+$15,000
(*b*) Interpretations and opinions	58	720,700	59	737,900	+1	+17,200
(*c*) Wage determinations	91	897,300	91	904,000		+6,700
(*d*) Legislation	39	549,400	39	550,400		+1,000
(*e*) Labor-management laws	32	363,800	32	365,500		+1,700
2. Field legal services	179	2,204,000	188	2,323,400	+9	+119,400
3. Administration and management services	37	426,100	37	423,100		−3,000
Total obligations	479	5,727,000	490	5,885,000	+11	+158,000

Obligations by object

	Appropriation, revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	479	490	+11
Positions other than permanent	10	10	
Average number of all employees	454	465	+11
11 Personnel compensation	$4,643,125	$4,777,166	+$134,041
12 Personnel benefits	350,381	363,826	+13,445
21 Travel and transportation of persons	158,000	163,500	+5,500
22 Transportation of things	10,174	10,174	
23 Rent, communications, and utilities	164,168	161,482	−2,686
24 Printing and reproduction	119,358	121,858	+2,500
25 Other services	120,248	123,248	+3,000
Services of other agencies	20,000	20,000	
26 Supplies	116,872	117,972	+1,100
31 Equipment	24,674	25,774	+1,100
Total obligations	5,727,000	5,885,000	+158,000
Working capital fund items included above	(299,900)	(299,900)	

Summary of changes

	Regular	Trust	Amount
1967 enacted appropriation	$5,451,000	$140,000	$5,591,000
Proposed transfer from "Unemployment compensation for Federal employees and ex-servicemen" for pay increases (Public Law 89-504 effective July 3, 1966)	140,000	----------	140,000
Proposed supplemental for pay increase (Public Law 89-504 effective July 3, 1966)	----------	4,000	4,000
Comparative transfer to Office of the Secretary for centralizing audit and systems functions [1]	−16,000	----------	−16,000
Estimated program supplemental to be transferred from "Unemployment compensation for Federal employees and ex-servicemen"	8,000	----------	8,000
1967 appropriation, revised	5,583,000	144,000	5,727,000
1968 estimate	5,741,000	144,000	5,885,000
Total change	+158,000	----------	+158,000

[1] This comparative transfer includes no positions and $16,000.

Mandatory items:	
Increases:	
Net additional cost of within-grade promotions effective for part year in 1967	+$10,105
Net cost of within-grade promotions becoming effective in 1968	+11,105
1968 net cost of promotions to be granted under a career-ladder promotion plan	+23,000
Decreases:	
Nonrecurring rental costs	−3,786
To reduce the level of contributions to the Federal employees' compensation fund	−3,028
Nonrecurring extra day of pay for current year staff	−19,396
Subtotal, mandatory items	+18,000
Program items:	
Increase:	
To provide for the administration of the Fair Labor Standards Act Amendments of 1966 (11 positions, $125,700 personal services, $14,300 nonlabor)	+140,000
Total change	+158,000

DEPARTMENT OF LABOR, OFFICE OF THE SOLICITOR

PROMOTION COSTS JUSTIFICATION

Promotion plan

The Office of the Solicitor has established a career ladder promotion plan for attorneys and wage analysts. The entrance level for attorneys is at GS–7, GS–9 or 11. Wage Analysts enter at the GS–7 level. The journeyman levels for these two series have been set at GS–12 for attorneys and GS–11 for wage analysts. Promotions are granted in one year intervals to each employee up to the journeyman level, provided the employee has demonstrated an ability to master more complex duties and responsibilities. By observing this policy, the Office of the Solicitor receives the following manpower utilization advantages:

1. Higher quality applicants are attracted to the Office by the assurance of receiving merited promotions.
2. Turnover among attorneys and wage analysts is reduced—providing a more experienced staff and reducing time lost in training and orientation.
3. A spirit of professionalism is fostered by the recognition of a professional journeyman level at the GS–12 and GS–11 levels respectively.

Funding the promotion plan

The Fiscal Year 1967 estimates provided funds for promotions in 1967. Sixty-seven positions have been identified as career ladder plan positions. These were

the positions in grades GS–7, 9, 11 and 12 at the beginning of F.Y. 1967 which were eligible for promotion during F.Y. 1967 and/or which had received promotions during F.Y. 1966. Experience indicates that turnover savings were not and are not at the present time adequate to finance programmed promotions. Average turnover in promotion plan positions for the past two fiscal years has been at the rate of 8 GS–12's, 5 GS–11's and 5 GS–9's per year. Projecting this turnover into F.Y. 1968 and future years, turnover would eventually absorb all promotion costs for a given year. Promotion funds budgeted for F.Y. 1967 (adjusted for turnover) provided for a spread of 27 GS–12's, 16 GS–11's, 20 GS–9's and 4 GS–7's. Projecting career ladder promotions into F.Y. 1968 (again adjusting for turnover) there would be 30 GS–12's, 18 GS–11's, 16 GS–9's and 3 GS–7's. An increase to 35 GS–12's, 14 GS–11's, 15 GS–9's and 3 GS–7's would follow in F.Y. 1969. By F.Y. 1970, near stability will be reached, where turnover savings will balance promotion activity.

Estimate for F.Y. 1968

The combined estimate for F.Y. 1968 promotions and the full year cost of F.Y. 1967 promotions is $23,000. Actual and full year costs were determined on the basis of a position by position analysis. The amounts were reduced by the standard lapse rate and by a savings due to turnover factor of 53%. This factor reflects the experienced ratio of savings due to replacement of higher level employees by entrance level employees to the projected promotion costs for the year.

ACTIVITY 1(a) LITIGATION

1967 (positions 43)	$565,700
1968 (positions 44)	580,700

NARRATIVE DESCRIPTION OF PROGRAM

Scope and function

In the trial litigation program, the Division directs and supervises the enforcement of several Federal labor standards statutes through civil court actions and administrative enforcement proceedings, and is responsible for the referral to the Department of Justice of criminal cases arising under these statutes and of civil cases for the recovery of monies administratively determined to be due the United States under the Walsh-Healey Public Contracts Act and McNamara-O'Hara Service Contract Act of 1965. This unit also assists the Department of Justice in defending actions brought against the Department and its officials in Federal and State courts. Other activities include review and authorization of cases to be instituted by the Regional Attorneys and the furnishing of advice, assistance, instructions to the regional staffs in connection with the preparation for trial, trial strategy, policy, legal research, motions, pleadings, and related matters.

In the Supreme Court and appellate litigation program, the Division represents the Department in cases on appeal to the higher courts where the Secretary of Labor or the Department, or the United States (in matters concerning the Department) is a party to the suit.

In the employees' compensation program, the Division furnishes legal representation to the Bureau of Employees' Compensation in cases involving appeals from decisions of the Bureau; directs and supervises the enforcement of various workmen's compensation laws covering Federal employees, District of Columbia employees and all other employees working within the District of Columbia; supervises and directs enforcement proceedings and actions under maritime safety standards under the Longshoremen's Act; and supervises the adjustment of claims against the Department under the Federal Tort Claims Act and the Military Personnel and Civilian Employees' Claims Act of 1964.

Need for program

(a) *Trial and appellate litigation.*—The effectiveness of the Government's wage standards program rests largely upon an effective compliance program. The compliance program, in turn, depends to a large degree on an effective program of enforcement, when necessary, through court or administrative proceedings. These proceedings not only recover for employees wage and overtime payments unlawfully withheld from them, but also exercise a deterrent effect on other employers in the same industry or geographic area. In addition, judicial interpretations of statutory language favorable to effective coverage and equitable enforcement of the statutes are obtained through carefully selected litigation cases directed by this activity through the trial and appellate stages. The

activity, therefore, plays an important role in effectuating the wage standards program of the Government—the benefits of which are increased wages and purchasing power throughout the nation, with the resultant increase, through demand, in job opportunities and tax receipt increases.

(b) *Employees' compensation.*—An indispensable feature of all workmens' compensation acts is recourse to an appellate body for persons feeling themselves aggrieved by decisions of administrative bodies. This activity defends decisions of the Bureau of Employees' Compensation before the Employees' Compensation Appeals Board (for Federal employees) or before the courts (for employees covered by various other acts, such as the District of Columbia Act). The activity also provides necessary legal services in the enforcement of the maritime safety provision of the Longshoremen's and Harborworkers' Compensation Act, and handles all claims as required by the Federal Tort Claims Act and the Military Personnel and Civilian Employees' Claims Act.

Accomplishments and plans

During 1966 the Division began to establish Departmental positions on interpretation of the Equal Pay Act through several court cases. This effort will be continued in 1967, thus ensuring the protection intended by Congress in passing the Act. A record number of cases were filed in 1966 under the activity's supervision, and data to date indicate that 1967 will also be a record year.

Changes for 1968

Mandatory changes amount to ..... +$2,000
Program changes amount to ..... +13,000
1 Position.

An additional attorney position is required to assist in handling the increased activity engendered by field offices under the 1966 amendments to the Fair Labor Standards Act. Regional litigation requires constant supervision, coordination and assistance from the national office. The currently authorized staff (approximately 11.6 man-years) is hard-pressed to remain current with the workload now produced in the field. The additional position will be necessary to provide adequate assistance in the more complicated new areas under the amendments.

BASIS FOR THE ESTIMATES

Workload estimates for trial litigation are based upon past experience and the level of activity expected in field offices including increased 1968 activity under the 1966 amendments to the Fair Labor Standards Act. Minor increases in workload activity are expected in 1967. The 1967 increase will be absorbed by productivity improvements. Levels for 1968 will reflect increased activity in the field resulting from the amendments.

Appellate workload estimates reflect the increased number of cases under the 1961 amendments expect to reach appellate stages in 1967 and 1968. No personnel increase is projected in this area, however.

Employees' compensation workloads are based upon estimated activities of the supported bureau. Workload increases will be absorbed through productivity increases in this area.

Workload statistics

TRIAL LITIGATION

	Fiscal year 1965 actual	Fiscal year 1966 actual	Fiscal year 1967 estimate	Fiscal year 1968 estimate
1. Cases received from regional offices	1,545	1,559	1,800	1,900
2. Cases instituted by regional offices under Washington office supervision	1,462	1,672	1,700	1,775
3. Cases handled by Washington staff	43	71	75	80
4. Cases closed	1,482	1,481	1,500	1,550
5. Cases pending in court or administrative proceeding, end of year	996	1,032	1,050	1,050
6. Review and assistance	16,000	13,808	14,500	14,600
7. Wage-hour investigations	59,625	57,625	55,000	59,000
8. Restitution attributable to litigation activities (millions)	$4.5	$4.0	$4.5	$4.5

SUPREME COURT AND APPELLATE LITIGATION

1. Appellate court briefs filed:				
(a) Supreme Court	4	6	7	7
(b) Circuit court of appeals	30	36	38	40
(c) Federal district court	9	1	3	5
(d) State courts	2	2	1	1
2. Oral arguments presented	13	17	20	23
3. Appeal recommendations	64	60	65	65
4. Legal opinions, miscellaneous reports and memorandum, special research, case analyses	289	275	295	308
5. Cases in course of preparation at end of fiscal year	31	24	25	25
6. Pending cases in Supreme Court and appellate courts at end of fiscal year	26	37	40	45

EMPLOYEES' COMPENSATION

1. Longshoremen's Act litigated cases	82	75	80	85
2. Federal Employees' Compensation Act litigated cases	1	2	2	2
3. Appeals Board litigation cases:				
(a) Defense prepared	320	314	320	340
(b) Cases presented at hearings	69	66	70	70
4. Maritime safety, Longshoremen's Act:				
(a) Administrative complaints filed	7	10	15	15
(b) Injunctive actions	0	1	2	2
(c) Recommendations for criminal prosecution	1	1	2	2
5. Federal Tort Claims Act:				
(a) Accident reports received	104	114	120	120
(b) Administrative claims filed	24	19	20	20
6. Military Personnel and Civilian Employees' Claims Act of 1964:				
(a) Claims filed		6	15	15

ACTIVITY 1(B) INTERPRETATIONS AND OPINIONS

1967 (Position 58)	$720,700
1968 (Position 59)	737,900

NARRATIVE DESCRIPTION OF PROGRAM

Scope and function

This activity provides necessary legal interpretations, services, and advice with respect to most statutes and programs administered by the Department of Labor. More than 30 separate programs and statutes of widely varying content and application are involved. In addition, this activity provides necessary supervision of such services rendered in the regional and branch offices of the Office of the Solicitor and performs all services necessary to meet legal requirements for publication of documents in the Federal Register, and other administrative legal services as required.

Among the legal services provided, in addition to the legal interpretations and opinions required in the day-to-day administration of statutes and programs, are the drafting of regulations and interpretative bulletins and rules published in the Code of Federal Regulations; legal assistance in the planning, drafting, and implementing of Federal legislation relating to such statutes and programs and to areas included in the missions of the administering agencies; technical advice and assistance with respect to litigation cases arising under particular statutes and programs and not otherwise provided for; and, under Federal-State programs, the review of State law, decisions, and opinions, proposed State legislation, and State plans of operation to determine their conformity with pertinent Federal law.

Need for program

The Department's programs and the statutes with respect to which these legal advisory services are provided affect practically all employment within the nation and have a vital impact on the wage and tax obligations of practically all employers. Without sound legal advice on their application, violations of law and errors in administration of legal requirements that would result could cause substantial financial losses to employers, employees, and the Government.

Opinions provided by this activity establish the Department's legal positions and furnish the basis for its enforcement activities.

Although many of these programs and statutes have been in effect for considerable periods of time, the application of such complex statutory provisions as those of the Fair Labor Standards Act and the unemployment compensation statutes to the infinite variety of employment situations that arise under their nation-wide coverage continues to generate new legal questions requiring sound legal advice and counsel. In addition, since 1961 numerous provisions of 13 new statutes requiring legal advisory services have been added to the workload of this activity. The most recent of these is the Fair Labor Standards Amendments of 1966, effective February 1, 1967, extending protection of the Fair Labor Standards Act to more than 8 million additional workers, many of them in enterprises which have no previous experience under the Act such as public and private schools and hospitals, laundry and dry cleaning establishments, and nursing homes. The changes made have required extensive revision of and additions to regulations and interpretative bulletins and have resulted in thousands of inquiries requiring opinion as to the Act's application in new areas.

Changes for 1968

Mandatory changes amount to	+$4,200
Program changes amount to	+13,000

1 position.

This request is to absorb the additional workload required of this activity by the 1966 amendments to the Fair Labor Standards Act. These recent amendments not only provide larger benefits to workers previously covered by the basic law but also broaden the Act's coverage to include employers and employees not previously covered. Therefore, it is anticipated that a large number of inquiries will continue to be received during fiscal year 1968 as to the scope and applicability of the amendments.

BASIS FOR ESTIMATES

All positions presently authorized for this activity will need to be continued in F.Y. 1968 if the estimated workload is to be handled in a timely manner without accumulation of unmanageable backlog. Continuing attention to improve methods of workload management and increases in productivity, together with elimination of activities not absolutely essential and substitution of oral advice for written opinions wherever practicable, have thus far enabled this activity to keep its workload reasonably current and to respond without undue delay to the demands for its legal services. Although there has been no reduction in the overall volume of items handled and the difficulty and novelty of the legal questions requiring consideration has been increasing as a result of the many new statutes mentioned above the work has been done without staff increases. If the workload for fiscal 1968 keeps reasonably within the limits of the estimated figures and productivity increases again as it has in the past, it is believed that it will be possible to meet the minimum essential needs for this activity by the addition of one (1) attorney position, grade GS–13, for which funds are requested. However, if the demands for legal services should increase sharply as a result of the 1966 Fair Labor Standards Act amendments, or if there should be a continuation throughout fiscal 1967 of the very substantial increases from month to month thus far experienced in the demands for legal services under the McNamara-O'Hara Act, it may be that such demands will prove to require too much diversion of staff time from other programs to permit timely and efficient handling of the activity workload as a whole.

The necessity for performance of indispensable legal services in preparing regulations required for the Fair Labor Standards Act amendments effective February 1, 1967, however, has reduced the staff time available for other programs with the result that postponement and delay in action on less pressing matters was unavoidable, and as a result an upward trend in the backlog has developed.

Workload statistics

LABOR STANDARDS

	Fiscal year 1965 actual	Fiscal year 1966 actual	Fiscal year 1967 estimate	Fiscal year 1968 estimate
A. Legal opinions:				
1. Fair Labor Standards Act	11,538	12,311	15,000	16,500
2. Government contract labor standards:				
(*a*) Continuing programs	5,266	4,547	5,000	5,000
(*b*) McNamara-O'Hara Service Contract Act (new)		1,489	3,500	3,500
3. Safety standards	941	376	500	500
4. Workmen's compensation	2,132	1,150	1,500	1,500
B. Meeting and conferences	1,639	1,886	1,750	1,750

MANPOWER SERVICES AND UNEMPLOYMENT COMPENSATION

A. Legal review:				
1. State documents	4,595	4,785	5,000	5,000
2. D/L documents	10,095	10,087	10,600	10,600
3. Federal legislation (prepared or reviewed)	983	980	980	980
B. Legal opinions:				
1. Advice on certification of State laws	1,202	1,129	1,100	1,100
2. Memos, briefs, and other legal documents prepared	3,832	4,089	4,100	4,100
3. Other advice	9,750	10,675	9,800	9,800
C. Meetings and conferences	3,775	3,710	3,800	3,800

ADMINISTRATIVE LEGAL SERVICES [1]

A. Proceedings and documents:				
1. Hearings services	30	3	30	10
2. Formal opinions prepared	9	2	10	10
3. FLSA wage orders	134	36	[2] 140	40
4. Federal Register documents	136	120	175	175
B. Legal review:				
1. Legislative proposals	22	19	25	25
2. Litigation actions [3]	199	124	30	30
3. Other Department of Labor documents	370	179	200	200
C. Legal opinions:				
1. Memos, briefs, and other legal documents prepared	268	136	140	140
2. Other advice	246	117	120	120
D. Meetings and conferences	185	90	100	100

[1] Includes legal advisory functions on the veterans reemployment rights program, formerly separately listed, but which are now required to be performed only to a minimal degree in the national office.
[2] Estimates based on biennial review required for Puerto Rico and Virgin Islands wage orders.
[3] Includes review, as required, of administrative law questions involved in litigation, and any necessary functions relating to veterans cases referred for litigation (referrals to Department of Justice are now made at regional level).

ACTIVITY 1(c) WAGE DETERMINATIONS

1967 (Positions, 91)	$897,300
1968 (Positions, 91)	904,000

NARRATIVE DESCRIPTION OF PROGRAM

Scope and function

This activity is responsible for predetermining prevailing hourly wage rates including fringe benefits payments as the minimums payable to laborers and mechanics employed on Federal and federally assisted construction projects subject to the Davis-Bacon Act and related prevailing wage statutes. Current project wage data is gathered continuously as a basis for wage determinations and liaison is maintained with all parties interested in the program, such as Federal and State contracting agencies and national and local employee and employer organizations.

Reorganization Plan No. 14 of 1950 provides that the Secretary of Labor shall prescribe appropriate standards, regulations, and procedures which shall be observed by contracting agencies, and cause to be made by the Department of Labor such investigations with respect to compliance with and enforcement of such labor setandards as he deems desirable. This responsibility is a function

of this activity. It entails constant liaison with the contracting and administering agencies on each enforcement case.

Need for program

The Davis-Bacon Act and 45 other statutes require the Secretary of Labor to predetermine minimum wage and fringe benefits to be paid to workers on Federal or federally assisted construction projects. No Federal or federally assisted construction contract can be let unless the predetermination is made and promulgated. These acts provide an important element of Federal wage standards policy. As long as this policy, as reflected in these various acts, is in effect, a budget activity must be provided to execute it. Approximately 4,000 workers will be benefitted by receiving wages properly due them under the law.

Accomplishments and plans

During fiscal year 1966 the Division of Wage Determinations completed its project to issue wage determinations for use on a multiple project basis, thus eliminating the necessity of preparing determinations for each project in certain stable, high activity areas. The result is that in 1966 and to date in 1967 the activity has kept pace with increasing Federal and federally assisted construction projects without an increase in staff. In addition, several steps were taken in the last fiscal year to improve the utilization of manpower and quality of output.

Changes for 1968

Mandatory changes amount to ..... +$6,700
Program changes, none.

BASIS FOR ESTIMATES

The Business and Defense Services Administration, Department of Commerce, provides the actual data on dollar volume of construction projects covered by Davis-Bacon type provisions and the number of employees on covered projects. Projections are based upon an annual average increase of 6% in construction volume. The number of actual determinations and modifications issued in 1967 will reflect the effect of multi-use area wage determinations. Increases in covered contract wards, however, will increase the total number of individual determinations issued. These increases will be met by existing staff in 1967 and 1968, through improved productivity. Enforcement data shows a slight decrease for F.Y. 1967 and F.Y. 1968. These decreases reflect a prediction that efforts of the past few years to encourage more adequate enforcement programs by contracting agencies will bear fruit. Fewer cases will reach the enforcement stage which requires submission by the agencies to the Labor Department, thus decreasing the case load here. However, this does not mean that manpower requirements in the Division will be decreased, since the success of the program hinges upon active liaison with, and encouragement and training of contracting agency enforcement staffs.

Workload statistics

	Fiscal year 1965 actual	Fiscal year 1966 actual	Fiscal year 1967 estimate	Fiscal year 1968 estimate
1. Number of construction workers on contracts covered by wage determinations	550,000	568,000	620,000	653,000
2. Dollar volume of construction contracts governed by wage determinations (billions)	$11.1	$12.1	$13.2	$13.9
3. Number of wage determinations and modifications issued (includes 333 multiuse area determinations)	25,408	25,938	25,000	26,000
4. Estimated number of contract awards covered by Davis-Bacon determinations	41,000	45,000	48,000	50,000
ENFORCEMENT				
1. Complaint cases on record at beginning of year	1,249	1,032	1,029	1,000
2. New complaints recorded	1,058	1,032	1,000	1,000
3. Complaint cases completed	1,275	1,035	1,029	1,100
4. Complaint cases pending at end of year	1,032	1,029	1,000	900
5. Restitution obtained	$447,392	$375,992	$350,000	$350,000
6. Number of employees receiving restitution	3,503	3,766	3,900	4,100
7. Penalties assessed	$15,190	$35,655	$20,000	$20,000

ACTIVITY 1(d) LEGISLATION

1967 (Positions 39)	$549,400
1968 (Positions 39)	550,400

NARRATIVE DESCRIPTION OF PROGRAM

Scope and function

This activity includes the legal, technical, and coordinating work involved in preparing the legislative program of the Department and the other legislation of interest to the Department. Interdepartmental, as well as intradepartmental committees formulating legislative recommendations and drafting legislative proposals are frequently furnished legal advice by, and often include membership from, the staff of attorneys assigned to this activity. Draft bills, testimony, and reports to Congressional Committees, as well as legislative analyses and opinions for the use of officials of the Executive or Legislative Branches are prepared. Departmental officials are briefed before testifying and advised and counseled when they testify. The activity is also responsible for providing technical legislative and legal service to Congressional Committees and individual members of Congress. This activity is further responsible for furnishing necessary legal advice and services in connection with the interests and activities of the Department in international affairs, including international labor affairs, the trade agreements program and related foreign economc policy, and U.S. participation in the International Labor Organization (ILO) and other international organizations.

As general legal counsel to officials in the Secretary's office, as well as other top officials in the Department, this activity is consulted on questions concerning international affairs, Federal contracts, conflicts-of-interest, disclosure of information, and other fields of law. The activity has increased due to the issuance of the Executive Order establishing standards of conduct and requiring financial reports by top government officials and the enactment of legislation dealing with public disclosure of information.

Two Hearing Examiners, at the designation and direction of the Secretary, Under Secretary, or Solicitor, preside over administrative hearings and render decisions in proceedings based on complaints of violations of, and on procedural questions concerning the application of the Walsh-Healey Act, Davis-Bacon Act, the safety provisions of the Longshoremen's and Harbor Workers' Compensation Act, the Farm Labor Contractor Registration Act, Title VI of the Civil Rights Act, and conformity and compliance questions arising under the unemployment insurance program.

Decisions are prepared for and other necessary legal advice and services provided to the Secretary of Labor and the Wage and Hour and Public Contracts Administrator in connection with appeals from the decisions of the Hearing Examiners in violation cases under the Walsh-Healey Public Contracts Act. Legal assistance, including the preparation of decisions, is also furnished the Employees' Compensation Appeals Board in connection with appeals from the decisions of the director of BEC in Federal employees workmen's compensation cases.

A digest and reference system is maintained for opinions, rulings, regulations, administrative determinations and court decisions under the wide variety of laws administered by the Department of Labor. Legislative histories of many of these statutes are also prepared.

Need for program

This activity, as indicated above, is a composite of at least five major functions. Each in its own way is indispensable to the functioning of the entire Department or of its legal arm, the Office of the Solicitor. Only a minimal amount of manpower is dedicated to the legal, technical and coordinative legislative function, despite its importance in the development of a sound, well thought out legislative program. Likewise, any operation the size of the Department requires the general legal counsel activities provided by this activity. The Administrative Procedures Act and the legislation authorizing much of this Department's substantive responsibility require formal hearings of various kinds, which are handled by a staff of only three hearing examiners and a small group of decision writers. The digest and reference unit is necessary to maintain control of and access to the mountain of legal materials produced by the Office.

Changes for 1968

Mandatory changes amount to ..... +$1,000
Program changes, none.

BASIS FOR ESTIMATES

Workload statistics for this activity are based upon actual experience and projections based upon contracts with serviced bureaus and offices. Operating requirements for this activity are based upon 1966 and 1967 requirements. Because of the relatively small size of the activity and the diversity of its functions the opportunity for developing and taking advantage of productivity increases is limited. The same resources will be required in 1968 to handle requirements of the Division, which originate from outside the function.

Workload statistics

	Fiscal year 1965, actual	Fiscal year 1966, actual	Fiscal year 1967, estimate	Fiscal year 1968, estimate
Legislation:				
1. Legislative reports	209	349	325	350
2. Drafts of legislative language for consideration by administrative officials or for presentation to the Congress	810	818	825	825
3. Analysis prepared—legislative papers	2,892	2,851	2,900	2,900
4. Letters for signature of Secretary or Solicitor	3,528	3,561	3,600	3,600
5. Opinions, analyses, memos, orders, etc., prepared for bureaus	739	737	750	750
Hearing examiners:				
1. Complaint proceedings under the Walsh-Healey Public Contracts Act:				
Proceedings instituted	24	38	38	40
Hearings held	27	24	33	38
Prehearing conferences held	10	27	22	25
Examiner's decisions	24	36	35	40
Order dismissing proceedings	6	6	7	7
2. Minimum wage proceedings under the Walsh-Healey Public Contracts Act	0	0	1	1
3. Proceedings under Davis-Bacon Act and related statutes:				
Hearings held	1	3	1	1
Decisions	1	2	1	1
4. Hearings on denial of licenses under Farm Labor Contractor Registration Act	0	0	5	5
5. Miscellaneous hearings	12	10	14	14
Reports, digests and analysis:				
1. Analysis of individual cases, opinions or items	2,000	1,150	2,000	2,000
2. Digests prepared	1,300	850	1,200	1,200
3. Legislative histories of statutes	1	0	1	1
Decisions—Walsh-Healey Public Contracts Act:				
1. Orders of Secretary and Administrator	0	3	5	5
2. Letters to the Comptroller General	17	38	40	40
3. Decisions of the Administrator	3	5	7	10
Longshoremen's and Harbor Workers' Act—Decisions of the Director	0	1	2	2
Decisions—Employees' Compensation Appeals Board:				
1. Backlog at end of previous year	30	20	14	14
2. Cases received from Board for preparation of decisions during year	270	272	275	290
Total case load	300	292	289	304
3. Decisions written during year	280	278	300	315
4. Backlog end of year	20	14	14	14
5. Memoranda of law prepared for board	6	0	6	6

ACTIVITY 1(e). LABOR-MANAGEMENT LAWS

1967 (Position 32) $363,800
1968 (Position 32) 365,500

NARRATIVE DESCRIPTION OF PROGRAM

Scope and function

This activity encompasses the legal advisory and litigation services required in the Department's administration of the Labor-Management Reporting and Disclosure Act of 1959 and the Welfare and Pension Plans Disclosure Act, as amended. This activity includes, among other things, the interpretation of the enumerated statutes; the drafting of reporting forms, regulations, interpretative bulletins and similar interpretative aids; preparation of and participation in

civil litigation and administrative enforcement actions; preparation of criminal cases under these acts for submission to the Department of Justice; the defense of suits against the Department of Labor involving these acts; and supervision of field office activities in these program areas.

Need for program

Realization of the Congressional intent to ensure internal union democracy and curb abuses in labor relations affairs and welfare and pension plan administration requires the legal services of a specialized staff. Services provided by this activity establish the Department's legal positions and furnish the basis for its enforcement activities.

Accomplishments and plans.

Despite staffing decreases in fiscal years 1966 and 1967, the activity has remained relatively current with its legal workload. Several court cases in the past year and one half have supported the Department's positions protecting and enhancing the rights of union members and employees. The activity will continue to ensure, through court action, that the intent of Congress in this area be fully realized.

Changes for 1968

Mandatory changes amount to ..... +$1,700
Program changes, none.

BASIS FOR ESTIMATES

Workload estimates are based upon a projection of 1965 and 1966 activities, experience to date in 1967 and the projected requirements of the serviced Department of Labor office. The estimates reflect general increases in most areas, with a commensurate increase in case backlog at the end of each year. The Division can respond to requirements of the Office of Labor-Management and Welfare-Pension Reports and of outside litigants only through further productivity increases. Productivity increases in past years were taken into consideration in F.Y. 1967 by eliminating two positions. Only limited increases in workload can be handled with the presently authorized staff.

Workload statistics

	Fiscal year 1965 actual	Fiscal year 1966 actual	Fiscal year 1967 estimate	Fiscal year 1968 estimate
Government litigation:				
1. Cases considered for civil or criminal litigation by Washington office (review of investigation files):				
District court	307	330	337	345
Appellate court	14	10	10	12
Supreme Court	3	4	7	7
2. Cases instituted:				
A. Criminal indictments	66	67	70	70
B. Civil—LMRDA and WPPDA:				
District court	25	50	52	55
Appellate court	11	6	15	15
Supreme Court	1	1	2	2
3. Civil cases active during year:				
District court	65	96	106	121
Appellate court	9	11	15	15
Supreme Court	1	1	2	2
4. Civil cases closed during fiscal year	23	36	37	45
5. Civil cases pending at end of fiscal year	42	56	71	81
6. Civil pleadings drafted, briefs prepared, court appearances and related activities:				
District court	152	220	235	260
Appellate court	26	25	27	27
Supreme Court	1	----------	----------	----------
7. Administrative Procedure Act and related administrative proceedings, including review and approval of related preliminary activities	205	140	160	180
Private litigation:				
1. Review of litigation to determine if basis exists for Government intervention	200	160	200	200
2. Cases reviewed while pending in the Supreme Court	11	2	6	6
Interpretations and regulations:				
1. Labor-Management Reporting and Disclosure Act	----------	3,746	3,800	3,800
2. Welfare and Pension Plans Disclosure Act	----------	2,904	3,100	3,100

ACTIVITY 2. FIELD LEGAL SERVICES (REGIONAL OFFICES)

1967 (Position 179)	$2,204,000
1968 (Position 188)	2,323,400

NARRATIVE DESCRIPTION OF PROGRAM

Scope and function

This activity covers legal services performed in eleven regional offices and five branch offices. Legal services provided in the field include interpretations and legal advice to various officials of the Labor Department in the field and to the public and the enforcement through court and administrative proceedings of the various Federal labor laws for which the Department has responsibility.

Need for program

The field staff provides necessary legal advice and assistance to field officials of the Department of Labor in all of the programs for which the Department has responsibility. Its largest single program is enforcement of the Fair Labor Standards Act through court proceedings. An effective litigation program is necessary to ensure compliance with the Fair Labor Standards Act. These proceedings not only recover for employees wage and overtime payments unlawfully withheld from them, but also exercise a deterrent effect on other employers in the same industry or geographic area. The program, therefore, plays an important role in effectuating the wage standards program of the government—the benefits of which are increased wages and purchasing power throughout the nation, with the resultant increase, through demand, in job opportunities and tax receipt increases.

Accomplishments and plans

During fiscal year 1966 a record number of labor standards litigation cases were filed by field offices. Trends through November, 1966, indicate that 1967 will also be arecord year in this respect. Almost all cases filed result in increased wages for persons in or near poverty levels. The offices hope to maintain these levels in fiscal year 1968, as well as to enforce the new provisions of the Fair Labor Standards Act resulting from the 1966 amendments.

Changes for 1968

Mandatory changes amount to	+$5,400
Program changes amount to	+114,000

9 Positions.

The requested increase is to provide litigation services supporting the Wage and Hour Division's enforcement program under the 1966 amendments to the Fair Labor Standards Act.

The effectiveness of the 1966 amendments will rest largely upon the effectiveness of the compliance program. An important part of the compliance program in turn, is a vigorous program of enforcement through court action, if necessary of the terms of the Act. Litigated cases not only compel compliance upon reluctant employers, but more importantly, they forcefully remind other employers in the same industry or geographical area that wage standards do exist and that underpayments will be found and corrected in court, if necessary. Further, carefully selected litigation cases carried through the trial and appellate stages will provide judicial interpretations of the amendments favorable to effective coverage and equitable enforcement.

Unless the additional 9 positions are provided, the Office will be unable to handle most of the meritorious enforcement cases produced by the Wage and Hour Divisions under the amendments. The result for each meritorious case which does not go to litigation is to deny employees in or closest to the "poverty level" wage and overtime payments legally theirs, a personal loss to the individual and family involved and a loss to the economy through lost job-creating purchasing power.

BASIS FOR ESTIMATES

The workload data for 1967 show a slight increase in the number of cases instituted. This projection is made despite a slight decrease in Wage-Hour investigations for the same period. The reason for this apparent inconsistency is that over the past few years the field offices had been unable to keep pace

with increased investigatory activity. And though the number of cases instituted has increased in most years, and the ratio of cases per staff attorney man-year has climbed slightly each year, the backlog of cases in preparation at the end of the year has been climbing. Because the offices have been devoting larger proportions of their time to providing legal services related to the Neighborhood Youth Corps, Manpower Development and Training, Civil Rights without proportionate staff increases, Regional Attorneys have been forced to be increasingly selective in accepting meritorious enforcement cases for litigaton. Thus, in 1967, more than enough meritorious cases will be available to field offices to show the increase in litigation cases instituted.

The increase of 9 positions for 1968 is based upon the projected Wage-Hour Division increase of 4,000 investigations resulting from the 1966 amendments to the Fair Labor Standards Act. Applying past experience, about 120 cases ripe for litigation would result from a increase of 4,000 investigations. In order to meet these increased requirements, the additional 9 positions are considered minimal. Initial productivity of these new attorneys will be lowered by the lag in recruiting for and filling the positions, the need to orient the attorneys to the Act and to Federal Court litigation, and the increased difficulty and unique issues of many of the cases arising in the first year. Therefore, the increase for 1968 is expected to be about 75 cases.

Workload statistics

	Fiscal year 1965 actual	Fiscal year 1966 actual	Fiscal year 1967 estimate	Fiscal year 1968 estimate
1. Cases received and analyzed by regional office from Wage-Hour Division	8,003	12,459	12,500	13,000
2. Cases received and analyzed from other bureaus	2,292	2,727	2,800	2,800
Total	10,295	15,186	15,300	15,800
3. Cases referred to national office for litigation consideration (all categories)	2,483	2,228	2,500	2,500
4. Cases instituted	1,604	1,753	1,800	1,875
5. Cases closed	1,598	1,577	1,700	1,725
6. Cases pending in court or administrative proceedings, end of year	1,025	1,214	1,250	1,250
7. Backlog of cases in course of review and preparation for legal actions	2,872	4,613	4,750	4,825
8. Court activity:				
(a) Appearances at trial	235	237	250	265
(b) Other court appearances (motions, etc.)	1,098	1,318	1,350	1,380
(c) Legal memorandums prepared for filing in court	683	848	900	925
9. Interpretations and opinions	42,574	47,164	48,000	48,500

10. The following sums were recovered during fiscal 1966:	
(a) Restitution in Fair Labor Standards Act cases	$3,846,959
(b) Amounts collected in administrative proceedings or court actions for liquidated damages for violations of the Walsh-Healey Act	118,453
(c) Davis-Bacon and related acts	375,992
(d) Contract Work Hours Standards Act	18,998
Total	4,360,402
11. Fines and penalties:	
(a) Fair Labor Standards Act	48,418
(b) Others	80,124
Total	128,542

Activity 3. Administration and Management Services

1967 (Positions, 37)	$426,100
1968 (Positions, 37)	423,100

NARRATIVE DESCRIPTION OF PROGRAM

(*a*) *Immediate Office of the Solicitor*—The Solicitor, Deputy Solicitor and their special assistants give legal counsel and perform the diversified legal services required by the Secretary and other top officials of the Department.

(*b*) *Administration*—This activity provides the administrative and management services for the Office, including budget, procurement, personnel administration, management analysis, mail and messenger services, central files, and the law library.

Changes for 1968

Mandatory changes amount to ..... −$3,000
Program changes, none.

FRIDAY, MARCH 10, 1067.

FEDERAL CONTRACT COMPLIANCE AND CIVIL RIGHTS PROGRAM

WITNESSES

EDWARD C. SYLVESTER, DIRECTOR, OFFICE OF FEDERAL CONTRACT COMPLIANCE
ARTHUR CHAPIN, SPECIAL ASSISTANT TO THE ASSISTANT SECRETARY FOR MANPOWER
HAROLD R. WHITE, BUDGET ANALYST

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	236	690	908
11.3	Positions other than permanent	49	42	42
11.5	Other personnel compensation	5		
	Total personnel compensation	290	732	950
12.0	Personnel benefits	18	52	68
21.0	Travel and transportation of persons	29	103	129
22.0	Transportation of things	1	2	2
23.0	Rent, communications, and utilities	59	58	85
24.0	Printing and reproduction	11	29	41
25.1	Other services	6	17	17
25.2	Services of other agencies	12	14	30
26.0	Supplies and materials	4	16	26
31.0	Equipment	5	14	7
99.0	Total obligations	435	1,037	1,355

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	36	67	86
Full-time equivalent of other positions	1	1	1
Average number of all employees	28	62	82
Average GS grade	8.9	10.8	10.5
Average GS salary	$9,390	$11,363	$11,212

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Office of the Director of Federal Contract Compliance	248	436	573
	2. Plans for progress unit	126	186	190
	3. Civil rights compliance (title VI)		414	592
	4. Liquidation costs	58		
	Total program costs, funded	432	1,037	1,355
	Change in selected resources [1]	3		
10	Total obligations	435	1,037	1,355
	Financing:			
16	Comparative transfer to other accounts	3	3	
25	Unobligated balance lapsing	13		
	New obligational authority	451	1,040	1,355
	New obligational authority:			
40	Appropriation	444	1,103	1,355
41	Transferred to "Operating expenses, Public Building Service," General Services Administration (80 Stat. 674)		−63	
42	Transferred from "Unemployment compensation for Federal employees and exservicemen" (Public Law 89-426)	7		
43	Appropriation (adjusted)	451	1,040	1,355
	Relation of obligations to expenditures:			
10	Total obligation	435	1,037	1,355
70	Receipts and other offsets (items 11-17)	3	3	
71	Obligations affecting expenditures	438	1,040	1,355
72	Obligated balance, start of year		36	46
74	Obligated balance, end of year	−36	−46	−116
90	Expenditures	401	1,030	1,285

[1] Selected resources as of June 30 are as follows: 1965, $0; 1966, $3,000; 1967, $3,000; 1968, $3,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. Sylvester, born, raised and trained as a civil engineer in Detroit, Michigan, was appointed by Secretary of Labor Arthur J. Goldberg as Assistant to Assistant Secretary of Labor for International Labor Affairs George L-P Weaver in August 1961. In March 1963, Secretary Wirtz appointed him as Deputy Administrator of the Bureau of International Affairs. He was awarded the Labor Department's Meritorious Service Awards by former Secretary Goldberg in 1962 and by Secretary Wirtz in 1963.

In his new capacity as Director, Office of Contract Compliance, Mr. Sylvester will be responsible for.

—Carrying out all responsibilities assigned the Secretary of Labor by Executive Order 11246;

—Developing and recommending to the Secretary rules and regulations necessary and appropriate to achieve the purposes of the Executive Order;

—Coordinating with the Equal Employment Opportunity Commission and the Department of Justice on matters relating to Title VII of the Civil Rights Act of 1964, and manitaining liaison with other agencies having civil rights and equal employment opportunity activities;

—Providing regular reports to the Secretary of Labor concerning the activities of the Office and problems requiring the Secretary's attention.

Prior to his appointment to the Department of Labor staff, Mr. Sylvester, a graduate of Wayne State University, was for seven years a civil and structural engineer for the City of Detroit where he supervised a staff of engineers and draftsmen working on Detroit's expressway system and water treatment facilities. Early in 1958, he was instrumental in forming the Liberian-American Enterprises, Inc., was the president and manager of this company which was the first commercial lumber company in the interior of Liberia.

During 1960–1961 he served on the national staff of Senator Stuart Symington and of the Democratic National Committee.

He has been the Labor Department's representative on the Board of Examiners, Department of State. He was Chairman of the U.S. Delegation to the Seventh Session of the Building, Civil Engineering and Public Works Committee of the International Labor Organization at Geneva, Switzerland, in May 1964. In October 1964, he was Chairman of the U.S. Delegation to the Second Meeting of the Inter-American Economic and Social Council's Special Committee VII on Labor Matters, which convened in Buenos Aires, Argentina. He has traveled in Africa and Asia.

Mr. Sylvester, a Registered Professional Engineer in the State of Michigan, was elected a Member of the American Society of Civil Engineers in 1954, belongs to the National Society of Professional Engineers, et al. He is a member of and has served as president of many civic and similar organizations in Detroit and Washington, D.C., including the Wayne State University Civil Engineers Alumni Association.

During World War II, Mr. Sylvester entered the U.S. Army as a private and was separated as a first lieutenant. He served in the European and Pacific Theatres, received three Battle Stars and was Executive Officer when his company received the Meritorious Service Award.

He is married, has three children and resides in Washington, D.C.

Mr. FLOOD. Now we have the Contract Compliance people. We are very pleased to have with us Mr. Sylvester, the Director of the Office of Federal Contract Compliance. We have seen him before.

You may proceed as you think best, Mr. Sylvester.

Mr. SYLVESTER. This budget has three separate activities. Activity 1 is the Contract Compliance; Activity 2 is the Plans for Progress program; and Activity 3 covers the Department responsibilities under title VI of the Civil Rights Act of 1964.

I am prepared to testify for Activities 1 and 2, and Mr. Arthur Chapin, who is substituting for Assistant Secretary Ruttenberg, is prepared to testify for Activity 3. We are both supported by Mr. Harold White, the budget analyst. I am prepared to speak now.

Mr. FLOOD. Fire at will.

Mr. SYLVESTER. I have a statement, which is rather short, which I can read, and then respond to whatever questions the committee wants to put to me.

GENERAL STATEMENT ON FEDERAL CONTRACT COMPLIANCE PROGRAM

Mr. Chairman, members of the committee, I am pleased to present the budget request of the Office of Federal Contract Compliance which administers Executive Order 11246, parts II and III, which require that equal employment opportunity be provided by Government contractors and subcontractors and on federally assisted construction projects. The amount requested is $573,000 and 36 full-time positions, which is an increase of $108,600 and eight positions over fiscal year 1967.

The Office of Federal Contract Compliance provides Federal policy; assists and guides Federal contracting agencies and contractors; develops procedures for the optimum overall use of agency resources; monitors contracting agency compliance programs for adequacy and consistency; and coordinates with the Equal Employment Opportunity Commission and other related Governmental and private agencies and interested parties to carry out the objectives of the Executive

order with fair and uniform treatment of contractors and their employees.

Government contractors and subcontractors, including those for federally assisted construction projects, are required by the order not to discriminate on the basis of race, creed, color, or national origin and to take affirmative action to insure equal employment opportunity. An estimated 100,000 contractor facilities (and therefore, compliance programs) should be systematically reviewed by the contracting agencies. This more than doubles the workload identified for fiscal year 1967.

This Office also provides certain services required by the contracting agencies to carry out their responsibilities. These services include: the development of compliance officer training programs in cooperation with the Civil Service Commission; the coordination of area compliance programs involving many agencies; the assignment of contractors to agencies for compliance responsibility (frequently, several agencies have contracts with the same contractor); management of the statistical reporting system; establish priorities on a Government-wide basis; and hold hearings to determine compliance and/or sanctions.

The Plans for Progress is a voluntary program including 347 leading employers covering almost 9 million employees. This program provides a cooperative means for leadership in the promotion and implementation of equal employment opportunity and complements the Federal compliance activity. During calendar year 1966, the employer-members of the Plans for Progress contributed an estimated $1,090,000 to carry out the various activities.

These activities include the sponsorship of: Local Merit Employment Councils; Vocational Guidance Institutes, manpower training and development seminars, youth motivation programs, and college conferences to communicate needs between industry and colleges.

The steady improvement and coverage of agency compliance programs, the growing interest, and the Government's strong commitment to equal job opportunity place heavy demands on this Office. The requested increase with improved management and greater individual output will meet less than half of our identified workload, but will, however, be sufficient to continue a broad effective program.

I thank the committee for this opportunity and will be pleased to respond to questions.

Mr. FLOOD. What are you going to speak to, Mr. Chapin?

Mr. CHAPIN. I will address my remarks to "Civil Rights Compliance," title VI, which is better known as the 1964 Civil Rights Act.

Mr. FLOOD. Do you have a statement?

BIOGRAPHICAL SKETCH OF WITNESS

Mr. CHAPIN. I have a statement, and also have a biographical sketch for your information, since this is my first appearance before the subcommittee.

Mr. FLOOD. Born in Philadelphia. You will live that down, I guess. You worked with Mr. Hillman, did you?

Mr. CHAPIN. Yes, I did.

(The biographical sketch follows:)

BIOGRAPHICAL BACKGROUND

OF

ARTHUR A. CHAPIN

I was born in Philadelphia, Pennsylvania, where I grew up and attended the public schools in that city.

I served in various capacities with the Pennsylvania Department of Revenue and the Department of Labor and Industry from 1935 to 1939. Most of my entire adult life has been spent in the trade union movement. First as an organizer for the former Congress of the Industrial Organization, working under the leadership of the former President of the Amalgamated Clothing Workers of America, Mr. Sydney Hillman; and later appointed by the New Jersey State CIO Executive Board as an Assistant to the President of that board, Commissioner of Labor, the late Carl Holderman.

I served as a member of the State Wage Panel for Restaurant Employees, State of New Jersey; member of the State Housing Committee; member of the Advisory Committee for Institutions and Agencies, State of New Jersey; trustee of the Kenney Hospital in Newark, New Jersey; and an executive trustee for the New Jersey Hospital Service Plan.

In 1958 the Democratic National Committee selected me as an Assistant to the Chairman, the late Paul M. Butler. I served in that capacity until the appointment by the late President Kennedy as Vice-Chairman for Registration throughout the Country. In 1961 Secretary of Labor Arthur Goldberg appointed me as Minority Groups Consultant for the Bureau of Employment Security.

In my assignment to the Department of Labor, from 1961 until 1962 I served as Minority Groups Consultant for the Bureau of Employment Security, and in 1962 I was appointed as Special Assistant to the former Secretary of Labor Arthur Goldberg. I have continued in this assignment under Secretary of Labor W. Willard Wirtz until the present time.

It is, and has been my function to promote equal job opportunities within the Department of Labor. In 1964 I received an additional assignment as Special Assistant to the Manpower Administrator Stanley H. Ruttenberg who is also Assistant Secretary for the Department. In this capacity, I am responsible for compliance activities in connection with federally assisted programs under the Manpower Administration of the Department of Labor as set forth in Title VI of the Civil Rights Act of 1964.

The former Secretary of Labor Arthur Goldberg and Secretary of Labor W. Willard Wirtz both have awarded me for leadership and meritorious service. I have also received an International Citation, awarded by Secretary of Labor W. Willard Wirtz in recognition of service to the United States Government for contributing to the success of labor participation in the Nairobi, Kenya International Exhibit for the advancement of world peace and prosperity.

Mr. FLOOD. You are going to read a statement to us?

Mr. CHAPIN. I have a prepared statement.

Mr. FLOOD. You may proceed.

GENERAL STATEMENT ON CIVIL RIGHTS COMPLIANCE (TITLE VI)

Mr. CHAPIN. Mr. Chairman and members of the committee, I am pleased to appear before you today to discuss the Department of Labor's 1968 appropriaton request to operate a Civil Rights Act program compliance activity. The Department is requesting 38 positions and $592,000 in 1968 to provide the staff resources for this program. This is an increase of 11 positions and $178,000 over the 1967 appropriation.

Title VI of the Civil Rights Act of 1964 (Public Law 88–352) provides in section 601 that "no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination

under any program or activity receiving Federal financial assistance." Section 602 of the act authorizes and directs each Federal department or agency which is empowered to extend Federal financial assistance to any program or activity to "issue rules, regulations, or orders" that will effectuate the provisions of section 601.

Mr. Chairman, title VI is not simply a statement announcing that discrimination in federally financed programs is forbidden. It directs each Federal agency to take direct and positive action to see that the programs to which it provides funds are in fact in compliance with the law.

To this end, the Department of Labor has established a unit in the office of the Secretary, and responsible to the Assistant Secretary for Manpower, to direct a program to investigate complaints of discrimination received by any component of the Department of Labor; to insure that each operating bureau requires all recipients of Federal funds through the Department of Labor to file complete and accurate assurance and compliance reports; to supply information and technical assistance in the implementation of Department of Labor guidelines and regulations regarding the act; and to direct and operate a planned onsite investigation of programs to assure that recipients of Federal funds through the Department of Labor are in fact in compliance with the act.

In 1967, funds for 22 professional and five clerical positions were authorized by Congress to implement the Department's Civil Rights Act compliance program in 50 States and 4 territories. This included six positions, five professional and one clerical, for the office of the Solicitor. This staff is called upon to operate a compliance program as directed by the act and generally and specifically implemented by the Department's nondiscrimination in federally assisted programs regulations (29 CFR pt. 31) in (1) employment service and unemployment insurance compensation programs, involving 50 State agencies and four territorial agencies and including in excess of 2,000 separate physically functioning full-time employment service offices and an additional 2,000 separate functioning part-time itinerant stations; (2) On-the-job training programs of the Bureau of Apprenticeship and Training under the Manpower Development and Training Act, which currently include approximately 3,000 separate contractual programs; (3) over 300 contracts for research, demonstration, and experimentation entered into by the Office of Manpower Policy, Evaluation, and Research under the Manpower Development and Training Act program. In addition this staff has been given the additional responsibility to eliminate discrimination in regular apprenticeship programs, estimated to be excess of 46,000 functioning programs throughout the United States that are covered by, or subject to departmental apprenticeship programs (29 CFR pt. 30).

Based on the increasing rate of complaints of discrimination in its programs received by the Department of Labor since 1964, it is estimated that approximately 600 such allegations will be received by the Department in 1967. Each complaint is reviewed and analyzed and a decision made as to whether the complaint falls under the jurisdiction of the Department of Labor, and referral made as appropriate (i.e., Equal Employment Opportunity Commission; Health, Education,

and Welfare; Housing and Urban Development; Department of Defense; etc.) for action by those described departments. Even if a complaint is determined not to involve a Department of Labor program, staff time must still be spent in making this determination.

The terms "complaint investigation" and "compliance review" are not synonomous. These activities are conducted simultaneously in every case where there is a complaint involved, since the immediate causes of a complaint are often symptomatic of larger areas of discrimination in a program. In addition, as required by the Justice Department, a positive, not merely a reactive, responsibility makes a program of systematic compliance reviews mandatory.

Based upon the staff provided for in the appropriation for fiscal year 1967, it is estimated that 400 joint complaint investigation-compliance reviews can be conducted and 200 separate compliance reviews made in 1967. Even this projected accomplishment will allow for an investigation of a minimal 6 percent of all recipients of Federal funds from the Department of Labor. Since the Department has found discriminatory practices to exist in 75 to 80 percent of all programs investigated thus far, this can be interpreted to mean that a significant number of programs receiving Federal funds are in undiscovered noncompliance with the Civil Rights Act and the Department's regulations.

In 1968 additional staff resources must be provided. The Department is requesting an additional 11 positions, including five positions in the office of the Solicitor, and $178,000 over the 1967 appropriation. With these increased staff resources, it is estimated that 560 complaint investigations and 340 compliance reviews can be completed. While this will not allow in 1968 for onsite reviews of all of the estimated 10,000 separate recipients of Federal funds from the Department of Labor, it will allow the Department to investigate the primary programs in every State.

The Federal Government has committed itself to a policy which provides for an equal opportunity to all Americans to participate, and receive benefits from, its many programs. The commitment must be afforded the necessary program resources to make it a reality.

This concludes my statement, Mr. Chairman. I shall be happy to answer any questions.

CENTRALIZATION OF CIVIL RIGHTS COMPLIANCE WORK

Mr. FLOOD. You mentioned something that I also find in your justifications. You use the same language in that statement. I quote from it: "Even if a complaint is determined not to involve a Department of Labor program, staff time must still be spent in making this determination."

Isn't it pretty obvious that it would be more efficient for one agency like the Department of Justice to handle all civil rights complaint work if that is so?

Mr. CHAPIN. Mr. Chairman, the reason for this is the citizens of this country, of course, do not necessarily know what particular agency has what part of the various manpower programs. In some cases, as you know, the 1964 Civil Rights Act does place an overlapping responsibility on the Justice Department and the Department of Labor.

Therefore there are some other programs for which we have to analyze complaints to determine which of the agencies have the same responsibility as the Department of Labor.

Mr. FLOOD. I think you made a stronger case for my point than I did. You seem to have argued very strongly that this program should be centralized in one place so it can be properly handled. A program like this should be in one place handled by one group of people. This kind of thing should not be scattered around town.

Mr. CHAPIN. As you know, more than 2,000 employment offices are in the United States when a person goes to an office for channeling of employment problems. There is also an employer involved in this kind of request.

In addition this can be the reason why an employer does not employ a certain group of people, perhaps because of housing problems. As you know, the Housing and Urban Development is concerned with those areas.

We attempt, in all these matters, where there is the desire for employers and employment service to give opportunities to persons without regard to race, but if housing is the problem, the Department of Housing and Urban Development might want to be so informed.

Mr. FLOOD. That is all right, but why should not the execution of this program be in the Department of Justice and no place else, then you wouldn't have one agency starting a compliance matter and, after spending a certain amount of time on it, find it belongs to some other agency which has to start all over again?

Mr. CHAPIN. Because, sir, this is not a program which you can look at solely on the basis of discrimination being an overt act. Many acts of discrimination, racial discrimination, take place in this country not because of a desire on the part of the service to violate the law but the matter of education is an important aspect of this program.

Mr. FLOOD. I agree.

Mr. CHAPIN. The Department of Justice has to do with the enforcement of law.

Mr. FLOOD. They do more than just that. The Justice Department is quite an agency. I was on the subcommittee that handles their appropriations for a number of years, and they do many more things than merely go into a courtroom.

ORIGIN OF CIVIL RIGHTS COMPLAINTS

On this business of civil rights compliance, where do most of the complaints of noncompliance originate? What kinds of complaints are they?

Mr. CHAPIN. The complaints we get, by and large, come from workers in every region of the country. Discrimination is not limited to a region. There is no region in the country where we do not receive complaints.

For example, "I went to an employment office. I understood they were recruiting and referring persons to plant X and that they never refer me. The reason they don't refer me is because I am a Negro.

"I have never observed a Negro being employed in that particular plant."

Another situation, "I notice restaurants in this community serviced by the Employment Service. Negroes have certain jobs to which they are referred by the Employment Service and white people are referred to other jobs and occupations."

Mr. FLOOD. Suppose you take a case from beginning to end. Give me a case and show me what you folks do from the time you receive this complaint, from wherever it comes, and take me right through to wrap it up.

SECRETARY WIRTZ' VIEWS ON CENTRALIZED CIVIL RIGHTS ENFORCEMENT

Secretary WIRTZ. Without interrupting may I add this?

I think the point you raise is one we have been very much concerned about. The legislation does provide for enforcement by different agencies. I think we would welcome an instruction from this committee to take this up, especially with the Department of Health, Education, and Welfare, because there is quite an overlap between those two, and those are the two largest grant programs, and add to the record whatever suggestions we can make about this.

I am not satisfied with it, either. It does present a question under the statute but I do not think we have exhausted the possibilities of improving that administration.

PROCESSING TYPICAL COMPLAINT

Mr. FLOOD. All right, Mr. Chapin. Take me over the hurdles with one of these.

Mr. CHAPIN. In one we received a letter from a complainant in any section of the country which would be addressed to the Secretary of Labor. Usually the individual believes that he has entered into an office of the Employment Service or he has gone to a joint apprenticeship committee and has not been treated in the same manner at the employment office that white applicants were treated. He did not receive——

Mr. FLOOD. All right. That is the complaint. Now what happened? What do you do?

Mr. CHAPIN. We receive such a complaint and review that letter to determine the facts, whether it was an Employment Service, on-the-job training program, Bureau of Apprenticeship and Training, or whether it was one of our special manpower programs.

If it was an Employment Service determination we would then have one of our investigators, namely a compliance officer investigator who has received training in the program of the Employment Service, to determine whether or not the applicant did go to that particular employment office, what the 511 or application card he or the interviewer filled out, what that application card contained, whether he was coded properly in terms of the job for which he applied and also the training he had and the education he had obtained, and any work experience he might have had, whether that all appeared on that application card, and follow that application card to determine what happened to it.

Was that application card then turned over and processed so that he might be referred to an employer needing the kind of applicant such as the one who applied.

In addition we would see whether he was counseled in the same way as other persons having that same experience were counseled, that is, job and manpower counseling within that office.

In addition we also would find out whether he was tested, to find out whether he has the skills which he said he obtained in the 511 or application card. That is part of the service of a local employment office.

We would follow that card to its ultimate conclusion, and that would be the placement officer in that particular local office, to determine whether or not that individual was referred to any employers and whether he was referred to that employer on the basis of the occupation where not only desire was a part but experience and education was part.

If we found all these things had been accomplished then we would look to see the other cards in the active card file of that local office, what other applicants received the same kind of service, and whether or not there was in fact referral based on the ability and talents of the applicant by that local office of any number of applicants. Usually we would take 50 such applicants in various sections of the city where the card is located and try to map out the city to determine where nonwhites in the city reside, determine whether or not they use the office.

If they use the office we see how the referral patterns were worked among nonwhites and do the same in terms of where there were lower income groups who may not be nonwhite, to determine whether the office was only referring those citizens who had special interests or what one might call the very best jobs. This is part of the compliance review.

Should we find that there were nonwhites not having received referrals, and that referral pattern does show that certain employers which the Employment Service serves does not accept Negro applicants, or Mexican-American applicants, or Indian applicants for certain types of occupations, we then would ask for a meeting with the manager and a member of the State employment service to be present at the local office, at which we would then point out, the same investigator with a member of our staff in Washington, would then point out to the manager and the representative from the State administrator's office so that he could see what was going on in that local office and the corrective action that needed to be taken in that local office, and we would request that the State administrator's office not only take the corrective action for what was found in the local office but that the State take the same corrective action and assure the Department of Labor, taking that same action in all confines of the city.

In addition if the State does have itinerant stations in that State the same kind of action would be taken and the State administrator would assure the Secretary of Labor that he has done just that in a letter and statement to the Secretary's office on that basis.

Mr. FLOOD. That is very clear.

SUMMARY OF BUDGET REQUEST

I don't know which of you will answer these questions. The record shows that in 1967 you have $1,100,000 and the request for 1968 is $1,355,000. That is an increase of $255,000 and 19 positions.

Mr. SYLVESTER. Over the three activities.
Mr. FLOOD. Across the board, yes.

WORKLOAD TREND FOR COMPLIANCE WORK

From the justifications on page 11 it looks like most of the increase in the contract compliance workload was in 1967. If that could be handled in 1967 why do you need more people in 1968?

Here is what your justifications say:

> The budget for 1967 was based on a total Government workload identified as numbering 49,000 contractor facilities. Since that time, however, the Department of Defense alone has identified an estimated total of more than 58,000 and is accordingly revising its program to meet this additional responsibility. Total contractor identification and therefore the responsibilities of other agencies have likewise been expanded. During Fiscal Year 1967, 14,000 commercial banks with 600,000 employees became subject to the Order. The Department of Health, Education, and Welfare, in assuming jurisdiction over insurance companies under Medicare, has identified hundreds of such companies which will require additional agency activity.

Now, you speak of 49,000 contractor facilities. You say "since that time." "That time" is obviously during 1967.

If that is true, and you are handling this in 1967, what in the world do you want all this additional money and all these additional people for in 1968?

Mr. SYLVESTER. We handled only a small percentage of it in 1967.
Mr. FLOOD. What do you mean?
Mr. SYLVESTER. The 49,000 really are the number of contractor facilities that the Federal agencies themselves identified as existing. They did not conduct compliance reviews on all of those facilities. They conducted those reviews on a small percentage of those facilities during that period.
Mr. FLOOD. So?
Mr. SYLVESTER. We now find we have considerably more facilities than initially we had thought. It is up to about 100,000. We don't anticipate that the agencies will review all of those facilities but they will be able to cover about 40 percent.

TREND IN NUMBER OF COMPLAINTS

Mr. FLOOD. Look, on page 13 of your justifications the table shows the complaints are going down this year and still further down next year.
Mr. SYLVESTER. That is correct.
Mr. FLOOD. Ordinarily that would not indicate a need to step up compliance work, would it, if those tables are right? Down this year, going down further next year?
Mr. SYLVESTER. The bulk of our work does not deal with responding to and servicing complaints. It really deals with the regular review of a contractor's facilities to determine whether or not he is in compliance with his contract.
Mr. FLOOD. How from that chart do you justify a step-up in compliance work?

Mr. SYLVESTER. If you look at line A we show a substantial increase in the number of compliance reviews that ought to be conducted. The same holds for line E which are the construction sites.

Mr. FLOOD. Who put G in there? You should shoot that fellow.

Mr. SYLVESTER. Complaints do form part of our activity but certainly a very small part of it. We felt we should show that.

PLANS FOR PROGRESS

Mr. FLOOD. How good a job is being done by the Plans for Progress program? Tell me something about that program. What does that accomplish?

Mr. SYLVESTER. That is an excellent program. It is now in its 5th year. The Executive order requires that we furnish adminstrative support for it, and by administrative support I mean clerical positions, telephones, regular housekeeping activities. It encompasses 347 companies and about 35 States and 124 cities.

The member companies pledge themselves to a plan of affirmative action pretty much along the lines of that required by the Executive order. It is a voluntary program. It includes Government contractors as well as employers who are not Government contractors. They carry out a series of activities. First off, the national staff is made up of executives not paid by the Government, and on loan from the employer members. They form a staff for communication within the business community. They also provide technical assistance to their member companies in developing compliance programs.

They also have an advisory council made up of 25 members of Plans for Progress officials who set policy for the program.

The principal activity is in the formation and development of merit employment councils, councils on a local basis designed to implement equal employment opportunity among the member companies as well as to take activity within the community to help bring about equal opportunity.

Mr. FLOOD. This is working?

Mr. SYLVESTER. Yes.

Mr. FLOOD. Well?

Mr. SYLVESTER. Yes.

Mr. FLOOD. How long has it been in effect?

Mr. SYLVESTER. This is its 5th year. There are now 49 councils, 17 of which were formed directly as a result of efforts by the Plans for Progress, and they now have an additional 42 cities targeted which they hope to cover next year.

Funds for all of this are spent by Plans for Progress companies.

Mr. FLOOD. You have a high opinion of this operation?

Mr. SYLVESTER. It is a good program.

Mr. FLOOD. Mr. Natcher?

Mr. NATCHER. No questions, Mr. Chairman.

Mr. FLOOD. Mr. Smith?

PROGRAM COVERAGE OF ALL MINORITY GROUPS

Mr. SMITH. To what extent do you depend upon percentage statistics, in other words, the percentage of the population that is nonwhite compared to white, as being almost conclusive as to whether or not the contracts are——

Mr. SYLVESTER. That is not conclusive at all. That is just one of a number of indicators we use.

Mr. SMITH. There has been some feeling not only as to your shop but as to some of the other shops that the Government has set up in recent years that their activities and concern with minority groups have left out some of the minority groups, especially Mexican-Americans and Oriental Americans. Is that justified?

Mr. SYLVESTER. We are making a particular effort to insure that all realize and know that the Mexican-Americans, American Indians, and other minorities are included in this program. We conduct the same kind of compliance activity for those minorities as for any other.

Mr. SMITH. Do you think there has been a tendency in getting this program underway, though, to look almost exclusively at Negro minority problems rather than to include the problems of Mexican-Americans and oriental Americans?

Mr. SYLVESTER. That has been a problem in the past. I think we are well on the way to correcting it now.

Mr. SMITH. That is all.

Mr. CASEY. I have no question, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen.

This is the end of the formal hearings on your Department, Mr. Secretary.

Since you have been considerate enough to sit through our rather lengthly hearings this year it would occur to me you might like to say something at this point. If there is anything you would like to add you are free to do so.

Secretary WIRTZ. Mr. Chairman, I have nothing to add except a very real expression of appreciation to this committee. We have taken advantage of the situation, too, by having many of our people come up here.

Mr. FLOOD. They are good people.

Secretary WIRTZ. I think they have a clear understanding of this essential part of the process. I should like only to express my unqualified appreciation for the reception we have received.

Mr. FLOOD. That is our job. You have some excellent people heading up some of those departments.

Secretary WIRTZ. We think it is the best outfit in town.

However, there are other people in the room so——

Mr. FLOOD. Do you have anything to add, Mr. Hudson?

Mr. HUDSON. Just to thank you, Mr. Chairman.

Mr. FLOOD. Thank you very much, Mr. Secretary and gentlemen.

JUSTIFICATION MATERIAL

Federal Contract Compliance and Civil Rights Program

Amounts available for obligation

	1967	1968
Appropriation or estimate	$1,103,000	$1,355,000
Comparative transfer to the Office of the Secretary for centralized audit and systems function	−3,000	
Appropriation or estimate, revised	1,100,000	1,355,000

Obligations by activity

Description	Appropriation revised, 1967		Estimate, 1968		1968 change	
	Position	Amount	Position	Amount	Position	Amount
1. Office of the Director of Federal Contract Compliance	28	$464,400	36	$573,000	+8	+$108,600
2. Plans for progress	12	221,600	12	190,000		−31,600
3. Civil rights compliance (title VI)	27	414,000	38	592,000	+11	+178,000
Total obligations	67	1,100,000	86	1,355,000	+19	+255,000

Obligations by objects

	Appropriation revised, 1967	Estimate, 1968	1968 change
Total number of permanent positions	67	86	+19
Positions other than permanent	1	1	
Average number of all employees	62	82	+20
11 Personnel compensation	$732,350	$949,778	+$217,428
12 Personnel benefits	52,350	68,478	+16,128
21 Travel and transportation of persons	102,800	128,800	+26,000
22 Transportation of things	2,200	2,200	
23 Rent, communications, and utilities	120,975	85,044	−35,931
24 Printing and reproduction	28,775	41,100	+12,325
25 Other services	16,800	16,800	
Services of other agencies	14,200	30,200	+16,000
26 Supplies and materials	15,550	25,600	+10,050
31 Equipment	14,000	7,000	−7,000
Total obligations	1,100,000	1,355,000	+255,000
Working capital fund items included above	(52,000)	(110,300)	(58,300)

Summary of changes

1967 enacted appropriation	$1,103,000
Comparative transfer to Office of the Secretary [1]	3,000
1967 appropriation, revised	1,100,000
1968 estimate	1,355,000
Total change	+255,000

MANDATORY ITEMS

Increases: Net additional cost to restore pay costs absorbed in 1967	+24,000
Decreases:	
Nonrecurring extra day of pay for current year staff	−2,936
Nonrecurring rental costs	−63,256
Subtotal, mandatory items	−42,192

[1] This comparative transfer includes no positions.

PROGRAM ITEMS

Increases:	
To provide for an increase in costs due to reduction in time lag on filling vacancies and small increases in centralized services costs for:	
Activity 1—Office of Federal Contract Compliance (p. 13)	+$2,840
Activity 2—Plans for progress (p. 17)	+6,069
To provide for increased personnel compensation (reduction in lapse rate on 1967 new positions) to permit a full year's operation for activity 3, Civil Rights Compliance (title VI) (p. 21)	+24,283
To provide additional staff for the Office of Federal Contract Compliance to handle increased compliance, negotiating and and conciliating functions (8 positions, $89,000 personal services; $36,000 nonlabor costs) (p. 13)	+125,000
To provide additional staff for Civil Rights Compliance (title VI) program to permit adequate coverage of onsite compliance reviews and complaint investigations (11 positions, $94,400 personal services; $55,600 nonlabor costs) (p. 21)	+150,000
Decreases: Nonrecurring equipment costs for new positions in 1967	−11,000
Subtotal, program items	+297,192
Total change	+255,000

ACTIVITY 1. *Office of the Director of Federal Contract Compliance*

1967 (positions, 28)	$464,400
1968 (positions, 36)	573,000

NARRATIVE DESCRIPTION OF PROGRAM

1. General

The Office of Federal Contract Compliance program to enforce Executive Order 11246 which requires equal employment opportunity of Government contractors and subcontractors is based on the following:

a. "Affirmative action" by contractors to ensure that minorities (of race, color, creed and national origin) have job and promotional opportunities commensurate with their abilities;

b. Systematic review of contractors employment policies and practices to ensure compliance and to assist and guide as appropriate;

c. Service complaints of noncompliance;

d. Ensure that the Government policy is objective and consistent among contracting agencies and contractors;

e. Coordination with other interested Federal agencies to minimize duplication and maintain unified and uniform policies; and

f. Consultation with the labor movement, the business community, and other parties regarding programs and policies.

Workload of contracting and administering agencies has expanded substantially and this expansion is expected to continue through 1968. The implementation of effective and consistent policies and program standards should continue to have the highest priority.

The employment, underemployment and unemployment patterns of minorities, especially in the cities, require the initiation of broad-based compliance efforts directed at regional or community problems. These efforts must be coordinated and ofttimes unified within industries and crafts.

2. Nonconstruction program

The budget for 1967 was based on a *total* Government workload identified as numbering 49,000 contractor facilities. Since that time, however, the Department of Defense alone has identified an estimated total of more than 58,000 and is accordingly revising its program to meet this additional responsibility. Total contractor identification and therefore the responsibilities of other agencies have likewise been expanded. During Fiscal Year 1967, 14,000 commercial banks with 600,000 employees became subject to the Order. The Department of Health,

Education and Welfare, in assuming jurisdiction over insurance companies under Medicare, has identified hundreds of such companies which will require additional agency activity.

It is estimated that in 1968 nearly 100,000 direct Government contractor facilities will be under regular reporting and agency surveillance.

New pre-award procedures, requiring a compliance review of contractors before the award of publicly advertised bid contracts of one million dolalrs or more, has increased this Office's workload of monitoring the contracting agencies activity. Through this procedure contractors make the affirmative action commitments and are evaluated along with other contract requirements. The burden on the contracting agencies is increased considerably, at the same time, the program coverage increases and employers and their employees benefit from systematic and consistent requirements.

3. Construction program

Compliance activity with construction contractors and subcontractors on the part of the Federal contracting and administering agencies requires greater direction and guidance by the Office of Federal Contract Compliance. These activities by contracting and administering agencies are often on a multi-State basis, encompassing several cities. For this reason, better regional coordination must be provided by this Office. For example, in the five-county San Francisco Bay Area, the Government will provide approximately one hundred million dollars in the next five years to assist construction of a rapid transit system costing about one billion dollars. During Fiscal Year 1968, a number of such areas will require central control that will create substantially greater staff effort.

Further, the total number of Federal and Federally-assisted construction sites continues to expand. For instance, the Department of Housing and Urban Development estimates there will be 1,000 construction contracts in excess of one million dollars subject to the Executive Order compared to an estimate of 650 for Fiscal Year 1967. The Department of Housing and Urban Development is, as are other agencies, adjusting programs to meet these added responsibilities.

4. Legal services

The Office of the Solicitor provides necessary legal services related to the Federal contract compliance program under Executive Order 11246. It assists in drafting regulations for publication in the Federal Register and provides legal technical services related to the publication. It prepares orders for issuance by the Secretary of Labor and the Director of the Office of Federal Contract Compliance to contracting agencies. Assistance is provided in assuring the legal adequacy of compliance procedures reflected in enforcement manuals and internal directives and in assuring the legal adequacy of preaward guidelines developed for the Federal contract compliance program. It reviews compliance case files to determine the appropriateness of the institution of procedures leading to sanctions. Legal assistance and representation are provided for informal and formal hearings, including the preparation and presentation of the entire Government case and all other legal services necessary to administrative litigation. It participates with the Department of Justice in the preparation of the presentation of the Government's case in judicial litigation arising under the program. It provides legal advice and interpretations of the Executive Order and the implementing Regulations to Departmental officials of contracting agencies, Government contractors and subcontractors and the general public.

5. Workload

The following table shows significant increases in estimated workload for Fiscal Years 1967 and 1968. The figures shown represent the identified areas of the Office of Federal Contract Compliance responsibility. In Fiscal Year 1968, eight new positions (six professional and two clerical) are being requested to help meet these demands. This addition, along with improved management, will permit about 75 per cent coverage of categories B, C, D and F. Categories A and E will get only about 40 per cent coverage; however, reports will be required from all of these contractors.

The budget estimate for FY 1968 reflects an increase of $125,000 to cover the cost of the 8 additional positions requested. Also reflected in the budget estimate for FY 1968 are minor program adjustments amounting to $2,840.

Workload statistics

	Fiscal year 1966 (actual)	Fiscal year 1967 (estimated)	Fiscal year 1968 (estimated)
A. Number of established compliance reviews—nonconstruction [1]	9,132	22,700	57,000
B. Number of corporate conciliation conferences to remedy deficiencies identified in compliance reviews [2]	732	1,400	1,900
C. Preaward reviews relative to supply contracts [3]	114	900	1,400
D. Preaward conferences for construction contracts [4]	501	2,800	4,200
E. Construction sites requiring regular surveillance [5]	47,647	51,500	54,300
F. Number of formal and/or informal hearings by the OFCC [6]	32	70	160
G. Number of complaints [7]	216	160	100
H. Total facilities and sites subject to order [8]	99,367	156,600	219,500

[1] In-depth studies of all aspects of a contractor's employment policies, including recruitment, training, upgrading, layoff, and relation of collective-bargaining agreements, seniority regulations, work rules, and other institutions to equal employment opportunity. Listed by number of establishment so reviewed.

[2] Conciliation conferences are generally held with local management at the completion of reviews. However, those matters that cannot be so resolved are discussed at the corporate level with officials from the agency's headquarters office.

[3] On May 3, 1966, this Office issued a directive requiring all contracting agencies to verify a prospective contractor's compliance with the Executive order before making an award of a publicly advertised supply contract in excess of $1,000,000. If no compliance review has been undertaken within the past 6 months, a special preaward review is required.

[4] Contracting and administering agencies, before making substantial awards for construction activities or for Federal assistance to such activities are urged to undertake a preaward conference with the applicant, prime contractors, and principal subcontractors in order to obtain commitments designed to ensure compliance with the Executive order. It is anticipated that this activity will be substantially expanded during fiscal year 1968.

[5] Single compliance reviews, such as those listed in "A", above, are not appropriate to the construction industry. It is necessary that the contracting or administering agency regularly reviews site compliance during the hiring cycles of each principal subcontractor representing individual trades. Consequently, review of the compliance posture of construction contracts requires significantly greater effort than experienced in industrial situations. Increase in this category will be principally in form of quality standards.

[6] If conciliation efforts fail, formal or informal hearings may be held as provided by the Executive order and rules and regulations pertaining thereto. Or, such hearings may be held for the purpose of obtaining further information. They are normally conducted by the Office of Federal Contract Compliance.

[7] The contract compliance program is not complaint oriented, in that the regularly scheduled review and preaward process is intended to afford broader based relief. This fact, plus the creation of the Equal Employment Opportunity Commission will undoubtedly cause a continued reduction of complaint cases handled by contracting agencies.

[8] Listed by facility, includes construction contracts.

Changes for 1968

Mandatory changes amount to	—$19,240
Program changes amount to	127,840

ACTIVITY 2. *Plans for Progress Unit*

1967 (positions 12)	$221,600
1968 (positions 12)	190,000

NARRATIVE DESCRIPTION OF PROGRAM

Plans for Progress is a program developed voluntarily by leading employers from all over the nation to provide a means for more aggressive participation and leadership by private business, industrial and commercial corporations in the promotion and implementation of equal employment opportunity. As a cooperative program of the former President's Council on Equal Opportunity, Plans for Progress supplements the Federal program applicable to government contractors.

Presently, 347 major corporations and financial and educational institutions, including companies not involved in government contracting, are members of the program (Attachment A). They belong by virtue of having drawn up, and of currently following through on, formal pledges to take affirmative action in providing equal job opportunities for all Americans based on merit alone. These members employ almost nine million people.

Plans for Progress members implement their plans individually, in their plants and in the communities where they operate, and in concert by joining their financial and manpower resources when feasible. They also prepare and submit to the Unit annual employment satistics as one means of measuring progress in achieving equal employment and advancement opportunity.

The program has a 25-member business advisory council made up of member company executives (Attachment B), a small administrative support staff of 12 people in the 1968 estimate, and an executive staff of 8 on loan from member companies for one year. The Advisory Council works through a number of committees and the administrative staff to develop policies and activities which will achieve further progress. The staff also stimulates and executes a variety of projects aimed at furthering the program, and serves as a national communicator of the prorgam's aims and accomplishments.

During the past year, Plans for Progress participants have increased from 316 to 347.

Activities of the Unit have also continued to increase. Regional Conferences and Guidance Counselor Seminars were found highly successful in 1966 and 1967 and these programs will be expanded.

The Business Incentive Programs have been expanded beyond college campuses and now include high schools.

Liaison has been increased with other agencies involved in similar programs, such as the Equal Employment Opportunity Commission, the Community Relations Services, the Office of Economic Opportunity, the Department of Commerce, and other organizations of the Department of Labor.

Additional emphasis and effort is being given to stimulating business and industry interest in Manpower Development and Training Activities and on-the-job training through Plans for Progress activities and the Business Council.

However, despite these expansions of total responsibilities and workload, no additional staff is being requested for fiscal year 1968. Every attempt will be made to absorb as many of these added requirements as possible. A net program increase of $1,069 is reflected in the estimate for FY 1968, composed of (1) a $3,141 reduction in lapse to permit a reduction in time lag for filling vacancies, (2) an increase of $1,328 in personnel benefits, (3) an increase of $1,600 in the cost of Centralized Services, and (4) a $5,000 decrease in nonrecurring equipment costs.

Changes for 1968

Mandatory changes amount to	—$32,669
Program changes amount to	1,069

ACTIVITY 3. *Civil Rights Compliance (Title VI)*

1967 (positions 27)	$414,000
1968 (positions 38)	592,000

NARRATIVE DESCRIPTION OF PROGRAM

Title VI of the Civil Rights Act of 1964 (Public Law 88-352) provides in Section 601 that "no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." Section 602 of the Act authorizes and directs each Federal department or agency which is empowered to extend Federal financial assistance to any program or activity to "issue rules, regulations, or orders" that will effectuate the provisions of Section 601.

The language contained in Title VI clearly acknowledges that the mere publication of regulations banning discrimination would not be sufficient to end discrimination. The Act not only states that discrimination in Federally financed programs shall be prohibited and that rules and regulations so stating shall be issued, but, more importantly, directs that steps shall be taken by the Federal departments and agencies concerned to see that these rules and regulations are in fact complied with.

To this end a unit was established by the Secretary of Labor to direct a program to investigate complaints of discrimination received by any component of the Department of Labor; to insure that each operating bureau requires all recipients of Federal funds through the Department of Labor to file complete and accurate assurance and compliance reports; to supply information and technical assistance in implementation of Department of Labor guidelines and regulations regarding the Act; and direct and operate a program of planned on-site program investigation to assure that recipients of Federal funds through the Department of Labor are in fact in compliance with the Act.

The Office of the Solicitor provides the necessary legal services related to this program. Counsel is provided for conciliation conferences with state officials regarding compliance with Title VI; compliance case files are reviewed to determine the appropriateness of the institution of procedures leading to sanctions; and legal assistance and representation are provided for administrative hearings, including the preparation and presentation of the entire Government case and all other legal services necessary to administrative litigation.

The Office of the Solicitor participates with the Department of Justice in the preparation of the presentation of the Government's case in judicial litigation arising under the program. The Office of the Solicitor provides legal advice and interpretations of Title VI, the implementing Regulations and other directives to Offices and Bureaus of the Department, recipients and beneficiaries of Federal financial assistance and the general public. It assists in drafting regulations for publication in the Federal Register and provides legal technical services related to the publication. Assistance is provided in assuring the legal adequacy of compliance procedures reflected in enforcement manuals and internal directives.

In 1967, funds for 22 professional and 5 clerical positions were authorized by Congress to implement the Department's Civil Rights Act Compliance Program in 50 States and 4 Territories. This staff is called upon to operate a compliance program as directed both by the Act and generally and specifically implemented by the Department's Nondiscrimination in Federally Assisted Programs Regulations (29 CFR Part 31) in (1) Employment Service and Unemployment Insurance Compensation Programs, involving 50 State agencies and 4 Territorial agencies and including in excess of 2,000 separate physically functioning full-time employment service offices and an additional 2,000 separate functioning part-time itinerant stations; (2) On-the-Job Training programs of the Bureau of Apprenticeship and Training under the Manpower Development and Training Act, which currently include approximately 3,000 separate contractual programs; (3) over 300 contracts for research, demonstration and experimentation entered into by the Office of Manpower Policy, Evaluation and Research under the Manpower Development and Training Act program. In addition this staff has been given the additional responsibility to eliminate discrimination in regular Apprenticeship Programs, estimated to be in excess of 46,000 functioning programs throughout the United States that are covered by or subject to Departmental Apprenticeship Programs (29 CFR Part 30); (4) with the concurrence of the Neighborhood Youth Corps this unit reviews the complaint and compliance activities of NYC and advises appropriate affirmative action.

Based on the increasing ratio of complaints of discrimination in its programs received by the Department of Labor since 1964, it is estimated that approximately 600 such allegations will be received in 1967. In 1968 the number of complaints is estimated at 750. This office has realized a steady increase in the number of complaints received from organizations. Many of these complaints are made against an entire State Employment agency which might include over a hundred separate offices. The organizational complaint represents the experiences of its membership. The number of recipients involved as well as the great number of persons it represents, makes the investigation of organizational complaints particularly significant and of highest priority.

Each complaint is reviewed and analyzed and a decision made as to whether the complaint falls under the jurisdiction of the Department of Labor and referral made as appropriate (i.e., Equal Employment Opportunity Commission; Health, Education and Welfare; Housing Urban Development; Department of Defense, etc.) for action. Even if a complaint is determined not to involve a Department of Labor program, staff time must still be spent in making this determination.

Although the period of time taken to conduct a thorough investigation varies in length dependent upon the services and activities of the program itself, it is estimated that an average of 40 man hours per complaint investigation-compliance review is necessary.

It should be noted that the terms "complaint investigation" and "compliance review" are not synonomous. These activities are conducted simultaneously in every case where there is a complaint involved, since the immediate causes of a complaint are often symptomatic of larger areas of discrimination in a program. In addition, as required by the Justice Department, a positive, not merely a reactive responsibility, makes a program of systematic compliance reviews mandatory.

Based upon the staff allocation for FY 1967, it is estimated that 400 joint complaint investigation-compliance reviews can be conducted and 200 separate compliance reviews made. This projected accomplishment will allow for an investigation of a minimal 6 percent of all recipients of Federal funds for the Department of Labor.

In order to permit an increase in the number of on-site compliance reviews and complaint investigations, funds for an additional 11 positions are requested in Fiscal Year 1968 (7 professional and 4 clerical positions). With these increased staff resources, it is estimated that 560 complaint investigations and 340 compliance reviews can be completed. While this will not allow in 1968 for on-site reviews of all of the estimated 10,000 separate recipients of Federal funds, it will allow the Department to investigate most of the primary programs in every state.

The budget estimate for FY 1968 reflects an increase of $150,000 for these 11 new positions. Also reflected in the budget estimate for FY 1968 are program adjustments in the net amount of $18,283, consisting of a $24,283 reduction of the lapse rate on new positions in the current year to provide for increased personnel compensation costs predicated on a full year's operation, and a decrease of $6,000 for nonrecurring equipment costs.

Workload statistics—Complaint investigations and compliance assurance reviews

	1967	1968
Complaints of discrimination received	600	750
Complaints investigated	400	560
Complaints referred to other agencies	200	190
Compliance assurance reviews made	200	340

NOTE.—The Department of Labor has been in the favorable position during the operation of this program of obtaining commitments from all recipients to make any corrective action desired on a voluntary basis. However, in the event that hard-core resistance is encountered, necessitating formal proceedings and the full development of sufficient evidence to sustain termination proceedings in any sizable number, the total investigations estimated to be completed for both fiscal years 1967 and 1968 would drastically be reduced by as much as 50 percent.

Changes for 1968

Mandatory changes amount to	$ 9,717
Program changes amount to	168,283

ATTACHMENT A

PLANS FOR PROGRESS COMPANIES

AAI Corporation
ACF Industries, Incorporated
Abex Corporation
Addressograph Multigraph Corporation
Aerojet-General Corporation
Aerospace Corporation
Aetna Life & Casualty Company
Air Reduction Company, Incorporated
Alan Wood Steel Company
Alcan Aluminum, Limited
Alford Refrigerated Warehouses, Inc.
Allegheny Ludlum Steel Corporation
Allied Chemical Corporation
Allis-Chalmers Manufacturing Company
Aluminum Company of America
American Airlines, Incorporated
American Bosch Arma Corporation
American Can Company
American Cyanamid Company
American Electric Power Service Corporation
American Home Products Corporation
American Machine & Foundry Company
American Motors Corporation
American Radiator & Standard Sanitary Corp.

American Sugar Company
American Telephone & Telegraph Company
American Tobacco Company (The)
Anchor Hocking Glass Corporation
Anheuser-Busch, Incorporated
Appalachian Power Company
Archer Daniels Midland Company
Armco Steel Corporation
Armour & Company
Atchison, Topeka & Santa Fe Railway Company
Atlantic Richfield Company
Avco Corporation
Babcock & Wilcox Company (The)
Ballantine, P. & Sons
Bank of America NT & SA
Bank of California National Association
Beech-Nut Life Savers, Incorporated
Bell & Howell Company
Bell Telephone Company of Pennsylvania
Bell Telephone Laboratories, Inc.
Bellcomm, Incorporated
Bendix Corporation (The)
Bethlehem Steel Corporation
Bliss, E. W. Company
Boeing Company (The)
Borg-Warner Corporation
Brown Engineering Company, Incorporated
Brown & Root, Incorporated
Brown University
Budd Company (The)
Bunker-Ramo Corporation
Burroughs Corporation
Campbell Soup Company
Carborundum Company (The)
Carling Brewing Company
Carnation Company
Carrier Corporation
Caterpillar Tractor Company
Celanese Corporation
Cessna Aircraft Company
Chesapeake & Potomac Telephone Company
Chesapeake & Potomac Telephone Company of Maryland
Chesapeake & Potomac Telephone Company of West Virginia
Chicago, Milwaukee, St. Paul & Pacific Railroad Company
Chrysler Corporation
Cincinnati & Suburban Bell Telephone Co.
Cleveland-Cliffs Iron Company (The)
Cleveland Electric Illuminating Company
Cleveland Twist Drill Company
Clevite Corporation
Coca-Cola Company (The)
Colgate-Palmolive Company
Collins Radio Company
Colonial Stores, Incorporated (The)
Colorado Fuel & Iron Corporation
Columbia Broadcasting System, Incorporated
Combustion Engineering, Incorporated
Commonwealth Edison Company
Connecticut General Life Insurance Company
Consolidation Coal Company, Incorporated
Continental Baking Company
Continental Can Company, Incorporated
Continental Motors Corporation
Continental Oil Company
Continental Steel Corporation

Control Data Corporation
Cook Electric Company
Corn Products Company
Crocker-Citizens National Bank
Crown Zellerbach Corporation
Crucible Steel Company of America
Cudahy Company
Cummins Engine Company, Incorporated
Curtiss-Wright Corporation
Cutter Laboratories
Dana Corporation
Deere & Company
DeSoto Chemical Coatings, Incorporated
Detroit Free Press (The)
Detroit Steel Corporation
Diamond Alkali Company
Douglas Aircraft Company, Incorporated
Douglas United Nuclear, Incorporated
Dow Chemical Company (The)
Dresser Industries, Incorporated
Dun & Bradstreet, Incorporated
Du Pont de Nemours, E. I. & Company, Inc.
East Ohio Gas Company (The)
Eastern Air Lines, Incorporated
Eastman Kodak Company
Eaton Yale & Towne, Incorporated
Electric Storage Battery Company
Eltra Corporation
Emerson Electric Company
Endicott Johnson Corporation
Equitable Life Assurance Society of the U.S.
FMC Corporation
Fairchild Hiller Corporation
Federal-Mogul Corporation
Federal Pacific Electric Company
Federated Department Stores, Incorporated
Firestone Tire & Rubber Company (The)
First National Stores, Incorporated
Ford Motor Company
Foremost Dairies, Incorporated
Garrett Corporation (The)
General American Transportation Corporation
General Dynamics Corporation
General Electric Company
General Foods Corporation
General Instrument Corporation
General Mills, Incorporated
General Motors Corporation
General Precision Equipment Corporation
General Telephone & Electronics Corporation
General Tire & Rubber Company (The)
Genesco, Incorporated
Georgia-Pacific Corporation
Glidden Company (The)
Goodrich, B. F. Company (The)
Goodyear Tire & Rubber Company (The)
Grace, W. R. & Company
Grand Union Company (The)
Granite City Steel Company
Great Atlantic & Pacific Tea Company, Inc.
Greyhound Lines, Incorporated
Grumman Aircraft Engineering Corporation
Hanna Mining Company (The)
Harris-Intertype Corporation
Harshaw Chemical Company (The)

Heinz, H. J. Company
Hercules, Incorporated
Heublein, Incorporated
Hilton Hotels Corporation
Hochschild, Kohn & Company
Hoffmann-La Roche, Incorporated
Home Security Life Insurance Company
Honeywell, Incorporated
Hood, H. P. & Sons
Hooker Chemical Corporation
Hotel Corporation of America
Huber, J. M. Corporation
Hughes Aircraft Company
Humble Oil & Refining Company
Hunt Foods & Industries, Incorporated
Illinois Bell Telephone Company
Indiana Bell Telephone Company, Inc.
Indiana & Michigan Electric Company
Inland Steel Company
Interlake Steel Corporation
International Business Machines Corporation
International Harvester Company
International Telephone & Telegraph Corp.
Johns Hopkins Hospital (The)
John Hopkins University (The)
Johnson & Johnson
Jones & Laughlin Steel Corporation
Kaiser Affiliated Companies
Kellogg Company
Kennecott Copper Corporation
Kentucky Power Company
Keystone Steel & Wire Company
Kimberly-Clark Corporation
Kingsport Power Company
Koppers Company, Incorporated
Krogger Company (The)
L-T-V, Incorporated
Laclede Steel Company
Lear Siegler, Incorporated
Lever Brothers Company
Lockheed Aircraft Corporation
Lukens Steel Company
Magnavox Company (The)
Marathon Oil Company
Marquardt Corporation (The)
Martin Company
Massachusetts Institute of Technology
Massey-Ferguson, Incorporated
Mayer, Oscar & Company
McCormick & Company, Incorporated
McDonnell Aircraft Corporation
McGraw-Hill, Incorporated
Mead Corporation
Mellon National Bank & Trust Company
Melpar, Incorporated
Merritt-Chapman & Scott Corporation
Metropolitan Life Insurance Company
Michigan Bell Telephone Company
Michigan Consolidated Gas Company
Midland-Ross Corporation
Mobil Oil Corporation
Monsanto Company

Monsanto Research Corporation
Morrell, John & Company
Mountain States Telephone & Telegraph Company
National Biscuit Company
National Brewing Company (The)
National Cash Register Company (The)
National Dairy Products Corporation
National Distillers & Chemical Corporation
National Lead Company
National Steel Corporation
National Tea Company
New England Telephone & Telegraph Company
New Jersey Bell Telephone Company
New York Life Insurance Company
New York Telephone Company
Newport News Shipbuilding & Dry Dock Company
North American Aviation, Incorporated
North American Van Lines
Northern Illinois Gas Company
Northrop Corporation
Northwest Airlines, Incorporated
Northwestern Bell Telephone Company
Northwestern Steel & Wire Company
Norton Company
Oglebay Norton Company
Ohio Bell Telephone Company
Ohio Power Company
Olin Mathieson Chemical Corporation
Olivetti Underwood Corporation
Otis Elevator Company
Owens-Corning Fiberglas Corporation
Owens-Illinois, Incorporated
Pacific Gas & Electric Company
Pacific Northwest Bell Telephone Company
Pacific Telephone & Telegraph Company
Pan American World Airways, Incorporated
Park Drop Forge Company
Penney, J. C. Company, Incorporated
Pepsico, Incorporated
Pet Milk Company
Philco Corporation
Pickands Mather & Company
Pillsbury Company (The)
Pitney-Bowes, Incorporated
Pittsburgh National Bank
Pittsburgh Plate Glass Company
Pittsburgh Steel Company
Pneumo Dynamics Corporation
Polaroid Corporation
Procter & Gamble Company (The)
Prudential Insurance Company of America
Public Service Electric & Gas Company
Quaker Oats Company (The)
Radio Corporation of America
Railway Express Agency, Incorporated
Ralston Purina Company
Rath Packing Company (The)
Raytheon Company
Republic Steel Corporation
Reynolds Metals Company
Reynolds, R. J. Tobacco Company
Rohr Corporation

Ryan Aeronautical Company
St. Regis Paper Company
Sanders Associates, Incorporated
Sandia Corporation
Schering Corporation
Schlitz, Joseph Brewing Company
Scott Paper Company
Scovill Manufacturing Company
Seagram, Joseph E. & Sons, Incorporated
Sharon Steel Corporation
Shell Oil Company
Shenango, Incorporated
Sheraton Corporation of America
Sherwin-Williams Company (The)
Shoe Corporation of America
Singer Company (The)
Smith, A. O. Corporation
Southern California Edison Company
Southern New England Telephone Company
Southern Pacific Company
Sperry Rand Corporation
Standard Brands, Incorporated
Standard Oil Company (Ohio) (The)
Stauffer Chemical Company
Sterling Drug, Incorporated
Sterling Engineering Associates
Sun Oil Company
Swift & Company
System Development Corporation
TRW, Incorporated
Texaco, Incorporated
Texas Instruments, Incorporated
Textron, Incorporated
Thiokol Chemical Corporation
Three "M" Company (3M Company)
Time, Incorporated
Timken Roller Bearing Company (The)
Todd Shipyards Corporation
Trans World Airlines, Incorporated
Twentieth Century-Fox Film Corporation
Union Carbide Corporation
Union Oil Company of California
Uniroyal, Incorporated
United Air Lines
United Aircraft Corporation
United California Bank
U.S. Industries, Incorporated
U.S. Plywood Corporation
U.S. Steel Corporation
Vitro Corporation of America
Wachovia Bank & Trust Company
Walgreen Company
Warner & Swasey Company (The)
Wayne State University
Wells Fargo Bank
Western Electric Company, Incorporated
Western Union Telegraph Company (The)
Westinghouse Air Brake Company
Westinghouse Electric Corporation
Wheeling Electric Company
Wheeling Steel Corporation
Whirlpool Corporation

White Motor Corporation
Wilson & Company, Incorporated
Wisconsin Telephone Company
Worthington Corporation
Xerox Corporation
Young Men's Christian Assoc.-Nat'l Board (of)
Youngstown Sheet & Tube Company (The)
Companies: 347.
Total Number of Employees: 8,687,041.
33 States and District of Columbia.
124 Cities.

ATTACHMENT B

ADVISORY COUNCIL ON PLANS FOR PROGRESS

Chairman: Eugene F. Rowan, Personnel Relations Manager, J. C. Penney, Inc., New York, New York.
T. C. Allen: Manager, Manpower Administration, International Telephone and Telegraph Corporation, New York, New York.
William G. Caples: Vice President, Inland Steel Company, Chicago, Illinois.
George Collins: Director of Manpower, Genesco, Inc., Nashville, Tennessee.
H. G. Crook: Director, Employee Relations, Westinghouse Electric Corporation, Pittsburgh, Pennsylvania.
Robert J. Davis: Director, Office of Personnel Relations, Massachusetts Institute of Technology, Cambridge, Massachusetts.
Arthur M. Doty: Manager of Personnel Relations, Aluminum Company of America, Pittsburgh, Pennsylvania.
Charles H. Fletcher: Vice President—Administration, Mellon National Bank & Trust Co., Pittsburgh, Pennsylvania.
Everett M. Gouland: Vice President, Industrial Relations, Pan American World Airways, New York, New York.
Carl H. Hageman: Vice President, Union Carbide Corporation, New York, New York.
Fred Huleen: Director of Personnel,The Boeing Company, Seattle, Washington.
Harold E. Lane: Vice President—Personnel & Labor Relations, Sheraton Corporation of America, Boston, Massachusetts.
Harold F. Mayfield: Director of Personnel Relations, Owens-Illinois, Inc., Toledo, Ohio.
Harold S. McFarland: Director of Personnel Services, General Motors Corporation, Detroit, Michigan.
W. J. McGowan: Director, Employee & Community Relations, Allis-Chalmers Manufacturing Company, Milwaukee, Wisconsin.
G. A. McLellan: Director, Public Affairs, Olin Mathieson Chemical Corporation, New York, New York.
Norman E. Nicholson: Vice President, Kaiser Industries Corporation, Oakland, California.
Harvey Russell: Vice President, Planning, Pepsi-Cola Company, New York, New York.
G. H. Scott: Director, Corporate Industrial Relations, Ling-Temco-Vought, Inc., Dallas, Texas.
H. W. Seinwerth, General Manager, Industrial Relations, Swift & Company, Chicago, Illinois.
A. B. Slaybough, General Manager, Personnel, Continental Oil Company, New York, New York.
Humphrey Sullivan, Public Relations Director, Lever Brothers Company, Inc., New York, New York.
D. R. Zook, Corporate Director, Personnel Services, North American Aviation, Inc., El Segundo, California.

FRIDAY, MARCH 10, 1967.

U.S. SOLDIERS' HOME

WITNESSES

LT. GEN. ALBERT WATSON II, GOVERNOR, U.S. SOLDIERS' HOME

BRIG. GEN. JOHN F. CASSIDY, DEPUTY GOVERNOR, U.S. SOLDIERS' HOME

COL. IVAN W. ELLIOTT, QUARTERMASTER, U.S. SOLDIERS' HOME

COL. MELVIN E. RICHMOND, CHIEF, M.P. & S.F. DIVISION, OFFICE, DIRECTOR OF ARMY BUDGET, OFFICE OF COMPTROLLER OF THE ARMY

RAMOND A. GRITTON, CHIEF, BUDGET DIVISION, U.S. SOLDIERS' HOME

JAMES C. CAMP, BUDGET ANALYST, OFFICE, DIRECTOR OF ARMY BUDGET, OFFICE, COMPTROLLER OF THE ARMY

OPERATION AND MAINTENANCE

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	4,765	5,023	5,119
11.3	Positions other than permanent	127	132	119
11.4	Special personal service payments	65	55	55
11.5	Other personnel compensation	168	224	241
	Total personnel compensation	5,125	5,434	5,534
12.0	Personnel benefits	361	390	398
21.0	Travel and transportation of persons	1	1	1
22.0	Transportation of things	2	3	3
23.0	Rent, communications, and utilities	131	132	132
24.0	Printing and reproduction	5	5	5
25.1	Other services	340	346	395
26.0	Supplies and materials	1,153	1,221	1,294
31.0	Equipment	138	148	243
32.0	Lands and structures	19	56	83
41.0	Grants, subsidies, and contributions	1	1	1
	subtotal	7,276	7,737	8,089
95.0	Quarters, subsistence, and laundry	−127	−77	−65
99.0	Total obligations	7,149	7,660	8,024

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	1,079	1,097	1,097
Full-time equivalent of other positions	22	22	20
Average number of all employees	1,082	1,084	1,088
Average GS grade	4.3	4.5	4.5
Average GS salary	$5,477	$5,828	$5,828
Average salary of ungraded positions	$4,003	$4,109	$4,109

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
1. Medical care	3,286	3,531	3,722
2. Domiciliary care	1,584	1,664	1,709
3. Administration and central services	2,279	2,465	2,593
10 Total program costs, funded—obligations	7,149	7,660	8,024
Financing:			
25 Unobligated balance lapsing	73		
New obligational authority	7,222	7,660	8,024
New obligational authority:			
40 Appropriation	7,222	7,433	8,024
44 Proposed supplemental for wage-board increases		93	
Proposed supplemental for civilian pay act increases		134	
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures)	7,149	7,660	8,024
72 Obligated balance, start of year	398	394	407
74 Obligated balance, end of year	−394	−407	−420
77 Adjustments in expired accounts	3		
90 Expenditures excluding pay increase supplemental	7,150	7,427	8,004
91 Expenditures from wage-board supplemental		90	3
Expenditures from civilian pay act supplemental		130	4

Capital Outlay

Object classification

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
UNITED STATES SOLDIERS' HOME			
31.0 Equipment			195
ALLOCATION TO DEFENSE—CIVIL, ARMY			
Personnel compensation:			
11.1 Permanent positions	30	32	32
11.3 Positions other than permanent		17	
11.5 Other personnel compensation	1	1	1
Total personnel compensation	31	50	33
12.0 Personnel benefits	2	4	2
25.1 Other services	3	146	36
32.0 Lands and structures		3,521	39
Total obligations, Defense—civil, Army	36	3,721	110
99.0 Total obligations	36	3,721	305

Personnel summary

	1966 actual	1967 estimate	1968 estimate
ALLOCATION TO DEFENSE—CIVIL, ARMY			
Total number of permanent positions	3	3	3
Full-time equivalent of other positions	0	2	0
Average number of all employees	3	5	3
Average GS grade	9.7	9	9.7
Average GS salary	$10,929	$10,937	$11,087

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
10 Permanent improvements (costs—obligations)	36	3,721	305
Financing:			
21 Unobligated balance available, start of year	−197	−161	−15
24 Unobligated balance available, end of year	161	15	15
40 New obligational authority (appropriation)		3,575	305
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures)	36	3,721	305
72 Obligated balance, start of year	24	13	2,934
74 Obligated balance, end of year	−13	−2,934	−1,134
90 Expenditures	48	800	2,105

Mr. FLOOD. We will now take up the request of the Soldiers' Home.

General Watson is the new Governor of the U.S. Soldiers' Home. He has succeeded an old friend of ours of many, many years, and a very able administrator, General Haislip, who recently retired. Certainly this committee would like the record to show its respect and admiration for the integrity of General Haislip and the manner in which the home was operated under his leadership.

We have every reason to believe, General Watson, you will carry on in the best tradition.

Do you have a statement?

General WATSON. I might first, sir, express the regret of the officers and the members of the Soldiers' Home upon the death of Mr. Fogarty who used to be chairman of this subcommittee.

Mr. FLOOD. I think you should.

General WATSON. We are deeply indebted to him for his very sincere, honest, and thorough support of our small program.

Mr. FLOOD. Yes, he certainly acted in the best interests of the home.

General WATSON. I would like to proceed with my statement, Mr. Chairman. It is very short.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

LIEUTENANT GENERAL ALBERT WATSON II

Albert Watson II was born in Mount Vernon, Illinois, January 5, 1909. He graduated from the United States Military Academy in 1930 and was commissioned a second lieutenant in the field artillery.

After four years as a battery officer at Fort Myer, Virginia, he attended the regular course at the Field Artillery School, Fort Sill, Oklahoma, graduating in 1935; and the advanced horsemanship course, graduating in 1936. On July 13, 1935, he was married to Anne D. Bucher of Lewisburg, Pennsylvania. He remained at the Field Artillery School as an instructor and detachment commander until he was reassigned to Fort Riley, Kansas in 1941 to command a firing battery of the Third Field Artillery Battalion. After a year he was placed in command of the battalion. During the period he commanded the battalion he attended the Field Artillery School field officers course. In 1943 he returned to Fort Sill, Oklahoma and served for a year as an instructor in the field officers course.

In June 1944, he graduated from the Command and General Staff College and was assigned as assistant artillery officer of the Tenth Army. He went overseas in August 1944 and served with the XXIV Corps and Sixth Army in Hawaii,

Hollandia, and Leyte. Returning to the Tenth Army, he remained through the Okinawa operation, reporting to General Headquarters, Pacific for duty in the G3 section in October 1945.

After serving for two years with G3, General Headquarters in Tokyo, he was transferred to the United States for amphibious training duty with the Navy in Coronado, California. In May 1950, he was assigned to the faculty of the Army War College, first at Fort Leavenworth, Kansas and later at Carlisle Barracks, Pennsylvania.

In the summer of 1953 he was sent to Korea where he commanded successively the X Corps Artillery and the Third Infantry Division artillery. In September 1954, he was appointed assistant chief of staff, G3 for the First Army, Governors Island, New York. In July 1955, he was assigned to the office of the deputy chief of staff, personnel, Department of the Army, Washington, D.C. His assignment in that office as director of programs terminated in July 1958. General Watson assumed command of the 24th Infantry Division Artillery, Munich, Germany on September 16, 1958. In April 1960, he assumed command of the Third Infantry Division and in May 1961, became the U.S. Commandant and Commanding General, U.S. Army Berlin. On December 1, 1962 he was promoted to the rank of Lieutenant General. On February 2, 1963, he assumed command of Third U.S. Army with headquarters at Fort McPherson, Georgia. In August 1964 he was assigned Commanding General U.S. Army, Ryukyu Islands, IX Corps and High Commissioner of the Ryukyu Islands. He held this post until October 31, 1966 when he was placed on the retired list.

He became the Governor of the United States Soldiers' Home on November 1, 1966.

General Watson has 2 children: Albert Watson III, Captain U.S. Army, and John B. Watson of Atlanta, Georgia.

General Watson has received many decorations including the Distinguished Service Medal with Oak Leaf Cluster, the Legion of Merit, the Bronze Star Medal, the Army Commendation Ribbon with Metal Pendant, and the American Defense Service Medal.

Mr. FLOOD. Proceed General Watson.

GENERAL STATEMENT

General WATSON. I am pleased to appear before the committee to justify the home's budget requirements for fiscal 1968. The appropriation request is forwarded to Congress with the President's budget, but the amount is not charged to the taxpayers as expenditures are financed from a trust fund, not from the general revenues of the Treasury.

PURPOSE OF THE HOME

The Soldiers' Home was established by Congress in 1851 for the relief and support of old, invalid, or disabled soldiers of the Regular Army. While fundamental eligibility requirements for admission have remained unchanged, they have been extended to include airmen and enlisted women of both services. There are now approximately 229,000 identifiable former Army and Air Force personnel eligible for membership in the home. This large pool is due primarily to the mass of enlistments in the early 1940's and the large number of volunteers since that time. Only a small percentage apply for admittance, but the demand for membership will continue to increase. The home is a place for members to spend their remaining days independent of public assistance, their self-respect served by the knowledge that their personal contributions have helped make the home possible. This permanent residence has been provided for over a century without cost to the taxpayer.

Membership is a terminal benefit for former warrant officers and enlisted personnel of the regular Army and Air Force with the following qualifications:

(1) Honest and faithful service for 20 years or more as warrant officers or enlisted personnel,

(2) Service-connected disabilities rendering them unable to earn a livelihood, or

(3) Nonservice connected disabilities rendering them unable to earn a livelihood, provided they have service during a war.

These criteria emphasize the home's fundamental mission of caring for the professional or career soldier and airman, and to recognize and reward service to country.

General supervision of the home was placed by Congress in a Board of Commissioners, now consisting of the Governor of the home, six Army officers and three Air Force officers, ex officio. Subject to approval by the Secretary of the Army, this Board has the authority to establish regulations for the general and internal direction of the home. I am responsible to this Board for the administration of the home.

The law provides for a comprehensive annual report on the home to be submitted to Congress, including a report on his inspection of the home by the inspector general of the Army. It is gratifying to state that for many years, no significant changes have been suggested and no serious deficiencies have been found in either the management or the operation of the home.

FINANCES

The act of 1851 provided for the home to be financed from a trust fund rather than from the general revenues of the Treasury. Thus, we are not a burden on the taxpayer. The balance in this fund at the end of October 1966 was $108.6 million. Income to this fund as prescribed by law, is from the following principal sources:

(1) A contribution at the rate of 10 cents per month from each enlisted member and warrant officer of the Regular Army and Regular Air Force,

(2) Fines and forfeitures imposed upon these personnel by sentence of courts-martial, and,

(3) Interest of 3 percent per annum on the fund balance in the U.S. Treasury.

For the past 8 years, there has been a persistent decline in receipts. Two principal causes have been identified. First, both services have increased standards of enlistment and have reduced the number of undesirables and misfits. Second, the Uniform Code of Military Justice was amended in 1963 to authorize commanding officers to impose forfeitures of pay as nonjudicial punishment which the Comptroller General has decided will not accrue to the home's fund. The loss to the home's capital and income has been considerable, though gradual. Increasing membership, rising prices, and higher salaries will eventually force expenses to exceed income. Studies are being conducted to determine the appropriate measures required to solve this potential problem.

Mr. FLOOD. Was the Comptroller General's opinion binding and conclusive or do you have right of appeal?

General WATSON. I am informed that at the time, we protested and were disallowed in our protest.

Mr. FLOOD. What was the nature of the protest? To what forum did you protest?

General WATSON. We protested to the Chief of Finance of the Army.

Mr. FLOOD. You could not go into the courts? You couldn't go beyond that?

General CASSIDY. I think the home rested with the opinion of the Adjutant General.

Mr. FLOOD. What did you do, just quit?

General WATSON. We have not quit.

Mr. FLOOD. I wouldn't.

General WATSON. No, sir. As indicated here we have studies underway to really determine where we are and where we will be in the coming years in the matter of financing.

Then we can go up and say, "Look, this is how we will be hurt, how badly we will be hurt, and here is what we propose."

I don't think the door is closed. It is not like double jeopardy or anything of that sort.

Mr. FLOOD. All right, proceed.

PHYSICAL PLANT AND CAPITAL OUTLAY

General WATSON. The capacity of the domiciliary area is 2,015 beds, and at the end of January 1967, 1,902 were assigned. Additional spaces have been needed for some time, and the 1967 budget was increased by $3,575,000 for the expansion of the Sheridan Building, increasing domiciliary capacity by 387 beds. This construction is scheduled for completion in December 1968. The 1968 budget includes $195,000 for furniture and equipment for this additional space. Hospital capacity is 492 beds and on January 31, 1967, there were 411 patients. Additional hospital space will be necessary soon after completion of the domiciliary construction. Therefore, the 1968 budget also provides $20,000 for updating and reviewing plans formerly drawn for a 60-bed expansion of the Pipes Building. Finally, based on a statement by the National Capital Planning Commission that they would defer consideration of future building plans until the home's master plan has been revised, the 1968 budget includes $90,000 for a comprehensive review and updating of the 1953 master plan.

MEMBERSHIP

There were 2,575 members at the home on January 31, 1967, not all of whom required bed space. Some were away on leave and others were in special hospitals serving the home on a reimbursable basis. The average membership during the past year was 2,599; this year membership is expected to average 2,677. Based on past growth factors, the fiscal year 1968 budget is based on an estimated average of 2,730. The average increase in the past has been about 80 a year, but a diminishing increase is forecast for 1968 based on the limitation of space now available.

OPERATION AND MAINTENANCE APPROPRIATION REQUEST

The budget is based on stable, recurring program geared to anticipated changes in membership and costs. In addition to the $305,000 mentioned earlier in the capital outlay expansion program, $8,024,000 is requested for normal day-to-day operation. This is $364,000 greater than the current appropriation due to the following additions: $108,000 to pay for the full fiscal year 1968, the following salary changes granted during 1967: (a) reclassification of nursing assistant positions to clinical nurse positions, (b) wage board and classified pay increases, including Sunday pay differential, and (c) promotions and within-grade increases; $95,000 to purchase a replacement X-ray unit, a bookkeeping machine to convert from manual accounting, and for replacement of other equipment slightly in excess of that scheduled in the current year; $67,000 to increase the repair and maintenance program to include additional painting and caulking, and for certain one-time jobs in excess of those scheduled for 1967; $42,000 to provide 2 cents more per gallon for fuel oil with a lower sulphur content in furtherance of the President's air pollution program, and for additional fuel oil required to furnish heat during construction of the additional wings on the Sheridan Building; $31,000 for additional supplies and rations required for the predicted increase in members and patients; $12,000 for additional salary money required to offset a reduction in overhead charges to employees for meals furnished; $9,000 to provide for an increase in the daily rate for home members being treated at St. Elizabeths Hospital. This increased rate is established by the bureau of the budget; $8,000 to pay for the full fiscal 1968, increased agency contributions to health benefit and social security funds which were granted during fiscal 1967; and to retirement, insurance, and social security funds based on the higher wages granted in 1967; $1,000 for reduced lapses on positions, somewhat offset by a reduction in terminal leave and part-time and temporary employment.

These additions are somewhat offset by a reduction of $9,000 to pay 1 less day in 1968. While salaries for 1968 are based on 1 extra day for leap year, 1968 begins on a Saturday and ends on a Sunday, thus reducing workdays by two for all employees on a Monday through Friday workweek.

I appreciate having the opportunity of appearing here to represent the members of the home. They gratefully acknowledge the interest taken by this committee in their welfare and future.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. The request for "Operation and maintenance" is $8,024,000.

General WATSON. Yes, sir.

Mr. FLOOD. An increase of $364,000 over the adjusted appropriation for 1967.

A large part of this increase is for mandatory or near-mandatory costs. This we know.

QUALITY OF SERVICES AT THE HOME

I notice you have an increase of only four, from 1,084 to 1,088, in average employment, but your membership is going up 53.

What are you doing? Are you cutting down on services?

General WATSON. We have been able to actually improve the ratio of employees to members present. We have done this through better management control and elimination of certain things which we did not think were essential. It is a matter of continuous review.

Numbers of our people are getting more efficient because they have been on the job for many years. We have an excellent key employment stability situation at the Soldiers' Home. People who are there like to work there.

QUALITY OF FOOD AT THE HOME

Mr. FLOOD. Are you satisfied with the chow out there? How about that?

General WATSON. I am satisfied with the food. General Cassidy and I both smile at this. I started a campaign against the "second front" amongst the members of the Soldiers' Home. They are eating too much of that good food. It is well prepared and well served.

Mr. FLOOD. No squawk?

General WATSON. No, sir. The only complaint is that the members eat too much.

I say, "This is a matter of your own strength of character. You will have to push yourself away from the table." I am not ordering them to do it.

You know, this is a home for them. It is like father telling son, although they are adults.

AIRMEN'S HOME

Mr. FLOOD. Two years ago we were told about a plan to establish an Airmen's Home. I lost track of that. What happened?

General WATSON. We smile again because we have both been involved in this recently. A directive was issued by the Secretary of Defense on January 24, 1963, to prepare plans for an Airmen's Home to be commenced in about 5 years.

Mr. FLOOD. I remember that.

General WATSON. That would be next year.

Legislation was prepared and withdrawn before ever being submitted to Congress. I think on the second year legislation was prepared in the Department of Defense but never submitted.

I believe the Air Force at the moment is in the process of reexamining this situation. They have not informed me officially but I believe they will reevaluate it.

FUEL USED AT THE HOME

Mr. FLOOD. I would expect that. The Air Force is great for studying things.

In your justification you have a request for additional funds "to provide 2 cents more per gallon for fuel oil with a lower sulphur content in further answer of the President's air pollution program."

Is this a Government-wide requirement?

General WATSON. Yes, sir.

Mr. FLOOD. First time I have seen it.

General WATSON. We are attempting to comply with an Executive order. We are now using a type of fuel that increases the air pollution of this area.

Incidentally, Mr. Chairman, you may have seen recently that Washington is said to have the fourth worst air pollution situation in the United States. I found that out last week.

Mr. FLOOD. What do you suppose your contribution to air pollution is compared to that of private business, private homes, and apartments in this area?

General WATSON. I would say minuscule, sir.

Mr. FLOOD. Why don't you buy anthracite coal? That would be simple.

General WATSON. From eastern Pennsylvania, sir?

Mr. FLOOD. Northeastern. You would have no problem at all. Get rid of this fuel oil junk.

NEW SHERIDAN BUILDING

You are asking for $305,000 for a capital outlay item, most of which is to equip the Sheridan Building.

General WATSON. Yes, sir.

Mr. FLOOD. Is that on schedule?

General WATSON. A little bit behind on actual construction but we think we will have it finished in 1968.

They will break ground as soon as they feel we will not have another freeze.

Mr. FLOOD. Will that take care of your residential space for the foreseeable future?

General WATSON. We are now in the process, as I indicated earlier, of revising our master plan. We feel this will take care of us until we can complete this plan and set up a construction schedule.

We estimate it takes between 4 and 5 years from the time the process begins until construction actually is useful, I mean beneficial occupancy takes place. We believe we will have to have more construction.

Mr. FLOOD. You mean housing the members?

General WATSON. Yes. Of course, there would be a comparable expansion of the hospital space. We had a meeting yesterday morning and went over this in detail. There is $90,000 in the 1968 request for a contract starting July 1 if this is approved. We hope to give the contractor considerable information, and we are asking the Army and Air Force to assist us, as to how many people we may expect for the next 10 years.

In other words, we provide a home for their personnel and we want them to tell us what the demand will be.

Mr. FLOOD. Mr. Natcher?

ACREAGE OF THE HOME

Mr. NATCHER. General, how much land do we have in the home?

General WATSON. 300 acres.

Mr. NATCHER. I want to thank you and the members of your staff for appearing at this time.

Mr. FLOOD. Mr. Smith?

Mr. SMITH. I have no questions.

Mr. FLOOD. Mr. Casey?

ADMISSION CRITERIA

Mr. CASEY. The admission criteria is listed here. Is that statutory?

General WATSON. Yes, sir; with some interpretation passed down to me by the Board of Commissioners.

Mr. CASEY. Is there any age limitation?

General WATSON. None at all. In fact our ages range from about 34 to 98.

Mr. CASEY. Is there any income or personal wealth taken into consideration for membership?

General WATSON. No, sir. When we do not have enough room we have a priority system set up for admission. We don't consider the dollar sign but we do consider employability.

In other words, if a person is disabled he gets more points on the admission list than someone who is not.

Mr. CASEY. Would a former private first class in Houston with several million dollars, would he qualify?

General WATSON. He could come in with $1 million but that is not a bar to going to heaven, either.

Mr. CASEY. I understand that. By the same token you have seen people who lived in shacks and when they died they have mattresses filled with money.

General WATSON. In the most recent death we had there, a man had $14,000-plus in a savings account downtown and over $1,500 in our own members fund. We run a little bank for members to make deposits.

FINANCING THE HOME

Mr. CASEY. One thing that concerns me and which you expressed some concern about, the diminution of your capital account. You say in October of 1966 it was $108.6 million. What was it a year ago?

General WATSON. $102.5 in October of 1965. It has increased.

Mr. CASEY. You said you are concerned about its diminishing because of the anticipated increase in members.

Is this 3-percent interest that the home received in the trust fund set by statute?

General WATSON. Yes, sir.

Mr. CASEY. The interest rates are not very high.

General WATSON. We are getting about half the going rate.

Mr. CASEY. Before you get into trouble—it is not around the corner—should this Congress concern itself with possibly seeing that you

get a better return on your trust fund or assistance out of the general fund?

General WATSON. My view is that we are not ready to ask for such help yet. We may never do so. We have certain courses of action within our own capabilities which may be adequate for this purpose.

A number of things can happen. If the plan goes through for the Air Force to establish a separate home our money situation will be different than it will be if we continue under the present arrangement.

In any event we eventually will have to find some way to make a change in the present system of acquiring income.

Mr. CASEY. In other words, right now you want to kind of flash this by a little bit so it will not be a surprise later on if you do come forth with a proposal?

General WATSON. That is right. I might even be so bold as to make one statement in this regard, and that is that from my viewpoint, and I believe General Cassidy would agree with this, from my viewpoint the last thing we will ask is to be supported from the general fund.

Mr. CASEY. General, I commend you for the work you are undertaking. I am sure from what I have heard of the home and the work being done out there it is being done very well.

General WATSON. If I might, sir, I would like to extend an invitation to any and all members of the committee to visit us at any time that you can get away.

RELATIONSHIP WITH THE BUREAU OF THE BUDGET

Mr. FLOOD. Do the Bureau of the Budget people kick you around? Did you have trouble there?

General WATSON. Not badly. I was prepared to respond to that because this is a sensitive thing. In fact, I took over the job the first of November just before we heard from the Bureau of the Budget and what they planned to do to us.

I am afraid I gave my Budget officer some pretty hard times growling at him because they made any change at all.

He has convinced me, and after discussing it with each of my Department Directors, I am convinced that we can get along with what has been given us by the Bureau of the Budget this year.

Mr. FLOOD. Thank you, General.

NATIONAL CAPITAL PLANNING COMMISSION

Mr. CASEY. One other thing—does this National Capital Planning Commission give you much trouble? Didn't they want you to move at one time and close up?

General WATSON. That was not that Commission which tried to get us to move or fold up or in any way make a major change in our operation.

The National Capital Planning Commission recently published quite a summary of the District of Columbia development plan. The one

they prepared before that, published over a year ago now, proposed taking some land from us.

As far as we can tell the current draft does not do so but we have seen only a newspaper summary of it. Thus we are not yet qualified to say whether they are still aiming at us for part of our land or not.

Mr. CASEY. Can they take your land without your consent?

General WATSON. Yes, sir, they could. My personal opinion is, and it has been supported by some legal experts, that this land belongs to these men ond others who do not live there who through the years have made a contribution from their pay for the establishment and operation of this home. I think it is their land.

Mr. SMITH. What part of the grounds did they propose to take?

General WATSON. There is one plot off the southeast corner of our land which was named as a possible site for one of the two colleges which is proposed in this National Capital Planning Commission document.

In the recent summary which I read, there is no mention of the use of our land for such purpose.

There was another piece in the former draft study on the southwest corner or segment of our land which they proposed to take for a grade school and associated playground.

I find no evidence in this summary to which I just referred that they have any designs on that section, either.

However, until I see the official draft I will not be able to answer whether or not they now contemplate taking any of the land.

Mr. CASEY. Thank you.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION MATERIAL

UNITED STATES SOLDIERS' HOME

(Trust Fund)

OPERATION AND MAINTENANCE

For operation and maintenance of the United States Soldiers' Home, to be paid from the Soldiers' Home permanent fund, [$7,433,000] *$8,024,000:* Provided, That this appropriation shall not be available for the payment of hospitalization of members of the Home in United States Army hospitals at rates in excess of those prescribed by the Secretary of the Army upon the recommendation of the Board of Commissioners of the Home and the Surgeon General of the Army.

CAPITAL OUTLAY

For construction of buildings and facilities, including plans and specifications, *and furnishings,* to be paid from the Soldiers' Home permanent fund, [$3,575,000] *$305,000,* to remain available until expended.

24 U.S.C. 4160; 31 U.S.C. 711 (12), 725s (a): Departments of Labor, and Health, Education, and Welfare Appropriation Act, 1967

Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1968.

Title of Appropriation: Operation and Maintenance and Capital Outlay.

Distribution of membership

[All figures are averages]

	Actual, 1966	Estimate, 1967	Estimate, 1968	Increase (+)
Domiciliary:				
Present	1,883	1,925	1,960	35+
Absent	271	301	309	8+
Total domiciliary	2,154	2,226	2,269	43+
Hospital:				
Present	389	395	405	10+
Absent	20	20	20	
In contract hospitals	36	36	36	
Total hospital	445	451	461	10+
Total membership	2,599	2,677	2,730	53+

Summary of direct obligations by project

[In thousands of dollars]

Project number and purpose	Estimate, 1967	Estimate, 1968	Increase (+) or decrease (−)
New obligational authority:			
1. Medical care	3,531	3,722	+191
2. Domiciliary care	1,664	1,709	+45
3. Administration and central services	2,465	2,593	+128
4. Permanent improvement (capital outlay)	3,575	305	−3,270
Total appropriation and estimate	[1] 11,235	8,329	−2,906
Plus obligation of prior-year appropriation	146		−146
Total direct obligations	11,381	8,329	−3,052

[1] Includes $227 proposed for later transmittal to cover wage board and classified pay increases.

PROJECT 1.—*Medical care*

[In thousands of dollars]

By objects of expenditure	Actual, 1966	Estimate, 1967	Estimate, 1968	Increase (+) or decrease (−)
11 Personnel compensation	2,529	2,709	2,793	+84
12 Personnel benefits	183	199	203	+4
25 Other services	178	185	194	+9
26 Supplies and materials	401	424	435	+11
31 Equipment	45	43	120	+77
Deduct quarters, subsistence, and laundry	−50	−29	−23	+6
Total direct obligations	3,286	3,531	3,722	+191

Explanation of Changes

11 Personnel compensation (+$84):

To pay for the full fiscal year 1968, the following salary changes granted during fiscal year 1967: Reclassification of nursing assistant positions to clinical nurse positions, wage board and classified pay increases including Sunday differential, and promotions and within grade increases ..... +$76

Reduced lapses on positions, somewhat offset by a reduction in terminal leave and part-time and temporary employment ..... +10

Salaries for 1968 are based on 1 extra day for leap year, minus 2 workdays less for all employees working Monday through Friday because fiscal year 1968 begins on a Saturday and ends on a Sunday ..... −2

12 Personnel benefits (+$4):
To pay for the full fiscal year 1968, increased agency contributions to health benefit and social security funds which were granted in fiscal year 1967; and to retirement, insurance, and social security funds based on the higher wages granted in fiscal year 1967.
25 Other services (+$9):
To provide for a $1.59 increase in the daily rate for Home members at St. Elizabeth's Hospital as established by the Bureau of the Budget.
26 Supplies and materials (+$11):
To provide additional rations and supplies for the anticipated increase in patients from 395 to 405 per day.
31 Equipment (+$77):
For replacement of an obsolete X-ray unit. This increase is somewhat offset by replacement of other equipment slightly less than that scheduled for the current year.
Deduct quarters, subsistence, and laundry (+$6):
Additional salary money is required to offset for part of 1967, a reduction in overhead charges to employees for meals furnished. This reduced charge will increase pay requirements for all of 1968.

PROJECT 2.—*Domiciliary care*

[In thousands of dollars]

By objects of expenditure	Actual, 1966	Estimate, 1967	Estimate, 1968	Increase (+) or decrease (−)
11 Personnel compensation	988	1,025	1,036	+11
12 Personnel benefits	62	67	69	+2
26 Supplies and materials	561	582	602	+20
31 Equipment	25	19	25	+6
41 Grants, subsidies, and contributions	1	1	1	
Deduct quarters, subsistence, and laundry	−53	−30	−24	+6
Total direct obligations	1,584	1,664	1,709	+45

Explanation of Changes

11 Personnel compensation (+$11):
To pay for the full fiscal year 1968, the following salary changes granted during fiscal year 1967: Wage board and classified pay increases including Sunday differential, and promotions and within grade increases +$16
Reduced lapses on positions, offset by a reduction in terminal leave and part-time and temporary employment −3
Salaries for 1968 are based on 1 extra day for leap year, minus 2 workdays less for all employees working Monday through Friday because fiscal year 1968 begins on a Saturday and ends on a Sunday −2
12 Personnel benefits (+$2):
To pay for the full fiscal year 1968, increased agency contributions to health benefit and social security funds which were granted in fiscal year 1967, and to retirement, insurance, and social security funds based on the higher wages granted in fiscal year 1967.
26 Supplies and materials (+$20):
To provide additional rations and supplies for the anticipated increase in members from 1,925 to 1,960 per day.
31 Equipment (+$6):
To purchase a replacement organ for the main auditorium ($2,500), and to replace other equipment slightly in excess of that scheduled for the current year.
Deduct quarters, subsistence, and laundry (+$6):
Additional salary money is required to offset for part of 1967, a reduction in overhead charges to employees for meals furnished. This reduced charge will increase pay requirements for all of 1968.

PROJECT 3.—*Administration and central services*

[In thousands of dollars]

By objects of expenditures	Actual, 1966	Estimate, 1967	Estimate, 1968	Increase (+) or decrease (−)
11 Personnel compensation	1,608	1,700	1,705	+5
12 Personnel benefits	116	124	126	+2
21 Travel and transportation of persons	1	1	1	
22 Transportation of things	2	3	3	
23 Rent, communications, and utilities	131	132	132	
24 Printing and reproduction	5	5	5	
25 Other services	162	161	201	+40
26 Supplies and materials	191	215	257	+42
31 Equipment	68	86	98	+12
32 Lands and structures	19	56	83	+27
Deduct quarters, subsistence, and laundry	−24	−18	−18	
Total direct obligations	2,279	2,465	2,593	+128

Explanation of changes

11 Personnel compensation (+5):

To pay for the full fiscal year 1968, the following salary changes granted during fiscal year 1967: Wage board and classified pay increases including Sunday differential, and promotions and within grade increases ..... +$16

Reduced lapses on positions, offset by a reduction in terminal leave and part-time and temporary employment ..... −6

Salaries for 1968 are based on 1 extra day for leap year, minus 2 workdays less for all employees working Monday through Friday because fiscal year 1968 begins on a Saturday and ends on a Sunday ..... −5

12 Personnel benefits (+$2):

To pay for the full fiscal year 1968, increased agency contributions to health benefit and social security funds which are granted during fiscal year 1967; and to retirement, insurance, and social security funds based on the higher wages granted in fiscal year 1967.

25 Other services (+$40):

Following established schedules for painting, roof repairs, and similar recurring items, the maintenance scheduled for 1968 is greater than 1967 due to the fact that a new domiciliary building (opened in November, 1962) has been introduced into the painting program, and the interior of the largest domiciliary building (opened in 1954) is scheduled for 1968 ..... +$35

Routine maintenance has not completely prevented the deterioration of caulking of stonework on three domiciliary buildings. The increase in the maintenance program will rectify this situation ..... +25

Funds to upholster auditorium seats and to renovate three small toilets. These one-time jobs will not recur for many years ..... +13

The cost of current year maintenance jobs which will not recur in fiscal year 1968 ..... −33

26 Supplies and materials (+$42):

To provide 2 cents more per gallon for fuel oil with a lower sulphur content in furtherance of the President's air pollution program, and for additional fuel oil required to furnish heat during construction for the expansion of the Sheridan Building.

31 Equipment (+$12):

To purchase a machine to convert from manual bookkeeping and to keep pace with the additional data required for external reporting, and for other equipment replacement slightly in excess of that scheduled for the current year.

32 Lands and structures (+$27):
To replace heating annd plumbing systems in quarters No. 3 +$22
For installation of a replacement hot water generator tank and two water softening tanks for the laundry +18
For repairs to roads and walks, including resurfacing and sealing the macadam in the service area +15
To install a replacement steam generator for the main kitchen +10
For replacement of the remaining old incandescent street lights with mercury vapor lamps in the interest of security of the members and property +8
To replace an exhaust duct in the main kitchen +3
The cost of the current year programs which will not recur in fiscal year 1968 −49

Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1968.

Title of Appropriation: Capital Outlay.

Project 4. *Permanent improvements*

[In thousands of dollars]

By objects of expenditure	Actual, 1966	Estimate, 1967	Estimate, 1968	Increase (+) decrease (−)
31 Equipment			195	+195
32 Lands and structures		3,575	110	−3,465
Total appropriation or estimate		3,575	305	−3,270
Plus obligation of prior year appropriation	36	146		−146
Obligations incurred	36	3,721	305	−3,416

Explanation of changes

31 Equipment (+$195):
The 1967 Appropriation provides for adding two outer wings to the Sheridan domiciliary building. These wings will house 387 members and be available for occupancy shortly after December 1968. The $195 required for 1968 will furnish each member's room, and provide furniture and fixtures for lobbies and day rooms, and custodial and maintenance equipment to be used in the building.

32 Lands and structures (−$3,465):
Appropriated in 1967 for adding 2 wings to the Sheridan Domiciliary Building. This is a 1-time obligation which will not recur in fiscal year 1968 −$3,575
When the National Capital Planning Commission approved the latest construction project, it stated that the home's master plan would have to be reviewed and updated before any future construction would be approved. The existing plan, a comprehensive guide for the orderly expansion of the home, was developed in 1953 +90
In recognition of the increased patient load which will result from the greater domiciliary capacity, the hospital ward wing will have to be expanded. Plans previously developed must be reviewed to include an intensive care unit and an extension of emergency electric service +20

Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1968.

Title of Appropriation: Operation and Maintenance and Capital Outlay.

Standard classification schedule for direct obligations

[In thousands of dollars]

By objects of expenditure	Estimate, 1967	Estimate, 1968	Increase (+) or decrease (−)
NEW OBLIGATIONAL AUTHORITY			
11 Personnel compensation	5,434	5,534	+100
12 Personnel benefits	390	398	+8
21 Travel and transportation of persons	1	1	
22 Transportation of things	3	3	
23 Rent, communications, and utilities	132	132	
24 Printing and reproduction	5	5	
25 Other services	346	395	+49
26 Supplies and materials	1,221	1,294	+73
31 Equipment:			
Operation and maintenance	148	243	+95
Capital outlay		195	+195
32 Lands and structures:			
Operation and maintenance	56	83	+27
Capital outlay	3,575	110	−3,465
41 Grants, subsidies, and contributions	1	1	
Deduct quarters, subsistence, and laundry	−77	−65	+12
Total appropriation and estimate	[1] 11,235	8,329	−2,906
Plus obligation of prior year appropriation	146		−146
Total direct obligations	11,381	8,329	−3,052

[1] Includes $227 proposed for later transmittal to cover wage board and classified pay increases.

MONDAY, MARCH 13, 1967.

NATIONAL LABOR RELATIONS BOARD

WITNESSES

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

76-665—67—pt. 1——52

Salaries and Expenses

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	21,947	23,755	24,758
11.3	Positions other than permanent	130	224	216
11.4	Special personal service payments	59	62	64
11.5	Other personnel compensation	49	45	45
	Total personnel compensation	22,185	24,086	25,083
12.0	Personnel benefits	1,616	1,957	2,074
21.0	Travel and transportation of persons	1,429	1,551	1,598
22.0	Transportation of things	52	60	68
23.0	Rent, communications, and utilities	994	1,129	1,295
24.0	Printing and reproduction	447	644	846
25.1	Other services	657	857	869
25.2	Services of other agencies	76	103	105
26.0	Supplies and materials	244	259	285
31.0	Equipment	261	278	272
42.0	Insurance claims and indemnities	11	15	3
	Total, cost funded	27,972	30,939	32,498
94.0	Change in selected resources	144	71	−210
99.0	Total obligations	28,116	31,010	32,288

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	2,284	2,305	2,435
Full-time equivalent of other positions	26	48	47
Average number of all employees	2,228	2,329	2,393
Average GS grade	9.3	9.5	9.5
Average GS salary	$10,052	$10,531	$10,580

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities			
	1. Field investigation	17,893	19,310	20,156
	2. Trial examiner hearing	2,770	3,170	3,258
	3. Board adjudication	3,580	3,950	4,225
	4. Securing compliance with Board orders	3,729	4,509	4,859
	Total program cost, funded	27,972	30,939	32,498
	Change in selected resources [1]	144	71	−210
10	Total obligations	28,116	31,010	32,288
25	Unobligated balance lapsing	535		
	New obligational authority	28,651	31,010	32,288
	New obligational authority:			
40	Appropriation	28,713	30,442	32,288
41	Transferred to "Operating expenses, Public Buildings Service," General Services Administration (79 Stat. 531 and 80 Stat. 674)	−62	−20	
43	Appropriation (adjusted)	28,651	30,422	32,288
44	Proposed supplemental for civilian pay act increases		588	
	Relation of obligations to expenditures:			
71	Total obligations (affecting expenditures)	28,116	31,010	32,288
72	Obligated balance, start of year	2,282	2,016	1,922
74	Obligated balance, end of year	−2,016	−1,922	−1,799
77	Adjustments in expired accounts	−11		
90	Expenditures excluding pay increase supplemental	28,372	30,549	32,378
91	Expenditures from civilian pay act supplemental		555	33

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $111,000; 1966, $255,000; 1967, $326,000; 1968, $116,000.

BIOGRAPHICAL SKETCHES OF PRINCIPAL WITNESSES

FRANK W. MCCULLOCH

Legal residence: 720 Ingleside Place, Evanston, Ill.
D.C. residence: 3642 Upton Street NW., Washington, D.C.
Born: September 30, 1905, Evanston, Ill.; Parents: Frank H. McCulloch and Catharine Waugh McCulloch, Attorneys at Law, Chicago, Ill.
Education: Elementary, public schools, Evanston, Ill.; A.B., Williams College, 1926; LL.B., Harvard Law School, 1929.
Family:
Married Edith F. Leverton (graduate of University of Arizona, B. Mus., 1935) in 1937.
Sons: William Holt McCulloch, and Frank H. McCulloch
Previous and present positions:
1930–35: General practice of law in office of Sonnenschein, Berkson, Lautmann, Levinson & Morse, Chicago, Ill.; Evening social settlement work Chicago Commons.
1935–46:
Industrial Relations Secretary, Council for Social Action, Congregational-Christian Churches, Chicago office.
Special lecturer giving courses on "Church and Industrial Relations" Pacific School of Religion, Berkeley, California, 1939–40.
Chicago Theological Seminary, 1944–45.
McCormick Theological Seminary, Chicago, 1945.
University of Wisconsin Pastors' Institutes, 1944–45.
Presbyterian Pastors' Institute, Chicago, 1945.
Director, James Mullenbach Industrial Institute, Chicago, 1940–46 (a joint project of the Chicago Congregational Union and Council for Social Action).
Public, local panel member, Regional War Labor Board, 1943–44.
1946–49: Director, Labor Education Division, Roosevelt University, Chicago, Illinois.
1949–61: Administrative Assistant to U.S. Senator Paul H. Douglas of Illinois.
March 7, 1961: Chairman, National Labor Relations Board.
Honors:
LL.D., Olivet College, Michigan, 1945.
LL.D., Chicago Theological Seminary, 1961.
Phi Beta Kappa, 1925.

ARNOLD ORDMAN

Took oath of office as General Counsel of the National Labor Relations Board on May 14, 1963, following his appointment by President Kennedy on April 24, 1963, and confirmation by the United States Senate on May 9, 1963.

He became the sixth NLRB General Counsel since passage of the Taft-Hartley Act in 1947. That Act gave the General Counsel final authority in the investigation of unfair labor practice charges, and on the issuance of complaints.

He is a native of Somersworth, New Hampshire, born February 16, 1912, and was a Phi Beta Kappa at Boston University, where he received his B.A. degree in 1933. He received his law degree at Harvard Law School in 1936.

Practiced law at Salem, Mass., before entering the U.S. Navy in 1942, where he served as signal officer aboard the U. S. S. New York.

Joined NLRB in 1946, serving in General Counsel's office in various capacities, including Supervisory Trial Attorney, until 1959. Wrote briefs and argued cases before every U.S. Circuit Court of Appeals, and before the U.S. Supreme Court.

Was trial examiner at NLRB from 1959 to 1961.

Became chief counsel to NLRB Chairman Frank W. McCulloch on March 29, 1961.

Is on the Executive Committee of the International Society for Labor Law and Social Legislation.

Is married to former Evelyn R. Sisson of Boston. Mr. and Mrs. Ordman have two sons: Edward Thorne and Alfred Bram. The family resides in Wheaton, Maryland.

Mr. FLOOD. The subcommittee will be in order.

We are pleased to have the officials of the National Labor Relations Board before us.

Mr. MCCULLOCH. The General Counsel and I appreciate the opportunity to present our agency's budget request.

BUDGET REQUEST

Our appropriation request for fiscal year 1968 is $32,288,000. This is $1,258,000 above the current year requirements, of which $896,500 is for mandatory administrative costs; $361,500 is for increased program costs. The total of the two items is $1,258,000.

The bulk of the $1.25 million increase is because of the mandatory administrative costs.

In terms of percentages, the appropriation increase above 1967 requirements amounts to 4 percent. In terms of the estimated workload increase, our estimate is a rise of 4.5 percent. In terms of average employment——

Mr. FLOOD. You are talking about the whole show, regional offices and everything?

Mr. MCCULLOCH. That is correct.

The average employment increase would be about 3 percent above the average employment for 1967. And the performance improvements and cost reductions which we hope to accomplish, and which we value at a little under a half million dollars are intended to offset somewhat and really to reduce appropriations increases we seek. Of course, these improvements in our performance and these cost reductions will be required to accomplish our goals within this budget.

Of the average employment increase of 64—that is from 2,329 to 2,393, 27 will be in the field offices and 37 will be in the Washington staff where our backlog problems are most acute and where our automation program is developing.

Now, the Board's work, as you know—I will follow generally the outline of my statement, though I would appreciate it if the statement could be put in the record in its entirety.

Mr. FLOOD. It will be so inserted.

STATEMENT OF THE BOARD CHAIRMAN

I wish to thank the Committee for this opportunity to appear on behalf of the National Labor Relations Board, and to support its budget request for fiscal year 1968 to carry out the vital responsibilities laid upon it by Congress.

THE AGENCY REQUEST

The Agency is requesting $1,258,000 more in 1968 than the amount we expect for 1967. In 1967, $30,442,000 was appropriated, and a net of $588,000 was authorized by the President for inclusion in a Pay Act supplemental in accordance with the Pay Act bill passed by the Congress in 1966. The $1,258,000 increase for 1968 includes $896,500 for mandatory administrative costs, and $361,500 for increased program costs.

The $1,258,000 increase requested is 4% more than we requested in 1967 and will pay for a 3% increase in employment as well as for substantial increases in mandatory administrative expenses. The 3% increase in employment will be used to process an expected increase of about 4½% in workload.

consisting of about 3.5% in intake (2.9% increase in unfair labor practice situations and 5.1% increase in representation work) and about 1% in increased backlog reduction work. The difference between the 3% increase in positions and the 4½% increase in work will be absorbed by improved performance and cost reductions valued at over $400,000.

The 3% increase in employment is an increase of 64 in average employment. This employment increase will be shared between our field offices and our Washington staff, with the greater increase taking place in our Washington staff. The Washington staff increases will allow us to concentrate on reducing problem of delay and backlog in the formal processing of cases, and will also provide the ability to continue with our program of automation of our printing program and information system.

THE AGENCY'S ROLE IN LABOR RELATIONS

The Agency's workload is based upon the filing of petitions to resolve questions of representation, and charges that an employer or a union has committed one of the unfair labor practices set forth in Section 8 of the National Labor Relations Act. These filings, over which we have no control, result from labor disputes. Our job is to provide a forum for the solution of these disputes, thus substituting the rule of law for the strike in the settlement of these disputes.

As indicated in greater detail hereafter, we have tried to carry out this Congressional policy by providing the best service possible so as to encourage employees, employers, and unions to bring their disputes to us rather than resorting to strikes and lockouts. It is for this reason that we feel that we are providing meritorious public service in closing almost 30,000 cases a year (28,504 in fiscal year 1966). We are most proud of the fact that the great bulk are ruled on in about 45 days. In representation cases this means that an election is agreed to or formally ordered after hearing in this time period. In unfair labor practice cases it means that investigations are completed and the voluntary withdrawal or settlement is worked out. Formal dismissals or complaints may take a little longer. Formal litigation beyond complaint, takes much longer, of course. Finally, it is noteworthy that about a third of the unfair labor practices are found to be meritorious and a remedy is secured. In fiscal year 1966, for example, 5,102 cases were closed after remedial action was taken. These actions included the posting of notices in 2,766 cases, reinstatement offers in 1,177 cases, commencement of collective bargaining in 1,229 cases, backpay paid in 1,222 cases, picketing was ended in 526 cases, and work stoppages were ended in 222 cases.

Another approach to the Congressional policy of minimizing the effect of labor disputes is to take what might be characterized as preventive action. The Agency has tried to do this by meeting with the organizations representing labor and management to learn from them how our administration of the Act can be improved, and also to make them aware of what we see as our problems, as well as to urge acceptance and compliance with the spirit of the law. In addition, having come to the conclusion that many cases come to us because of lack of knowledge of what the law provides, we recently announced a 3-point program to inform workers, employers, and labor union officials of the basic rules which have been applied in our elections as they have been worked out in the many years (over 30) in which this agency has attempted to carry out the duties imposed upon it by the Congress. The 3-point program includes leaflets explaining the election process, plant bulletin board notices reminding employees, employers, and labor organizations of mutual rights and responsibilities, and election notices which in addition to giving the time and place of balloting and displaying a sample ballot as in the past, now include a reminder of the rights of workers to vote free from improper pressures.

INTAKE

Each year we estimate filings for the next two years and build our work program around this estimate. As Table A (in our presentation to you) shows, we have always tried to estimate conservatively. There have been times, however, when unexpected circumstances have affected intake, upward or downward, so as to require us to make substantial changes in our estimates. In the years 1961 and 1962, for example, we were still underestimating the force of the substantial rise in intake which began in 1958; and which almost doubled our

rate of intake in 8 short years. In 1966, on the other hand, we did not correctly anticipate the effect of the Vietnam situation and our estimate was a little high.

Experience for 1965–1966 indicates that although intake is continuing to rise, the rise is at a much lower rate than was previously true. Consequently, we have reduced our estimate of unfair labor practice rise to 1% in 1967 and 2.9% in 1968. In representation work we are estimating a continuing 5% rise in both years.

Our intake thus far this fiscal year amply supports our unfair labor practice estimate. As a matter of fact, we may end up with a 2 or 3% rise in unfair labor practice work as compared to the 1% estimated. Representation intake, which lagged for the first 6 months of his year, picked up in January and we expect that total intake for 1967 will substantially meet our estimates.

FACTORS AFFECTING INTAKE

We think that a most important factor affecting intake at the present time is the Vietnam situation and the resulting manpower problems. With some kinds of labor in short supply employers are somewhat more likely to do business with unions rather than to resist organization as determinedly as before Employees are more likely to seek organization to solve their problems. Fewer charges are filed in connection with these organizing attempts; because the parties seem more willing to work out their problems without our assistance. Absent the Vietnam situation, we would expect a much higher level of charges to be filed in connection with such organizing than actually appears to be the case.

The factors which normally affect intake are still there, although submerged to some extent by the situation in Vietnam. Economic activity is rising, bringing with its growth new plants and employees who are unorganized and subject to organizational activity. Automation brings the problems of change which often translate themselves into unfair labor practice charges. Labor unions are not only eager to sign up all prospective members, but in addition, are most anxious to regain lost ground in terms of the percentage of the employment force that is organized. The interaction of these factors results in many attempts to organize; and in the concomitant filing of representation petitions and unfair labor practice charges.

THE AGENCY'S WORK PROGRAM

A. General

In order to carry out the Congressional purpose to reduce or minimize the effects of labor disputes, the Agency has established a goal of quality work handling with special emphasis on (1) maximum speed in the handling of cases and (2) minimizing litigation by encouraging voluntary settlement before formal litigation, and voluntary compliance with formal orders as early in the litigation process as this can be achieved.

By insisting on quality handling of cases filed, the Agency hopes to instill confidence in the parties coming before it with regard to the validity of the determinations made at all stages; so as to encourage voluntary settlement of cases found to have merit, or in the alternative a minimum of litigation where the parties feel that litigation is necessary.

Quality

The Agency's record of cases tried shows that that objective has been carried out. About 88% of the complaints issued by the General Counsel in fiscal year 1966 were upheld by trial examiners or by the Board after formal hearing. Seventy-eight percent of the Board decisions which reached the appellate courts for enforcement in fiscal year 1966 were affirmed in whole or in part.

Settlement

As a result of the quality record established by the Agency, as well as the relative success of the Agency in moving cases fairly rapidly in our field offices, settlement of meritorious cases has been achieved in a large and growing number of cases. Our annual reports indicate that settlements before complaint have risen from a low of 37% in fiscal year 1959 to a high of 55% in fiscal year 1965. The General Counsel's operations reports, compiled monthly, show

that total settlements including those settled after complaint but before trial examiner decision have risen from 47% (of all cases processed to Trial Examiner Decision) in 1959 to a high of about 80% in fiscal year 1966. Our field offices are basically responsible for this achievement, and the General Counsel will want to tell you more about this. I would like to add that part of this achievement is due to the cooperation of our trial examiners who were asked by the Board to assist in the Agency's settlement program (as required by Section 5(b) of the Administrative Procedures Act) by providing as much opportunity as possible for the parties to reach a voluntary settlement of matters before, during, and even after the close of hearings. The increasing success of the settlement program is one of the Agency's major achievements in reducing costs and delays and in inducing compliance with the Congressional policy.

Time Delay and Backlog Reduction.

Over 90% of our cases (both representation and unfair labor practice cases) are completely processed by our regional offices without any need for the Board to act. As a result, the average case in the more than 90% handled by the regional offices is disposed of by a final determination in about 45 days. This timely disposition, of which the Board as well as the General Counsel are very proud, includes all informal field dispositions such as withdrawals, dismissals, settlements and in addition formal representation case decisions by regional directors.

Time delay does exist in the Agency's formal trial procedures, and this is the area on which we are concentrating our efforts to improve the speed of case-handling, without a sacrifice in quality. As in previous years, we have emphasized reduction of time delay in our plans. Where necessary this includes provision for more employment to reduce backlog. Last year, we indicated that our main problem in this regard was in our trial examiner area, and that our 1967 program anticipated improvement in this area. We are happy to report to you that this portion of our program is showing marked signs of success, and that time delays in the trial examiner area have already been reduced during the first 6 months of this fiscal year. Our 1968 program provides for continuation of this improvement and for a further reduction in time delay in unfair labor practice cases. Our representation matters continue to be handled, for the most part, in timely fashion although the Board has been taking longer in the cases it decides. We are going to try to reduce the delays in our decisional processes, although, admittedly, the Board faces only the most difficult problems and only a small percentage (½%) of the total number of requests for election processed during the year.

B. Specific Work Program

1. Field Offices

Our field offices are expected to process on a current basis all of the new case intake which has been estimated above. In addition, they will cooperate with the Trial Examiner Division in reducing the backlog of cases awaiting trial. This tightening up will cut the time required to schedule a hearing thereby shortening the overall time required to process a charge from issuance of complaint to close of hearing. The General Counsel is going to supply further details on the field program.

2. Trial Examiners

Our work program provides that the Trial Examiners will process all of the complaints resulting from charge intake and in addition as stated, will reduce the backlog of cases awaiting hearing so as to provide hearings in much shorter time periods. In 1965 and 1966, hearing dates were delayed as long as 12 weeks. That delay has now been reduced to about 8 weeks and it is our hope to reduce the trial calendar further to where hearings can be set in only 4 or 5 weeks. In order to accomplish this, we have programmed the holding of 1,085 hearings in fiscal year 1967 as compared to 1,035 in fiscal year 1966, and in fiscal year 1968 we expect to hold 1,113 hearings.

At the same time as the trial examiners are engaged in the process of reducing the length of the trial calendar, they are also expected to reduce the backlog of cases awaiting trial examiner decision. This means an increase in trial examiner decisions issued. We have programmed the issuance of 1,190 decisions in fiscal

year 1967 as compared to 1,040 in fiscal year 1966, and we expect that number to rise to 1,195 in fiscal year 1968. The number of trial examiner decisions issued includes those issued after initial unfair labor practice hearing as well as the supplemental decisions issued including resolution of remedial issues such as backpay.

Although we have scheduled, as indicated, a substantial increase in work for the trial examiner corps, we have provided for very little increase in trial examiners employed by the Board. In recent years, our problem has been to build up our trial examiner corps and substantial numbers of new trial examiners were hired in 1965 and in 1966. We now have about 100 trial examiners and have scheduled the employment of not more than 102 in fiscal year 1968. We expect that the trial examiners who have been hired will become more productive as they become experienced.

3. Board Decisions

In order to keep up with the decisions being issued by the trial examiners in unfair labor practice cases, and to reduce the backlog insofar as it still exists at the Board level, we have scheduled the issuance of 826 unfair labor practice decisions in 1967 as compared to the 760 issued in 1966, and a further increase to 870 in 1968. The Board, which has been able to increase a productivity of its legal assistants by 16% in 1965 and by another 6% in 1966, has programmed additional increases of 2% in productivity for both 1967 and 1968.

In addition to the unfair labor practice decisions mentioned above, the Board also expects to issue about 200 representation case decisions on questions of representation affecting elections which are referred by the Regional Directors or reach the Board by way of a request for review. As we have indicated in our submission, the Board passes on only 1 to 2% of the requests for election each year. All the rest are disposed of in the regional office either by consent or by formal decision of the Regional Director. The Board, in addition, rules on almost 500 requests for review of such director decisions and passes on a very substantial number of objection to election and challenge questions which arise after elections are held.

4. Court Enforcement

As the General Counsel will describe in greater detail, the Agency has a tremendous job of court enforcement because its orders are not self-enforcing. We are attempting to cope with this workload and have scheduled a heavy program for court litigation. We will continue to do our best to carry out this program.

MANAGEMENT IMPROVEMENT AND COST REDUCTION

Since most of the Agency's funds are spent on personnel, the Agency puts much emphasis on productivity improvement. Our division heads, as well as the Board and General Counsel, are always looking for better ways to accomplish the Agency's work so as to keep up with the constant drive to operate more efficiently and more economically. The Agency spurs this effort on by setting increased productivity goals each year and by asking our entire staff to cooperate in the achievement of these goals.

In 1964, for example, we were faced with a quickly increasing load of formal hearings and our backlogs at the trial examiner level were rising rapidly. One of our trial examiners, aware of the problem, suggested that the Board encourage its trial examiners to provide as much opportunity as possible for settlement of issues at the hearing. Other members of our staff participated in a final decision to send a letter to our trial examiners encouraging them to provide such opportunities in accordance with the Administrative Procedures Act and with the Agency's settlement program. The Division of Administration has estimated that 73 trial examiner decisions did not have to be issued as a result of the program's operation during calendar year 1965 and most of 1966. The Division estimated the saving to the Agency at $136,000 in addition to the substantive benefits to the public which accrued from the settlement of these disputes. The Board is considering an appropriate form of recognition for the staff members involved in this successful effort to improve operations.

As indicated previously, the Agency values the cost reductions provided in its 1968 budget request at over $400,000. In addition to productivity improvement, the Agency expects to reduce its costs for volumes of Board decisions as a result of the new printing program, and in addition, has reduced its estimates of miscellaneous expenses where efficiencies are considered possible.

SUMMARY

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

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

SOURCE OF WORKLOAD

Mr. McCULLOCH. The Board's work derives from the representation election petitions and the unfair labor practice charges that are filed by outside parties. The agency does not originate it. We provide an orderly procedure to resolve these disputes, as an alternative to strikes and lockouts in almost 30,000 cases a year.

As time is of the essence in the emotion packed labor-management controversies, we are proud of the fact that the great bulk of these cases are ruled on in our regional offices in an average of about 45 days.

Mr. FLOOD. Did the electricians dispute on the west coast get to you in any way?

Mr. ORDMAN. Yes.

Mr. McCULLOCH. The "merit" unfair labor practice cases—and these are the cases that require the most work because they are the ones where the General Counsel, after investigation in the regional offices, finds that there is probable cause to believe a violation of the statute has occurred—have risen to almost a third of the unfair labor practice charges filed.

In 1966 remedial action in the 5,100 cases closed showed notices posted—this is one of our remedies—in over 2,700 cases; reinstatement offers to persons unlawfully discharged in nearly 1,200 cases; commencement of collective bargaining in over 1,200 cases; and backpay paid in over 1,200 cases. That turned out to be almost a magic number last year. In addition, by our Agency's action picketing was ended in 526 cases, and work stoppages terminated in 222 cases.

Mr. FLOOD. What do you do about backpay? Do you get it for them?

Mr. McCULLOCH. Yes. This is part of the remedy that is available when a person has been fired for union activity in violation of the statute. The Board directs not only reinstatement, but backpay for the period that that person has lost employment.

Mr. FLOOD. We found out last week the Wage and Hour people have uncovered a total of about $65 million owed to employees with no hope at all of securing payments. Sixty-five million.

Mr. ORDMAN. We recovered for employees last year from employers and unions who violated the act almost $9 million.

Mr. FLOOD. Did they get it?

Mr. ORDMAN. Of course they got it. This is money paid over to employees. Of course, one settlement was $4.5 million, which sort of distorts the picture, but absent that special settlement, there was over $4 million recovered for employees, which was paid over to the employees by our offices.

Mr. FLOOD. By the way, that autoworkers problem, that was just plain civil war and none of your business, I suppose?

Mr. ORDMAN. We had nothing to do with that.

Mr. MCCULLOCH. There are some disputes fortunately that we don't get into. We have our hands full without them.

PREVENTIVE ACTION

In addition to remedial action, our agency has greatly emphasized preventive action. There are two instances of that cited in my statement.

One is the conferences we have held, both with management and with labor groups, trying to find out what the gripes are about our work, trying to interpret what the statute requires, and encouraging compliance wherever we can. We hope thereby to reduce the violations of the law and cut down case intake.

The second is a new notice program to inform workers, employers and labor union officials of the basic rules which have been applied in our elections. We believe that both of these programs are helpful in the preventive action area.

WORKLOAD BASIS FOR BUDGET REQUEST

Since our manpower and appropriation needs depend on workload, case intake estimates and total workload estimates are the foundation for the requests which we bring to your committee.

The basic table showing the filing of representation petitions and unfair labor practice charges that make up our case intake is on page 10 of the justifications. This sets forth the continuum over a period of 10 years from 1958.

Although the intake increase yearly, prior to last year, had averaged from 8 percent to 10 percent, it leveled off a little at that point. We have therefore, for the balance of this current fiscal year, and for the next fiscal year, estimated our unfair labor practice increase conservatively at considerably under the percentage of increase of prior years.

For this current year the estimates are for an increase of only 1 percent in our unfair labor practice charges and 5 percent in representation case filings.

For the budget year 1968, we are estimating that unfair labor practice charges will increase by 2.9 percent, and representation filings again by another 5 percent.

Both these estimates are below the experience of prior years, but because of the lower rate of increase revealed in 1965 and 1966 our estimates for the year immediately before you have been lowered accordingly.

Experience to date in this current year seems to suggest that our unfair labor practice estimates may be a trifle low. This may be too early of course to say precisely what the yearend will bring. But this February, for instance, was 10 percent above February a year ago in unfair labor practice charges. On the other hand our estimates on representation case filings in the last month or two seem to have been a few percentage points high, and these two developments in our judgment may balance themselves out.

I would make this résumé of our intake situation. With the volume of cases coming in increasing, and with the increases I previously mentioned in the "merit factor" of the cases filed——

Mr. FLOOD. In the what?

Mr. MCCULLOCH. The "merit factor"; the percentage of cases that prove after investigation to be ones where there is reason to believe that a violation has been committed—we are having today, as our justifications point out, "merit" filings almost four times as great as in 1958.

Mr. FLOOD. How do you use the word "merit"? "Merit" means what to you?

Mr. MCCULLOCH. The General Counsel, who has to determine this, may perhaps do better than I have done in describing it.

Mr. ORDMAN. We use "merit" with regard to unfair labor practice cases—we get about 16,000—when we investigate them—and we investigate every one of those 16,000—in some cases we find we don't even have jurisdiction and we dismiss the charge or secure a withdrawal of the charge. Very frequently we find out an employee who thinks he has been discriminated against has not been discriminated against. We can most often persuade the charging party in these circumstances to withdraw the charge, or, alternatively, we dismiss it.

Mr. FLOOD. When you take jurisdiction, you think it has merit?

Mr. ORDMAN. When our investigation discloses a violation has probably occurred—and this applies to about 37 percent of our cases—we call that a "merit" case. These are cases which we are prepared to put to litigation.

Mr. FLOOD. It is an odd use of the term.

Mr. ORDMAN. Those cases where an investigation discloses merit to the claim of discrimination or other unfair labor practice, that is about 37 percent of our caseload.

Mr. MCCULLOCH. I suppose it is really a demerit. It is a violation that has occurred and probably deserves a demerit. The importance of this classification in our budget and appropriations analysis is that the "merit"—or demerit—cases require the most agency work. When their number rises, we need more manpower to settle or to litigate them.

We attribute the increases in our workload in general to the rising level of economic activities, and the attendant increases in union organization. Industrial migration and automation may create some new problems too, but the major factor seems to be industrial growth and new organization.

The leveling-off, which I mentioned a few moments ago however, we—perhaps speculatively—attribute to the tightened labor market situation as a result of the Vietnam hostilities.

Mr. FLOOD. You attribute the tight labor situation to Vietnam? That is novel.

Mr. MCCULLOCH. I am not an economist, and here we are speculating to be sure, but it seems to have contributed to the economic activity in the country. There are certain shortages in some labor categories.

Mr. FLOOD. It contributes. That is better.

Mr. MCCULLOCH. Yes. Our total workload estimate, therefore, upon which we are basing this appropriations request, is made up of a 3.5-percent increase in workload intake and an additional 1 percent attributable to our desire to reduce backlog and delay. I will come briefly to that in a moment.

QUALITY HANDLING OF CASES

The agency in handling this workload, looks to three major objectives. First is quality handling of this large volume of cases.

Mr. FLOOD. Quality handling? What does that mean?

Mr. MCCULLOCH. That means handling the cases with thoroughness, fairness, and expedition.

Mr. FLOOD. Mr. McCulloch, you are beginning to talk like a bureaucrat. When you were up here, you didn't talk like that.

Mr. MCCULLOCH. Perhaps we do get into our special language patterns. Let me give one example of what I mean by "quality handling."

Two or three years ago your committee had had a number of complaints from parties that the charges were not sufficiently investigated, and that the regional offices probably should file complaints in more cases, instead of dismissing or bringing about their withdrawal. Your committee report contained a specific admonition to the agency not to neglect this matter. We have taken account of that suggestion in our work.

It means that the General Counsel, at his level is making sure that the investigations are complete, and that all the phases are covered to be sure no one's rights are lost through failure to investigate; and that the Board, at its level in seeking to hand down decisions, is interpreting the law laid down by Congress, correctly, and putting it in our decisions in the form in which the parties can understand it and so that the courts will uphold it. We have been trying to carry out these functions in a way that we call "quality handling" of cases. That is all it is, Mr. Chairman.

We think one of the tests of that, so far as the General Counsel is concerned, is that a high percentage, nearly, I think, 88 percent of the complaints issued by the regional offices under the direction of the General Counsel were upheld by trial examiners or the Board. We hope that the level of the quality of the Board's work is somewhat suggested by the affirmances in whole or in part in the courts of appeals which review our work, in 78 percent of the cases.

VOLUNTARY COMPLIANCE

A second factor we have as a constant goal is to bring about the highest possible level of voluntary settlements and compliance before full litigation. Once again, if I may use the gobbledegook word of "merit cases," in the merit cases, those cases where it seems probable violations have occurred, the settlement level has reached a very high percentage, nearly 80 percent. This means that in those cases, settlements or adjustments take place before the case has to be litigated——

Mr. FLOOD. In the regions?

Mr. McCULLOCH. That is right; and sometimes this occurs after the trial or the hearing has been started before the Trial Examiner. This is a very high level of percentage and it reflects credit not only on the regional offices, and the trial examiners who give the opportunities for such settlement, but I think on the parties as well, indicating a higher degree of acceptance of the statute's mandates when the probable violations are brought to the attention of the parties.

REDUCING DELAYS AND BACKLOGS

The third goal and the most important one is to reduce our time delays and backlogs. Here once again the regional office record is excellent. A chart in our justifications may not show the precise time, but it shows the work pattern I am talking about. On pages 5 and 6 are the pie charts which show the disposition of cases. The bulk of those dispositions—all those that are accomplished by dismissal, withdrawal, or settlement—occur within the regional offices. In those regional office dispositions we identify almost ninety percent ——

Mr. FLOOD. How many regions do you have?

Mr. McCULLOCH. Thirty one. We identify about 90 percent of the work as being disposed of in 45 days, on the average.

Now, it is in the other 10 percent involving formal trial procedures that the aspects of delay at times have crept in, and we have brought this to the attention of your committee before. The trial examiner calendar, which covers the period after the complaint is issued and before you can get to a hearing before a trial examiner, was at one point up to a 12-week level. As a result of the appropriations in the last 2 years, we have been able to hire more trial examiners and the calendar has been brought down to about an 8-week level. Our objective is to bring that calendar down to about 5 weeks from the issuance of the complaint to the hearing, so that the case may be tried when everything is fresher, and we can get a resolution of the dispute at an earlier period of time.

We have made gains at that level in the handling and the shortening of the trial examiner calendar.

In terms of board decisions, those cases that move on to the Board when the trial examiner's decision may not be accepted by the parties, as it is in a substantial percentage of the cases, again, the volume has been great, and we have worked hard just to hold the level. We estimate that Board productivity in 1966 increased by 6 percent over the year before. But we have the need, once again, for reducing the backlog which has crept up a little, and for reducing the time period at the Board.

These are our objectives, to handle at a high level of quality the volume of work that is there, to achieve voluntary settlements where we can, and to reduce the time delays and backlogs.

MANAGEMENT IMPROVEMENT GOALS

We have a number of management improvement goals and procedures which are set out in my statement, setting goals for ourselves, emphasizing that the trial examiners give the opportunity for parties to settle—and the trial examiners have made a real contribution to the

settlement program there too—and reducing our costs by higher levels of productivity wherever possible.

I have said very little in detail about the field offices and their performance under the supervision of the General Counsel. I have said very little about the agency's work after the Board decision is issued, where we have a great amount of litigation in the court of appeals, where either we may bring suits to enforce a Board decision or parties may bring suits to review a Board decision.

In the last year that the court of appeals has issued statistics for—fiscal year 1965—the level of Board cases in the Courts of Appeal was something like 460 out of more than 1,100 cases brought, involving all Government agencies. So this volume is very great, and the General Counsel, who handles this work, too will supplement what I have said.

In summary, we feel we are privileged to work on a program adopted by Congress that is vital to industrial peace and to the strength and stability of our industrial system, and we appreciate the continuing concern and the understanding of this committee over the years. We will continue to work hard and to use wisely the funds that are entrusted to us by Congress.

STATEMENT OF THE GENERAL COUNSEL

Mr. FLOOD. Mr. Counsel.

Mr. ORDMAN. As the committee is aware, the General Counsel, under the statute is delegated the task of investigating and prosecuting cases before the Board. The Board stands in a decisional role for those cases which come before it and under the scheme we have, the General Counsel, after the Board decision is made, and when it is necessary to put it before the courts, the General Counsel puts on his other hat and represents the Board before the courts. In addition, the Board has delegated to the General Counsel supervision of the Division of Administration which serves both the Board and the General Counsel staffs.

Mr. FLOOD. How long have you been in this job?

Mr. ORDMAN. About 3½ years.

Mr. FLOOD. How long have you been on board Mr. McCulloch?

Mr. MCCULLOCH. Since March 1961.

Mr. ORDMAN. As a consequence, about 80 percent, a little less than 80 percent of the funds and a little over 80 percent of the personnel comes under the jurisdiction of the General Counsel. Without trying to repeat what the chairman said and trying not to cover material which is covered in the statement I have submitted—which with the permission of the chairman I would like to incorporate in the record——

Mr. FLOOD. It will be so incorporated.

STATEMENT OF ARNOLD ORDMAN

I thank the Committee for this opportunity to appear on behalf of the National Labor Relations Board and to support its budget request for 1968.

THE AGENCY REQUEST

The Agency is requesting $32,228,000 for 1968, or $1,258,000 more than the $31,030,000 which is required for 1967. This increase will pay for $896,500 in mandatory administrative costs, and $361,500 for program costs to support an

increase in average employment of 64 or 3% and to handle an increase of 4½% in our work program.

Average employment on the General Counsel's staff is to be increased by 50 for an increase of 2.5%. Field employment is to be increased by 27 for an increase of less than 2%. The larger percentage increases are in the Washington staff because of increased emphasis on the backlog problem in the Agency's formal work, and because of the increased employment needs of our automated printing program. The differences between increased work and increased manpower are to be absorbed by our management improvement cost reduction efforts.

RESPONSIBILITIES OF THE OFFICE OF THE GENERAL COUNSEL

The National Labor Relations Act provides that "the General Counsel shall exercise general supervision over all attorneys employed by the Board (other than trial examiners and legal assistants to Board members) and over the officers and employees in the regional offices. He shall have final authority, on behalf of the Board, in respect of the investigation of charges and issuance of complaints under Section 10, and in respect of the prosecution of such complaints before the Board, and shall have such other duties as the Board may prescribe * * *."

As a result of the delegations in the statute and those made by the Board under the statute, the General Counsel is responsible for the operation of the Agency's field offices and in addition supervises all litigation before and after Board decision. The Board has also delegated to the General Counsel supervision over the Division of Administration.

FISCAL YEAR 1966 OPERATIONS SUMMARY

Field Offices

Our field offices have, once more, done a fine job of carrying out the Agency's program in fiscal year 1966. Despite the ever increasing workload, which rose to a total intake of 28,993 cases, all cases filed were investigated currently and the great bulk of the cases was processed in 45 days or less. Even the time required to process a complaint to close of hearing, which had risen to 73 days in the first half of fiscal year 1966 as a result of the trial examiner backlog, is down to 67 for the first 6 months of this fiscal year. This improvement in the hearing calendar will help our field offices to operate on an even more current basis since this was the only area where cases were being held up.

In addition to meeting the labor relations need for quick action, our field offices also improved their settlement records by raising the percentage of merit cases settled (according to our monthly performance reports) from 3 out of 4 or about 75% in 1965 to 4 out of every 5 or about 80% in 1966, and thus far in 1967. Merit cases are those in which investigation reveals reasonable cause to believe unfair labor practices have occurred and, absent settlement, litigation must be initiated. I cannot overestimate the importance of the settlement factor. For example, the number of merit cases settled in 1966 increased by 437 over 1965. Also notable is the fact that 355 of these were settled after complaint was issued. Most significant is the fact that cases closed by settlement increased by 11.4% while merit increased by 3.1%. In other words settlement increased above the need to keep up with merit by 8.3% or by 318 cases. When you compare these numbers to the 869 trial examiner decisions issued in 1966 in such cases, then you can see that the additional settlements amounted to almost a 50% increase in the trial examiner load, had they not been settled. Their effect on the need for Board decisions would have been equally devastating.

These accomplishments are all the more remarkable when you look at them in the light of the growing workload, the increasing difficulty in handling cases as a result of the increases in merit, and especially the complex problems arising from the need to investigate larger numbers of Section 8(a)(5) (refusal to bargain) allegations. The rise in these types of cases has been described in detail in our formal presentation. I would only like to reemphasize that an 8(a)(5) investigation and trial is a most difficult problem requiring much more time and technical proficiency than most other cases. This additional work reduced the average rate of productivity (in terms of the number of cases handled) in our field offices. It did not however, prevent the continued handling of cases on a current basis in a quality manner.

Another problem which we face, especially in our field offices, is the increasing loss of experienced people. Turnover is higher among clericals as well as

professionals. In the professional area the problem is most acute because some of our better people at higher grades are yielding to attractive offers with which we cannot compete.

Litigation (Washington)

Our court litigation is extremely heavy. The Division of Litigation which is responsible for conducting this litigation on behalf of the Board assigned 69 attorneys out of a staff of 112 to handle this work but serious difficulties are being encountered in keeping abreast of the large volume. In fiscal 1966, a total of 349 petitions to enforce or review Board orders were filed in the U.S. Courts of Appeals. In the course of these judicial proceedings the Division filed 290 briefs and participated in 254 oral arguments. In addition, 36 cases of miscellaneous litigation were briefed and tried before U.S. District and Appeals Courts. Eighteen petitions for adjudication in contempt were filed in U.S. Courts of Appeals. In total, our U.S. Courts of Appeals work far exceeds that of any other Board or Commission. In fiscal year 1965, for example, 466 of the 1,106 government actions initiated in the Courts of Appeals were Board cases. The Division's District Court Branch received injunction problems on advice and sent its own attorneys out to try some of the more significant injunction cases under Sections 10(j) and 10(l) in the U.S. District Courts. One hundred and ninety of these petitions were filed during the year, most of them by our regional offices. The Division, through the Office of Appeals which is part of it, processed 1,310 appeals from refusals by Regional Directors to issue complaints. The Division also handles the Supreme Court work of the Agency and in fiscal 1966 prepared petitions for certiorari, or briefs, or other memoranda in about 40 cases. The Division also includes a legal research section which, in addition to providing essential research and digest assistance to the Agency, is also working with the Division of Administration on the program for automating the Agency's operations, with special emphasis on legal problems.

Administration

In addition to carrying on its regular services, and its work on improvement of such services, the Division is responsible for the Agency's program to automate its operation. This program, begun in 1966, is showing great promise. As we reported last year we are continuing to work closely with the Government Printing Office to develop a regular process for printing full text material (our Board and Trial Examiner decisions) by photocomposition of the printing plates from computer tapes.

As a result of our work with printing and the need to buy computer time for the printing operation, it was suggested that a feasibility study be made to see whether our total need for computer operations made it advisable for the Agency to move toward such use. The Bureau of Standards, which conducted the feasibility study, has already informed us unofficially that it will affirmatively recommend our moving in this direction. We are still awaiting the formal report. The feasibility study indicates also that it would be possible and desirable for the Agency to automate its legal and nonlegal information gathering and reporting systems so that this information can be combined into one computer system capable of reporting and interpreting data for substantive and management needs. The Bureau of the Budget agrees with us that the accomplishment of this objective would not only be immensely valuable to this Agency, but would also provide a usable system that could be adapted for similar purposes by the other regulatory agencies, as well as by departments which have regulatory functions.

1968 PROGRAM

Field Offices

The Agency expects unfair labor practice intake to rise by 2.9% in 1968 and representation case intake to rise by 5.1% or a combined increase in intake, in terms of work units of about 3.5%. In addition, the Agency has scheduled a reduction of backlog in cases pending unfair labor practice hearing which represents an increase of 6% above intake in the program for disposition of these cases.

The work increases mentioned above are all programmed for current handling in our field offices in 1968, since it is agency policy to handle all work intake on a current basis and, where necessary, backlog in addition. This is a field

increase in work of 3.5 to 4%. We have asked for an increase in field staff of 1.8% to accomplish this increase in work and have provided for a productivity increase of 2% to handle that portion of the work increase which exceeds the increase in employment. We have done this despite the growing difficulty of the casework handled, and despite the problem of turnover which has reduced the experience level of our professional staff from 78% having 2 years or more experience in fiscal year 1965 to 72.5% having that much experience in fiscal year 1966. We willingly undertake the very hard work necessary to accomplish this program.

Litigation

As explained in greater detail by the Chairman, our emphasis is being placed on reducing backlog and time delay in the formal processing of cases. The final point in this process for most cases and the largest part of our litigation work is handled by the Appellate Court Branch of the Division of Litigation.

I have already given you some idea of the magnitude of the court litigation handled by this Branch. In 1968, the Branch will be faced with a 5.3% work intake increase in the form of petitions for review and requests for enforcement of Board decisions. In addition, we have provided for reduction in the Branch's backlog (which has been growing) so that the program of work increase here is almost 8%. To handle that increase, plus increases in miscellaneous, contempt, and Supreme Court work, we have provided for a 3% increase in the employment of attorneys with the remainder of the work increase to be accomplished by productivity improvement.

Administration

This Division faces the problem of converting the Agency's information gathering and reporting services to modern automated computer ways. The problem is not an easy one. Others have tried to fuse administrative and legal service requirements on a computer basis but, so far as our research has disclosed, no one has yet succeeded in achieving a completely integrated system. The Division, working with the Division of Litigation's Legal Research Branch, has set up a prototype system of printing Board decisions by computer photocomposition and we expect shortly to have our new printing system operative. This team is now planning our approach to working out the problems of establishing bridges between the legal research material and the Agency's other information systems so as to provide a quickly responsive and substantively oriented total information system. Such a system would be able to tell us what types of substantive problems are contained in the cases filed, and how many there are of each type of problem so as to indicate the magnitude of the problem. It would be able to trace the handling of these problems from field operation through the litigation process so as to provide comprehensive information in advance as to the nature, scope, and prevalence of the problems and issues which will confront the Board. It should include information on remedy so as to allow us to measure the effectiveness of the remedies being used and provide clues as to new directions remedies should take. The possibilities are endless and their use is not limited to this Agency but is applicable to all regulatory processes.

SUMMARY

With your help and understanding we have been able to make demonstrable progress in virtually all the areas which are significant in the operations under the supervision of the Office of the General Counsel. In cooperation with the Chairman and the Members of the Board, but respecting our separate statutory functions, substantial progress has been made to fulfill the functions which have been delegated to the Agency by the Congress. I look forward hopefully to a continuation of your understanding and assistance in our further efforts.

Mr. ORDMAN. I want to cover the practical operation as much as possible.

PERSONNEL INCREASE RELATED TO WORKLOAD

As the chairman told you, the overall increase in personnel that we are requesting for fiscal year 1968 amounts roughly to about

3 percent, and we are anticipating a workload increase, the work that will have to be done, of about 4.5 percent. We are having proportionately less increase of personnel in the field because we are, virtually current in our field operations.

As the chairman of the committee has suggested, we are in pretty good shape in the field and we are working very hard to keep it so. Our problems are in Washington, and the larger increases are therefore in the Washington staff. We are trying to cover an overall increase of 4.5 percent in workload with about a 3-percent increase in personnel.

We hope to make up that extra percent and a half by doing what we try to do every year, just working a little harder and operating more efficiently.

The chairman already called your attention to so-called pie charts in the justifications at pages 5 and 6.

I might give you a slightly more graphic demonstration of the work we do. You will find on page 5 of our justification the pie chart which shows all the unfair labor practice cases. Now, roughly, this represents about 16,000 cases where either unions, employers or individuals file charges with us. I think all the committee is aware that we institute no programs. The amount of our business depends on how many people come through the front doors of our regional offices and say, "I want to file a petition for an election," or "I claim someone has discriminated or refused to bargain."

We initiate no programs whatever.

As you will notice, of the 16,000 unfair labor practice cases, which the chart on page 5 represents, these represent 16,000 charges, each one of which is investigated. After our investigation, as I mentioned briefly before, we find occasionally the business isn't covered by our act because it doesn't affect interstate commerce. Those are a very small percentage, quite frankly. In addition, our investigation may reveal that a fellow who thought he was fired for union activities—charges of unlawful discrimination appear in over 60 percent of our unfair labor practice cases—wasn't fired for the reason he said, but was dropped because business fell off and he was low man on the seniority roster.

With respect to such "non-merit" cases, we tell the charging parties what our Government investigation has disclosed and in 37.5 percent of the total package of 16,000 unfair labor practice cases they agree to withdraw their unfair labor practice charges after we acquaint them with the facts.

That 37.5 percent represents 5,841 cases by actual count that are withdrawn after preliminary investigation. Most of these are handled in 45 days or less. Occasionally the charging party is not persuaded that his charge lacks merit and that there is no foundation for the charge——

Mr. FLOOD. In what year did Congress give birth to this thing?

Mr. ORDMAN. 1935, actually. The part of the structure I am talking about was started in 1935; the Taft-Hartley amendments in 1947 and the Landrum-Griffin amendments, in 1959, did not make any change in the structure.

DIVISION OF JURISDICTION BETWEEN THE GENERAL COUNSEL AND THE BOARD

However, it is important to note that up until 1947 the General Counsel was under the supervision of the Board. In 1947 Congress created an independent General Counsel appointed by the President so that the Board has no control over the investigation and prosecution of cases. Congress divided the prosecutory from the judicial function.

We dismissed those cases I was describing where the parties did not withdraw, but we found there was no foundation for the claim of unfair labor practice and that amounted to over 4,000 cases or 27.3% of the 16,000 cases processed.

In those cases where there is a dismissal, we are sensitive to the fact that the General Counsel's action in refusing to prosecute has been held by the courts to be unreviewable. Although the statute doesn't require it, we have voluntarily assumed an additional burden. Where a party feels aggrieved, and thinks his case has been improperly dismissed we have provided an internal appeals procedure within the Office of the General Counsel. Thus we inform people when we dismiss cases of the precise reasons upon which we based the dismissal and inform them of their right to appeal.

They then have an opportunity to appeal to our appeals section which consists of an entirely different group of people who review the case de novo. The case is reviewed from scratch to make sure no injustice has been done. Anybody whose case is dismissed is notified with a letter of dismissal and gets the right to appeal.

Mr. FLOOD. Does anybody ever win there?

Mr. ORDMAN. We run about a 6 percent reversal ratio.

Mr. FLOOD. Is that good?

Mr. ORDMAN. We think it is good because we think our initial investigation is quite thorough. Because our initial investigation is quite thorough we don't anticipate a great deal of reversal.

Mr. FLOOD. You are not sending the devil to investigate hell, are you?

SAVINGS DUE TO VOLUNTARY SETTLEMENTS

Mr. ORDMAN. No. Of the remaining cases, the so-called merit cases, approximately 80 percent are settled or adjusted by the parties on a voluntary basis. That means that about 4 out of the 5 cases that potentially would go before the trial examiner, the Board, and/or the courts, are settled with the consent of the parties and, of course, as any lawyer knows, a settled case is sometimes better than a long-delayed victory.

These settlements also come in the early stages of our proceedings (in about 45 days after the filing of a charge), whereas a litigated case can take several years.

So we settled over 4,000 cases informally, which leaves roughly a little over 1,000 cases out of the original 16,000 that go to formal litigation, either before the trial examiner, the Board, or the courts.

As the Chairman told you, we are proud of our settlement record. We have moved it up in 1 year from something like 3 out of 4 cases to 4 out of 5 cases. Whether we can keep it that high, we don't know, but

we are going to break our backs to do it. As you can see, the Board is working at a fantastic pace—I know the work they do and how hard they work—the Board decided last year about 750 unfair labor practice cases. If our settlement rate drops 1 percent of total intake, that is a potential of another 150 cases or 160 cases the Board would have to decide. If we drop 5 or 6 percent, we double the Board's caseload and we would be in real trouble, not only in terms of workload and in terms of personnel, but in terms of funds. This would require millions of dollars more.

We are very proud of this because, apart from the agency problem we think we are making a real, a lasting and genuine contribution to industrial peace by settling these cases.

Mr. FLOOD. Well, you think you are saving money? That is what impresses us.

Mr. ORDMAN. We are saving money. I had a rough estimate made as to the monetary value of our settlement program. We figure we save by our settlement program something in the area of $20 million. I thought somebody might be interested.

Mr. FLOOD. I am sure.

Mr. ORDMAN. We have the research and the documentation that can be provided if the committee wants it. It is about $20 million.

We prepared in the Office of the General Counsel quite recently—within the last few months—a summary of operations just for the Office of General Counsel, covering predecisional stages of the Board, and the postdecisional stages covering the courts. I think I did provide—I am quite sure I have provided a summary of operations document. I won't ask to have this incorporated in the record. I will make sure the committee has copies of this report so you can see the operations we are engaged in.

RECOVERIES PAID TO EMPLOYEES

The Chairman of the committee asked what we do in the way of effective remedies and I pointed out that in the last fiscal year, for example, we did recover over $8 million in backpay. The backpay is paid to our offices and then distributed to the employees discriminated against.

Mr. FLOOD. The money is paid to you?

Mr. ORDMAN. We take the responsibility of seeing that the employees get it, yes. We find this is a much more effective way. The checks are delivered to us; we make the distribution, and we think this is much more effective and salutary.

In 1966 we recovered $8,911,040. This was backpay, or dues unlawfully withheld, union pension benefits and the like. This is an unusual figure. We probably won't hit it again because $4.5 million of that is one case and we don't often get that kind of case. But even if we removed that, we recovered over $4 million in routine cases last year in backpay; 6,187 employees received offers of reinstatement as a result of the work we did last year.

Reverting to our operational structure our system of controls is very excellent and I would like to invite members of the committee or staff members to visit our chart room to indicate how we keep track of the

28,993 cases we had last year. This is an earnest invitation to come visit our operation to see how we keep track of these cases.

Thank you.

Mr. FLOOD. You have been here at least 4 or 5 years, Mr. McCulloch.

Mr. MCCULLOCH. Yes, I think I testified the first time in 1961. This is my seventh appearance before you.

RELATION OF BUDGET REQUEST INCREASE TO WORKLOAD

Mr. FLOOD. You go in for rather substantial increases. Every year you come back for more. For instance, do you realize that you carried on your business with $9,385,000 in 1958?

Mr. MCCULLOCH. Yes.

Mr. FLOOD. Now you are up here for $31 million. Are you that busy?

Mr. MCCULLOCH. Yes, we are. That is a candid answer. If we put opposite the money figures the caseload figures for each of those years, and take account also of the pay increases voted by Congress, then I think you will see the need clearly.

Mr. FLOOD. Why don't you?

Mr. MCCULLOCH. We do.

Mr. FLOOD. You better put in the record the increase in cases since 1958. You are getting very expensive.

Mr. MCCULLOCH. On the basis of all the figures, Mr. Chairman, I an confident we can show you that we are getting more efficient, and we are turning out more work for the money that is appropriated; more work per employee. We shall be glad to submit the data making the comparison with 1958 that shows the justification for the increase:

(The material requested and subsequently submitted follows:)

Actual comparison of fiscal year 1958 with the 1968 request

	Actual, fiscal year 1958	Estimate, fiscal year 1968
Case intake:		
Unfair labor practice cases	9,260	16,565
Unfair labor practice situations	7,673	15,124
Representation cases	7,488	14,080
Subtotal, unfair labor practice situations and representation cases	15,161	29,204
Percent rise in intake, 1958–68		92.6
Cases closed:		
Unfair labor practice cases	7,289	17,153
Unfair labor practice situations (approximate)	5,859	15,660
Representation cases	7,490	14,080
Subtotal, unfair labor practice situations and representation cases	13,349	29,740
Percent rise in closings, 1958–68		122.8
Work accomplished (in normal work experience an average unfair labor practice situation requires 4 to 5 times as much manpower as an average representation case):		
Unfair labor practice work: 5,859 situations times 4 in 1958 and 15,660 times 4 in 1968	23,436	62,640
Processing cost of 4-fold increase in merit since 1958 (15 percent of 62,640)		9,396
Representation work	7,490	14,080
Subtotal, work accomplished	30,926	86,116
Percent rise in work accomplished, 1958–68		178.5
Average employment	1,132.3	2,392.8
Percent increase in employment, 1958–68		111.3

Actual comparison of fiscal year 1958 with the 1968 request—Continued

	Actual, fiscal year 1958	Estimate, fiscal year 1968
Funds:		
Personal service costs:		
Compensation	$8,033,600	$25,083,600
Less pay increase	−342,000	−7,380,700
Subtotal, compensation	7,691,600	17,702,900
Benefits	490,800	2,073,600
Less increased allowances and increased benefits	−22,200	−995,900
Subtotal, benefits	468,600	1,077,700
Total, net personal services	8,160,200	18,780,600
Percent increase in personal service costs 1958–68		130.1
Miscellaneous expenses	$1,224,600	$5,130,800
Less price increase		[1] −1,486,900
Net cost	1,224,600	3,643,900
Percent increase 1958–68		197.6
Total funds	$9,749,000	$32,288,000
Less adjustments	−364,200	−9,863,500
Net cost	9,384,800	22,424,500
Percentage rise in 1968 request over 1958 appropriation, after adjusting for wage increases, increased benefits, and price increases in miscellaneous expenses		138.9

[1] Includes allowance for rising unit rates such as travel, 15 percent; printing, 38 percent; reporting, 235 percent; equipment, 18.8 percent; and communications 49.6 percent.

ABSORPTION OF COSTS

Mr. FLOOD. You are absorbing $360,000 off the pay cost increase.

Mr. WRIGHT. Yes, sir.

Mr. FLOOD. Did we give you too much money last year?

Mr. WRIGHT. Yes; more than we felt we should spend. We turned back a half million dollars.

CURRENT BACKLOG COMPARED TO A YEAR AGO

Mr. FLOOD. What is your current backlog compared to a year ago? I do not need it now. Put it in the record at this point.

Mr. WRIGHT. Yes, sir.

(The information follows:)

Agency pending cases

	Mar. 1, 1967	Mar. 1, 1966
Unfair labor practice [1]	6,966	6,455
Representation (includes) (UC, AC, UD) [1]	2,853	2,704
Total	9,819	9,159
Unfair labor practice	450	414
Representation	170	174
Total	620	588

[1] Includes decisions pending before the Board.

EFFECT OF DRAMATIC LABOR DISPUTES ON WORKLOAD

Mr. FLOOD. From your justifications you see no unusual developments ahead that will add to your workload in 1968, but you estimate an increase; why, just because you always do?

Mr. ORDMAN. We have had since 1958 and increase of about 10 percent per year. The rate of increase did drop last year.

Mr. FLOOD. Why do you say you do not expect any unusual developments and yet you estimate an increase?

Mr. ORDMAN. The only factor we cannot project is the Vietnamese war which we feel does have an impact on our operation.

Mr. FLOOD. Aren't you going to have a bad year with labor disputes? Don't you read the papers?

Mr. ORDMAN. We are concerned about that. We know about the organizing drives that are going on. We are aware of this.

Mr. FLOOD. Everybody tells me this is going to be a rough year.

Mr. ORDMAN. These major strike situations usually hit the Federal Mediation Board.

Mr. FLOOD. They would not get to you anyway?

Mr. ORDMAN. That is right.

Mr. FLOOD. In other words, if we have trouble this year you will get it next year.

Mr. ORDMAN. Yes.

Mr. MCCULLOCH. Mr. Chairman, I would like to add this. The big strikes, the things which are referred to in the columns and newspaper reports, which you very properly bring to our attention, do not always increase our caseload. The big strikes in the railroad industry and airlines did not increase our caseload.

Mr. FLOOD. I can see that.

Mr. MCCULLOCH. We are at a more elementary level for the bulk of our work.

Mr. FLOOD. That is why we created you.

Mr. MCCULLOCH. That is right.

CASES HANDLED BY THE BOARD

Mr. FLOOD. Let us go back a few years. Your estimate of future workload was usually lower than what actually developed. Starting with your 1965 estimates it was the other way around. Why wouldn't it be logical for us to expect in 1968 your estimates will follow this new trend.

Mr. ORDMAN. We have assumed that. We have projected on a much lower level.

Mr. FLOOD. Your justifications indicate you are holding your own. As a matter of fact, you are improving a little.

Mr. MCCULLOCH. Yes.

Mr. FLOOD. That is, in the time it takes to handle the work. We are also concerned about time. Time to us means money, always. Apparently you are saving a little time, except in those cases requiring the Board's decision. What has happened this year? What are you doing at the Board level to improve the situation?

Mr. MCCULLOCH. There are admittedly some cases that are too long delayed. But many are decided more quickly. Sheer volume, how-

ever, creates difficulties. The Board handed down something like 760 unfair labor practice case decisions last year and representation decisions in the amount of about 200.

Mr. FLOOD. Do you get time and a half for overtime down there?

Mr. MCCULLOCH. No. We have handled the volume of that work, plus the nearly 400 requests for review in representation cases that we disposed of, and the additional postelection decisions. After an election is held there may be objections to the conduct of the election or challenges to voters in the elections. There have been literally hundreds of those cases that have come to the Board as well. There are two answers I want to make; one is that the volume of work turned out by my four colleagues and myself, with the aid of their staffs, is a very high volume. The second is that the cases reaching the Board tend inevitably to be the ones involving the toughest and most hard-fought factual and legal issues.

Mr. FLOOD. I direct your attention to your justification, table B, section B, No. 2(a). From hearing to Board decision, 1967, 143 days, total—filing to Board decision—165 days in 1967. In 1966 it was 109 and 131. Something in the record better clear that up in case somebody besides me reads this justification. What are you going to do about that?

Mr. MCCULLOCH. Those figures we are doing our best to reduce.

We have now a system of monthly case inventories in which the Board members run through all of the cases pending before the Board and seek to find out why some are held up and to push them out. We have injected an internal procedure of our own to check on overage cases.

Mr. FLOOD. If you see fit at this point in the record will you develop that further?

Mr. MCCULLOCH. I will be glad to.

(The information follows:)

Of about 13,000 election petitions filed each year for the past four years, approximately 98–99 percent are decided by our Regional Directors under well-established Board precedent. In fact, under the Board's Rules and Regulations, our 31 Regional Directors can only decide issues in which the answers are clear under prior Board decisions. As indicated on page 14 of the Justification, Table B, Section 2(b), the bulk of these routine cases are handled very promptly, averaging (median) but 42 days from filing of petition to Direction of Election, compared to median average of 165 days required by the Board to decide the remaining one to two percent of election cases. This 1–2 percent is made up of those cases sent to the Board in Washington for decision because there is no clear precedent to guide the Regional Director. These are the handful of cases involving new or novel issues in which the Board has to formulate new policy and lay down new criteria for the guidance of labor, management and our Regional offices. These vanguard cases are the time-consuming ones, demanding the careful attention of the full Board, thus accounting for the difference in the time required to decide such cases. It may be useful to recall that when a decision is to be arrived at by five independent-minded Board Members or a majority of them, the resolution of novel or complex issues requires more time than one-man decisions.

The Board, however, is fully aware of this time differential and is making an earnest effort to reduce it to a minimum. We hope to achieve this reduction (a) by establishing time goals for each stage in the processing of cases at the Board; (b) by more persistent followup of cases appearing on our inventory lists as overdue; and (c) by the assignment of more experienced staff members to these cases. All of these procedures are in operation and will be pushed.

While on the subject of time lag in election cases, we also want to assure you that the Board is by no means satisfied with the time it takes our Trial Examiners to hear and decide unfair labor practice proceedings. We expect the recent increase in our Trial Examiner staff to continue to improve the time lag factor and to further improve as our new Examiners gain experience.

Likewise, the Board is not satisfied with the average time it takes to issue its unfair labor practice decisions. A modest increaese of five legal assistants, improved productivity, and constant flagging and concentration on overdue cases at all stages of Board processing, we trust, will improve the time factor, particularly at the staff level. However, the constant increase over the past decade in the total caseload coming to the Board for decision makes it increasingly difficult for the Board Members themselves to give to such a large volume of work the prompt attention that the making and the writing of the decision in every case deserves. All recognize the particular importance of expeditious action in labor relations. However, the amount of work a Board Member can do and his span of attention are limited. Such limits are being approached by the ever-increasing caseload the Board Members must rule upon. Within the foreseeable future, careful consideration must be given to this growing problem.

CASES REFERRED FOR COURT ACTION

Mr. FLOOD. Counselor, what is the trend in the number of cases that go to court?

Mr. ORDMAN. The trend has been increasing. Actually in fiscal 1965, 49 percent of our cases decided by the Board were referred to Washington for court enforcement. This year it jumped about 10 percent. Almost 60 percent of the Board decisions are now being referred for court action by the parties or by our regional offices. The Board orders are not self-enforcing. They have no teeth in them unless you take them to court. Of those few parties who have gone this far, many apparently feel that they should take the case to court and play out the legal string. On the basis of victories this should not be happening because our percentage of victories, as the Chairman told you, is very high. For some reason, however, the parties still feel they ought to exhaust their litigational rights and are taking us to the courts of appeals.

Mr. SMITH. What percentage?

Mr. ORDMAN. Over half of the Board cases are presently being referred for court action.

Mr. SMITH. I mean what percentage are you sustained?

Mr. ORDMAN. Seventy-eight percent in whole or in part; 60 percent completely and 18 percent with some modification which may vary from minor to major.

Mr. FLOOD. Is that good, 78 percent?

Mr. ORDMAN. We think it is a very good record, if we compare ourselves to regulatory agencies where we think the test would come.

PERCENT OF CASES INVOLVING UNORGANIZED EMPLOYEES

Mr. SMITH. You set forth here the number of unfair labor practice cases compared to representation cases. What portion of the representation cases involve a nonunion shop as compared to trying to carve out a bargaining unit out of an already represented bargaining unit?

Mr. MCCULLOCH. I do not believe we have any statistics that would show the number of severance cases, where there is a bargaining history and then someone seeks to carve a part of those employees out.

The Executive Secretary can check me on this, but my guess from the cases I see, is that we see only a minor percentage, a very small percentage, of such cases out of the total. I would guess 95 percent or more would not involve severance.

Mr. FIELDS. I would say 98 percent.

Mr. FLOOD. How long have you been with the NLRB?

Mr. FIELDS. Twenty-five years.

Mr. SMITH. What percentage would involve the attempt of one international union to become the representative of employees already represented by another international union?

Mr. FIELDS. I would say approximately 5 percent.

Mr. SMITH. Then the vast majority of your cases are attempts to represent unorganized employees?

Mr. FIELDS. Unorganized employees, yes.

Mr. MCCULLOCH. Another factor that plays into our not having more cases where one international is raiding another, or seeking to sever part of another union's bargaining unit, is the no-raid agreement between the unions affiliated with the AFL–CIO.

Mr. FLOOD. What does that mean?

Mr. MCCULLOCH. It means they have made an agreement under which where one of the affiliated international union's locals is representing a group of workers, the other internationals in the AFL–CIO will not seek to take away the representation rights.

Mr. SMITH. That is all I have.

CASES HANDLED BY THE BOARD

Mr. MCCULLOCH. Mr. Chairman, may I supplement an answer to a question you previously put to me? Member Fanning pointed this out to me, and I did not know whether it was clear to you. The figure that you were pointing out showing the length of time it takes to reach a board decision, in the table on page 14, refers to only a small number of initial decisions in representation cases. These are the exceptional representation cases, only those referred to the Board by the regional directors because of their novelty or complexity.

Mr. FLOOD. What is a representation case?

Mr. MCCULLOCH. That is a case where there has been a petition for an election. The large number of days shown there is a figure that applies to something less than 200 cases out of the 12,000 or 13,000 petitions filed in this area, and out of the some 8,400 elections held. So the figure does reveal a time period that is too long. This I concede. But it relates to the most complex of those cases in that category, and to a very small number of them. Our figure for the disposition at the Board level of unfair labor practice cases is a better figure than that. That is shown at a higher point in the table.

Mr. FLOOD. Do you members of the Board quarrel about these cases? Do you really get down on the floor and fight?

Mr. MCCULLOCH. We struggle pretty hard. There are five men with independent views on these issues. They are all weighing and balancing the factual situations, the legal principles. This is sometimes a very difficult task. I pay tribute to the independence of my colleagues, and I do not surrender any of my own. Making a five-man decision sometimes takes time.

Mr. ORDMAN. Mr. Chairman, you asked about the Pacific coast shipyards. We have charges pending. We have every hope that a Taft-Hartley 80-day injunction issued last week will settle that matter. We hope to put that in the category of cases settled.

Mr. FLOOD. I hope you get your hope.

Thank you gentlemen.

Mr. MCCULLOCH. Thank you.

JUSTIFICATION MATERIAL

SALARIES AND EXPENSES, NATIONAL LABOR RELATIONS BOARD

APPROPRIATION REQUEST FOR 1968

An appropriation of $32,288,000 is requested for fiscal year 1968. A comparison of fiscal year 1967 actual appropriation and estimated additional requirements, and the fiscal year 1968 appropriation request is as follows:

	Fiscal year 1967	Fiscal year 1968	Increases 1968/1967
A. Total estimated requirements	$31,030,000	$32,288,000	$1,258,000
B. Less increased costs due to:			
1. Federal Employees Salary Act of 1966 and other pay increases [1]	780,800	846,300	65,500
2. Administrative Expenses Act of 1946, as amended, for transfers (Public Law 89-516)	167,500	203,300	35,800
3. Subtotal increased costs	948,300	1,049,600	101,300
4. Less proposed amount to be absorbed in 1967	−360,300		360,300
5. Proposed supplemental for 1967 and estimated amount in 1968 request authorized by President	588,000	1,049,600	461,600
C. Appropriated 1967 and net request for 1968 before pay act and transfer expense increased costs	30,442,000	31,238,400	796,400

[1] Includes in addition to requirements for Public Law 89-504; (1) $17,200 for increases pursuant to Public Law 89-601, Fair Labor Standards Amendments of 1966; (2) $2,500 for wage board increases and $14,200 for increased rates for recruitment of attorneys, as a result of administrative action.

The increase in net requirements (before Pay Act and Transfer Increased costs) is $796,400 and is broadly accounted for as (a) $361,500 for program items required by increased workload over and above increases in productivity and (b) $434,900 for additional mandatory administrative increases such as within-grade and grade promotions and increased rental costs caused by additional office space requirements.

Increases in employment are as follows:

	Fiscal year 1967	Fiscal year 1968	Increases, 1968/67
Positions	2,305	2,435	130
Average employment	2,329	2,393	64

The request for additional funds and employment is based on a 3.5% increase in work because of rising intake (2.9% unfair labor practice situations and 5.1% in representation cases) plus increased work out of backlog valued at an additional 1%. The increase of about 4½% in total work is to be accomplished by an average employment increase of less than 3%. The net increase in funds required for increased work amounts to less than 3% and, even including the Pay Act and Transfer Cost increases, the gross increase in funds requested is only slightly more than 4%. Cost reductions achieved in program

operations and other additional cost reductions add up to a total reduction in estimated requirements of over $400,000.

ORGANIZATIONAL SUMMARY OF NEW EMPLOYMENT REQUESTED

Increases in average employment

Board members and related units:	
Board members and staff	13
Division of trial examiners	1
Office of general counsel:	
Field staff	27
Washington staff	23
	64

The Appropriation, "Salaries and Expenses, National Labor Relations Board" provides funds for the Agency to fulfill its responsibilities under the National Labor Relations Act, as amended. It covers all operating costs of the Agency including all field and departmental activities of the Office of the General Counsel and all functions of the Board Members' Offices and activities thereunder.

FORMULATION OF THE AGENCY WORKLOAD BUDGET

The Agency's request for funds and positions is primarily based upon its estimate of filing of unfair labor practice charges and situations (a "situation" represents one or more charges handled as a single work unit and, therefore, counted as one work situation) and representation petitions or cases. Since the number of items filed by the public is not controllable by the Agency, estimates are based upon various factors which experience demonstrates will affect filings. Major factors normally include industrial growth, increases in the work force, labor union organizing and collective bargaining activity, automation, plant closings and relocations, and changes in local levels of employment. The 1965–1966 experience indicates however that the manpower problems resulting from the Vietnam situation have somewhat reduced the rate of increase in intake which we were experiencing. If the Vietnam conflict were resolved, our caseload would probably more nearly approximate the higher levels characteristic of the 1958–1964 period. However, we have provided for a continuation of the Vietnam experience of lower increases in our estimates for 1967–1968.

Our budget estimates make provision for the cost of processing cases from initial filing of a charge or petition by a party to the final disposition of the matter by the Agency. Costs vary greatly according to the type of disposition required; cases requiring a formal hearing, Board decision, and Court litigation are the most costly. Accordingly, the Agency's emphasis on encouragement of voluntary settlements or adjustments of cases as early as possible and at least prior to formal trial examiner or Board decision, achieves a major economic benefit to the government and the parties, as well as the other obvious benefits to the parties which flow from voluntary settlement or adjustment without litigation. (The two pie charts which follow show actual disposition patterns in fiscal years 1965–1966 for representation and unfair labor practice cases processed.)

The estimates provide for the reduction of time delay by administrative action where possible and by reduction of backlog where necessary. Reduction of time delay is exceedingly important in the volatile field of labor relations.

Also included this year is provision for implementing the automated printing program which was inaugurated last year and for a start toward automating our information system.

All program costs are established by means of basic case processing performance rates. Each year these performance rates are adjusted to reflect our most recent experience, internal management improvements, and higher productivity requirements. The Agency's estimates reflect its continuing efforts to reduce all cost factors.

INTAKE

Experience

From fiscal years 1958–1964, the Agency experienced a rapid continuing rise in the filing by the public of unfair labor practice charges and representation petitions. The average annual rise in the filing of charges during this period

was in excess of 10%; and the average annual rise in petitions filed was almost 10%.

During 1965 and 1966, however, representation intake rise was at an annual rate of about 3.5%, and charge intake increase was about 1% each year. We believe that the 1965–1966 experience is due to the Vietnam situation, with its heavy drain of manpower from the civilian market and the resulting tight manpower situation. The Agency had similar experiences during the Korean War and World War II. However, those experiences were based on formal labor relations controls. The current situation differs therefore to some extent.

Current estimates

Fiscal year 1967.—Unfair labor practice charges and related situations are estimated to rise by 1% from 1966 providing an intake of 16,100 charges and 14,700 situations. Representation petitions are estimated to rise by 5% to 13,250 petitions. For the first six months of fiscal year 1967 (July-December) unfair labor practice intake was over 1% higher than intake for the same period in fiscal year 1966. Representation petition intake lagged. However, representation intake in January was 5% higher than in January a year ago, and unfair labor practice intake increased even more than that. We expect representation intake to continue to pick up in the last half of the fiscal year.

Fiscal year 1968.—Unfair labor practice charges and situations are estimated to rise by 2.9% to 16,565 charges and 15,125 situations. Representation petitions are estimated to rise by 5.1% to 13,920 petitions.

FACTORS AFFECTING INTAKE

General

The drain of manpower to supply needs in Vietnam has contributed to manpower shortages in this country. Moreover, the general threat of chartages as well as the actual existence of them has had an appreciable effect on labor relations. Furthermore, there has been no formalized government effort to dictate settlement of labor relations problems by means of a war labor board or other such device. The use of the guidelines and of intensive mediation efforts in particular situations has not diverted cases from this Agency.

As a result, intake of both representation petitions and unfair labor practice charges has continued to rise but at a slower rate. Representation petition filing continued to increase at a fair rate during 1965 and 1966, probably because the tight manpower situation encourages employees to seek union organization as a means of redressing group grievances. We have therefore estimated a 5% increase in both 1967 and 1968. On the other hand, the increase in charge filings fell to 1% in both 1965 and 1966, probably reflecting the greater ability of unions and individuals to settle their own grievances as well as the reduced incentive of employers to resist union organization or collective bargaining demands. We have therefore estimated a 1% increase in 1967 and a 2.9% increase in 1968, as compared to the much higher increases in previous years. Any changes in the Vietnam situation resulting in a lessening of the manpower problems will probably bring increased unfair labor practice filings.

Continuing industrial growth

Our regional directors, in reviewing the bases for their work estimates for 1967 and 1968, report continuing industrial growth across the country. The Council of Economic Advisers, the National Industrial Conference Board and other informed opinion expect the economy to continue to grow, although at a slower rate than the last few years. Estimates of real growth vary from 3.5% to 4% as compared to 5.5% achieved in 1966.

Increased labor union activity

Labor unions continue to plan further increases in their organizing activity. For example, the Industrial Union Department of the AFL–CIO is pushing various organizing drives with special emphasis on coordinated one-company bargaining by all unions having representation rights with that company. Unions are taking advantage of the civil rights movement to organize Negroes, especially in the South. The AFL–CIO Federationist recently discussed the third major challenge facing labor organization in this century, the challenge to organize the service trades and white collar workers, including professional and technical employees. The successful organizing efforts with respect to these

categories of employees who are in government service is expected to abate the resistance which has heretofore been found among such employees in the private sector. The AFL–CIO and its member unions have been working on plans to carry out increased organizing in these areas.

TABLE A.—*Comparison of recent case intake experience with budget estimates for fiscal years 1961, 1962, 1963, 1964, 1965, 1966, 1967, and 1968*

	Unfair labor practices		Representation cases [1]
	Cases	Situations	
A. Actual recent experience for—			
1. Fiscal year 1958	9,260	7,673	7,488
2. Fiscal year 1959	12,239	9,061	9,394
3. Fiscal year 1960	11,357	9,128	10,170
4. Fiscal year 1961	12,132	10,592	10,559
5. Fiscal year 1962	13,479	11,877	11,369
6. Fiscal year 1963	14,166	12,719	11,205
7. Fiscal year 1964	15,620	13,978	11,783
8. Fiscal year 1965	15,800	14,423	12,225
9. Fiscal year 1966	15,933	14,540	13,060
10. Fiscal year 1967 (July–December 1966)	7,848	7,205	6,075
B. Budget estimates for fiscal year 1961—			
1. As estimated in 1961 budget	11,400	9,400	10,425
2. As estimated in 1962 budget	11,275	9,470	11,100
3. Revised estimate in 1962 budget	12,100	10,500	10,550
4. Actual intake	12,132	10,592	10,559
C. Budget estimates for fiscal year 1962—			
1. As estimated in 1962 budget	11,275	9,470	11,100
2. As estimated in 1963 budget	13,100	11,500	11,250
3. Actual intake	13,479	11,877	11,369
D. Budget estimates for fiscal year 1963—			
1. As estimated in 1963 budget	14,600	12,750	12,300
2. As estimated in 1964 budget	14,600	13,000	12,590
3. Actual intake	14,166	12,719	11,205
E. Budget estimates for fiscal year 1964—			
1. As estimated in 1964 budget	15,500	13,750	13,300
2. As estimated in 1965 budget	15,300	13,750	11,800
3. Actual intake	15,620	13,978	11,783
F. Budget estimates for fiscal year 1965—			
1. As estimated in 1965 budget	16,800	15,125	12,600
2. As estimated in 1966 budget	16,615	14,875	12,400
3. Actual intake	15,800	14,423	12,225
G. Budget estimates for fiscal year 1966—			
1. As estimated in 1966 budget	18,010	16,150	13,100
2. As estimated in 1967 budget	17,080	15,590	13,100
3. Actual intake	15,933	14,540	13,060
H. Budget estimates for fiscal year 1967—			
1. As estimated in 1967 budget	18,200	16,615	13,550
2. As estimated in 1968 budget	16,100	14,700	13,750
I. Budget estimates for fiscal year 1968	16,565	15,124	14,440

[1] Includes union decertification (UD), amendment of certification (AC), and unit clarification (UC) cases. AC and UC cases have been formally counted since fiscal year 1965 when the rules were amended to provide for such filings. Prior to 1965, a small unidentifiable number of such situations were filed as representation petitions.

Another important stimulus to increased organizing may be the fact that unions have been winning more and a higher percentage of the collective bargaining elections held by the Board. The percentage of all collective bargaining elections, held by the Agency, which were won by unions increased from 58% in fiscal year 1964 to 61% in fiscal year 1965 and to 62% in fiscal year 1966. The number of collective bargaining elections rose from 7,309 in fiscal year 1964 to 8,103 in 1966.

WORKLOAD PROCESSING REVIEW

A. The unfair labor practice picture

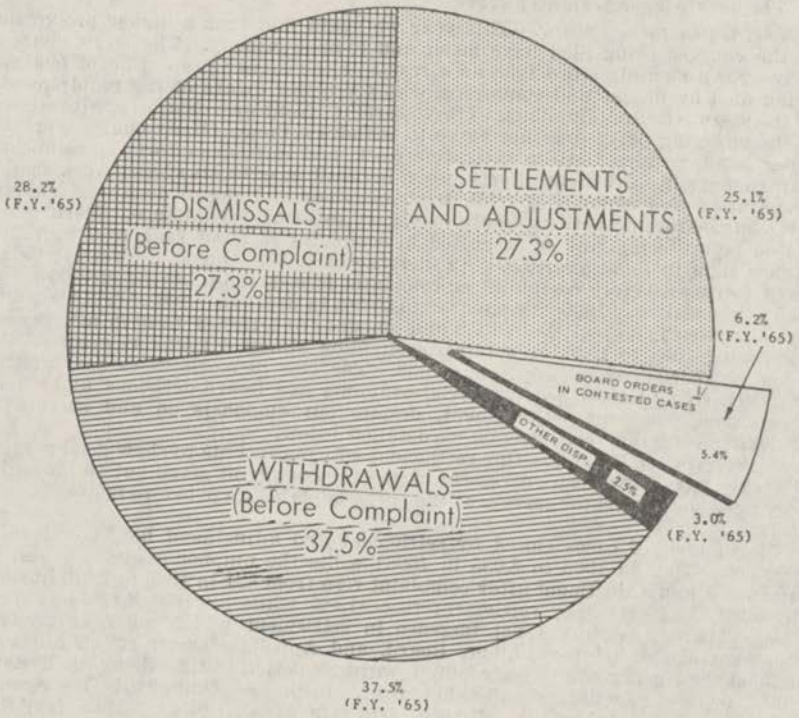
Increase in formal work.—This year we again find that a higher proportion of the charges being filed have merit and require remedy. The merit charges have grown steadily since 1958 as a result of the higher proportion of charges being filed by unions and employees, who are better aware of the requirements of the statute than individuals. (See Chart1). Nonmerit charges are dismissed if the charging party does not agree to withdraw them. Merit charges, on the other hand, require more investigative work, and intensive efforts at voluntary adjustment; if settlement efforts prove impossible, extensive legal work in the preparation and conduct of trial, trial examiner and Board decisional efforts, and court-enforcing actions where necessary to secure compliance. Merit cases closed before complaint or processed to complaint in fiscal year 1966 were 299 higher than in fiscal year 1965, an increase of 3.1%. Out of the total number of cases closed before complaint or complaint issued, those having merit rose to 36.6% in fiscal year 1966 as compared to 35.5% in fiscal year 1965. This percentage has risen from 20.79% in 1958 and amounts to a rise of 4,240 in merit cases comparing 1958 to 1966, or a total merit filing almost 4 times as great as the Agency experienced in fiscal year 1958. The rise in merit cases has brought with it a rising tide of hearings, trial examiner and Board decisions, and a very great need for court enforcement, despite our emphasis on and success in achieving voluntary settlements, as detailed below.

Increase in settlements.—Our settlement efforts continue to show good results. Not only have they been successful at the pre-complaint stage but significantly they have shown greater success at the post-complaint stage before trial examiner decision.

The number of cases closed by settlement and adjustment before complaint rose from 3,003 in 1965 to 3,085 in 1966; while the number of cases closed by settlement and adjustment after complaint rose from 821 in 1965 to 1,176 in 1966. In total, cases closed by settlement rose 11.4% while merit findings increased 3.1%. There was thus a net increase in settlement which not only brought great savings in trial examiner, Board, and Appellate Court effort, but also enabled the Agency to move strongly toward reduction of time delay at the trial examiner level as will be detailed hereafter. Perhaps optimistically, the Agency has forecast a continuation of this high rate of settlement. Thus far, this year, we appear to be achieving the goals set.

Decrease in time delay.—It will be recalled (see Pie Charts) that over 90% of the Agency's unfair labor practice intake is disposed of in our field offices, without the necessity of Board action. These mainly informal dispositions, by dismissal, withdrawal, settlement, or adjustment continue to be accomplished speedily in the regional offices, on the average, in about 45 days.

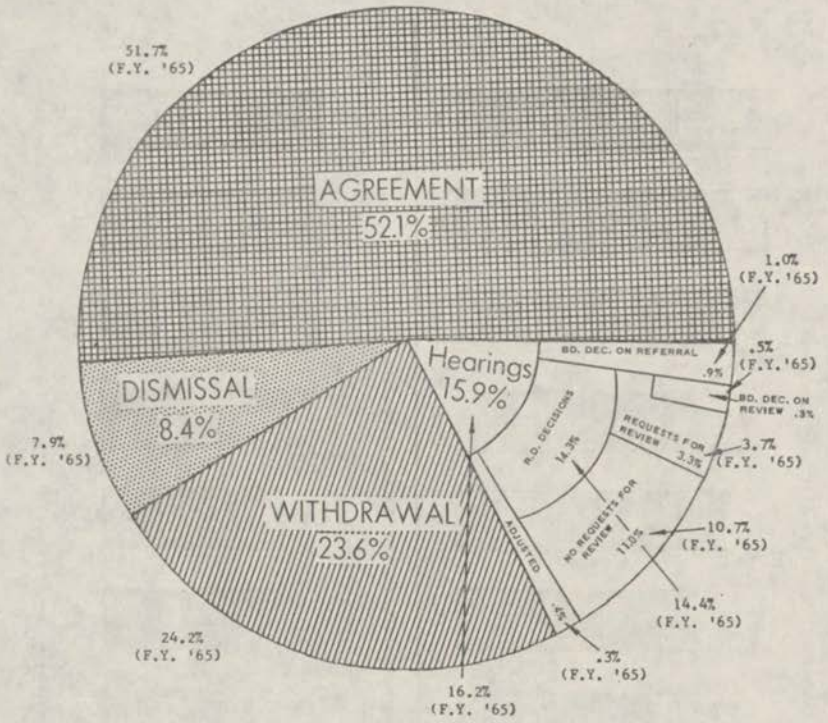
DISPOSITION PATTERN FOR ULP CASES
(Based on Cases Closed)
Fiscal Year 1966
Compared with Fiscal Year 1965



1/ CONTESTED CASES REACHING BOARD MEMBERS FOR DECISIONS

DISPOSITION PATTERN FOR REPRESENTATION CASES

(Based on Cases Closed)
Fiscal Year 1966
Compared with Fiscal Year 1965

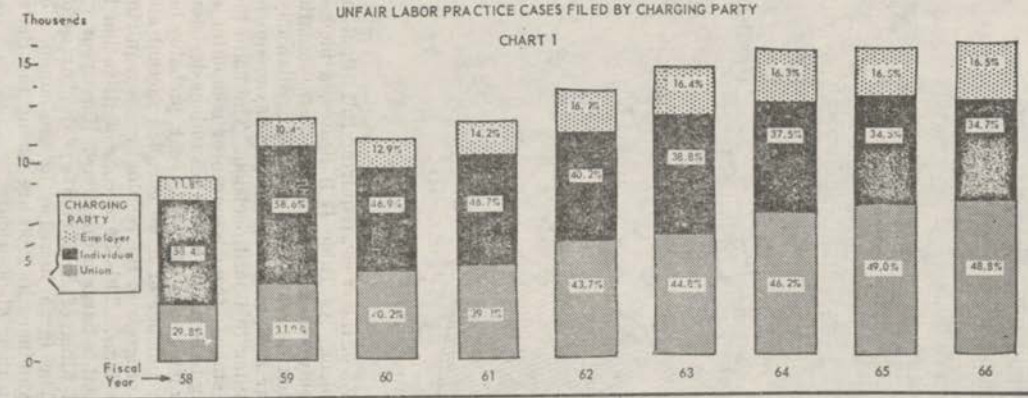


It is almost exclusively in the other 5.8% of the cases, requiring full litigation, that we have a serious time delay problem. As Table B indicates, a modest further improvement in reducing time delay was achieved in the first 6 months of fiscal year 1967. The table shows a net decrease from the *351* median days required in the first 6 months of fiscal year 1966, to the *349* median days required thus far in 1967 to process a case from filing to Board decision. The main improvements came in the trial examiner stages; from issuance of complaint to close of hearing, and from close of hearing to issuance of trial examiner decision. The Board, on the other hand, has fallen back somewhat this year, probably because of the burden of deciding a larger number of more complex factual and legal issues. As the settlement program progresses, the residual cases requiring litigation tend to pose more difficult problems. This hard core of litigation is probably typified by the increase in refusal-to-bargain questions. Last year we pointed out the effects of the increased filing of Section 8(a)(5) charges on field and trial examiner operations. The large increase in the number of 8(a)(5) decisions issued by the trial examiners in 1966 are facing the Board at this time and the Board is working on their disposition.

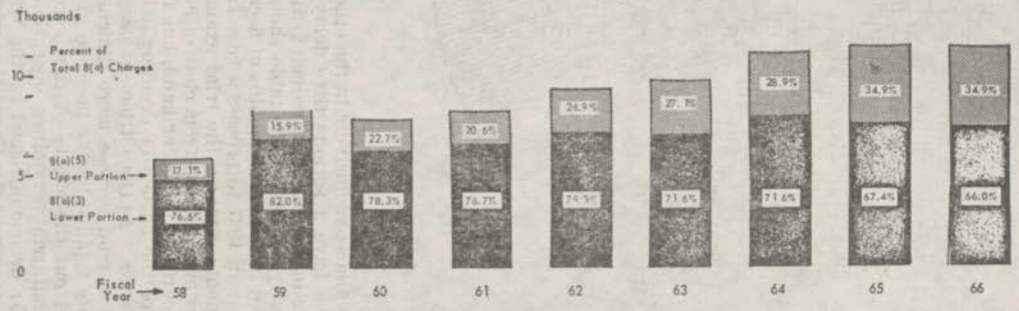
The following three charts show this development in graphic form. The first chart traces the increase in union filed charges which led to the increase in Section 8(a)(5) charges, also shown on this chart. The second chart shows how this increase in 8(a)(5) charges led to an increase in 8(a)(5) complaints, and in turn to an even higher increase in hearings involving 8(a)(5) issues. The third chart shows the effect of this 8(a)(5) increase on the length of hearings and the difficulty of the issues; in terms of increases in transcript pages of testimony, and trial examiner decision pages.

UNFAIR LABOR PRACTICE CASES FILED BY CHARGING PARTY

CHART 1



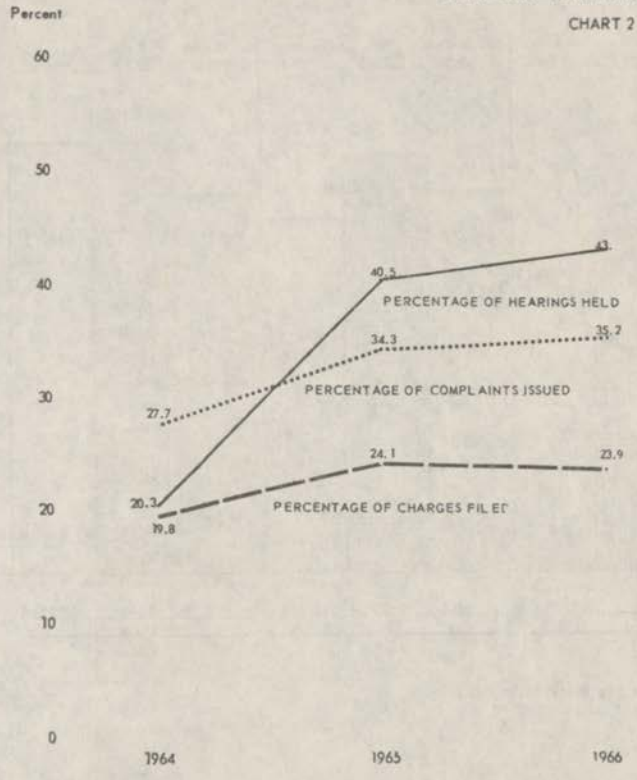
8(a)(3) AND 8(a)(5) ALLEGATIONS FILED AGAINST EMPLOYERS 1/



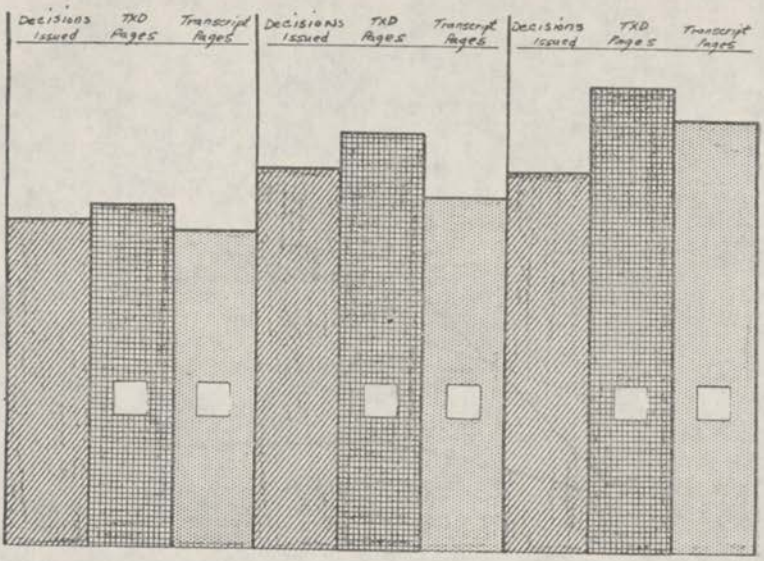
1/ The sum of 8(a)(3) and 8(a)(5) allegations may exceed the total 8(a) charges filed since charges often allege more than one violation.

8(a)(5) WORK - FROM FILING TO CLOSE OF HEARING

CHART 2



DECISIONS ISSUED BY DIVISION OF TRIAL EXAMINERS
CHART 3



	1964	1965	1966
Number	781	907	904
	10217	12,420	13,830
	283276	316,168	385,994
Average 1/	13.1	13.7	15.3
	373	361	444
Fiscal Year	1964	1965	1966

1/ Average number of pages per decision.

TABLE B.—*Comparison of median time (days) elapsed in processing cases*

States	July-December (fiscal years)								
	1959	1960	1961	1962	1963	1964	1965	1966	1967
Unfair labor practice cases:									
From filing to complaint	143	63	44	46	49	56	57	59	60
From complaint to close of hearing	54	71	43	45	51	53	62	73	67
From close of hearing to trial examiner decision	73	87	95	65	70	77	126	114	103
From trial examiner decision to Board decision	194	146	150	176	132	123	136	105	119
Total, filing to decision	464	367	332	332	302	309	381	351	349
Representation cases:									
A. Field processing:									
From filing to notice of hearing	12	11	10	10	10	10	8	9	9
From notice of hearing to close of hearing	16	15	14	14	13	13	13	13	13
Subtotal, filing to close of hearing	28	26	24	24	23	23	21	22	22
B. Decisional processing:									
1. Before decisional delegation to regional director:									
From close of hearing to Board decision	49	52	50	------	------	------	------	------	------
Total, filing to Board decision	77	78	74	------	------	------	------	------	------
2. After decisional delegation to regional director:									
(*a*) By the Board:[1] From hearing to Board decision	------	------	------	112	121	108	101	109	143
Total, filing to Board decision	------	------	------	136	144	131	122	131	165
(*b*) By regional director:[1] From hearing to regional director decision	------	------	------	20	17	18	17	20	20
Total, filing to regional director decision	------	------	------	44	40	41	38	42	42

[1] Fiscal year 1966 the Board issued only 198 decisions while the regional directors issued 1,828 or approximately 90 percent of the total initial representation decisions.

Our program for 1967 and 1968 provides for continuing emphasis on reducing time delay in all areas, but especially at the trial examiner and Board decision levels. We hope to continue the improvements shown in the trial examiner area by reducing pending loads so as to allow for quicker action. At the Board level we hope that the Board will adjust itself to the increasingly difficult character of its decision load; and will be able to resume the steady progress it has previously shown in reducing time required to issue a Board decision.

Our needs for court enforcement of Board decisions have risen even more steeply than the rise in Board decisions issued. In 1965, the Board issued 749 unfair labor practice decisions and 368 or 49% of those were referred by the regional offices for court enforcement. In 1966, the Board issued 760 decisions and 444 or 58% of those were referred for enforcement. As a result, our enforcement branch is behind in its work, and we are putting great emphasis on getting this work done. When the delays resulting from the heavy court backlog are added to our own enforcement problem, the seriousness of the inevitable postponement of remedies is apparent. The 1967–1968 plans provide for reducing the backlog in this section.

B. The representation picture

We are pleased to report that processing of petitions for representation continues to be marked by speedy disposition in our field offices and by a high rate

of agreement for consent election. Less than 2% of the representation cases closed require a Board decision and Direction of Election. All others are closed by dismissal, withdrawal, election agreement or by Regional Director direction of election. The lengthiest of these procedures (excluding Board direction of election) is the decision by the regional director which, again this year, took only about 40 days to issue. The Board's decisions on whether an election should be directed took longer than in 1965. Again, here, the Board faces increasingly difficult issues and will work at regaining the ground it has lost. In this connection, however, the Agency would like to bring to the Committee's attention a study and evaluation on the problem of reducing delay in administrative proceedings. The study was made by the Senate Subcommittee on Administrative Practice and Procedure; and in releasing two publications resulting from this study, the Chairman, Senator Edward V. Long of Missouri, commended the Board on its handling of representation matters because this was one of the types of hearing proceedings with the least unnecessary delay. In 1967 and 1968, we hope to continue handling representation petitions promptly and to reduce the amount of time required by the Board to issue its decisions on contested questions of representation.

AUTOMATING AGENCY OPERATIONS

Printing

We wish to report that the program authorized last year to automate the printing of Board and Trial Examiner Decisions is on schedule, and appears to be progressing satisfactorily. We now have a prototype printing preparation system which is expected to provide the benefits planned; the printing and publishing of volumes of decisions within 3 months (rather than 15 as is now the case) after the last decision has been issued by the Board. In addition the system can provide advance information in this area for use by other government agencies. Furthermore, as Senator Hayden's letter (See p. 25) on behalf of the Joint Committee on Printing indicates, we are working with the Government Printing Office on the development of an even further advanced form of automated printing composition. It is also our hope that this system will enable us to provide a prompt decision service to the members of the bar and others interested in this material as well as to our own staff.

Development of computerized agency information system

For some time, we have been studying methods and means of improving our case docketing and statistical reporting systems as well as our legal research information system. The Agency, as one of the byproducts of the program to automate printing, commissioned a computer feasibility study by the National Bureau of Standards. Since the results of this study appeared to be favorable (although a final report had not yet been received), $77,000 was added to the fund request for 1968 to allow the Agency to move in this direction. It is our hope that adequate bridges can be devised between the legal research material and the other information systems so as to provide a quickly responsive and substantively oriented total information system. We believe that such a system would provide one of the most effective tools for long-term improvement of this Agency's case management efforts. The Bureau of the Budget is also interested in extending the potential of this type of study to other regulatory agencies.

MANAGEMENT IMPROVEMENT AND COST REDUCTION

Management improvement

The actions taken and expected to be taken in the Agency's continuing program of management improvement and cost reduction have reduced the Agency's requirements for the proposed program by over $400,000. This reduction is expected to be achieved; (1) by better supervision resulting in greater productivity, (2) by a reduction in the cost of Board volumes printed as a result of the automated printing program, and (3) by reductions in miscellaneous expenses.

The field offices

Our field offices are basically responsible for our settlement program and should be commended for the remarkable increase in settlements referred to previously. (See below for the trial examiner contribution to the program.) This achieve-

ment helped substantially in carrying out the Agency's primary mandate from the Congress to help reduce labor disputes. In addition, settlements reduce substantially the funds which would otherwise be required to process these cases through the Trial Examiner, Board and Court levels.

Productivity, in terms of cases handled however, was not quite as high as in fiscal year 1965 for two main reasons: (1) substantive problems of investigating refusal to bargain charges, Section 8(a)(5), and (2) the loss by turnover of many experienced professionals. Substantive problems involving Section 8(a)(5) charges have been discussed previously. It is important to note here only the field indications of this increased 8(a)(5) problem, such as increased number and costs of witnesses called per hearing, increased cost of reporting due to more pages of transcript, and increased costs of Xerox photocopying as a result of the increased number of documents required in each case going to trial.

Agency turnover was much higher in fiscal year 1966 than in fiscal year 1965, rising from 12.6% of staff to 15.7% of staff. Field attorney turnover rates in 1966 were almost 20% of attorney staff. Nevertheless, we have programmed a 3% improvement in productivity of professionals in our field offices in 1967 and a further 2% improvement in 1968. These improvements are subject to the success of our program for reducing turnover from its present high rate. We are hoping to keep more of our professionals by providing monetary recognition within established Governmental procedures for the increasing amount of trial work and other increases in the difficulty and complexity of casework.

Trial examiners

Trial examiners should be commended for two important achievements in fiscal year 1966: (1) substantial increase in settlements after complaint but before trial examiner decision,[1] and (2) substantial reduction in time required to process a case from complaint to close of hearing, and from close of hearing to trial examiner's decision.

Although the number of decisions issued per trial examiner declined in 1966, actual amount of work handled per trial examiner in terms of average length of hearing and average length of decisions issued actually increased. This accomplishment was achieved despite the increased time spent by trial examiners on cases which were settled before decision and for which no credit is accorded in the productivity record.

Nevertheless, program plans for 1967 and 1968 provide for increased production of Trial Examiner decisions by trial examiners amounting to 4% improvement in 1967 and an additional 2% in 1968.

The Board

The Board achieved another substantial productivity improvement in fiscal year 1966 of about 6% on top of an improvement of about 16% in 1965. Nevertheless, further improvements of 2% were scheduled in 1967 and again in 1968. At the moment however, Board production has been decreasing and the Board may find itself unable to meet its goals in 1967. As indicated previously, the Board is facing the problem of increasingly difficult issues which take more time to resolve.

Enforcement

Our enforcement branch has been facing a number of problems which have affected production. These problems began with high turnover, especially at supervisory levels, and were compounded by a flood of additional cases referred for enforcement in 1966. We are now in the process of building increased staff and increased supervisory strength. In the expectation of achieving these objectives, we have programmed substantial increase in briefs filed in the circuit courts in 1967, and another increase in briefs filed in 1968. Our hopes and our program provide for a substantial increase in productivity in 1967 and another large increase in 1968.

---

[1] Section 5(b) of the Administrative Procedures Act requires the Agency to afford reasonable opportunity to settle at any step of a formal proceeding. Our trial examiners were made aware of this requirement and were asked to provide full cooperation with the spirit of this requirement by providing opportunities for settlement, before, during, and even after a hearing is closed.

The printing program

We expect to begin printing volumes of Board decisions under the new system during fiscal year 1967. Since the new system provides the Government Printing Office with computer tapes which are used to prepare photocomposition plates, it significantly reduces the amount and cost of effort required by GPO to prepare a plate for printing. As a result, we have received an estimate from GPO which leads us to believe that total cost of printing Board volumes will drop from $16 a page to $10 a page. This is a net decrease in cost requirements for 1968, since total other printing costs in 1967 (which include developmental cost) are expected to be lower in 1968.

SUMMARY

The Agency is very grateful to the Congress for its understanding of the many problems which beset us in administering the policies laid down in the law and for its recognition of the goals and financial needs which are necessary to help keep pace with the ever increasing volume of work. We are mindful of our responsibilities under the law, and of our obligation to serve the public whom Congress has sought to protect in the most efficient and economical way possible. The Agency firmly believes that on the basis of its experience thus far, it can continue its record of improvements in public service, and will make every effort to do so.

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON PRINTING,
Washington, November 28, 1966.

THE CHAIRMAN,
National Labor Relations Board,
Washington, D.C.

MY DEAR SIR: Enclosed for your review is a copy of a letter to the Director of the Bureau of the Budget relative to the electronic composing system which is scheduled to become operational later this fiscal year in the United States Government Printing Office.

The system to be installed is designed to effect substantial reductions in the printing and binding costs of those Government publications (approximately 20% of the total) which are now composed in whole or in part on the electronic data processing systems installed in the various agencies of the Executive Branch.

Unless, however, the agencies recognize and provide for the need to fund the start-up costs, e.g., reprogramming of the work and changeovers in machine language preparation, the system will not make the contribution to reduce costs that it is capable of.

For the above reason we earnestly request your cooperation in ensuring that the necessary resources are applied to the publications program within your agency to obtain the desired results.

The Government Printing Office has already conducted electronic composing workshop seminars to assist departments and agencies in understanding the potential application of the referenced system to their publication needs. The Public Printer will gladly extend any additional assistance that may be needed to assist you in obtaining the economical and timely advantages offered by the system.

Sincerely yours,

/S/ CARL HAYDEN, *Chairman.*

FEDERAL RADIATION COUNCIL

WITNESS

PAUL C. TOMPKINS, EXECUTIVE DIRECTOR

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	58	60	61
11.3	Positions other than permanent	1	4	4
	Total personnel compensation	59	64	65
12.0	Personnel benefits	4	5	5
21.0	Travel and transportation of persons	6	8	8
23.0	Rent, communications, and utilities	1	1	1
24.0	Printing and reproduction	1	5	5
25.1	Other services	6	35	35
25.2	Services of other agencies	13	11	11
26.0	Supplies and materials	1	1	1
31.0	Equipment		1	
99.0	Total obligations	91	131	131

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	4	4	4
Average number of all employees	4	4	4
Average GS grade	11	11.3	11.3
Average GS salary	$14,546	$15,017	$15,266

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	Executive direction and administrative cost (program costs funded) [1]	117	131	131
	Change in selected resources [2]	−26		
10	Total costs—obligations	91	131	131
	Financing:			
25	Unobligated balance lapsing	75		
40	New obligational authority (appropriation)	166	131	131
	Relation of obligations to expenditures:			
71	Total obligations (affecting expenditures)	91	131	131
72	Obligated balance, start of year [3]	37	44	20
74	Obligated balance, end of year [3]	−44	−20	−26
90	Expenditures [3]	84	155	125

[1] Includes capital outlay as follows: 1966, $0; 1967, $1,000; 1968, $0.

[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $32,000; 1966, $6,000; 1967, $6,000; 1968, $6,000.

[3] Obligated balance, start of year includes advancements and reimbursements of $37,000 for 1966 and $30,000 for 1967. Obligated balance, end of 1966 includes advances and reimbursements of −$30,000. Expenditures include advances and reimbursements of $7,000 for 1966 and $30,000 for 1967.

Mr. FLOOD. We will now hear from Paul C. Tompkins, Executive Director of the Federal Radiation Council.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

We will place your biography in the record and then you may proceed with your statement.

(The biography follows:)

Paul C. Tompkins: Born Walla Walla, Washington, April 11, 1914. A.B., Chemistry, Whitman College, 1935; additional studies, University of Chicago, 1936–37; Ph.D. Bio-Chemistry, University of California, 1941. Ely Lilly scholarship; Research Associate, Bio-Chemistry Department, Stanford University 1941–43, post graduate fellowship; Research Associate, Experimental Biology Division, Metallurgical Laboratory, University of Chicago, 1943–45, evaluation of hazards from injected and ingested radioisotopes; Senior Chemist, Radioisotope Research Group, Clinton Laboratories, 1945–47, development of separation processes for high specific activity isotopes; Principal Chemist, Chemistry Division, Oak Ridge National Laboratory, 1948–49, process development for carbon–14 production and project leader for design of high activity level radioisotope separations; Staff Adviser to the Scientific Director, U.S. Naval Radiological Defense Laboratory, 1949–50; Associate Scientific Director, U.S. Naval Radiological Defense Laboratory, 1950–51; Scientific Director, U.S. Naval Radiological Defense Laboratory, 1951–60; Chief, Research Branch, Division of Radiological Health, U.S. Public Health Service, 1960–61; Deputy Director, Office of Radiation Standards, U.S. Atomic Energy Commission, 1961–62; presently Executive Director, Federal Radiation Council. Consultant, Joint Committee on Atomic Energy, 1957 and 1959; Tri-partite Conference on Toxicological Warfare, delegate in 1954 and 1959, participant in 1953 and 1955; Member, Radiological Hazards Subcommittee of the U.S. Air Force/SNAP Hazards Committee, 1959; Consultant, Sandia Corporation, 1958–59; Member, Radiological Defense Workshop, U.S. Civil Defense Council Conference, 1960; U.S. representative, NATO workshop on Civil Defense, Paris, 1960; participant, University of Chicago Workshop, "Living with the Atom," 1960; representative, World Health Organization's Symposium on Radioactivity in Food and Agriculture, The Hague, 1961; U.S. delegate to the United Nations Scientific Committee on the Effects of Atomic Radiation, 1962. Member, National Committee on Radiation Protection and Measurements; member, Civil Defense Advisory Committee (National Academy of Sciences). Member, Steering Committee for Joint Committee on Atomic Energy hearings on "Radiation Standards, Including Fallout," 1962.

GENERAL STATEMENT

Mr. TOMPKINS. Mr. Chairman, with your permission, my opening statement will consist of two parts. Mr. Moyers has suggested that the Federal Radiation Council, what it is, and what it does is generally unfamiliar to many members of the committee. Part 1 of my statement deals with this background picture. Part 2 will amplify somewhat the information supplied with our request for appropriations.

ORIGIN OF COUNCIL

The creation of the Federal Radiation Council resulted directly from a Government-wide review of radiation hazards and radiation protection responsibilities conducted in 1959 by the Director of the Bureau of Budget, the Chairman of the Atomic Energy Commission, and the Secretary of the Department of Health, Education, and Welfare. The desirability of such a review was stimulated by the public confusion and concern over fallout hazards associated with atmos-

pheric testing of nuclear weapons, and the fact that there was no single agency within the executive branch responsible for the formulation of radiation protection guidance.

The study group concluded that, under the prevailing scientific assumption which states that any exposure to ionizing radiation is associated with some risk of causing harmful biological effects, the derivation of basic guidelines for radiation protection involves health, economic, social, and ethical considerations of such a nature that the person or persons making the decisions represented by that guidance should be publicly accountable. Since no single agency could be found with the appropriate breadth of responsibility and jurisdiction, it was recommended that the President be advised by a Federal Radiation Council on radiation matters directly or indirectly affecting health, including guidance for Federal agencies in the promulgation of operating radiation protection standards, and in the establishment of programs of cooperation with the States.

President Eisenhower accepted this recommendation and created the Federal Radiation Council by Executive Order 10831, August 14, 1959. The Council was made statutory later that year by an amendment to the Atomic Energy Act of 1954—Public Law 86–373 (sec. 274(h)).

The Council consists of those Federal agencies having major responsibilities in atomic energy and radiological health activities. These are the Secretaries of Health, Education, and Welfare; Defense; Labor; Commerce; Agriculture; and the Chairman of the Atomic Energy Commission. The President's Science Adviser also advises the Federal Radiation Council and participates in Council deliberations.

Administratively, the Federal Radiation Council is considered to be an independent agency. It requests its own budget, and has its own staff.

As Executive Director of the FRC staff I am accountable directly to the Secretary of Health, Education, and Welfare designated by the President as Chairman of the FRC. The resources of the Federal agencies whose heads are members of the Council are applied to the work of the Council through a group known as the Working Group of the FRC. The Working Group is comprised of senior technical people appointed by each agency to make information available on the agencies' interests and viewpoints to the FRC staff. It is the work of this group that makes the Federal Radiation Council productive and responsive to new requirements.

The Federal Radiation Council is an advisory body and has no direct regulatory function. Its recommendations are necessarily broadly worded and require interpretation for application to specific cases. The Council is concerned primarily with the development of a general framework of national policy in those problems wherein considerations of radiation protection impinge on other facets of national policy.

REPORTS OF THE FEDERAL RADIATION COUNCIL

Since its formation late in 1959 the FRC has issued seven reports. Three of these reported on fallout levels occurring in the United States; predicted the future levels that were anticipated; gave esti-

mates of the magnitude of the radiation risks that might be associated with those levels; and concluded that the risks would be too small to justify the introduction of measures to limit the intake of radionuclides in fallout by modification of the diet or altering the normal distribution and use of food.

The other four reports give general guidance for radiation protection activities under different conditions. Report No. 1 developed the general philosophy that derivation of basic radiation protection guidelines involves reaching a balance between the risk of radiation induced injury and the benefits derived from the activities causing the exposure. It introduced the term Radiation Protection Guide (RPG) which was defined as the radiation dose that should not be exceeded without careful consideration of the reasons for doing so, and noted that there could be different RPG's with different numerical values, depending on the circumstances. Report 1 gave numerical values for RPG's applicable to the control of occupational exposure of workers, and different numerical values applicable to the general public. These RPG's were considered to represent a reasonable balance between the benefits of normal peacetime operations in which possible exposure to radiation is necessarily a factor and radiation risks associated with those operations.

FRC Report No. 2 considered general guidance related to the planned release of certain radionuclides to the environment and the radiation exposure to the public that could result therefrom. The exposure conditions envisaged involved a continuous intake of radionuclides through the diet over a life time that would give radiation dose from this source alone equal to the appropriate numerical value for the RPG's of the selected organs in which the radionuclides would concentrate. The general guidance was expressed in terms of the equivalent daily intake which, when averaged over a year, could be equated with estimates of the actual annual intake. Numerical values were given for iodine 131 which is selectively concentrated in the thyroid gland, and for strontium 89, strontium 90 and radium 226 which are selectively concentrated in mineral bone.

The programs of atmospheric testing of thermonuclear devices conducted in 1961 and 1962 resulted in the appearance of enough iodine 131 in the United States so that possible annual population exposures in some sectors of the country were approaching the annual value shown in FRC Report No. 2. One interpretation placed on that report was that public health authorities should act to remove food from the market as necessary to prevent annual exposures from exceeding the quantities shown in FRC Report No. 2. The Council did not concur in the philosophy of that interpretation, and in 1963 committed itself to the Joint Committee on Atomic Energy to produce recommendations to deal with that area of public policy.

Recommendations applicable to the problem of initiating public health action after iodine 131 was already in the environment were proposed by the Council and approved by the President in 1964. Similar proposals to deal with the presence of the radionuclides strontium 89, strontium 90, and cesium 137 in foods were submitted by the Council and approved by the President in 1965.

For the past 2 years the FRC staff has been reviewing the health hazards associated with the mining of uranium ore, and within a few

weeks recommendations related to the control of radiation hazards associated with the inhalation of the radioactive decay products of the naturally occurring radon 222 will be submitted to the Council. These recommendations, when approved, will provide the basis for the operating standards which the Secretary of the Interior must promulgate under the recently enacted Public Law 89–577, "Federal Metal and Nonmetallic Mine Safety Act." Bureau of Mines personnel have been participating with the FRC Working Group on this study and a representative of the Secretary of the Interior will participate in the Council's consideration of the staff proposals.

Mr. Chairman, this completes part one of my statement.

FUNDING REQUIREMENTS

The funds requested are those required for the direct operation of the Council office. They provide for the salaries of the four personnel of the Council staff which consists of four people; two professional personnel and two secretarial. It also provides for the necessary personnel benefits; travel and per diem for the staff, consultants, and participants in FRC study groups; printing and reproduction; supplies and materials; and the services as shown in the object classification schedule. Public Law 86–373 requires the FRC to seek the advice of the National Academy of Sciences and the National Council on Radiation Protection and Measurements (NCRP) in formulating its basic guidance. Contractual arrangements have been made with these two organizations to provide such advisory services and the supporting funds are included in the appropriation request. In closing, I should mention that we made the necessary adjustments in our operations to be able to absorb any increases in costs that may accrue over this year's operation. The request before you now was approved without change by the Council and the Bureau of the Budget.

Mr. Chairman, if you have any questions about the Council or our request for funds I will do my best to answer them.

SUMMARY OF BUDGET REQUEST FOR FEDERAL RADIATION COUNCIL

Mr. FLOOD. I did have some questions, but I think this statement has answered them. We will have the record show the appropriation for 1967 was $131,000. The request for 1968 is also $131,000. By the way, how often does the Council meet?

Mr. TOMPKINS. The Council has no regular meeting schedule because of the rather frequent meetings of the working group. The Council in general meets when there is a policy problem on which the Council must act to give directions to the staff or to accept new problems.

Mr. FLOOD. Where are you located? Where do you hide out?

Mr. TOMPKINS. Room 731, 1800 G Street NW. I should say that the procedures which we have developed for this are essentially a carbon copy of the procedures used by the Atomic Energy Commission; namely, a staff paper which makes proposals and recommendations on which the members then must act. Council approval does not necessarily require a meeting.

RECENT ACTIONS OF THE COUNCIL

Mr. FLOOD. What was the last thing you did of any consequence?

Mr. TOMPKINS. Completed by the Council or by the staff?

Mr. FLOOD. The Council.

Mr. TOMPKINS. The last formal recommendation was the 1965 recommendations for protective action guides for strontium and cesium. Since then, at the request of Senator Bartlett, although we have not published the report, we reviewed the fallout situation in the Arctic, and concluded that the position we reached in the 1965 report was valid. We supplied this information to the Senator.

URANIUM MINING

In the past 2 years we have been exceedingly active in developing the background material for what I hope will be recommendations on uranium mining.

Mr. FLOOD. There have been some stories in the paper recently on that. One during the course of last week I suppose you saw. How could a thing like that go on for so long without someone requiring that the hazards be corrected. Nobody seemed to be concerned about it for so many years. Do you have any idea why neither the States nor the Federal Government was very concerned? These fellows kept going in and going out of the mines and the hours of exposure continued. Everybody knew about this hazard but nobody cared much.

Mr. TOMPKINS. The impression that no one was concerned, I think, is probably not completely fair.

Mr. FLOOD. I think you are right about that.

Mr. TOMPKINS. The fact of the matter was that the potential of a long-term hazard from this type of thing has been known on the basis of the European experience as early as the late 1930's. Actually, what happened was that in 1940 some scientists at the Massachusetts Institute of Technology looked at the European experience, they examined the available information on the radon concentrations that they thought might have been in those mines, and came up with what they felt was a completely safe level for exposure to this particular nuclide. The situation in the uranium mines is that in the absence of appropriate and proper ventilation the radon concentrations can be easily 100 to 1,000 times the so-called safe level.

Mr. FLOOD. It is the result of inhalation rather than anything else?

Mr. TOMPKINS. Yes, sir; definitely inhalation.

The point I was making is that this was recognized by the Public Health Service late in the 1940's.

Mr. FLOOD. In view of that how can you possibly explain the lack of attention or action as far as the workers were concerned?

Mr. TOMPKINS. I cannot explain it.

Mr. FLOOD. I suppose not.

Mr. TOMPKINS. The potential hazard has been clear for quite some time, as you point out. I quite agree with you.

Mr. FLOOD. I just cannot conceive of the industry, the States, and the Government being aware of all this for so long, and the degree of it, and doing so little about it.

Mr. TOMPKINS. The history of this type of thing—there has been experience before—in the Canadian situation, for example, fluorspar mines worked for 19 years with no evidence of any health hazard. Starting at about the 20th year lung cancer started appearing in that group at the rate of about two or three a year. On investigation and going back to what might have been the cause, radon was implicated. The cases causing the concern today are in my judgment a result of mining conditions as they existed early in 1950 when natural ventilation was the rule. Natural ventilation is not adequate. The Public Health Service has been very active in putting up ventilation standards.

Mr. FLOOD. Will ventilation without anything more solve the thing—proper ventilation?

Mr. TOMPKINS. Ventilation is the key element, but I am not convinced that alone will do it.

Mr. FLOOD. What else might be necessary?

Mr. TOMPKINS. Restrictions on working time, provision of respirators, more attention to the use of some modern materials to perhaps coat the mine walls to prevent the original diffusion of the radon.

Mr. FLOOD. Some physical things possibly can be done besides better ventilation?

Mr. TOMPKINS. I think so. I think the problem will have to be taken more seriously than it has been.

RADIUM

Mr. FLOOD. I would imagine so. Some years ago there was quite a series of cases having to do with people who worked in factories making illuminated faces on the dials of watches. Is that part of your show now? What developed in that area? I have heard nothing about that lately.

Mr. TOMPKINS. They pretty well cleaned that problem up.

Mr. FLOOD. How?

Mr. TOMPKINS. Primarily——

Mr. FLOOD. Stopping them from putting their tongues on the brush, I suppose?

Mr. TOMPKINS. Yes; that is radium and that is an ingestion problem. Radium is in the same chemical series with calcium. As soon as you swallow it it gets into the bone.

Mr. FLOOD. That was more a case of proper instruction and education than anything else?

Mr. TOMPKINS. It is the same problem we have here. Before the potential of the hazard was recognized the practices employed were not adequate.

Mr. FLOOD. Obviously they must have been changed.

Mr. TOMPKINS. They have been changed.

LONG-TERM RESULTS OF ATOMIC EXPLOSIONS

Mr. FLOOD. Have you people been in touch with anybody making investigations of the result of the bombings in Japan, that is, the nuclear bombings during the war? I suppose you have records and examined those?

Mr. TOMPKINS. Are you talking about the Atomic Bomb Casualty Commission?

Mr. FLOOD. Yes.

Mr. TOMPKINS. Yes; we have through the Advisory Committee of the National Academy, which is the focal point within the United States for our participation in that study.

Mr. FLOOD. Have you discovered anything? Is there any information on the natives of the South Pacific islands in the areas in which these things have been tested?

Mr. TOMPKINS. Those people are being followed continuously. In addition to the early evidence of skin burns and some nausea from the external radiation, some thyroid nodules, which is indicative of at least thyroid injury, has developed, and is being followed very carefully.

Mr. FLOOD. Have there been abnormal births of any kind?

Mr. TOMPKINS. There have been no reports of that.

Mr. FLOOD. Any malformations?

Mr. TOMPKINS. None of that in either population that I am aware of.

Mr. FLOOD. What about the Nevada area, our own area, generally?

Mr. TOMPKINS. That is under investigation but the available evidence would have to be considered as negative up to the present time.

GUIDANCE TO FEDERAL AGENCIES

Mr. FLOOD. You say that you give guidance to Federal agencies?

Mr. TOMPKINS. Yes, sir.

Mr. FLOOD. Suppose you give me an example of whom you guide. Whom have you guided recently and how have you done it?

Mr. TOMPKINS. I am trying to get a perspective on your intent.

Mr. FLOOD. Pick out one, what agency have you guided?

Mr. TOMPKINS. Our current study was requested or was undertaken initially for the benefit of the Department of Labor in the application of the Walsh-Healey Act. That is the uranium mining study. It is expected that the Department of the Interior will use these recommendations as the basis for the operating standards which it, by law, is obligated to produce.

Mr. FLOOD. You took action at their request, did you?

Mr. TOMPKINS. At that time; yes.

Mr. FLOOD. Mr. Natcher?

Mr. NATCHER. No questions, Mr. Chairman.

Mr. FLOOD. Mr. Shriver?

TOTAL PERSONNEL

Mr. SHRIVER. How many people, what is your total personnel?

Mr. TOMPKINS. The Council itself or the Council staff?

Mr. SHRIVER. Including yourself.

Mr. TOMKINS. In the Council staff there are four of us.

Mr. SHRIVER. You are included?

Mr. TOMKINS. Yes.

Mr. SHRIVER. All of you are under civil service?

Mr. TOMKINS. Yes.

Mr. SHRIVER. What agency of Government is now experimenting relative to disposal of atomic waste?

Mr. TOMKINS. The Atomic Energy Commission.

Mr. SHRIVER. Do you have anything to do with advising them in connection with the study?

Mr. TOMKINS. No. Disposal of atomic energy waste is one of the many activities that would be classified as a normal peacetime operation. The basic guidelines have already been provided for that and it will be assumed to apply unless there is some indication to the contrary and to date there has been none.

Mr. SHRIVER. I was merely trying to find out the extent of what you do.

That is all I have, Mr. Chairman.

Mr. FLOOD. Thank you very much.

MONDAY, MARCH 13, 1967.

NATIONAL MEDIATION BOARD

and

NATIONAL RAILROAD ADJUSTMENT BOARD

WITNESSES

NATIONAL MEDIATION BOARD

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

NATIONAL RAILROAD ADJUSTMENT BOARD

C. E. KIEF, MEMBER
H. V. BORDWELL, MEMBER
PATRICK V. POPE, ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	970	1,027	1,050
11.3	Positions other than permanent	507	599	624
11.5	Other personnel compensation	3	3	----------
	Total personnel compensation	1,480	1,629	1,674
12.0	Personnel benefits	80	85	92
21.0	Travel and transportation of persons	223	230	243
23.0	Rent, communications, and utilities	46	55	55
24.0	Printing and reproduction	83	46	46
25.1	Other services	15	16	16
25.2	Services of other agencies	3	1	1
26.0	Supplies and materials	13	15	15
31.0	Equipment	7	8	8
99.0	Total obligations	1,950	2,085	2,150

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	107	107	104
Full-time equivalent of other positions	20	23	23
Average number of all employees	120	126	126
Average GS grade	8.6	8.6	8.7
Average GS salary	$9,009	$9,462	$9,685

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
1. Mediation	731	762	789
2. Voluntary arbitration and emergency disputes	351	459	660
3. Adjustment of railroad grievances	868	831	701
Total program costs, funded	1,950	2,052	2,150
Change in selected resources [1]		33	
10 Total obligations	1,950	2,085	2,150
Financing:			
25 Unobligated balance lapsing	127		
40 New obligational authority (appropriation)	2,077	2,085	2,150
Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures)	1,950	2,085	2,150
72 Obligated balance, start of year	159	187	190
74 Obligated balance, end of year	−187	−190	−190
77 Adjustments in expired accounts	−16		
90 Expenditures	1,907	2,081	2,150

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $22,000 (1966 adjustments—$35,000); 1966, $57,000; 1967, $24,000; 1968, $24,000.

Mr. Flood. We now have the National Mediation Board. We will hear you first, Mr. O'Neill. Then we will follow with the National Railroad Adjustment Board.

Mr. O'Neill. Yes, Mr. Chairman.

General Statement on National Mediation Board

I appreciate the opportunity to present to the subcommittee the National Mediation Board's budget for fiscal year 1968.

The National Mediation Board is charged with the administration of the Railway Labor Act. The purpose of the act is to prevent any interruption in the operation of any railroad or airline carrier engaged in commerce by providing procedures for the prompt and orderly settlement of disputes covering rates of pay, rules or working conditions, or the interpretation of agreements governing rates of pay, rules or working conditions.

The act, when originally passed in 1926, applied only to the railroad industry and included procedures and methods for handling labor disputes founded upon practical experience by both the carriers and labor organizations.

In 1934 the act was amended to provide a method whereby the National Mediation Board could determine and certify the collective-bargaining representative of the employees. At that time, the Na-

tional Railroad Adjustment Board was established to dispose of grievance cases and disputes involving the interpretation or application of the terms of collective-bargaining agreements. The airlines and their employees were brought within the scope of the act in 1936.

An expedited procedure for handling grievances and interpretations of agreements in the railroad industry was authorized by Public Law 89–456, approved June 20, 1966. Special boards of adjustment may now be created at the request of either the carrier or the labor organization. These boards provide a method for handling grievances to a conclusion on the property without undue delay.

The administration of the Railway Labor Act is carried out through three activities.

First, mediation, which is concerned with the making and amending of agreements in the industry served. The National Mediation Board is responsible for this activity. For this activity, the Board is requesting $789,000—an increase of $22,000 over the amount available in the current fiscal year. This increase is requested in order to meet increased pay costs incurred as a result of Public Law 89–504, and also the addition of one position at the GS–5 level to assist in handling and processing the increased number of applications for special boards of adjustment anticipated because of the passage of Public Law 89–456.

The second activity relates to voluntary arbitration and emergency disputes. This activity is concerned with the settlement of disputes in which the parties have voluntarily agreed to submit their dispute to a neutral party for final and binding decision and investigation of disputes which threaten substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation. For this activity the Board is requesting $660,000—an increase of $200,000 over the amount available for this activity in fiscal year 1967. This increase is being requested in order to have available in this fund sufficient resources to finance the increased number of special boards of adjustment which is anticipated as the result of Public Law 89–456, approved June 20, 1966.

It should be noted that the funds available for this activity are used to finance emergency boards created under section 10 of the Railway Labor Act, as well as arbitration boards and special boards of adjustment. The Board is not able to anticipate precisely the total expenditures for these activities, and it is therefore desirable to have a reserve available for emergency situations.

The third activity is the adjustment of railroad grievances. This activity pertains to the interpretation or application of wage and rules agreements. The National Railroad Adjustment Board is concerned with the administration of this phase of the Railway Labor Act and representatives of that Board are here to answer questions relating to this phase of our appropriation request. For the Adjustment Board $701,000 is being requested for fiscal year 1968, which represents a decrease of $156,700 over the amount available in fiscal year 1967.

In summary, the National Mediation Board is requesting a total of $2,150,000 to finance activities under the Railway Labor Act for the fiscal year 1968, an increase of $65,000 over the amount authorized for the present fiscal year.

Mr. FLOOD. Who is going to speak for the National Railroad Adjustment Board?

Mr. O'NEILL. Mr. Kief and Mr. Bordwell will be available to testify concerning the Adjustment Board.

BIOGRAPHICAL SKETCHES OF WITNESSES

Mr. FLOOD. Will you have biographical sketches prepared for each of these men and insert them at this point in the record?

Mr. O'NEILL. Yes, we will.

(The biographical sketches follow:)

FRANCIS A. O'NEILL, JR.

Born New York, April 3, 1908. Graduate, St. Francis Xavier High School, 1926; B.A., Fordham Univ., 1929; LL.B., Fordham, 1932. Admitted New York State Bar, 1933, practiced law, New York, 1933–39. Review attorney, New York State Labor Relations Board, 1939, and successively promoted to trial attorney and trial examiner. Lieutenant, U.S. Navy, January 1943 to December 1945; served as gunnery officer on merchant ships in all three Areas of War, and thereafter as Labor Relations Officer for the Tri-State Area (Southern Ohio) Naval District. On discharge from the Navy, returned to the New York State Labor Relations Board and, in April 1946, appointed Chief Trial Examiner. April 1, 1947, after appointment by the President and confirmation by the Senate, took office as a member of the National Mediation Board. January 1950, 1953, 1956, 1959, 1962 and 1965, reappointed and confirmed by the Senate for successive terms. November 29, 1951, appointed as a member of the Railroad Airline Wage Board and served in this capacity until May 1, 1953, when wage stabilization in these industries ended. Republican. Married. Residence: 314 East 41st St., New York, N.Y. Chairman of the Board 1949–50, 1952–55, 1957–58, 1960–61, 1963–64, 1966–67.

HOWARD G. GAMSER

Mr. Gamser has been in Washington, on this tour of federal service, since January, 1961. He came as Chief Counsel to the Committee on Education and Labor of the House of Representatives. While he served as Counsel, the Committee originated and saw enacted into law many new pieces of legislation of a pioneering nature in the fields of education and labor.

Since March of 1963, Mr. Gamser has been serving by appointment of the President and after confirmation by the Senate, as a Member of the National Mediation Board. For the fiscal year 1964–65, he was elected Chairman of the Board. He was reappointed to a second term in 1966.

He has had extensive federal and state career government service. He previously worked with the National Labor Relations Board, the Wage Stabilization Board, and the New York State Board of Mediation. He was on active duty with the Army during World War II from 1941 to 1946, rising from private to captain in that period. During 1953–54, he was on leave from the federal government to teach as a Fulbright Lecturer in labor law at the London School of Economics. He has also taught labor law at Columbia University from 1958 through 1960, and for many years lectured for the New York State School of Industrial and Labor Relations (Cornell University). During the current year, he is serving as Adjunct Professor of Law at Georgetown University Law Center.

Until coming to Washington in 1961, Mr. Gamser was a member of the New York law firm of Bobroff, Olonoff, and Scharf, and had an extensive labor arbitration practice. He is admitted to the bar of New York, the District of Columbia, and the U.S. Supreme Court. His undergraduate training was at the College of the City of New York where he was elected to Phi Beta Kappa. He holds a Master of Arts degree from Columbia University in Economics, and his LL.B. was gained at New York Law School.

Mr. Gamser is married to the former Doris Gold of New York and has two children, Matthew and Diana.

THOMAS A. TRACY

Address: 6525 Oakwood Drive, Falls Church, Virginia.
Date of birth: 3-12-1913.
Place of birth: Springfield, Mass.
Experience:
1949 to date: National Mediation Board, Washington, D.C.
1964 to date: Executive Secretary.
1957 to 1964: Assistant Executive Secretary.
1949 to 1957: Mediator.
Formerly employed by—
U.S. Dept. of Labor, Wage and Hour and Public Contracts Division.
City of Springfield, Welfare Department.
Various positions in state of Massachusetts.
Education:
Holy Cross College, Worcester, Mass.—A.B.
American International College, Springfield, Mass.
Bay Path Institute, Springfield, Mass.
Northwestern University, Springfield, Mass.
Family: Married the former Grace M. Collins, seven children.
Other: Membership in organizations:
Industrial Labor Relations Institute (Washington).
Holy Cross Club of Washington.
Friendly Sons of St. Patrick (George Washington Chapter).

HAROLD V. BORDWELL

Address: 546 Sheridan Road, Evanston, Illinois.
Date of birth: July 16, 1899.
Experience:
December 1, 1949 to date: Carrier Member, First Division National Railroad Adjustment Board.
January 15, 1919 to November 30, 1949: Erie Railroad Co.

CHARLES E. KIEF

Born in Limestone Township, Peoria County, Illinois on August 13, 1903. Graduated from grade school in 1917. Worked in the coal mines from 1918 to 1923. Worked on various railroads from 1923 until 1937 at which time he began his employment with the Grand Lodge of the Brotherhood of Railway Clerks in various capacities: organizer, general representative, staff assistant, regional educational director until July 31, 1948. Elected General Chairman and held that position from August 1, 1948, until June 30, 1959, at which time he was elected to the present office of Vice Grand President of the Brotherhood.

PATRICK V. POPE

Address: 2528 Wicker Park Dr., Highland, Indiana.
Date of birth: 10-26-1917.
Place of birth: Chicago, Illinois.
Family: Married, three children.
Experience:
June 1, 1966 to date: Administrative Officer, National Railroad Adjustment Board.
1957 to May 30, 1966: Executive Secretary, Fourth Division, National Railroad Adjustment Board.
1953 to 1957: Asst. Executive Secretary—First Division, National Railroad Adjustment Board.
1948 to 1953: Warehouse Manager—Civil Aeronautics Admn.
1946 to 1947: Property Sections Signal Corps.
1944 to 1946: Sgt. Major Classifications—U.S. Army.
1942 to 1944: Chief Due in section—Signal Corps.
1939 to 1942: Law Clerk for Law Firm.
Education:
1936 to 1939: Herzl City Jr. College in Chicage, Pre-Law.
1939 to 1942: Kent College of Law—3 years night school.

Mr. KIEF. While many of the members of the committee are familiar with this agency, we believe a brief statement of the establishment and operation of the Board will bear repeating. The National Railroad Adjustment Board was created by act of Congress, approved June 21, 1934, for the adjudication of disputes between an employee or group of employees and a carrier or carriers, growing out of agreements concerning rates of pay, rules, or working conditions. The disputes are first handled locally on the property, and if not adjusted there, are processed through successive steps up to and including the chief operating officer of the carrier designated to handle such disputes. If not adjusted in this manner, they are then referred to the appropriate division of the Adjustment Board for settlement.

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

There are 10 members, five labor and five carrier, on each of the first, second, and third divisions, and six members, three of each labor and carrier, on the fourth division. Since the labor and carrier members are equally divided, they frequently deadlock on cases, in which event they attempt and many times do agree upon a neutral, or referee, to sit with the division as a member and make an award. If the division fails to agree upon and select a referee, that fact is certified to the Mediation Board, which Board then selects the referee.

The establishment of a number of special boards on individual properties has somewhat reduced the backlog of cases. In the meantime, new cases continue to be received almost as fast or perhaps faster than disposition is made of old ones. There has been a decided increase in the number of cases submitted by the nonoperating employees. Causes for the increases are the amendment to the Railway Labor Act permitting the union shop and resulting subsequent agreements; changes in agreements including the adoption of the 40-hour workweek; the national agreement covering vacations, pay for holidays, and time limit for submitting cases.

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

It might be pertinent to point out that there are some 20 standard railroad labor organizations and hundreds of railroads.

Mr. FLOOD. There are still hundreds of railroads?

Mr. O'NEILL. Oh, yes.

Mr. KIEF. They are shrinking, I might add, but there is over 100.

Mr. O'NEILL. There are 107 class 1 railroads, which in the class 1 classification has gone up now to $5 million gross revenue.

Mr. FLOOD. That is hardly hundreds.

Mr. O'NEILL. Then you have the short line group where you have 300 members of the American Short Line Railroad Association, as an instance, and they are all separate railroads.

Mr. FLOOD. All right.

Mr. KIEF. It is estimated there are about 5,000 agreements in effect between these carriers and labor organizations covering rates of pay, hours of service, working conditions, et cetera. It is these agreements with which we deal.

During the last fiscal year, the four divisions of the Board received and docketed 1,554 cases and closed 1,709, but a backlog of 6,090 remained as of June 30, 1966. Many of these cases may involve hundreds of thousands of dollars.

The estimate for the fiscal year 1968 is $701,000, which is $156,700 less than the estimate for the current year. We should like to stress the fact that the salaries of the members of the Board and the Third Division Supplemental Board are paid by the labor organizations and the carriers. It is estimated that this amounts to more than $800,000 per year. In addition, both labor organizations and the carriers furnish research and technical assistance to some of their members. Thus, these two parties bear more than half the cost of operation of the Board.

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

Mr. FLOOD. Do you expect much trouble this year in the industry?

Mr. KIEF. You mean in creating disputes? No more than usual.

Mr. FLOOD. Do you expect the situation to develop in the industry which will aggravate your caseload in any way?

Mr. KIEF. I don't see where it would aggravate the caseload. I couldn't see where we would get any more than we normally would get.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. Mr. O'Neill, the 1967 appropriation is $2,085,000. The request is for $2,150,000. That is an increase of $65,000. You have a decrease of three in the number of positions. How do you explain that?

Mr. TRACY. Actually, our permanent staff will be increased by one position. The one position that we anticipate we would need to handle the public law business. The variation in the overall request is because of neutrals and arbitrators that we appoint, temporary employees. This is where you may get that variation.

SELECTION AND PAY OF REFEREES

Mr. FLOOD. Where do you get these referees? Do they have a professional organization that supplies you with a list or do you just pick them off of the street?

Mr. O'NEILL. We maintain a roster of eligible referees.

Mr. FLOOD. What do you have to do to get on the roster? What experience is necessary?

Mr. O'NEILL. Well, we don't maintain the list as such. We have a roster in which people apply for employment.

Mr. FLOOD. As referees?

Mr. O'NEILL. As referees. We then ask them to send in some supporting statements, give their background, educational background and at least three parties in the community with whom they have had business. We then inquire from those folks as to their integrity and ability.

Mr. FLOOD. How many times last year did you have to select a referee to break the deadlock?

Mr. O'NEILL. Oh, I imagine we appoint about 75 to 100 per year.

Mr. FLOOD. How are they paid?

Mr. O'NEILL. They are paid by the Government $100 per day plus the $16 per diem. But in the airline industry the parties pay the expenses. They do not have an adjustment board.

DISPUTE IN NEW YORK NEWSPAPER INDUSTRY

Mr. FLOOD. Have you had anything to do with the situation currently in New York in the newspaper industry?

Mr. O'NEILL. No, sir, but a close personal friend of mine is head of the Publishers Association. He came out of the railroad industry, Mr. Gehebin.

ABSORBTION OF PAY ACT COSTS

Mr. FLOOD. How much do Pay Act costs amount to for 1967? How much are you absorbing of that?

Mr. TRACY. Approximately $14,000 for the Mediation Board. We are absorbing all of that for the current fiscal year.

FLUCTUATION IN MEDIATION CASELOAD

Mr. FLOOD. Now, your justification shows mediation cases received in 1966 going up almost 50 percent over 1965.

Mr. O'NEILL. Yes.

Mr. FLOOD. Then you start back down the hill again, by about the same amount in 1967 and 1968. Why? How would that happen?

Mr. O'NEILL. The reason for that is this: As we testified before the committee last year, and I think the year before, when the manning issue was disposed of, you will recall the national crisis over the firemen-off and the crew consist, that the organizations would then flood us with a tremendous group of cases which they had put aside pending the disposition of the manning issues.

That happened. In addition to that, the carriers and one organization, or two or three organizations are now in vigorous disagreement as to whether new notices can be served on individual railroads and processed as individual cases or whether they must be handled on a national basis. There has been a decision by the district court here rather recently which said they should be handled on a national basis but the answer to your question, Mr. Chairman, is this: The organization files say 175 or 200 applications for mediation, on the theory that they could handle those cases on the individual railroads when they chose to. The railroads say, "No, you must combine them into one."

Mr. FLOOD. That is when the caseload starts going back down.

Mr. O'NEILL. That is right. When those cases are disposed of we have no doubt but what the caseload will come down to normal.

PUBLIC LAW 89–456

Mr. FLOOD. You mentioned Public Law 89–456 several times.

Mr. O'NEILL. Yes.

Mr. FLOOD. What are the provisions of that act and how does that affect your caseload or your workload?

Mr. O'NEILL. Congress considered legislation in the last session in which the organizations complained about the delay of getting a case handled in the National Railroad Adjustment Board in Chicago, in some cases it took as much as 5 years to get a decision. So they asked the Congress to pass an amendment to this act to provide that you could have a special board of adjustment on an individual property and that either the carrier or the organization could ask for such a board. Congress went along with it. It is contemplated that by the creation of these public law boards, as they are called, that cases will be withdrawn from Chicago and put back on the individual properties and disposed of there in that fashion.

Mr. FLOOD. How does that affect your caseload?

Mr. O'NEILL. There are two different problems. The fact that the public law was passed does not affect our caseload, the National Mediation Board.

WORKLOAD RESULTING FROM AIRLINE DISPUTES

Mr. FLOOD. In the last few days or weeks some anonymous source was quoted to the effect that we are going to have the worst airline strike in the history of the country next year.

What is the scuttlebutt on that?

Mr. O'NEILL. We find no basis in fact for such a statement.

Mr. FLOOD. Aren't the National people getting in trouble right away?

Mr. O'NEILL. National Airlines?

Mr. FLOOD. Yes.

Mr. O'NEILL. They have an imminent strike. Mr. Gamser, a member of the Board, is going to start handling that at 10 o'clock tomorrow morning.

Mr. FLOOD. In view of this actual case and in view of these rumors that I am reading about, what is your estimate on workload in connection with our airlines?

Mr. O'NEILL. Well, of course, we had the daddy of them all last summer, I guess, but we don't see that situation developing rapidly. Bear in mind that was a 3-year contract which eventually was reached.

Mr. FLOOD. Does that end next year?

Mr. O'NEILL. No; it will end in the end of 1968. But you say "next year," yes.

Mr. FLOOD. Then this article I read must be shooting at that.

Mr. O'NEILL. Well, there is a lot of water, as they say, can go over the dam before that time. I think a lot of preparation will be made before the next one starts.

Mr. FLOOD. Yes, I would imagine.

Mr. O'NEILL. And before we get to a crisis stage again.

PREVENTIVE MEDIATION

Mr. FLOOD. Do you have anything to do with trying to convince management and labor, as was recently done within this past week by one of the great plants, to get these things straightened out months before the end of a contract? That might stop this nonsense of pushing the panic button and sitting up all night drinking cold coffee, eating lousy hamburgers and coming out exhausted to face television cameras with their ties pulled off and coats over their shoulders?

Mr. O'NEILL. Well, that is part of the game, Mr. Chairman.

Mr. FLOOD. Yes, I know it is.

Mr. O'NEILL. Under the Railway Labor Act there are a whole series of steps which must be gone through before you reach that crisis stage.

Mr. FLOOD. I don't mean just the railroads. This goes on all the time with everybody.

Mr. O'NEILL. Well, I think the distinguished Director of the Federal Mediation and Conciliation Service and ourselves have always tried to develop a program of what we call preventive mediation.

ARMOUR AND COMPANY SETTLEMENT

Mr. FLOOD. Just this week somebody did that, 6 months before the before the termination of a contract.

Mr. GANSER. Armour & Company.

Mr. FLOOD. This is right, yes. It was held up as a glowing example of how this can and should be done.

Well, is it your business to try and spread the gospel?

Mr. O'NEILL. Yes. I will give you an instance in the railroad industry. The unions were not free to place into effect any new wage increases prior to January 1, 1967. The railroads, for once, decided that perhaps they should move ahead and try to get these things settled quickly and they made an offer and settled with 65 percent of their employees around the first of the year.

RAILROAD ADJUSTMENT BOARD BACKLOG

Mr. FLOOD. Let's go back to your justifications again. I guess you, Mr. Kief, are the man to question on this 3-year backlog.

Were you here last year, and the year before, and the year before?

Mr. KIEF. I had this assignment last year but there was a big snowstorm and I was stuck down in West Virginia and didn't make it.

Mr. FLOOD. Well, your justifications, as far as I read them, show me just about the same situation that we have talked about and complained about for years with regard to the adjustment of the railroad grievances.

Now, you have just about a 3-year backlog according to the justifications. Since you weren't here last year, you can't go into your act again, but what is your speech? We have heard half a dozen. None of them ever turn out to amount to anything, nothing has been done.

Mr. KIEF. Well, I think something has been done and I would like to explain.

Mr. FLOOD. Can you read? Look at your justifications. Have you got a copy?

Mr. KIEF. Yes, I have the report.

Mr. FLOOD. These are yours. I am a trial lawyer, Mister, and this is your exhibit, not mine; I am reading your evidence.

Now, what about it?

Mr. TRACY. Are you referring to the caseload on the Adjustment Board of railroad grievances——

Mr. FLOOD. Yes, that is right.

Mr. TRACY. This is based on the estimates prepared by the Adjustment Board.

Mr. FLOOD. Well, I don't care. As far as I am concerned, as far as the committee is concerned, this is one budget even though it is in two parts.

Mr. KIEF. I will answer the question, sir.

On the Mediation Board's report that was released for the fiscal year ending June 30, 1966, in 1962 on the Four Divisions there was 6,461; in 1963 there was 6,810; in 1964 there was 6,560; in 1965 there were 6,245, and in 1966 there were 6,090.

Mr. FLOOD. Those figures, I don't have in front of me. Don't you have the National Mediation Board justifications that have been submitted to the committee?

Mr. O'NEILL. We prepared this.

Mr. FLOOD. I know. That is where I got it. Here I see under "workload," closed during the year, 1967 estimate, 2,120; pending at the end of the year, 1967 estimate 6,000. Well, how is your arithmetic? If that isn't almost a 3-year backlog I am the Prince of Wales.

How about that?

Mr. KIEF. All right. I read you the total divisions. I would like to read it by divisions, if you would like.

Mr. FLOOD. Do it whichever way you want.

Mr. KIEF. This is the first division. In 1962 you had 3,128, in 1963 it was 3,793, in 1964 there was 4,062, in 1965 there was 4,056, and in 1966 it was 4,049. On the second division in 1962 it was——

Mr. FLOOD. What are you trying to prove by reading those figures by divisions?

Mr. KIEF. Well, it proves there is a reduction in some of the divisions.

Mr. FLOOD. I don't doubt that but the fact remains that if the figures the National Mediation Board gave me are correct, you are just about where we have been for years, about a 3-year backlog. The end result hasn't changed a bit. You are not answering the question, you are merely restating it by reading figures broken down by division. That doesn't prove anything. What happened to the backlog? What are you going to do about this? Does anybody care? Does anybody squak about this except us? What about the industry? What about the unions? Doesn't anybody care about this backlog?

Mr. KIEF. Yes.

Mr. FLOOD. Who?

Mr. KIEF. I am on the third division and there has been considerable reduction in that in the last 4 years. That has been cut in half and I think that is progress.

Mr. FLOOD. Yes, it is; but that's not what I am talking about. No matter whether you cut your division in half or by nine-tenths, you still have an overall 3-year backlog. No matter how you slice it or perfume it, there it is, according to your own figures.

Now, this has been going on for years and nothing happens.

EFFECT OF PUBLIC LAW 89-456

Mr. O'NEILL. Mr. Chairman, you will recall my testimony of a few moments ago, the Congress did something about it last year and passed this public law to set up these special boards to take the cases away from Chicago and reduce that figure, which is before you, and have them disposed of on the individual basis. You asked who cared? The organizations who sponsored that legislation.

Mr. FLOOD. I think that is so. In view of that, what do you think the situation will be when you are here, with the help of God, next year?

Mr. O'NEILL. I don't know. We have the figures as to what has happened in this fiscal year. They are having 32 of these public law boards set up through the end of February. We expect that that number will triple within the next 3 or 4 months.

Mr. FLOOD. This backlog is as bad as the Patent Office.

Mr. O'NEILL. They will be taking blocks of 100 or more cases from each railroad out of the Adjustment Board and that is when you will see that backlog begin to dissipate, hopefully.

Mr. FLOOD. What do you think it will be at this time next year? Do you want to guess, just a ball park guess?

Mr. O'NEILL. I estimate that this number will triple in the next 3 or 4 months. Certainly it should cut the first division in half. When we are back here next year, that backlog should be cut right in half.

Mr. FLOOD. Mr. Shriver?

Mr. SHRIVER. I was going to ask a similar question. I wrote it down as you were speaking.

Mr. FLOOD. Mr. Shriver is an old member. We have been going through this for years.

Mr. SHRIVER. Now, these 32 boards have been formed throughout the country?

Mr. O'NEILL. Yes.

Mr. SHRIVER. Will these boards be listening to many cases? Just how do they arise?

Mr. O'NEILL. Well, they already have 950 cases before these 32 boards.

Mr. SHRIVER. So you are making some progress.

Mr. O'NEILL. Yes.

Mr. SHRIVER. When did the law go into effect?

Mr. O'NEILL. June 30. But there was a period where we had some rulemaking, and to get the rules of the road established, and so forth, and to get the proper forms as to handling, and they had a problem with the budget, finances.

Mr. SHRIVER. So the actual start of it was when?

Mr. O'NEILL. Some time in November.

Mr. SHRIVER. Since November you have had this much progress?

Mr. O'NEILL. That is correct; yes.

SELECTION OF REFEREES

Mr. SHRIVER. With relation to the statement that was given concerning the Adjustment Board, if the Division fails to agree upon and select a referee, that fact is certified to the Mediation Board which Board then selected the referee. How often is there disagreement as to the selection?

Mr. O'NEILL. My best recollection is that the first division very seldom agrees upon a referee, the second division almost always agrees on a referee to serve, the third division is about half and half, once in a while they agree. The fourth division has very little business. They have agreed on the referee for the past 2 years.

JURISDICTION OF DIVISIONS

Mr. SHRIVER. How are those divisions set up?

Mr. O'NEILL. Ten, ten, ten, and six. The first division handles the operating employees, the engineers, firemen, conductors, brakemen; and the second division handles the shopcraft people, the people who work repairing locomotives and stations and on the road; the third division consists of the nonoperating employees, the clerks, the telegraphers, the signalmen, Pullman car conductors.

Then you have the fourth division which is a catchall, yardmasters, water service employees, so forth.

Mr. SHRIVER. Thank you, Mr. Chairman.

PERSONNEL

Mr. FLOOD. On this question of employees again—I am an old murder case attorney—let me direct your attention to this figure here in your justifications. The last item is personnel, and the very first line, total number of positions, 107 in 1966, 107 in 1967, and 104 is the last item. Now, if I take four from seven and don't come up with three, I had better go back and start all over again.

Mr. TRACY. I think you were correct originally. I think there was a deduction of two personnel——

Mr. FLOOD. I asked you that and you chimed in, which you should never do—what outfit were you with? You were in the Marines?

Mr. TRACY. That is right.

Mr. FLOOD. You volunteered and came up with a plus one for the National Mediation Board salaries and expenses.

Mr. TRACY. That is right.

Mr. FLOOD. What is right?

Mr. TRACY. The addition for the Mediation Board, the deduction is in the Adjustment Board so that we get the same number.

Mr. FLOOD. You know, you fellows must think we don't read these things. I don't blame you, but we do it.

All right. Mr. Natcher.

TECHNOLOGICAL IMPROVEMENTS AFFECTING EMPLOYMENT

Mr. NATCHER. Do you have a number of cases pending now which were brought about as a result of use of the new navigational aids, the use of jet engines?

Mr. O'NEILL. You mean the technological improvements affecting employment?

Mr. NATCHER. Yes.

Mr. O'NEILL. Well, the doppler, for instance, in navigation has eliminated some groups of employees, of course, but the steady rise in employment has completely absorbed those people. That function is now taken over by the pilots. With the tremendous increase in the number of jet aircraft, they can't find pilots today. So it hasn't had any impact as such on employment.

Mr. NATCHER. Thank you, Mr. Chairman.

EFFECT OF PUBLIC LAW 89-456 BOARDS ON BACKLOG

Mr. FLOOD. Mr. Casey.

Mr. CASEY. Back to this workload here in your justifications. You anticipate with the new law that was enacted that you will handle more cases, will dispose of more cases; is that correct?

Mr. O'NEILL. The cases will be taken from the National Railroad Adjustment Board and brought back to the individual railroads and handled by a public law board.

Mr. CASEY. Will they come off of this load that is in this statement that we have?

Mr. O'NEILL. Yes; they will.

Mr. CASEY. The year 1968 doesn't indicate too much of a reduction. Was this written before you got into operation?

Mr. O'NEILL. Well, sir, we say that there have been 32 boards set up and we did have a certain amount of paperwork to go through, through the latter part of 1966. But I think Mr. Tracy can tell you these applications are going to really increase now.

Mr. CASEY. Maybe I am not reading this right. Do you have the same chart I have here?

Mr. O'NEILL. Yes, sir.

Mr. CASEY. Now, you have listed pending, those closed during the year, those pending at the beginning of the year, those pending at the end of the year, referees' days of service. That is the way they are listed.

Mr. O'NEILL. That is correct.

Mr. CASEY. Now, pending at the beginning of the year, using your 1967 and 1968 estimates, you will have pending at the beginning of 1967 an estimate of 6,090, at the beginning of 1968, 6,000. Is that going to be correct?

Mr. O'NEILL. Perhaps Mr. Gamser can answer this one because he handled this public law correspondence in the Congress.

Mr. GAMSER. Mr. Casey, these figures that you have we took from reports prepared by the National Railroad Adjustment Board which is attached to us—as long as the chairman wanted to get military about it—for rations and quarters only. I think their estimates in these figures are based on their best guess, absent any intervening circumstances or other method of disposing of cases.

The reduction that Mr. O'Neill was discussing is based on the fact that we feel that these new public law boards will be an effective way of disposing of some cases that are presently in Chicago.

Mr. CASEY. We are talking about the same type of cases, aren't we?

Mr. GAMSER. We are talking about the same kind of cases, but I don't think in arriving at these figures they made the same supposition that we did, that the new law would take many cases out of Chicago or any cases out of Chicago. Any case that has been in Chicago over a year, either party under the new law has the right to take it out of Chicago, bring it back to the property and dispose of it there.

Mr. CASEY. Is this estimate of only 500 being received during the year 1968—is that realistic? Five hundred is what mine says. Heretofore, in 1965 you received 1,571; in 1956, 1,554; and the 1967 estimate is 2,030. Then it drops to 500 in 1968.

Mr. GAMSER. I would assume that the decentralization of grievance handling might radically reduce the number of cases that go out to Chicago in 1968; that is correct.

Mr. CASEY. This just refers to cases that will go to Chicago; is that correct?

Mr. GAMSER. That is correct.

Mr. O'NEILL. That is correct.

Mr. CASEY. All right. Now, pending at the end of the year, this figure doesn't anticipate that you will pull too many out of Chicago does it?

Mr. GAMSER. That is the estimate that they gave us. They don't think too many will be pulled out. We think with the recent experience with these 32 boards, over 900 cases already being before these boards, if this pace continues several more hundred cases will come out of Chicago during the next year. That is our feeling in the matter. It may not be shared by the people in Chicago.

Mr. CASEY. You disagree with the estimates?

Mr. GAMSER. We have to disagree based on the experience we have had between November and the present.

Mr. CASEY. That is what the chairman was upset about. These are estimates which you didn't prepare and you don't agree with; is that correct?

Mr. TRACY. That is right.

Mr. GAMSER. I didn't prepare them, but they were prepared in our office with information furnished to us.

Mr. CASEY. But you don't agree with them.

Mr. GAMSER. We have a different feeling about how effective the new law is going to be; that is correct, sir.

Mr. CASEY. That is all.

Mr. FLOOD. What is your feeling?

Mr. GAMSER. That it will lead to a material decrease in the cases available to be handled in Chicago.

Mr. KIEF. Mr. Chairman, could I comment on that?

Mr. FLOOD. Yes.

Mr. KIEF. We have found out in these boards that are set up they make a request upon the third division and that is the one that I am on, and I know more about it, to withdraw cases. For example, the telegraphers withdrew 104 cases for one public law board. The clerks have set up a public law board on the Burlington and there were 15 cases on the Adjustment Board that were being pulled down and 29

cases that were in progress to the Adjustment Board that will be assigned to that Board. Now, those 29 cases will not reach the Board because those that are to be handled will be handled by the public law board. We have another case, public law board on the Elgin, Joliet & Eastern, there are 15—eight cases there being pulled down from the board and 15 in preparation going to the board. The referee on that board will handle all 23 of those cases.

So I think that will have a tendency to reduce that; and we didn't have that information at the time this report was prepared. I think that based on these 32 public law boards, and because no one had any idea how many of these public law boards would come into being and because of the fact that either party may ask and for a while it looked like both parties were afraid to ask, but they blossomed like morning glories in the sun in the last 60 days, we think it will take a considerable amount off of perhaps all of the divisions, those divisions that may have cases that would fit into that category of 1 year or more.

Mr. FLOOD. Mr. Casey?

Mr. CASEY. No more questions, Mr. Chairman.

Mr. FLOOD. I guess that is it.

Thank you very much. You don't want to bet a hat that you are going to cut that in half, do you?

Mr. O'NEILL. We will see.

Mr. FLOOD. I hope you do.

JUSTIFICATION MATERIAL

NATIONAL MEDIATION BOARD

DIGEST OF ESTIMATE OF APPROPRIATION, 1968

FUNCTION OF THE BOARD

The National Mediation Board administers the Railway Labor Act governing labor relations in the Railroad and Airline industries. The general purposes of the Act are as follows:

1. To avoid any interruption to commerce or to the operation of any carrier engaged therein;
2. To forbid any limitation upon freedom of association among employees or any denial, as a condition of employment or otherwise, of the right of employees to join a labor organization;
3. To provide for the complete independence of carriers and of employees in the matter of self-organization;
4. To provide for the prompt and orderly settlement of all disputes concerning rates of pay, rules, or working conditions;
5. To provide for the prompt and orderly settlement of all disputes growing out of grievances or out of the interpretation of application of agreements governing rates of pay, rules, or working conditions.

These general purposes are implemented through the activities of the National Mediation Board, Arbitration and Emergency Boards and the National Railroad Adjustment Board.

PROGRAM AND PERFORMANCE

1. *Mediation.*—The Board mediates labor disputes and determines collective-bargaining representatives for the 700 carriers and 1.25 million employees in the railroad and airline industries.

Mediation cases

	1965 actual	1966 actual	1967 estimate	1968 estimate
Pending, start of year	333	372	542	502
Received during year	342	516	360	360
Closed during year	303	346	400	400
Pending, end of year	372	542	502	462

2. *Voluntary arbitration and emergency disputes.*—When mediation fails, the parties are urged to submit their differences to arbitration or special adjustment boards, including neutral members paid from this account. If neither mediation nor voluntary arbitration are successful, the President, when notified of disputes which threaten seriously to interrupt service, may appoint an emergency board to investigate and report on the disputes as a basis for agreement.

Public Law 89–456, enacted on June 20, 1966, amends the Railway Labor Act and provides that either the carrier or the organization can request establishment of a special adjustment board to dispose of disputes otherwise referable to the National Railroad Adjustment Board. It is therefore expected that the activity will increase in 1968, while the number of cases submitted to the Railroad Adjustment Board will decrease. The anticipated changes in workload are reflected in the table below and in the table under activity 3.

Number of boards

	1965 actual	1966 actual	1967 estimate	1968 estimate
Arbitration boards	2	5	10	10
Special adjustment boards	105	121	155	195
Emergency boards	4	1	7	7

3. *Adjustment of Railroad Grievances.*—Railroad employee grievances resulting from application of collective bargaining contracts may be brought for settlement to the 36-man board composed of 4 divisions. Each division has an equal number of carriers and union representatives paid by the parties and handles the grievances of a particular type of employe. The appropriation provides clerical assistance to the Board and neutral referees to sit with divisions of the board when they are deadlocked.

Workload

	1965 actual	1966 actual	1967 estimate	1968 estimate
Pending, beginning of year	6,560	6,245	6,090	6,000
Received during year	1,571	1,554	2,030	500
Closed during year	1,886	1,709	2,120	1,300
Pending, end of year	6,245	6,090	6,000	5,200
Referee days of service	2,550	2,311	3,185	1,070

Program and financing

[In thousands]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
1. Mediation	$731	$767	$789
2. Voluntary arbitration and emergency disputes	351	460	660
3. Adjustment of railroad grievances	868	858	701
Total program costs—obligations [1]	1,950	2,085	2,150
Financing: Unobligated balance lapsing	127		
New obligational authority	2,077	2,085	2,150
New obligational authority: Appropriation	2,077	2,085	2,150

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, $22,000 (1966 adjustments +$35,000); 1966, $57,000; 1967, $33,000; 1968, $24,000.

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	107	107	104
Full-time equivalent of other positions	20	23	23
Average number of all employees	120	126	126
Average G–S grade	8.6	8.6	8.7
Average G–S salary	$9,069	$9,462	$9,685

ORGANIZATION AND ACTIVITIES

Activity: Mediation

The amended Railway Labor Act administered by the National Mediation Board is the culmination of more than 60 years of experience in the field of Federal legislation dealing with the relationship of employer and employee in the transportation industry. This history commenced with the passage of the Newlands Act by the Congress in 1898, and through several successive steps of legislative action, has finally resulted in the present Railway Labor Act, passed in 1926 and amended in 1934. The airline industry was placed under this law by the Congress in 1936.

The basic aims of the present Act are to promote the settlement of all disputes concerning rates of pay, rules and working conditions by negotiation and agreement between the duly authorized and designated representatives of management and the employees. This is accomplished through the process of collective bargaining between the representatives of the rail and air carriers and their employees. Representatives for this purpose may be chosen by each party without interference, influence or coercion of either party on the other.

The primary obligation imposed by the Act on both parties is that of making agreements to govern rates of pay, rules and working conditions and to reduce strife in the industry.

The Act also imposed the definite obligation on both sides to confer and make every reasonable effort to adjust their differences through negotiation and agreement. When this is not found possible the mediation services of this Board may be invoked by either party and the Board then exerts its best efforts in mediation to bring about an adjustment. Should these efforts be unsuccessful, the law then makes it the duty of the Board to urge the parties to submit their differences to final and binding arbitration. As a last resort the Board may certify to the President emergencies which threaten to interrupt interstate commerce to a substantial portion of the country, and the controversy may then be considered by an emergency board.

The Mediation Board also determines representation disputes arising among various crafts or classes of railroad and airline employees, by conducting secret ballot elections or checking signed authorization cards, and certifies the names of the chosen representatives to the carriers. In addition, the Board appoints referees to sit with the various divisions of the National Railroad Adjustment Board on deadlocked cases, and, when requested to do so appoints neutral arbitrators to sit with arbitration boards set up under the Act; and appoints neutrals to work with special boards of adjustment on the rail carriers and with system boards of adjustment on the airlines.

Approximately 1,250,000 rail and airline employees are under the jurisdiction of this Board and the Act.

The Mediation Board has three members who are Presidential appointees, and 38 employees, making a total staff of 41. All of the staff, with the exception of the Board Members, are under the classified civil service.

Status of work of Board

The case load of the Board in the past fiscal year increased approximately 46 percent. The basis for this increase is the failure of the parties in the railroad industry to handle certain disputes through national committees designated to represent all carriers involved. The result is that the Board instead of having one case before it, is faced with a number of cases on many railroads all involving the same issue. The number of cases disposed of has increased approximately 14 percent. Although the workload has significantly increased,

there is some indication that if pattern settlements can be reached on some carriers that the disputes on the remaining railroads may be disposed of with a minimum of mediation effort.

The following table shows the actual case load figures for 1965 and 1966, and estimated figures for 1967 and 1968 based on experience for the past four years. This table is divided to show cases pending at start of year, cases docketed, cases closed and cases on hand at end of each fiscal year. The estimated workload for 1968 is based on analysis of cases received for the past three years.

Mediation cases

	1965 actual	1966 actual	1967 estimate	1968 estimate
Pending, start of year	333	372	542	502
Received during year	342	516	360	360
Closed during year	303	346	400	400
Pending, end of year	372	542	502	462

Airline cases

Title II of the Railway Labor Act, placing the airlines of the United States thereunder, was approved April 10, 1936. During the first few years thereafter, very few cases arose among airline employees requiring the mediatory services of this Board, or its services in connection with representation disputes. Organizational activity among certain employee groups in the airline industry is still in progress and numerous individual labor organizations are involved.

Technological changes have continued in the airline industry bringing in their wake labor problems arising out of requests for revised working rules and increased compensation. The demonstrated increased earning capacity of larger and faster planes have brought demands for higher wages. Improved navigational aids and the use of jet engines have been a basis for requests for improved severance pay contracts.

The establishment of new routes or changes in established routes has resulted in approaches for changes in agreements, which included rules and rates for handling joint routes and interchange service.

Consolidation of established airlines by purchase and merger has resulted in disputes involving the status of the personnel of the affected units including integration of seniority lists, severance pay formulae, etc. The airline industry is still expanding and mergers and consolidations under authority of the Civil Aeronautics Board continue. Many problems arise in connection with this phase or airline operations.

Except for the pilots, who are represented by a single labor organization, other groups on the airlines are represented by many different organizations, which has resulted in a divergency in the terms of agreements on rates and rules. Many of the classes of ground service employees are still unrepresented, and with organizing campaigns in progress among them by various organizations, we do not anticipate a decline in the number of representation disputes among airline employees.

Review of operations

In the railroad industry problems, which PL 88–108 approved August 28, 1963, was intended to dispose of, continue to be a prime factor in the labor disputes. Suitable lodging problems and crew consist disputes still remain unresolved. Upon the expiration of PL 88–108 early in 1966, the labor organizations initiated demands in areas which had been the subject of the Public Law.

In the airline industry all organizations continue to press for more favorable contracts covering issues involving job security, union shop and wage increases. The Board does not anticipate any decline in its workload, but rather expects an increase as the organizations' effort continues to be directed toward more favorable agreements.

Representation disputes in both the airline and railroad industries are increasing due to the abrogation of a no-raid policy among railroad operating employees, and unorganized airline employees' desire to obtain representation rights, as well as an increase in the number of disputes among competing organizations among employees already represented.

Personnel services

For the Mediation activity, the Board is not requesting a supplemental appropriation for fiscal 1967 to offset the cost of pay increase for Federal employees, PL 89–504, but proposes to absorb the entire estimated amount of $14,500 thru lapses (delay in filling positions).

For fiscal 1968 an additional amount of $22,000 is requested to maintain our staff at the authorized level of 41 positions. The upward trend of mediation work does not warrant any reduction in our mediation staff.

This increase will enable us to hire one additional GS–5 employee. This employee would be used in the Board's office to process mediation cases and Special Board of Adjustment applications.

The Board has recently revised its office procedures after study by the General Services Administration. This has enabled the Board to process the increased applications for its services within a reasonable period. However, the increased work in processing requests arising out of PL 89–456, the recent amendment to the Railway Labor Act to provide for special boards of adjustment, will impose a burden upon the staff which requires this increase.

Promotions and adjustments in GS salary grades are made in accordance with the Board's promotion policy and approved by Civil Service Commission.

Miscellaneous

The cost of services of other agencies includes $220 billed by the Employees Compensation Fund for payment of injury of employee under our jurisdiction. Also, included is $230 reimbursement to Public Health for services of Health Unit.

Analysis of travel, 1966

Year	Total travel days	Cost per travel day	Total	Number cases closed	Travel days per case	Number of travelers	Travel days per travelers
1964	4,574	$24.54	$112,258	281	16	23	199
1965	4,863	25.34	123,249	302	16	22	221
1966	4,794	26.38	126,544	346	14	23	209
1967	5,000	27.00	135,200	400	13	25	200
1968	5,000	27.00	135,200	400	13	25	200

Summary

The amount requested for this activity if $789 thousands, an increase of $22 thousands in the personnel services of the Board.

Activity: Voluntary Arbitration and Emergency Disputes

Despite the labor unrest in the industries subject to the Railway Labor Act the number of legal work stoppages in the airline and railroad industries has been relatively low as compared to other industries. While there have been many incidents which potentially threatened to interrupt rail and air traffic, the Board feels that the whole record of this performance indicates that its efforts have, in the main, succeeded in keeping the wheels of the transportation industry moving. In many instances the efforts of the members and staff of the National Mediation Board are successful in achieving peaceful settlements of labor disputes through the procedures financed under this activity establishing emergency and arbitration boards as well as special boards of adjustment.

A total of $660,000 is requested for this activity to finance operations in the fiscal year 1968. This is $200,000 over the amount appropriated for fiscal 1967 and is needed to finance the administration of PL 89–456.

Emergency Board

Under the terms of Section 10 of the Railway Labor Act, if a dispute between a carrier and its employee is not adjusted through mediation or the other procedures prescribed by the Act, and should, in the judgment of the National Mediation Board, threaten to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service, the Board shall notify the President, who may thereupon, in his discretion, create an emergency board to investigate and report to him respecting such dispute.

An emergency board may be composed of such number of persons as the President designates, and persons so designated shall not be pecuniarily or otherwise interested in any organization of employees or any carrier. The compensation of emergency board members is fixed by the President. An emergency board is created separately in each instance, and is required to investigate the facts as to the dispute and report thereon to the President within 30 days from the date of its creation.

During the past fiscal year two emergency boards were created by the President. Only one of these boards met as the parties involved in the other dispute settled their differences prior to the actual appointment of the emergency board members. The second board involved a dispute among five air carriers and the International Association of Machinists. This Board created April 21, 1966, made its report to the President on June 5, 1966. A total of $11,817 was obligated for the expenses of the Board.

Arbitration Board

Section 5, 3(a), of the Railway Labor Act provides in the event mediation of a dispute is unsuccessful, the Board shall endeavor to induce the parties to submit their controversy to arbitration under the provisions of Section 7 of the Act. Generally, arbitration boards consist of three members, a representative of the carrier and of the organization and a third neutral member. The compensation of the neutral member is fixed by the Mediation Board.

During the past fiscal year five arbitration boards were created, three boards created in the prior fiscal year met during the past year, thus eight boards were financed during the past fiscal year. For this a total of $20,521 was obligated. Of this amount $15,675 was obligated for Arbitration Board No. 282. This board was created by PL 88–108 approved on August 28, 1963, to consider the fireman issue and the crew consist problems arising out of the "national rules" disputes. The Board, which consisted of seven members, three of whom were public members, continued to meet from time to time throughout fiscal 1966 for the purpose of interpreting the award it rendered on November 25, 1963.

Special Boards of Adjustment

Special Boards of Adjustment, a form of arbitration, may be created during mediation by carriers and organizations as a procedure to dispose of claim and grievance dockets, or in many instances, by voluntary agreement between rail carriers and organizations. The latter procedure has continued to increase during the past year as a result of the decision of the U.S. Supreme Court, BRT vs CRI RR Co. (352 U.S. 864) which held in effect that compulsory arbitration applies to grievance matters. Another factor which encourages the parties to resort to this procedure for disposing of grievances is the fact that Special Boards of Adjustment can be set up promptly to dispose of disputes which if sent to the Adjustment Board in Chicago would be held for a considerable period of time before adjudicated. This has a salutory effect on employee morale and permits the carrier to adjust practices which if continued may impose a heavy financial burden.

In the past fiscal year 73 new special boards of adjustment were created, and during this period a total of 121 boards convened. This represents an increase over the number, 59, of boards created in fiscal year 1965, also an increase over the number, 105, of boards which convened in that year. A total of $298,606 was obligated for these boards in fiscal 1966.

Public Law 89-456 was approved June 20, 1966. This law provides that either the carrier or the organization can request the establishment of a special adjustment board to dispose of disputes otherwise referable to the National Railroad Adjustment Board.

Neutral members of such boards will be appointed and compensated by the National Mediation Board. In addition to neutrals appointed to dispose of disputes involving grievances, neutrals may be appointed to dispose of procedural issues which arise as to the establishment of the Board itself. These neutrals will also be compensated by the National Mediation Board. The interest of both the carriers and organizations in this procedure indicates that many demands will be made upon the Board for the payment of neutrals. For this reason, request is being made to increase the funds available for the activity "Voluntary Arbitration and Emergency Disputes." An increase of $200,000 is being requested to have available in this contingency fund to be able to finance these

boards which the Congress has authorized for the purpose of reducing the workload of the National Railroad Adjustment Board.

It is not possible to forecast precisely the total expenditures needed for this activity nor to determine exactly the amount needed for the various types of boards established. The estimate is based on past experience, knowledge of the industry problems and a reasonable reserve for contingencies. In summary, the expenditures for 1966 were as follows:

Emergency Boards	$11,818
Arbitration Boards	20,521
Special Boards of Adjustment	298,606
Communications Services	14,412
Taxes and Assessments	5,466
Total	350,823

Emergency boards, 1966

No.	Carrier and organizations	Salaries	Per diem	Printing	Other contractual service	Rents and utilities	Total
166	5 carriers negotiating committee and IAM and Aerospace Workers, AFL-CIO	$3,425	$843.39	$700	$6,849.46	.....	$11,817.85
165	Atchison, Topeka, & Santa Fe Ry. Co.[1] (east and west lines) and BRT	.....	.....	.....	.....	.....	.....

[1] No appointments were made. Agreement reached Sept. 25, 1965.

Arbitration boards, 1966

No.	Carrier and organizations	Salaries	Per diem	Printing	Other contractual service	Rents and utilities	Total
282	E.W. & S.E. Carriers Conference Committee—BLE, B.L.F. & E., O.R.C. & B., BRT, and SUNA	$10,225	$5,450.46	.....	.....	.....	$15,675.46
283	Texas-Mexican Ry—BMWE	.....	.....	.....	$11.00	.....	11.00
287	Baltimore & Ohio RR—ORT	100	.....	.....	.....	.....	100.00
288	St. Louis-San Francisco Ry. Co.—BRT	200	.....	.....	15.50	.....	215.50
289	Erie Lackawanna RR. Co.—BRC	1,200	.....	.....	.....	.....	1,200.00
290	Cincinnati, New Orleans & Texas Pacific—BLE	700	440.30	.....	170.80	.....	1,311.10
291	Missouri Pacific RR, Co., Missouri-Illinois RR. Co.—ARSA	625	237.87	.....	198.00	.....	1,060,87
292	Clinchfield RR. Co.—O.R.C. & B., BRT	475	317.31	.....	154.35	.....	946.66
	Total	13,525	6,445.94	.....	549.65	.....	20,520.59

Number	Parties	Referee	Selected by—	Total days	Number of cases disposed of	Average number of days per case	Salaries	Per diem	Total
18	Southern Pacific, Big 4	Abernethy	Parties	40.75	31	1.31	$4,075	$1,461.56	$5,536.56
41	Southern Pacific, BRT	Begley	do	51.50	108	.48	5,150	1,186.61	6,336.61
64	Texas & New Orleans, BLE	Douglass	do	25.25	34	.74	2,525	464.91	2,989.91
86	Monongahela, O.R.C. & B	Gilden	do	16.25	24	.68	1,625	112.00	1,737.00
88	Texas & New Orleans, B.L.F. & E	do	do	33.00	42	.79	3,300	954.58	4,254.58
100	St. Louis Southwestern, BRT, ORT	Seidenberg	do	54.25	22	2.47	5,425	1,049.43	6,474.43
140	Chicago, Milwaukee, St. Paul & Pacific, O.R.C. & B., BRT	Boyd	do	57.50	234	.25	5,750	1,487.79	7,237.79
180	Southern Pacific, BLE	Douglass	do	23.00	13	1.77	2,300	747.02	3,047.02
192	Baltimore & Ohio, BRC	Robertson	do	31.00	23	1.35	3,100	51.50	3,151.50
195	Grand Trunk Western, BRT	Douglass	do	24.00	35	.69	2,400	171.16	2,571.16
197	Delaware, Lackawanna & Western, BLE, B.L.F. & E	do	do	26.00	----------	(1)	2,600	230.90	2,830.90
231	New York Central, BRT	do	do	9.75	11	.89	975	183.11	1,158.11
235	Chicago & North Western, BRT	Murphy	do	205.00	156	1.31	20,500	2,460.74	22,960.74
241	Terminal Railroad Association of St. Louis, BRT	Coffey	do	54.50	30	1.82	5,450	986.56	6,436.56
248	Delaware, Lackawanna & Western, BRT	Gilden	do	54.50	31	1.76	5,450	994.26	6,444.26
255	Central RR. of New Jersey, BRT	Guthrie	do	14.00	20	.70	1,400	426.73	1,826.73
280	St. Louis Southwestern, BMWE	Begley	do	11.50	8	1.44	1,150	293.89	1,443.89
285	Reading Co., BMWE	Bailer	do	11.25	11	1.02	1,125	92.15	1,217.15
293	Central RR. of New Jersey, BMWE	do	do	10.00	8	1.25	1,000	----------	1,000.00
331	Union Pacific, BRT	Stone	NMB	51.25	26	1.97	5,125	450.19	5,575.19
343	Central RR. of New Jersey, BLE	Guthrie	Parties	14.50	15	.97	1,450	305.33	1,755.33
355	Baltimore & Ohio, ORT	Lynch	do	49.00	63	.78	4,900	25.80	4,925.80
356	Chicago & North Western, BRT	O'Gallagher	do	25.00	15	1.67	2,500	----------	2,500.00
361	Union Pacific, BRT	Wyckoff	do	40.50	82	.49	4,050	1,202.41	5,252.41
375	Detroit & Toledo, B.L.F. & E	Douglass	do	13.00	21	.62	1,300	317.57	1,617.57
379	Atchison, Topeka & Santa Fe, Big 4	Stone	do	39.25	17	2.31	3,925	811.14	4,736.14
387	New York Central, BRT	Boyd	do	13.75	39	.35	1,375	252.23	1,627.23
393	New York Central, O.R.C. & B	Bailer	NMB	7.00	----------	(1)	700	----------	700.00
398	New York, New Haven & Hartford, BRT	do	Parties	6.00	6	1.00	600	----------	600.00
411	Baltimore & Ohio, BRT	Coburn	do	114.00	98	1.16	11,400	730.91	12,130.91
417	Chicago & Illinois Midland, BRT	Wyckoff	do	8.25	12	.69	825	382.71	1,207.71
423	Port Terminal, BRT	do	do	7.25	8	.90	725	351.70	1,076.70
434	Spokane, Portland, Seattle, ORCB	Douglass	do	12.75	12	1.06	1,275	301.22	1,576.22
443	Texas-Pacific & Missouri Pacific, SUNA	Sempliner	do	10.00	8	1.25	1,000	230.25	1,230.25
444	Toledo, Peoria, & Western, BRT	Douglass	do	6.50	7	.93	650	118.70	768.70
465	Boston & Maine, BRT	Begley	do	124.00	178	.70	12,400	1,228.36	13,628.36
470	New York Central, B.L.F. & E	Stone	do	5.50	1	5.50	550	200.36	750.36
504	Disputes Commission, BLE, SUNA, B.L.F. & E	Cluster	NMB	15.50	14	1.11	1,550	271.58	1,821.58
511	New York Central, BRT	Begley	Parties	1.00	1	1.00	100	----------	100.00

See footnote at end of table.

Special boards of adjustment, 1966—Continued

Number	Parties	Referee	Selected by—	Total days	Number of cases disposed of	Average number of days per case	Salaries	Per diem	Total
513	Pacific Electric, BLE	Stone	Parties	2.25	5	.45	$225	$105.08	$330.08
521	Monongahela, BMWE	Lynch	do	3.00	1	3.00	300	74.45	374.45
527	St. Louis, Southwestern, B.L.F. & E	Douglass	do	1.00	4	.25	100	62.94	162.94
529	Chicago & North Western, B.L.F. & E	Coffey	do	5.00	3	1.67	500	110.15	610.15
535	New York Central and others, O.R.C. & B	Boyd	do	9.75	1	9.75	975	107.25	1,082.25
543	Atchison, Topeka, & Santa Fe, BRT, O.R.C. & B	do	NMB	15.00	4	3.75	1,500	556.57	2,056.57
547	North Pacific, SUNA	do	Parties	24.25	21	1.15	2,425	1,243.43	3,668.43
550	Union Pacific, B.L.F. & E	Coffey	do	5.75	10	.58	575	177.05	752.05
552	Western Maryland, BRT	Douglass	do	.50		(1)	50		50.00
553	Southern Pacific, ORT	Ray	NMB	109.50	32	3.42	10,950	904.10	11,854.10
556	Belt Ry. of Chicago, BLE	Hanlon	Parties	16.75	141	.12	1,675	542.98	2,217.98
560	Maine Central, BRT	Seidenberg	NMB	19.00	10	1.90	1,900	319.19	2,219.19
561	Elgin, Joliet & Eastern, O.R.C. & B, BRT	Boyd	Parties	2.00	1	2.00	200	138.31	338.31
562	Chicago & North Western, O.R.C. & B	Murphy	do	54.00	34	1.59	5,400	909.11	6,309.11
564	Missouri Pacific, BRC	Robertson	do	7.25		(1)	725	176.29	901.29
568	St. Louis-San Francisco, BRT	Moore	NMB	28.00	9	3.11	2,800	495.60	3,295.60
569	Reading Co., O.R.C. & B	Boyd	Parties	9.50	53	.18	950	189.81	1,139.81
570	North Railway Labor Conference and E.W. & S.E. Carriers Conference Commission and Railway Employees Department.	Anrod	NMB	10.00	3	3.33	1,000		1,000.00
		Daly	NMB	31.75	10	3.18	3,175	679.38	3,854.38
		Gilden	NMB	25.00	3	8.33	2,500		2,500.00
		Johnson	NMB	5.50	1	5.50	550	220.95	770.95
		McDonald	NMB	9.00	3	3.00	900	272.01	1,172.01
		Seidenberg	NMB	14.00	4	3.50	1,400	401.58	1,801.58
573	Fort Worth & Denver, SUNA	Rohman	Parties	7.00	5	1.40	700		700.00
574	St. Louis & San Francisco, O.R.C. & B	Sempliner	do	10.00	9	1.11	1,000	178.70	1,178.70
577	Atchison, Topeka & Santa Fe, BRT, O.R.C. & B., BLE, BLFE	Gilden	do	22.00	28	.79	2,200	327.60	2,527.60
579	Erie-Lackawanna, BLE	Douglass	do	30.50	39	.78	3,050		3,050.00
582	Pittsburgh & Lake Erie, BLE	do	do	14.00	17	.82	1,400	172.29	1,572.29
583	Akron, Canton, Young, BRT	Boyd	do	1.50	7	.21	150	138.31	288.31
585	Pittsburgh & Lake Erie, BRT	Begley	do	33.25	31	1.07	3,325	367.24	3,692.24
589	Pennsylvania, BRT	Seidenberg	NMB	122.00	72	1.69	12,200	571.31	12,771.31
591	Reading Co., ORT	Whiting	NMB	33.00	35	.94	3,300	457.87	3,757.87
592	Union Pacific, O.R.C. & B	Stone	Parties	7.00	4	1.75	700		700.00
593	Reading Co., B.L.F. & E	do	do	38.50	83	.46	3,850	1,324.29	5,174.29
596	Chicago, North Western, B.L.F. & E	Daugherty	do	15.00	6	2.50	1,500		1,500.00
598	Chicago, Illinois, Midland, B.L.F. & E	Weeks	do	13.25	4	3.31	1,325	263.60	1,588.60
599	St. Louis, Southwestern, B.L.F. & E	Douglass	do	10.00	27	.37	1,000	188.14	1,188.14
600	Lehigh & Hudson, B.L.F. & E	Bailer	do	5.50		(1)	550	46.00	596.00
601	Reading Co., BRT	Boyd	do	11.00	206	.05	1,100	183.87	1,283.87
602	Chicago, Burlington & Quincy, BRT	O'Gallagher	do	15.00	15	1.00	1,500		1,500.00
603	Great Northern, TCEU	Robertson	do	15.50	8	1.94	1,550	416.96	1,966.96
604	Bangor & Aroostook, BRT	Seidenberg	NMB	12.00	5	2.40	1,200	349.59	1,549.59

606	Philadelphia-Bethlehem, New England, BRT, BLFE	Lynch	Parties	29.00	41	.71	2,900		2,900.00
607	Belt Ry. of Chicago, BRT	Douglass	do	36.75	61	.60	3,675	279.27	3,954.27
609	Disputes Commission, BRT	Cluster	NMB	3.00		(1)	300	157.10	457.10
610	Chicago & Western Indiana, BRT	Boyd	Parties	10.25	16	.64	1,025	138.31	1,163.31
621	Chicago, Rock Island & Pacific, SUNA	Daugherty	NMB	3.00		(1)	300		300.00
622	Carriers represented by National Railway Labor Conference and three Regional Carrier's Conference Commissions.	Ray	NMB	6.00	1	6.00	600	288.60	888.60
623	Western Maryland, BRT	Begley	Parties	13.50		(1)	1,350	153.91	1,503.91
624	Board of Trustees, Galveston Wharves, SUNA	Sempliner	do	7.50	7	1.07	750	323.43	1,073.43
626	Erie-Lackawanna, B.L.F. & E	Rose	do	5.00	1	5.00	500		500.00
627	Cuyahoga Valley, B.L.F. & E	Coffey	do	3.75	7	.54	375	192.85	567.85
628	New York, New Haven & Hartford, B.L.F. & E	O'Gallagher	do	7.50	2	3.75	750	212.64	962.64
629	Union RR. Co., BLE	Daugherty	do	3.25	1	3.25	325	130.11	455.11
630	New York Central, BRT	Cluster	do	10.50	9	1.06	1,050	251.82	1,301.82
632	Delaware & Hudson, BRT	Douglass	do	33.00	29	1.14	3,300	268.65	3,568.65
633	Monongahela, BRT	Begley	do	9.00	11	.82	900	105.18	1,005.18
634	Tennessee Central, BRT	Hanlon	do	2.50	4	.62	250	211.89	461.89
635	Boston & Maine, B.L.F. & E	O'Gallagher	do	4.50	1	4.50	450	212.64	662.64
636	St. Louis & San Francisco, B.L.F. & E	Sempliner	do	6.00	1	6.00	600	177.89	777.89
637	New York, New Haven, & Hartford BLE	Bailer	do	4.00		(1)	400	36.00	436.00
638	Chicago, West Pullman & Southern, BRT	Boyd	do	4.25	6	.71	425	368.30	793.30
641	Chicago & Western Indiana, BRT	Coburn	do	7.00	1	7.00	700	64.00	764.00
642	Missouri-Kansas-Texas, BRT	do	do	29.75	22	1.35	2,975	614.62	3,589.62
643	Central Vermont, BRT	Seidenberg	do	6.25	2	3.13	625	231.76	856.76
644	Cuyahoga Valley, BRT	Douglass	do	5.50	6	.92	550	94.92	644.92
648	Lehigh Valley, BRT	Boyd	NMB	15.00	19	.79	1,500	331.09	1,831.09
649	Aliquippa & Southern B.L.F. & E	Douglass	Parties	4.50	1	4.50	450	279.06	729.06
650	Lehigh Valley, MEBA	Coburn	do	11.50	4	2.88	1,150	210.40	1,360.40
651	Disputes Committee, sec. 10 and BLE, B.L.F. & E., O.R.C. & B., BRT, SUNA.	Ives	NMB	11.00	1	11.00	1,100	298.54	1,398.54
652	Lehigh & Hudson, BRT	Donaldson	Parties	4.50	13	.35	450	273.54	723.54
653	Detroit, Toledo, B.L.F. & E	Douglass	do	2.50		(1)	250	158.82	408.82
654	Elgin, Joliet & Eastern, B.L.F. & E	Seidenberg	do	17.00		(1)	1,700	237.13	1,937.13
655	Grand Trunk Western, BLE	Douglass	do	4.50	1	4.50	450	149.21	599.21
658	McKeesport, B.L.F. & E	Stone	do	9.00	1	9.00	900	346.82	1,246.82
659	Long Island, BLE	Gilden	do	10.50	1	10.50	1,050	191.23	1,241.23
660	Richmond, Fredericksburg & Potomac, BLE	Seidenberg	NMB	3.50		(1)	350	36.17	386.17
661	Davenport, Rock Island & North Western, SUNA	Sempliner	Parties	3.00	1	3.00	300	140.77	440.77
663	Monongahela Ry., BRT	Boyd	do	5.50		(1)	550	180.31	730.31
666	Erie-Lackawanna, BLE	Begley	do	5.00	1	5.00	500		500.00
667	Long Island, BLE	Seidenberg	do	6.50	1	6.50	650	154.47	804.47
670	Erie-Lackawanna, MEBA	Weston	do	4.50	1	4.50	450	4.10	454.10
672	Missouri-Kansas-Texas RR., O.R.C & B	Sempliner	do	8.50		(1)	850	213.95	1,063.95
673	Western Pacific, SUNA	Daugherty	do	18.25	19	.96	1,825	529.65	2,354.65
674	Port Authority Trans-Hudson, BLE	Bailer	NMB	8.00		(1)	800		800.00
675	Southern Pacific, BRT	Douglass	Parties	24.25	42	.58	2,425	296.97	2,721.97
679	Norfolk Southern, BRT	Seidenberg	do			(1)		2.53	2.53
	Total						256,850	41,756.01	298,606.01

[1] Board met, no awards rendered during this fiscal year.

NATIONAL RAILROAD ADJUSTMENT BOARD

DIGEST OF ESTIMATE OF APPROPRIATION, 1968

FUNCTION OF THE BOARD

1. The Board was created for the adjudication of disputes between railroad labor and the carriers.
2. The 18 carrier members and the 18 labor members are selected and paid by the parties they represent. This also applies to the 5 carrier and 5 labor members of the Third Division Regional or Supplemental Board, set up to reduce the backlog of cases on the Third Division. It is estimated that the cost to the carriers and to the labor organizations exceeds $800,000 per year.
3. The Government's portion of the cost of operation of the Board is for office personnel, referees, travel, printing and reproduction, and other miscellaneous expenses.

APPROPRIATION: SALARIES AND EXPENSES

1. The estimate of $701,000 for 1968 is $156,700 less than the $857,700 appropriated or estimated for 1967.
2. The item personal services, office personnel, contemplates a reduction of four employees from the current year. The increase of $1,000 is due to statutory pay and step increases.
3. Carrier and labor members are equally divided on each division; and in case of a deadlock, a referee is appointed to sit as a member to make an award. The estimate of $100,000 in the item of personal services, positions other than permanent, is for salaries of these referees. This is a decrease of approximately 58% from the amount appropriated or estimated for fiscal year 1967. This decrease amounted to $135,000.
4. The item travel and transportation of persons is for $16,400, a decrease of $23,400 from the amount appropriated or estimated for fiscal year 1967. This is a decrease of approximately 59%. It is estimated that the Board will use 1,000 referee days during the 1968 fiscal year, and past experience indicates that approximately $16.00 is required for travel expenses and per diem for each referee day used in the settlement of cases before the Board.
5. In the other items, little change is expected.

TESTIMONY BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

Members who represent the Board will testify as to the creation, operation, and policies; and the Administrative Officer will testify as to any details in the estimate of appropriation. They will answer any questions that may arise in connection with the foregoing.

JUSTIFICATION OF ESTIMATES AND STATEMENT OF PROPOSED EXPENDITURES FOR THE FISCAL YEAR 1968

General statement

The National Railroad Adjustment Board was created by Act of Congress, approved June 21, 1934, 45 U.S.C. 153, for the adjudication of disputes between an employee or group of employees and a carrier or carriers, growing out of grievances or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions, which are handled in the usual manner up to and including the chief operating officer of the carrier designated to handle such disputes; but, if not adjusted in this manner, the disputes are then referred to the appropriate division of the Adjustment Board for settlement.

The Board is composed of 36 members, 18 selected and paid by the carriers and 18 selected and paid by organizations of railroad employees which are national in scope. The Act provides for four divisions of the Adjustment Board, each of which has jurisdiction over disputes involving certain groups of employees. For example, the First Division has jurisdiction over disputes involving train and yard service employees; the Second Division, shop crafts; the Third Division, clerical forces, maintenance-of-way men, dispatchers, etc.; and the Fourth Division, water transportation and miscellaneous.

The establishment of a number of special boards on individual properties has been helpful in reducing the backlog of cases, and it is anticipated that there will be some further reduction in this manner during the year because

of the amendment to the Railway Labor Act (Public Law 89-456) which provides for the establishment of special adjustment boards (PL Boards). In the meantime, however, new cases continue to be received almost as fast or faster than disposition is made of old ones. During the past few years, there has been a decided increase in the number of cases submitted by the non-operating employees. Causes for increases are the amendment to the Railway Labor Act permitting the union shop and resulting subsequent agreements; changes in agreements including the adoption of the 40 hour work-week; the national agreement covering vacations, pay for holidays, and time limit for submitting cases.

In order to reduce the large backlog of Third Division cases, following an agreement of the parties, there has been established a supplemental board of ten members, which is making progress in reducing the number of pending cases.

The backlog on the Third Division has been reduced from 2,646 cases on hand as of June 30, 1961 to 1,569 cases on hand as of December 31, 1966, a reduction of 1,077 cases.

The estimate for the fiscal year 1968 is $701,000 which is a reduction of $156,700 from the funds available for the current year.

We wish to stress the fact that the salaries of the members of the Board, as well as for the Third Division supplemental board, estimated in excess of $800,000 per year, are paid by the carriers and the labor organizations, and the Government pays the salaries of the employees of the Board, as well as supplies and other incidental expenses. It may, therefore, properly be pointed out that a large portion of the cost of operation of the Adjustment Board is borne by the carriers and the labor organizations.

The Board has now been in existence about thirty-two years, and the estimate for 1968 is based upon past experience, by which we endeavored to anticipate future requirements. We feel that conditions fully justify the amount requested.

There follows a statement showing the number of cases received, docketed, and disposed of by the various divisions during the fiscal years 1964, 1965, and 1966.

	Number pending July 1	Number received	Total	Number closed	Number pending June 30
FISCAL YEAR 1964					
1st division	3,793	[1] 792	4,585	523	4,062
2d division	355	198	553	283	270
3d division	2,598	715	3,313	[2] 1,116	2,197
4th division	64	80	144	113	31
Total	6,810	1,785	8,595	2,035	6,560
FISCAL YEAR 1965					
1st division	4,062	564	4,626	571	4,055
2d division	270	205	475	189	286
3d division	2,197	693	2,890	[3] 1,018	[4] 1,871
4th division	31	109	140	108	32
Total	6,560	1,571	8,131	1,886	6,244
FISCAL YEAR 1966					
1st division	[5] 4,056	490	4,546	497	4,049
2d division	286	238	524	187	337
3d division	1,871	719	2,590	[6] 925	1,665
4th division	32	107	139	100	39
Total	6,245	1,554	7,799	1,709	6,090

[1] 54 cases added to correct previous errors.
[2] 3d division, 568; supplemental, 548.
[3] 3d division, 548; supplemental, 470.
[4] Adjusted to reflect previous closing 1 case.
[5] Adjusted to reflect previous closing 1 case.
[6] 3d division, 470; supplemental, 455.

NATIONAL RAILROAD ADJUSTMENT BOARD

JUSTIFICATION OF ITEMS

PERSONAL SERVICES

Salaries of office personnel

The number of employees for the fiscal year 1968 is estimated at 62, a reduction of four from the current year, at an estimated cost of $477,600. The increase over 1967 is due to statutory pay and step increases.

Little turnover is expected during the current fiscal year or in fiscal year 1968, so there is not much opportunity for savings in that area. None of the Board's personnel is engaged in public relations or publicity activities, nor is there any employee engaged as much as half time in personnel work.

Salaries of referees

The act creating the National Railroad Adjustment Board provides that in case of a deadlock or inability to secure a majority vote of the division members, a referee is selected to sit with the division as a member thereof to make an award. Referees are now paid a salary of $100 per day, actual and necessary travel expenses, and per diem in lieu of subsistence.

Referees are usually selected from among such groups as judges, attorneys, professors of universities, or labor relations consultants. Their qualifications must be of the highest.

Referees were required 2,311 days in the settlement of 1,140 cases in the fiscal year 1966. For the current fiscal year, we hope our funds will be sufficient for 2,350 referee days during which we expect they will participate in the settlement of 1,465 cases. The estimate for 1968 is for 1,000 referee days, during which we expect they will participate in the settlement of some 500 cases.

There follows a list of referees rendering services during the fiscal year 1966.

Referees—Fiscal year 1966

Name	State	Number of days	Number cases closed	Salary paid
Abernethy, Byron R	Texas	33½	14	$3,350
Anrod, Charles W	Illinois	15½	11	1,550
Baller, Lloyd H	New York	47	19	4,700
Brown, David H	Texas	31½	23	3,150
Coburn, William H	District of Columbia	60	33	6,000
Daugherty, Carroll	Illinois	37½	30	3,750
Devine, Arthur W	Rhode Island	4½	1	450
Dolnick, David	Illinois	131	75	13,100
Dorsey, John H	District of Columbia	219¾	103	21,975
Dugan, Paul C	Missouri	24	11	2,400
Engelstein, Nathan	Illinois	93	39	9,300
Hall, Levi M	Minnesota	119½	60	11,950
Hamilton, Donald E	Oklahoma	81¼	34	8,125
Harr, Don J	do	79½	30	7,950
House, Daniel	New York	74	30	7,400
Ives, George S	District of Columbia	60¼	30	6,025
Johnson, Howard A	Montana	132½	78	13,250
Kabaker, David	Ohio	17	7	1,700
Kornblum, Daniel	New York	23½	10	2,350
Larkin, John Day	Illinois	11¼	2	1,125
Lynch, Edward A	District of Columbia	42	32	4,200
McMahon, Donald F	Oklahoma	68¾	22	6,875
Mesigh, Herbert J	do	42¼	19	4,225
O'Gallagher, K. P	Illinois	25	11	2,500
Perelson, Bernard E	New York	76¾	32	7,675
Rambo, Dan	Oklahoma	46¼	29	4,625
Rinehart, Jim A., Sr	do	4¾	(1)	475
Robertson, F. J	District of Columbia	21	7	2,100
Rohman, Murray M	Texas	65	28	6,500
Schmertz, Herbert	District of Columbia	28½	20	2,850
Seff, Bernard J	Maryland	46¾	12	4,675
Seidenberg, Jacob	Virginia	2	(1)	200
Stark, Arthur	New York	77	34	7,700
Weston, Harold M	do	204¼	101	20,425
Whiting, Dudley E	Michigan	29¼	30	2,925
Williams, Peyton M	Oklahoma	78¾	34	7,875
Wolf, Benjamin H	New York	83½	52	8,350
Zack, Arnold	Massachusetts	38¾	19	3,875
Zumas, Nicholas H	District of Columbia	34½	18	3,450
Total		2,311	1,140	231,100

[1] Interpretation.

WEDNESDAY, MARCH 22, 1967.

FEDERAL MEDIATION AND CONCILIATION SERVICE

WITNESSES

WILLIAM E. SIMKIN, DIRECTOR
ROBERT H. MOORE, DEPUTY DIRECTOR
WILLOUGHBY ABNER, SPECIAL ASSISTANT TO THE DIRECTOR
L. E. EADY, DIRECTOR, ADMINISTRATIVE MANAGEMENT
JAMES J. DINNENY, ASSOCIATE DIRECTOR, ADMINISTRATIVE MANAGEMENT
GUY MARINO, CHIEF, BUDGET AND FINANCE DIVISION

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Personnel compensation:			
11.1	Permanent positions	5,216	5,640	5,839
11.3	Positions other than permanent	35	83	83
11.5	Other personnel compensation	7	6	6
	Total personnel compensation	5,258	5,729	5,928
12.0	Personnel benefits	384	435	467
21.0	Travel and transportation of persons	521	570	590
22.0	Transportation of things	20	23	30
23.0	Rent, communications, and utilities	276	297	310
24.0	Printing and reproduction	13	15	15
25.1	Other services	29	35	40
25.2	Services of other agencies	37	30	30
26.0	Supplies and materials	31	33	35
31.0	Equipment	36	30	30
99.0	Total obligations	6,605	7,197	7,475

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions	433	442	450
Full-time equivalent of other positions	4	4	7
Average number of all employees	427	444	455
Average GS grade	11.0	11.0	11.1
Average GS salary	$12,448	$12,973	$13,200

Program and financing

[In thousands of dollars]

		1966 actual	1967 estimate	1968 estimate
	Program by activities:			
	1. Mediation and conciliation of labor disputes	5,945	6,421	6,674
	2. Ad hoc boards, panels, mediators, and consultants	38	125	125
	3. Administration	602	651	676
	Total program costs, funded	6,585	7,197	7,475
	Change in selected resources [1]	20		
10	Total obligations	6,605	7,197	7,475
	Financing:			
25	Unobligated balance lapsing	114		
	New obligational authority	6,719	7,197	7,475
	New obligational authority:			
40	Appropriation	6,725	7,100	7,475
41	Transferred to "Operating Expenses, Public Buildings Service," General Services Administration (79 Stat. 531 and 80 Stat. 674)	−6	−13	
43	Appropriation (adjusted)	6,719	7,087	7,475
44	Proposed supplemental for civilian pay act increases		110	
	Relation of obligations to expenditures:			
71	Total obligations (affecting expenditures)	6,605	7,197	7,475
72	Obligated balance, start of year	287	327	437
74	Obligated balance, end of year	−327	−437	−453
77	Adjustments in expired accounts	−15		
90	Expenditures excluding pay increase supplemental	6,550	6,981	7,455
91	Expenditures from civilian pay act increase supplemental		106	4

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders. 1965, $11,000 (1966 adjustments, −$15,000); 1966, $16,000; 1967, $16,000; 1968, $16,000.

Mr. FLOOD. We have the Federal Mediation and Conciliation Service and the Director, Mr. William Simkin.

I see you have a statement, Mr. Simkin.

Mr. SIMKIN. Would it be satisfactory with you if we insert it in the record.

Mr. FLOOD. Any way you wish.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

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

Following receipt of a B.S. degree from Earlham College, Richmond, Indiana, in 1927, he became principal of Central High School, Sherwood, New York. He also taught science and mathematics. LL.D. was conferred by Earlham in 1963.

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

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

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

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

In 1942, he left the field of arbitration temporarily to enter the service of the National War Labor Board. He served successively as Special Mediation Repre-

sentative, Chairman of the Shipbuilding Commission, and Co-Chairman of the Steel Commission. His last service in the Government during this period was as a member of the fact-finding board appointed in the Greyhound Bus dispute of 1946.

Following the War, he resumed full-time work in arbitration and, in 1950, was elected President of the National Academy of Arbitrators. At various times he has served as so-called permanent arbitrator in the shipbuilding industry (Bethlehem, Sun Ship, and Cramp Ship), the rubber industry (Goodyear and Firestone), the steel industry (Crucible and National Can), the rayon industry (American Viscose), the apparel industry (Men's Clothing and Dress in Philadelphia), and in transportation (Greyhound). He has also done an extensive amount of ad hoc arbitration work in a wide variety of industries, including arbitration of new contracts.

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

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

GENERAL STATEMENT OF WILLIAM E. SIMKIN

May I, initially, express my appreciation to the Committee for this opportunity to appear and explain our appropriation request for fiscal year 1968.

Since detailed justification material has already been submitted, I shall confine these opening remarks to a few of the more significant aspects of the request and to a few of my thoughts on the current labor relations outlook. Both I, and the staff members present, will be pleased to answer any questions which the Committee may wish to raise.

Numerous predictions are being made these days that 1967 will be a year of turmoil in labor-management relations. There is a strong possibility that the year ahead will be difficult. Increased living costs, high industrial profits and tight labor markets make it certain that labor unions will present substantial wage demands. Cost of living escalator clauses to protect real wages will be sought. These and other demands coming at a moment of possible downturn in some key industries and some slowdown in the national rate of productivity growth are bound to encounter serious employer resistance.

More than three million workers are affected by key contracts expiring over the next several months. These include such industries as trucking, rubber, automobile, non-ferrous metals, meat packing, farm equipment, electrical machinery, pulp and paper, and construction. In addition, there will be over the next year or two, thousands of other smaller contract negotiations which will be as important in their totality as the larger, more visual ones.

I might say in passing that I am not as pessimistic about the 1967 negotiations as some others are, although I am convinced that it is going to be a rugged year. In the last half of calendar 1966 there were several critical negotiations concluded. Due to some very realistic bargaining and some very persistent mediation, agreements were reached. Strikes occurred at: General Electric, Westinghouse, and Raytheon, but time lost was minor compared with most popular advance predictions. Literally hundreds of other important but lesser publicized negotiations were successful without strikes. And where strikes did occur, most were of modest duration. If this sense of realism prevails in 1967 and 1968 negotiations, we may possibly see fewer stoppages than are now predicted. However, it would be naive to predict that the mediator's task will be easy. It will be increasingly more difficult.

In particular, the Service will be working intensively and aggressively in all negotiating situations in which the companies are involved in military production. As the Viet Nam war has intensified, the need to avert strikes at defense oriented plants has increased sharply. Moveover, the widespread utilization of subcontractors and substantially increased purchases of military products have vastly enlarged the number of critical disputes. The Service has responded to these needs by priority attention to such disputes, by increased use of panels of mediators, and by more national office participation in such cases.

This special attention to defense plant disputes has its obvious manpower implications.

The 1968 budget proposal represents a modest increase in our two-pronged program of dispute mediation and preventive mediation. The dispute case

load (crisis mediation) in the past fiscal year again reached a new high level since the Service became an independent agency. The statistical data are shown on page 13 of the justification material.

A much more startling growth situation prevails in the preventive mediation portion of our total program as the data on page 15 of the justification reflect. As I have stated before, the preventive mediation or "continuing dialogue" concept is in my judgment one of the more significant developments in collective bargaining in recent years. Only recently, in October 1966, the American Assembly of Columbia University, meeting at Arden House, urged that labor and management in key industries consider revising their internal structures in an effort to promote more harmonious relationships. Year-around joint discussions on all issues of mutual concern were urged by the 70 Assembly participants who this year were leading representatives of labor, business, government, the press, and the academic world. This recommendation is in keeping with the Service's efforts to develop wider acceptance of the new concept.

In summary, there is nothing in the current labor relations picture that would indicate any lessening need for effective mediation. Free collective bargaining remains the keystone of our national labor policy, and no acceptable substitute has as yet appeared, or can appear. Competent mediation, readily at hand, should be the primary form of third party intervention available to the parties for help in adjusting their differences.

In terms of financial requirements, an appropriation of $7,475,000 is proposed for fiscal year 1968. This is an increase of $265,000 over the current year's anticipated available funds. In terms of manpower, six mediator positions and two clerk-secretary positions are proposed. Included, too, are funds for annualization costs for mediator positions budgeted for only a portion of the current year in accordance with our usual practice in respect to new mediator positions, and promotion to the next higher grade of new mediators who successfully complete the usual one-year probationary-training period. Funds included in the amount of $70,000 represent restoration of pay increase cost absorption in the current fiscal year. Other non-manpower increases of a supporting nature totaling $79,000 are included for personnel benefits, travel, communications and other miscellaneous items.

The money amounts and manpower requested are very substantially below our initial estimates to the Budget Bureau. My very reluctant assent to the reduction was based solely on Budget Bureau insistence that further appeals would be fruitless.

The full amount here being requested from the Congress is, I can state with sincere conviction, necessary for carrying out our mediation and conciliation responsibilities.

OVERVIEW OF AGENCY'S PURPOSE AND FUNCTIONS

Mr. SIMKIN. Partly because there are some new members of the committee this year, I thought perhaps just a little bit more in the way of background of our work might be helpful. We already have the specifics of our request on the record.

First I would like to say just a word about what we might call our basic philosophy. We believe that collective bargaining is a vital and essential institution in this country, not simply because it is supported by statute, but because nobody has devised a better way to resolve these problems.

In the Service, we consider our function as really one of assistance and service, emphasizing the last word in our title. We are not averse to taking credit if it is due, but our general approach to all of these matters is to work quietly with the parties to emphasize the bargaining, and frankly, to de-emphasize Government in the sense that the parties ultimately have to come to their own solution.

We are glad for a variety of reasons that Congress saw fit in 1947 to make us an independent agency, which I believe gives us a better opportunity to perform this kind of a role.

We have two major and one subsidiary responsibility. The first one of course is our work in disputes at the time of crisis; the second is what we call preventive mediation; and the third is our function in connection with the appointment and designation of arbitrators. I will say just a few words about each one.

The disputes area, which is, of course, almost entirely limited to the negotiation of contracts either at time of renewal or initial contracts when the union is first recognized, is our dominant role. We were active in fiscal 1966 in almost 8,000 cases, 7,834 to be precise. By being active I mean these were the cases in which the mediator actually sat at the bargaining table and chaired the conferences.

Mr. FLOOD. Are you invited to these things or do you invite yourself in or suggest it directly or indirectly?

Mr. SIMKIN. Under the law we are authorized to, I think the words are "to intervene on our own motion." But I would say in well over 90 percent of the cases, we are invited in by one or both parties and frequently both.

It is difficult to establish precise statistics because frequently we are invited in when the party that does the inviting would prefer that that not be known. There is a notion around which is a little bit false, that inviting mediation might be construed as a sign of weakness. So every once in a while we will intervene on our own motion when in reality we are invited in.

With that explanation I think it is fair to state we are really invited in in well over 90 percent of the cases, possibly over 95.

In those so-called active cases, they average out to a mediator's active participation at the bargaining table for roughly 4 days for each case. Now this of course covers a tremendous range, as all averages do.

There are some cases that are taken care of in 1 day and there are some where we have had upward of a hundred conferences on a single case, but the average works out to about 4 days. Much additional time on these cases is also required for work away from the bargaining table.

As indicated in our detailed submission, there has been a modest increase in workload in the last few years, an increase that has been roughly proportional to our increase in staff.

In addition to those, roughly 8,000 active cases, there are some 13,000 cases every year where a mediator does some work to the extent of following up on the case with the parties, sometimes some private conferences with the parties, but does not actually sit at the bargaining table. So we have something over 20,000 cases per year that are assigned to mediators in one capacity or another.

USE OF TAFT–HARTLEY ACT

Turning to a different subject, as you know, in the emergency provisions of the act there is the provision for a Taft-Hartley injunction in cases affecting the national health and safety.

In fiscal 1966 I think we were fortunate for the country as a whole and everybody concerned, we avoided any use of Taft-Hartley.

Mr. FLOOD. What is the situation on the east coast maritime problem this afternoon?

Mr. SIMKIN. We are hopeful this is not going to materialize into an active demonstration.

Mr. FLOOD. What is the problem, foreign sailors?

Mr. SIMKIN. On two or three ships an exemption was made. The unions are objecting to the exemption granted in these two cases. That is the essential problem.

Mr. FLOOD. You have a Taft-Hartley case on the west coast with the electricians.

Mr. SIMKIN. So far in fiscal 1967 we have had three uses of the act. The first was in the General Electric case involving only the one plant at Evinsdale, where they make jet engines.

The second was at the Kokomo plant of Union Carbide. In both of those instances, through efforts of our mediators and the parties, both of those disputes were resolved not only during the 80-day period, but were even resolved during the first 60 days before a board has to report back to the President.

The current one on the west coast in the shipbuilding industry where the injunction was secured quite recently, a little over a week ago, this one is a very difficult dispute. I would not care to forecast its future at this particular point, but we are still hopeful that it will be resolved during the 80-day period.

In fiscal 1966, contrary to rather popular notions, there was no need for special Presidential boards in dispute cases within our jurisdiction—I am of course excluding the railroads and airlines. In fiscal 1967 we did have the special activity of the three secretaries, Secretary McNamara, Secretary Wirtz, and Secretary Connor; and I in the General Electric case; but by and large within the last few years we have been able to handle most of the mediation without extensive need of special boards.

In a few instances we have brought in—this is sort of a new device, but I think it is a very fruitful device—in several instances we brought in one so-called outside expert to work with our men on some of the more difficult cases. People like Jim Healey and John Dunlop and Dave Cole can be used very productively and efficiently in some difficult cases.

MEDIATOR PANELS

Another thing we have done in an attempt to foster the bargaining and to avoid special procedures, where it is possible to do so, is to increase our use of mediator panels. Normally a case is handled, we call it solo, that is a single mediator follows a case through until its conclusion. But we have increasingly followed the device of adding another mediator or sometimes two other men to a panel, not because we are dissatisfied with the original man, but because two heads or three heads are frequently better than one.

Mr. FLOOD. I think we had better talk for a while about this appropriation.

Mr. SIMKIN. Do you want to get directly into the funds?

Mr. FLOOD. I think we should.

Mr. SIMKIN. Our request this year is for $7,475,000, which represents an increase of $278,000 above the 1967 appropriation.

Mr. FLOOD. An increase of what?

Mr. SIMKIN. $278,000. That is allowing for the expected supplemental for the pay.

Mr. EADY. There is a difference of $13,000 which is the amount transfered from FMCS to GSA for prior commitments on office space rentals.

Mr. SIMKIN. $265,000 net. That $13,000 explains the difference.

In terms of manpower, which is the bulk of this increase, this represents a request for six additional mediators, less than one new man for each region. And two clerical jobs, a total of eight new jobs for the agency, which would bring us up to a total manpower of 450 people. And of course there are a few other smaller items you may want to ask specific questions about. Either I or other members of the staff will answer. The bulk of the additional money is for these eight new jobs.

SUMMARY OF BUDGET REQUEST FOR FEDERAL MEDIATION AND CONCILIATION SERVICE

Mr. FLOOD. The appropriation for 1967 is $7.1 million.

Mr. SIMKIN. Right.

Mr. FLOOD. The budget includes an estimated pay cost supplement of $110,000 for a total appropriation of $7,210,000, and the request for 1968 is $7,475,000, or an increase of $265,000 and eight positions.

Mr. SIMKIN. Yes.

ABSORPTION OF PAY COSTS

Mr. FLOOD. How much of the pay cost are you absorbing?

Mr. SIMKIN. $70,000 of the past pay costs and the supplement is for 110.

ADDITIONAL PERSONNEL

Mr. FLOOD. Take a look at your justification for these eight additional positions. Believe me, they are very general. They could be used to justify 28 as well as eight.

Can you be more specific about the need for the eight?

Mr. SIMKIN. As a matter of fact, that is about what we asked for from the budget.

Mr. FLOOD. They are general enough for it. Give us a little more specifics about just the eight.

Mr. SIMKIN. The justification basically is that the dispute picture for the rest of 1967 and into the first half of 1968 as we appraise it is going to be a most difficult year. I am not as pessimistic about it as some of the columnists and some of the labor writers are.

Mr. FLOOD. How about "disastrous"? Did you ever hear that word in your shop?

Mr. SIMKIN. I would not say disastrous. I think we will stagger through somehow. But I do not think there is any thought of anybody I know of in this field that this is going to be any easy period. Disputes, both in numbers and in terms of our manpower requirements, are definitely going to be high during this period.

Mr. FLOOD. Do you expect Mr. Ruether to ask for the guaranteed annual wage this year?

Mr. SIMKIN. There is no question he is going to ask for it; whether he will get it is another question. He is going to make a major pitch for it this year, there is no question about that.

PREVENTIVE MEDIATION

Then the other justification, and this concerns me as deeply as the dispute situation, is that we are building up, primarily at the request of the parties, a demand for our services in what we call preventive mediation which is rapidly on the increase.

Mr. FLOOD. I would hope so. Nothing in the world looks worse to everybody than these people staggering before the television cameras in the hall of a hotel at daybreak having lived on nothing but cold black coffee and hamburgers, with their ties pulled loose, and needing a shave. It goes on year after year and looks awful.

Mr. SIMKIN. It goes on and I am afraid it will continue to go on, but we hope it will diminish as a result of new approaches to bargaining.

Mr. FLOOD. Armour last month settled 6 months ahead of their deadline.

Mr. SIMKIN. As part of our preventive mediation approach, we have a substantial number—Bob Moore can give you the details—a substantial number of similar situations all around the country.

Mr. FLOOD. I think there is a lot of room for work in here.

Mr. SIMKIN. These have been generated by the work of mediators. One case I know a good deal about because I was in the picture back in 1961. There is a plant at Philadelphia, Yale and Towne, you probably know of it. This was one of the worst situations I have ever encountered back at that time.

Two of our mediators in Philadelphia have been doing a great deal of quiet work in that picture ever since that time. They reached agreement this year about 6 months ahead of time peaceably.

Mr. FLOOD. I think that is a very fertile field.

Mr. SIMKIN. They extended the contract another year.

PANELS OF MEDIATORS

Mr. FLOOD. On page 12 you show the number of cases requiring what you call panels of mediators and it goes from 392 in 1964 to 594 in 1966. Why that jump?

Mr. SIMKIN. That is what I was referring to a bit ago about the need in some difficult cases to add another man.

Mr. FLOOD. 392 to 594. That is a lot of people.

Mr. SIMKIN. That is only the number of cases in which we use more than one mediator.

Mr. FLOOD. The number of cases requiring the panel of mediators?

Mr. SIMKIN. That is right.

Mr. FLOOD. Where do the cases come from? What happened? Why that rash of cases in a year and a half?

Mr. SIMKIN. The additional number?

Mr. FLOOD. Yes.

Mr. SIMKIN. The cases are simply getting more difficult to settle and we have been using this device more frequently in the difficult cases to avoid strikes or to shorten them when they do occur.

Defense involvement of our mediators is increasing all the time. We maintain a very active and close liaison with the Defense Department on plants that are vital to the defense effort. In many of these defense cases we do one of two things, or sometimes both. We use this panel device in the field if that will do the job, or if that will not work, we send one of our troubleshooters from the national office into the picture. We have developed a small staff of troubleshooters, technically their title is national representative, who either go out into the field on these Defense cases or cases are brought into the Washington office. This panel effort has been generally successful in resolving them.

(This further explanation of the use of mediator panels was provided later:)

FEDERAL MEDIATION AND CONCILIATION SERVICE,
U.S. GOVERNMENT,
Washington, D.C., March 23, 1967.

HON. DANIEL J. FLOOD,
Chairman, Labor, Health, Education and Welfare, Subcommittee of the House Committee on Appropriations, House of Representatives, Washington, D.C.

DEAR CHAIRMAN FLOOD: This is with further reference to your questions on page 2590 and page 2591 of the transcript of our hearing yesterday, concerning the use of panels of mediators.

I believe that the questions were answered adequately at the hearing, but, in case there is any uncertainty, the reasons for the substantial increase in use of panels of two or more mediators may be summarized as follows:

(1) Experience has proved that in many extremely difficult cases two or three men can do a much better job of avoiding a strike, or shortening one that is in existence.

(2) The importance of settlement of defense plant disputes has intensified materially with developments in Vietnam and the numbers of such critical cases have increased substantially.

(3) On these critical defense plant cases, and some others of major general importance, the use of a panel of our mediators has avoided the necessity for appointment of special Presidential boards or has avoided invocation of the Taft-Hartley Act.

(4) The development of our small staff of National Representatives (trouble shooters) makes it more possible for us to do a harder-hitting mediation job in these difficult cases. All cases involving use of a "trouble shooter" are panel cases.

The use of two or three men in these panel cases, instead of one, obviously increases our manpower requirements to some extent. However, this is considerably less expensive than use of special boards, in addition to our belief that it encourages bargaining in lieu of governmental recommendations by special boards.

Sincerely yours,

WILLIAM E. SIMKIN, *Director.*

TREND TOWARD GREATER USE OF ARBITRATION

Mr. FLOOD. On page 20 you are talking about a trend toward a greater use of arbitrators. Is that good or bad? Give us some specifics.

Mr. SIMKIN. We do not use the arbitrator, but this is the upward trend in grievance arbitration as evidenced by our appointment of arbitrators.

There has been over the years, and particularly in our limited function here, a steady increase in the use of arbitrators to handle the final settlement of grievance disputes.

NATIONAL LABOR-MANAGEMENT PANEL

Mr. FLOOD. What has the National Labor Management Panel done since we held hearings a year ago?

Mr. ABNER. About three meetings have been held in the past year.

Mr. FLOOD. Is that good?

Mr. SIMKIN. A good share of this time has been spent by the panel in a very quiet exploration in depth of the emergency disputes legislation, the exercise of Taft-Hartley in years past, with advice to us as to how we can do a better mediation job in these particular cases.

Mr. ABNER. This panel is meeting next month, the 25th and 26th of April.

Mr. FLOOD. Why did you not have six meetings?

Mr. ABNER. We do not schedule a precise number of meetings. We try to do it quarterly at least and a lot depends on what is in the offing, and also of course, they are very busy men and there is some difficulty in arranging mutually acceptable dates. We tried to meet in March and were unable to do so because of conflicting commitments, and so forth.

Mr. FLOOD. Mr. Hull?

WILDCAT STRIKES

Mr. HULL. I would just like to ask one question. I have talked to my good friend Bob Moore several times about the operation.

Do you go into the so-called wildcat strikes?

Mr. SIMKIN. We go into wildcats only if it is a defense plant or if it is a situation where we feel we can be useful because of the size of the establishment involved. We are instructed by the act in general to stay out of grievance matters. Most of these grievance matters are resolved by arbitration. So we try to limit our participation in wildcat stoppages primarily to defense plants.

ACTIVITIES WITH DEFENSE INDUSTRIES

Mr. HULL. What percent of your activities go into the defense structure?

Mr. SIMKIN. Into defense?

Mr. HULL. Yes.

Mr. SIMKIN. This is difficult to establish with any preciseness. We have made spot analyses of cases where there is a defense implication and of the total of our so-called active cases defense involvement will run close to 10 percent probably of the total cases.

Mr. HULL. You go in to help mediate?

Mr. SIMKIN. That is right.

Mr. MOORE. These are critical cases, not just the cases where there may be some defense involved.

Mr. SIMKIN. The extent of defense involvement is variable of course, but in terms of really critical cases, it will run close to 10 percent of our total number of active cases.

Mr. HULL. You have been a help in negotiating the problems in 10 percent of the cases?

Mr. SIMKIN. For example, the last round of AeroSpace negotiations of course were obviously vital to our defense effort. Solely

through our efforts, all of those matters were resolved. No special boards, no Taft-Hartley. And a minimum of time lost to strikes. There were a couple of strikes involved but they were of short duration.

In numerous other plants making munitions we have had the same experience up to this point. The Olin-Mathieson case was a well-publicized case over a year ago. There was a strike in that case but fortunately, it was worked out.

Another important one was the General Dynamics plant at Fort Worth, Tex., where everybody who knew anything about the situation, union and company people alike, felt that a strike was inevitable, but we were able to avoid it.

Mr. HULL. Thank you.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION MATERIAL

FEDERAL MEDIATION AND CONCILIATION SERVICE

Salaries and expenses—Comparative budget estimate, fiscal year 1968 over fiscal year 1967

Description	Fiscal year 1967		Fiscal year 1968		Increase (+) or decrease (−) over 1967 estimate	
	Positions	Amount	Positions	Amount	Positions	Amount
PERSONNEL COMPENSATION						
Office of the Director	4	$68,614	4	$69,545		+$931
Office of the Deputy Director	6	87,535	6	88,142		+607
Office of Disputes	8	127,742	9	134,815	+1	+7,073
Office of Public Relation and Training	4	51,041	4	52,369		+1,328
Office of General Counsel	7	59,407	7	60,786		+1,379
Office of Administrative Management	38	325,337	38	330,151		+4,814
Total departmental	67	719,676	68	735,808	+1	+16,132
Total field	375	5,043,156	382	5,232,247	+7	+189,091
Total permanent	442	5,762,832	450	5,968,055	+8	+205,223
Pay above the stated annual rate		22,100				−22,100
Lapses	−2	−144,332	−2	−129,055		+15,277
Net savings due to lower pay scales for part of year		−600				+600
Net permanent	440	5,640,000	448	5,839,000	+8	+199,000
Part time and temporary		83,000		83,000		
Payment above basic rates		6,000		6,000		
Total, personnel compensation		5,729,000		5,928,000		+199,000
OTHER OBJECTS						
Personnel benefits		435,000		467,000		+32,000
Travel and transportation of persons		570,000		590,000		+20,000
Transportation of things		23,000		30,000		+7,000
Rent, communications, and utilities		297,000		310,000		+13,000
Printing and reproduction		15,000		15,000		
Other services		65,000		70,000		+5,000
Supplies and materials		33,000		35,000		+2,000
Equipment		30,000		30,000		
Total, other objects		1,468,000		1,547,000		+79,000
Total obligations		7,197,000		7,475,000		+278,000

Salaries and expenses—Comparative budget estimate, fiscal year 1968 over fiscal year 1967—Continued

Description	Fiscal year 1967		Fiscal year 1968		Increase (+) or decrease (−) over 1967 estimate	
	Positions	Amount	Positions	Amount	Positions	Amount
FINANCING						
Appropriation		$7,100,000		$7,475,000		+$375,000
Transfer to "Operating expenses, Public Building Service," General Services Administration (80 Stat. 674)		−13,000				+13,000
Appropriation (adjusted)		7,087,000		7,475,000		+388,000
Proposed supplemental for pay increases		110,000				−110,000
Total obligations		7,197,000		7,475,000		+278,000
COMPARATIVE ESTIMATE BY ACTIVITIES						
1. Mediation and conciliation of labor disputes		6,421,000		6,674,000		+253,000
2. Ad hoc boards, panels, mediators and consultants		125,000		125,000		
3. Administration		651,000		676,000		+25,000
Total program costs, funded		7,197,000		7,475,000		+278,000
Change in selected resources						
Total obligations		7,197,000		7,475,000		+278,000

SUMMARY OF 1968 ESTIMATE

The principal responsibilities of the Service are:

(1) To provide timely and intensive mediation to prevent work stoppages or to minimize their duration, and

(b) to encourage and assist the parties in the development and testing of new approaches for non-crisis solution of mutual problems.

Successful accomplishment of these program objectives contributes importantly to the economic well-being of the Nation.

There is litle doubt but that labor-management contract negotiations will be difficult and protracted throughout the period covered by the fiscal 1968 budget. The Viet Nam situation, the high level utilization of the Nation's productive capacity, the tightening manpower situation, the continuing rapid changes in technology and automation, and the resulting inflationary pressures are culminating in higher union demands.

Management is resisting these demands despite the present profit picture because of fear of incurring long term cost obligations that might be onerous if prosperity and rate of growth slackens.

The collective bargaining process is the primary means through which labor and management must reconcile their differences. The success or failure of this voluntary process will be determined by contract agreements negotiated at thousands of bargaining tables throughout the Nation. The ready availability of competent mediation assistance during this difficult period will serve the needs of both labor and management when negotiating impasses are reached.

Effective mediation is also an integral and vital adjunct of the Nation's defense position. As the Viet Nam war has intensified, the need to avert strikes at defense orientated plants has increased sharply. Moreover, the widespread utilization of subcontractors and substantially increased purchases of military products have vastly enlarged the number of critical disputes. The Service has responded to these needs by priority attention to such disputes, by increased use of panels of mediators and by more national office participation in such cases. This concentrated effort will continue.

A total appropriation of $7,475,000 is proposed for the budget year, an increase of $265,000 (3.7 percent) over the current year's anticipated available funds. This increase is required for a total of eight (8) badly needed additional positions and for other objects as outlined in more detail in pages 28 to 31 of this statement.

The proposal for 1968 provides for 450 full-time positions distributed organizationally as follows:

1. A national office staff of 68 positions, an increase of one over the current year.
2. Seven regional director and seven assistant regional director positions.
3. A mediator complement of 271 positions, an increase of 6 over the current year.
4. A regional and field office administrative, stenographic, and clerical staff of 97 positions, an increase of one over the current year.

I. Statutory authority

The Labor Management Relations Act, 1947, established the Federal Mediation and Conciliation Service as the only statutory federal agency having direct responsibility for providing mediation assistance in labor-management disputes and related activities having an effect on interstate commerce, exclusive of railroads and airlines.

Executive Order 10946, dated May 26, 1961, placed additional responsibilities on the Service in connection with labor-management relations and disputes at missile and space sites. Mediators employed by the Service serve as chairmen of local committees and thus handle the field operations of the President's Missile Sites Labor Relations Commission. The Director of the Service is Vice Chairman of the Commission.

II. Organization

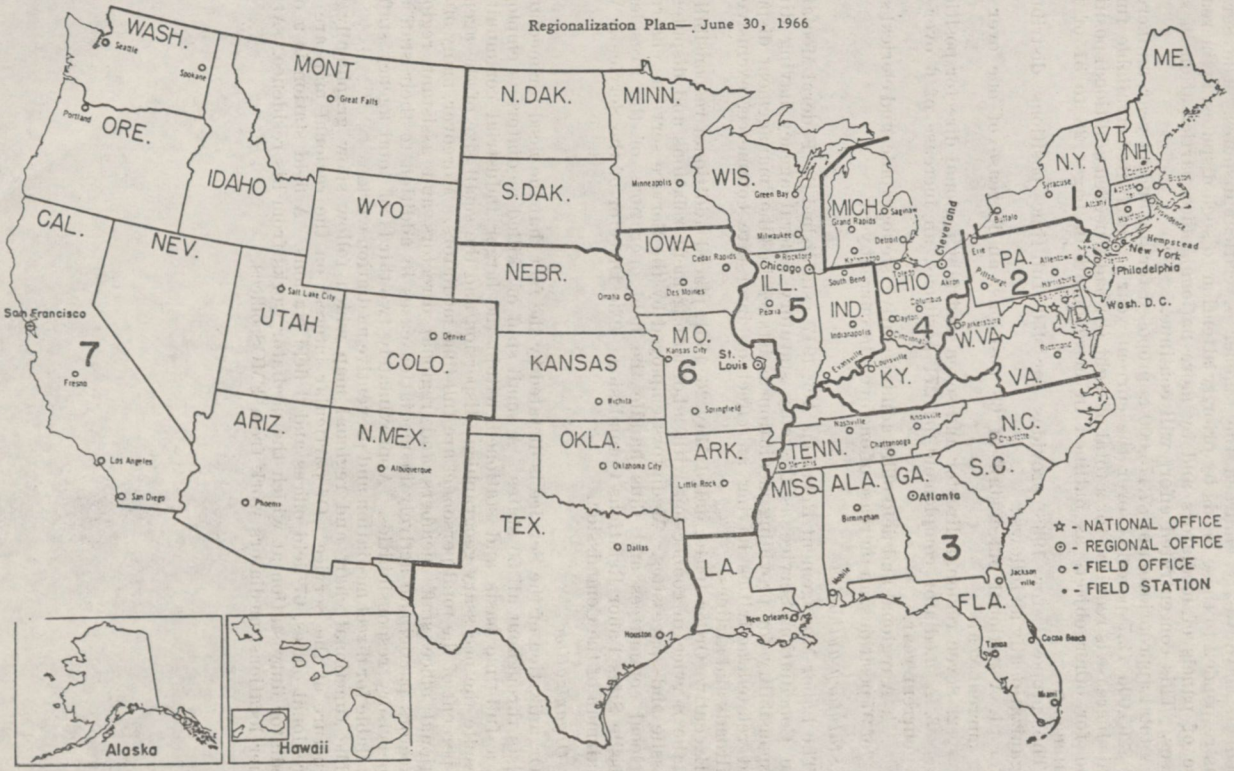
Organization of the Service is dictated by the fact that the need for mediation exists throughout all 50 states. A small staff of skilled mediators is employed on a full-time basis and stationed within the larger industrial communities. Despite the necessary geographical dispersion and the small size of the agency, 60 percent of the total personnel are full-time mediators. Moreover, many of the national office staff members and regional directors and assistant regional directors participate actively in mediation cases in addition to their staff and supervisory responsibilities. Approximately two-thirds of total agency staff is available for direct mediation and preventive mediation work.

The functional chart and regional map which follow show graphically the structure of the Service. Of particular interest on the regional map are the 7 regional offices, 67 field offices and 3 field stations. A field station is a one-mediator duty station at which the mediator works from his residence. At all other locations, mediators work from FMCS offices.

76-665—67——58

FEDERAL MEDIATION AND CONCILIATION SERVICE

Regionalization Plan— June 30, 1966



The functional chart, depicting the structure of the national office, reflects a reorganization of functions and responsibilities which took effect on January 1, 1966. As a result of the realignment, the former Office of Special Activities was discontinued and its responsibilities distributed to the remaining offices. No new offices were created. The principal changes were the transfer of direction and coordination of the preventive mediation activity to the Office of the Deputy Director, the transfer of the regional operations analysis and audit to the Office of Administrative Management; and the consolidation of public relations activities in the Office of Public Relations and Information.

The objectives sought were a more compact and efficient national office structure, and increased stature and more intensive effort in the development and coordination of the preventive mediation concept. Experience to date indicates that these principal objectives are being realized.

III. Work program

The program administered by the Service is outlined below. In the materials that follow thereafter each is treated separately with emphasis on the outlook and specific program proposals for fiscal year 1968.

A. Dispute Mediation.
B. Preventive Activity (including missile and space site activity).
C. Board of Inquiry and Other Ad Hoc Boards and Panels.
D. Arbitration Services.
E. National Labor-Management Panel.
F. Mediator Training.

A. Dispute mediation

The active dispute mediation workload in the past fiscal year was the heaviest on record since the Service became an independent agency in August 1947. The increase in 1966 was 5.2 percent above that of 1965.

The Service works intensively and aggressively in all negotiating situations where the companies are involved in military production. Close liaison exists between the Service and the military agencies. These cases receive and will continue to receive priority mediation attention.

The statistical data on page 13 summarize disputes mediation activity over the past four fiscal years. The best single measure of disputes workload is the number of active (Joint Conference Cases — Line B 1, page 13). An active case is defined as one in which the mediator conducts one or more joint conferences.

Some measure of cases difficulty and direct mediator time (exclusive of travel, preliminary and office work on the same cases) is the number of conferences required. A conference day may vary from 4 to 24 hours.

A third index of case difficulty and required mediator time is the number of these active cases in which two or more mediators are assigned as a panel in contrast to the normal solo mediation.

These data can be summarized as follows:

Active dispute cases

[Fiscal years 1964-66]

	1964	1965	1966
Total active cases	7,221	7,445	7,834
Number of conferences (usually days) required	26,496	28,451	30,243
Number of cases requiring panels of mediators	392	508	594

In addition to the 7,834 active cases closed in 1966, there were some 13,000 assignments closed in which no formal mediation activity involving joint conferences was required. In each of these, however, it was necessary for the mediator to maintain liason with the parties to be certain that negotiations were progressing satisfactorily and that there was no likelihood of a stalemate developing. This liaison activity requires a good deal of time. In many situations the mediator gives counsel and advice to the parties even though these assignments do not develop into or are not recorded as active cases.

The workload data is exclusive of missile sites activity and preventive mediation activities, reported hereafter.

TABLE A.—*Comparison of disputes mediation workload (Number of cases exclusive of missile sites and preventive mediation activities)*

[Fiscal years 1963–1966]

	(a) 1963	(b) 1964	(c) 1965	(d) 1966
A. CASE TOTALS				
1. In process start of year	4,900	5,014	5,281	5,472
2. Assignments	19,987	20,797	21,262	20,230
3. Total	24,887	25,811	26,543	25,702
4. In process end of year	5,014	5,281	5,472	4,781
5. Cases closed during year	19,873	20,530	21,071	20,921
B. ANALYSIS BY TYPES OF MEDIATION ACTIVITY				
1. Joint conference cases	7,013	7,221	7,445	7,834
2. Separate conference cases	338	324	316	300
3. No conference cases	10,772	11,208	11,283	11,050
4. No mediation activity	1,750	1,777	2,027	1,737
5. Cases closed	19,873	20,530	21,071	20,921
C. MEDIATOR MANPOWER AVAILABLE				
1. Total mediator man-years available	229	235	246	254
2. Man-years assigned to missile sites activity	5	3	3	3
3. Net man-years available for regular disputes mediation and preventive mediation	224	232	243	251

B. Preventive mediation

Through its preventive mediation program the Service seeks the long term improvement of the labor-management relationship and the resolution of continuing problems. The preventive mediation concept is one of the more significant developments in collective bargaining in recent years. The Service regards its role essentially as that of a catalyst in the process. The parties themselves must first be interested in making the preventive concept operate if it is to succeed.

Significantly, and as recorded in detail in previous submissions, the National Labor Management Panel in a formal report dated December 30, 1964 unanimously recommended that this program be expanded and that the Service be provided with adequate funds.

In October 1966, the American Assembly of Columbia University, meeting at Arden House, urged labor and management in key industries to consider revising their internal structures in an effort to promote more harmonious relationships. Year-around joint discussions on all issues of mutual concern were urged by the 70 Assembly participants—leading representatives of labor, business, government, the press, and the academic world.

During the fiscal year 1966 the Service engaged in *922* preventive mediation assignments, *nearly double* the *494* assignments of the previous fiscal year (1965). The potential for even further development exists, limited only by availability of mediator manpower. The mediation of "crisis" disputes obviously takes priority in day-to-day operations, but each mediator is alert to the possibilities of some type of preventive effort where the parties express an interest and a willingness in such effort. Most of the Service's preventive activity develops as an outgrowth of the mediation of "crisis" dispute situations. A total of 256 mediators participated in preventive mediation activity during 1966.

The mediators perform a wide variety of services and activities under the preventive mediation concept. Each case, however, necessitates its own treatment, tailored to fit the particular needs of the parties.

In the past fiscal year there were some 321 joint committee cases, 264 consultation or continuing liaison cases and 117 cases involving training programs. Few of these cases were identical even within these broad categories.

Missile and Space Sites Activity.—Operating under the authority of Executive Order 10946 which established the Missile Sites Labor Commission, the Service continues to play an integral role in the labor-management activities at the missile sites and space centers. These activities are closely related to the preventive mediation concept.

The Director of the Service officiates as Vice-Chairman of the Commission. A coordinating office is maintained by the Service, which has the responsibility for

communications between the local Site Committees and the Commission, and mediators serve as Chairmen of the local Site Committees. Each local Committee is comprised of representatives from building trades and industrial unions, construction and industrial contractors, as well as representatives of government procurement agencies. This composition assures all interested parties of consideration of their problems. These Committees utilize all voluntary settlement procedures already in existence, and encourage the establishment of such procedures where they do not exist. The role of the local mediator is to act as a catalyst in guiding the parties.

During fiscal year 1966, construction and modification work at the missile and space sites utilized 9,982,800 man-days as compared to 9,041,200 in the previous fiscal year. The heaviest activity took place at Cape Kennedy where 4,776,800 man-days were worked. Vandenberg, and Mississippi Test Facility also had considerable activity. Mediators were available on a priority basis at many other locations where lesser amounts of construction and modification work was performed. There were 54,687 man-days, involving 20,202 workers, lost due to work stoppages at all facilities. The ratio of man-days lost to total man-days worked was approximately one-half of one percent.

This record is testimony of the alert and capable job done by the assigned mediators and the Labor-Management Committees at the Sites. The Service in the current and the next fiscal year will continue to give priority attention to disputes affecting missile or space sites.

Table A (page 13) reflects some decline in man-year equivalents of field mediator time required. By far, the greatest time required was during a period beginning in 1961 and continuing into fiscal year 1963. Some further decline of field mediator activity is anticipated in fiscal year 1968 but it should be noted that only 3 man-year equivalents are charged against the program for fiscal 1966, a small item indeed for the work actually performed.

C. Boards of inquiry and other ad hoc panels and experts

No Boards of Inquiry in emergency dispute situations were appointed in fiscal year 1966. Neither was there necessity for appointment of ad hoc boards or panels in other major dispute situations. This was due in large part to the intensive mediation efforts by FMCS staff in every major dispute situation. Outside experts and consultants were used with FMCS mediators in several difficult situations. More than $55,000 of the funds earmarked in 1966 for the expenses of boards and panels was returned to the Treasury as surplus.

In the current year and the budget year, the Service will provide mediatory and administrative assistance to any such boards or panels that may be appointed by the President in emergency dispute situations under Section 206 of the Labor Management Relations Act. Intensive mediation efforts will always precede such Presidential action. Ad hoc boards or panels or individual experts in these or other major dispute situations are appointed only after the Director has determined the necessity for supplemental efforts.

It is not possible to predict the extent of future need for boards of inquiry, special boards, panels and outside experts. Two Taft-Hartley Boards have been needed during the first half of fiscal 1967. It is essential that the full amount of $125,000 be made available. If not used in full, the balance will be returned to the Treasury, as in previous fiscal years.

D. Arbitration services

During fiscal year 1966, the Service received 5654 requests for panels of arbitrators, an increase of 12 percent over the previous fiscal year. The seven-year tabulation on page 21 shows the very substantial and steady increases that have taken place in the utilization of the arbitration roster facilities of the Service. The data also show that arbitration continues to be utilized by both labor and management as a method for solving problems during the terms of their collective bargaining agreements. It is estimated that over 90 percent of collective bargaining agreements contain clauses providing for arbitration of disputes arising out of or in connection with the terms and application of the agreements.

The Service encourages voluntary arbitration by maintaining a roster of qualified arbitrators, and by helping the parties to select an impartial arbitrator to decide the issues in dispute. By handling 5654 requests for arbitration panels in fiscal year 1966, the data indicate that the Service is the leading agency

engaged in the administration of labor arbitration cases. The parties pay the arbitrator's fee.

Arbitration workload

Processing requests for panels	Fiscal year						
	1960	1961	1962	1963	1964	1965	1966
Number of requests received	2,835	3,174	3,548	4,279	4,791	5,048	5,654
Number of panels issued	2,993	3,347	3,808	4,497	5,172	5,453	6,255
Number of selections made by the parties	1,988	2,185	2,303	2,719	3,142	3,286	3,386
Number of direct appointments made by the service at request of the parties	51	46	52	38	40	47	44

It is expected that the rate of arbitration service volume will continue to expand. The number of requests received for the first six months of the current fiscal year total 2,980, an increase of 12.8 percent over the same months in the past fiscal year.

E. National Labor Management Panel

The National Labor Management Panel met three times during fiscal year 1966. The Panel, which is appointed by the President as an advisory body to the Director of the Service, consists of 12 working professionals from labor and management skilled in the daily problems of collective bargaining.

The Panel discussions are essentially private, thus making for a free and meaningful exchange of views. A number of subjects having to do with various aspects of the collective bargaining process and the role of mediation in that process are under review and discussion by the Panel.

Of the two formal reports which the Panel has issued, one has to do with Panel's conception of its purpose and duties; the other, issued in December 1964, deals with the concept of preventive mediation and the role of third parties, such as the FMCS, in that area. The Panel has also endorsed the mediator seminar and workshop training programs, and many of its members have contributed their time and experience in making these training meetings more meaningful.

It is expected that the Panel will continue to operate in fiscal years 1967 and 1968 at about the same level as in the past few years.

F. Mediator training

In its training activities, the Service objectives are to encourage and stimulate self development and professional growth of the entire staff. The major areas of training activity are: (1) The orientation and initial training of newly appointed mediation staff members. (2) A continuing educational program for seasoned mediators designed to increase their skills and to review in depth current problems at the bargaining table and anticipated issues of a difficult nature.

New mediation orientation.—During the fiscal year 1966, 18 newly appointed mediators participated in two separate orientation conferences. Each orientation session is of two weeks duration.

The orientation period is designed to quickly and effectively focus the attention of the new mediators, with their diverse backgrounds in collective bargaining, on the policies, procedures, and methodology of mediation. Lectures, group discussions, films and filmstrips, case studies, simulated mediation sessions, and problem assignments fill a compact schedule for the two-week period. Appropriate administrative rules and regulations are also included on the agenda.

Immediately subsequent to the orientation conference, field training begins under the direct supervision of the mediator's regional director and assistant regional director. After a short span of time learning regional procedures, the new mediator is assigned to mediation cases as an observer. Later he is named as a member of a mediation panel, and, as his own individual progress suggests, he will chair mediation meetings of less complex cases. Interspersed with the aforementioned duties are additional training sessions with senior mediators of the region, as such assignments are scheduled by the regional director.

National seminars.—Seminar 10 was held early in 1966 in Houston, Texas, with the entire mediator staff numerically divided as equitable as practicable between the January and February sessions.

Both week-long programs were structured around "Current Problems in Collective Bargaining." The mediators were joined in each seminar by more than 35 prominent practitioners in collective bargaining—representatives of management and labor, public figures, and academicians. Specific discussions and papers centered on equal employment statutes, industrial relations problems of the building and construction industry, areas of difficulty in preventive mediation, fringe benefit proposals and costing of such proposals, and changes in the bargaining techniques of the parties at the negotiating table.

Seminar 11 was held in Washington, D.C. in January, 1967. For the first time in its 20 year history, virtually all field mediators attended a single seminar at which some 76 outstanding leaders addressed the mediators or participated in workshop sessions.

Workshop series.—The Service maintained its continuing education program with four workshops during fiscal year 1966. Originally adopted late in fiscal year 1964, the workshops have proven to be widely accepted by the experienced mediators who have attended.

The subject matter of the first workshop (November 15–19, 1965) was "Creative Collective Bargaining."

The second workshop (February 14–18, 1966) was concerned with the subject "Setting Production Standards."

In the third workshop (March 28–April 1, 1966) attention of the mediator attendees was focused on "Industrial Relations in the Building and Construction Industry."

The fourth workshop (April 11–15, 1966) dealt with "Selected Collective Bargaining Problems."

A similar series of seminars and workshops are planned for both fiscal years 1967 and 1968. These programs are of established value in helping the mediator staff to improve its professional skill and abilities in all areas of labor-management relations and collective bargaining.

IV. Manpower and financial requirements

1. Mediator manpower increases

The estimate for 1968 proposes an increase of six new mediator positions at grade GS–12. This will bring the total non-supervisory mediator staff to 271. This proposal is in keeping with the long-range objective of strengthening the total mediation function and minimizing costly industrial strife. The two pronged approach of intensified mediation in all threatening work stoppage situations, and more promotion and development of continuing non-crisis discussion free from contract deadlines, contributes effectively to the Nation's productivity and rate of economic growth. Reduction of man-day losses due to work stoppages is a constant objective.

The great need is for sufficient manpower with which to attain the program goals. Collective bargaining today is a far more complicated process than it was a few years ago. More mediation time and effort are called for in practically all assignments because of the number and complexity of current bargaining issues. Similarly, the development and promotion of preventive mediation projects are equally time consuming. The very nature of preventive mediation, in fact, calls for the major part of these assignments to be performed after normal working hours.

The Vietnam war has very substantially increased the importance of disputes at defense plants. The Service gives high priority to such cases. Assignment of panels of mediators often including National Representatives ("troubleshooters") requires more mediation manpower and a highly flexible mediation workforce. Effective mediation to avert a work stoppage or to shorten the few that have started is truly a part of the defense program.

The addition of six mediator positions will, in summary, help supply the manpower requirements needed to keep pace with expanding crisis mediation and preventive mediation workload and to assure an even more effective total mediation function.

2. Clerical and stenographic positions

Included in the estimate are two supporting typist and stenographic positions, one in the national office in the Office of Disputes and the other for one of the busier Regional Offices.

The increasing tempo in mediation and preventive mediation is steadily increasing the volume of supporting clerical and stenographic activity. The two positions included in the 1968 proposal will help to some minor extent in coping with it. In time a substantially larger clerical and stenographic force will be necessary, despite intensive efforts to simplify paper work.

3. Other Non-Manpower Increases

Other non-manpower increases totaling $79,000 are related to personnel benefits ($32,000), travel ($20,000), communications ($13,000), and other miscellaneous items ($14,000).

The personnel benefits increase is related to and computed on the basis of additional personnel and compensation cost for 1968.

The travel increase of $20,000 is related to the 6 new mediator positions and to increased disputes and preventive mediation activity.

The communications increase consists of $13,000 and is related to increased Federal Telecommunications System toll and instrument rental charges.

The remaining increases totaling $14,000 are for transportation of things ($7,000), other contractual service ($5,000), and supplies and materials ($2,000).

LIST OF WITNESSES

	Page
Abner, Willoughby	891
Aller, Dr. C. C	113
Blackman, H. N	482
Bordwell, H. V	863
Bortz, N. M	559, 564
Bowers, Mrs. C. N	667
Bradley, H. W	418
Brooke, Milton	564
Brown, G. T	564
Brown, R. J	113
Burdetsky, Ben	705
Camp, J. C	799
Carroll, D. A	631
Cassell, Frank	256
Cassidy, Brig. Gen. J. F	799
Chapin, Arthur	773
Chase, A. E	705
Coleman, Dr. Joseph	113
Curtis, W. R	256
Cushman, Bernard	815
Dinney, J. J	891
Donahue, Charles	1, 754
Donahue, T. R	418
Dunn, R. S., Jr	705
Eady, L. E	891
Elliott, Col. I. W	799
Fanning, J. H	815
Fields, O. W	815
French, R. E	224
Friedman, E. D	754
Gamser, H. G	863
Gentry, J. N	418
Gidel, R. D	564
Gilmore, Miss M. I	631
Glass, G. J	394
Goldstein, Harold	705
Goodstein, Edward	815
Goodwin, M. M	482
Goodwin, R. C	113, 256
Gordon, H. S	815
Gritton, R. A	799
Habermeyer, H. W	394
Healy, T. M	394
Henle, Peter	705
Hilton, Mrs. M. N	631
Hudson, Jim	1
Keif, C. E	863
Keyserling, Mrs. M. D	559, 631
Kleiler, F. M	418
Lafranchise, J. J	754
Linsenmayer, L. L	705
Lundquist, C. T	520
Lyon, A. E	394
Manoli, D. L	815
Marino, Guy	891

	Page
Matthews, Dr. Howard	113
McCahill, W. P	468
McCulloch, F. W	815
Meyer, H. A	113
Miller, R. E	1
Miller, M. S	815
Minor, L. T	667
Moore, A. L., Jr	418
Moore, R. H	891
Murphy, H. C	113, 224
Myers, R. J	705
Nastick, M. J	256
Norwood, W. U., Jr	256
Omohundro, E. L	256
O'Neill, F. A	863
Ordman, Arnold	815
Paschke, P. K	482
Peterson, Mrs. Esther	1, 559, 698
Pope, P. V	863
Posner, Bernard	468
Potter, F. A	256
Przelomski, Henry	224
Reise, W. R	520
Reynolds, J. J	1, 418
Richmond, Col. M. E	799
Ross, A. M	705
Rudisin, Michael	394
Russell, Harold	468
Ruttenberg, S. H	1, 113, 224, 256
Simpkin, W. E	891
Stead, W. D	705
Swankin, David	698
Sylvester, E. C	773
Tinsley, T. A	559, 667
Thomas, Miss M. E	113
Thompkins, P. C	855
Tracy, T. A	863
Uber, G. M	754
Van Zandt, R. P	564
Watson, Lt. Gen Albert, II	799
Weaver, G. L. P	482
Weiss, Harry	482
Werts, L. R	1
White, H. R	773
Wirtz, Hon, W. W	1
Wright, C. S	815

INDEX

DEPARTMENT OF LABOR

C

Page

Consumer Interests, The President's Committee on 698

E

Employees' Compensation, Bureau of 667
Budget increase related to 1966 amendments 674
Budget summary 672, 674
Comptroller General of the United States, reports of 677
Initial benefit payments, delay before 675
Language, appropriation, special provision in 675
Mission Safety–70 effect on claims 673
Salaries and expenses 667
Supplemental request for 1967 ..... 672, 675
Timelag, budget provision to reduce 677
Transfer from trust fund 672

F

Federal contract compliance and civil rights program 773

H

Handicapped, The President's Committee on Employment of the 468

I

International Labor Affairs, Bureau of 482
Budget increase relating to overseas firms 493
Budget request, summary of 493
ILO, representation at 492
Jurisdiction in international affairs 496
Kennedy Round negotiations, workload due to 491
Overseas firms 498
Regional conference, location of 498
Salaries and expenses 482
Special foreign currency program 483, 497
Technical Assistance Corps, International 497
Textile industry problems, workload due to 491

L

Labor-Management Services Administration 418
Budget request, summary of 431
Compliance:
assistance to veterans 429, 432
of large employers 444
of large unions 443
Consultants, temporary 440
Election cases, prosecution of 445
Employees, temporary 423
Foreign policy implications of labor-management relations 441
International Labor Affairs, Bureau of 434
Labor-management policy development 440
Landrum-Griffin Act, delinquencies under 436, 437
Landrum-Griffin Act, employee suits under 438
Lansford, Pa., MDTA program in 419

Labor-Management Services Administration—Continued	Page
Pension plans, employee access to information on	443
Personnel request	431
Reporting and disclosure laws, administration of	425
Research emphasis, shift in	432
Revised form D–2	426
Reynolds, James, J., speech at Columbia University	430
Reynolds, James J., statement of	418
Salaries and expenses	418
Strike legislation	439
Technical assistance to foreign nationals	424
Union welfare and pension funds, investment of	439
Wage-price controls	433
Welfare and Pension Plans Disclosure Act	435
West coast shipping strike	422
Labor Standards Bureau of	564
Children in hazardous occupations	578
Fair Labor Standards Act amendments, added responsibility under	577, 580
Fatalities, maritime, increase in	576
Labor standards index	610
Manpower availability and training	575
Maritime safety program	574
Mission Safety–70	571, 580
Safety programs with States, cooperative	611
Safety engineering and program services annual report	581
Labor Statistics, Bureau of	706
Bureau of International Affairs	732
Consumer Price Index	721
Industry sector	723
Data process in operations	715, 719
Family consumer budgets	714
Foreign labor and trade section	731
Inquiries from general public	711
Interagency economic growth project	728
"Labor Letter," published in the Wall Street Journal	711
Manpower information locally oriented, increase for	720
Prices	726
Consumer index	721, 723
International	726
Transaction	729
Programs, new	729
Publication distribution	735
Revision of	724
Salaries and expenses	706
Radio tubes	731
Regional office goals	730
Underemployed	727
Unemployment statistics	726
Wholesale index, users of	733

M

Manpower Administration	113
Administrative cost during period of low employment	140
Apportioned funds, State use of	156
Apprenticeship and Training, Bureau of	224
Apprentices, number of	228, 233
Apprenticeship program, industry and union support for	234
Budget request, summary	233
Civil rights	235
Compliance reviews	235
Contracts with national organizations	244
Joint apprentice committee	230
On-the-job training program	243
In Kansas	238
Personnel increases, 1967 and 1968	244
Personnel levels for 1967 and 1968 compared	227
Personnel needs, determination of	239

Manpower Administration—Continued
Apprenticeship and Training, Bureau of—Continued — Page
Promotional activities — 231
Promotion and development contracts — 243
Purdue University manpower study — 236
Staffing problems — 236
Trainee absences — 245
Trainees, disadvantaged — 237
Bonding program — 170
Carryover of funds — 133, 138
Cost per trainee — 171
Delegated programs — 119
Dropout rate — 142, 173
Employment Security, Bureau of — 256
Bureau of the Budget cuts — 280
Farm labor — 273
Contractor registration program — 313
Financial management, modification in — 311
GAO investigation of teacher placement program in Wisconsin — 316
Grants to States — 256
Human resources development program — 272, 286
Immigration and Nationality Act amendments — 291
Job development — 290
New GI bill, impact of — 279
Older workers — 289
Salaries and expenses — 259
Scope of programs — 271
Smaller communities program — 287
State reserve funds — 281
Trade adjustment program — 309, 310
Trust fund availability for administrative expenses — 281
Unemployment compensation — 309
For Federal employees and ex-servicemen — 258
Youth opportunity centers — 282
Experimental and demonstration projects — 135, 148
Discontinued — 162
Farm labor — 169
Health service program — 131, 146, 152
Labor mobility program — 149, 158, 166
Manpower Administrator, Office of — 115, 134
Manpower development and training activities — 113, 137
Manpower policy of the Department — 151
Matching requirements — 145
Military age youth — 165
New programs — 125
Older workers — 130
On-the-job training:
Cost per trainee — 159
Effectiveness of — 155
New and regular programs — 160
Program benefits — 143
Trainees:
Average cost — 159, 171
Bonding program — 150
Number of — 139, 170
Training programs, study of — 124
Unemployment figure calculations — 160
Youth opportunity centers — 128

S

Secretary, Office of the — 20
Aging, Bureau for — 54
Bracero program — 50
Budget for fiscal year 1967 — 81
Budget reduction of 5 percent, effect of — 73
Civil service examiners, interagency board of — 82
Cost accounting, industrial type — 86

Secretary, Office of—Continued	Page
Employment level	55, 68, 74
Field representatives	89
Foreign labor importation	49
Industrial sector price program	64
Job availability statistics, study on	71
Jobs Corps recruitment	76
Manpower programs, combining	41
Manpower programs, study of	40
Merger of Departments of Labor and Commerce, proposed	39, 78
Minimum wage law restrictions	69
Minors, illegally employed	64
Office representative allowances	92
Participation sales certificate	75
Pay act increases, absorption of	47
Personnel ceilings	46
Personnel loaning within the Department	67
Policy Planning and Research, Office of	83
Reorganization, savings from	63
Reserves for savings	45
Salaries and expenses	20
Savings program, President's	59
Strike legislation	53
Strike outlook, current	51, 59
Supplemental request for fiscal year 1967	81
Training programs, centralizing	44, 78
Transfers	77
Travel and equipment costs for 1968, increased	90
Unemployment	78
U.S. News & World Report article	60
Vocational education related to MDTA	42
Wage and price guidelines	53, 63
Wage-hour forms, review of	71
Wage negotiations in 1967	59
Secretary of Labor, statement of	1
Civil rights	18
International labor affairs	16
Labor-management relations	9
Labor Statistics, Bureau of	15
Manpower Administration programs	4
Solicitor, Office of the	754

W

Wage and Hour Division	520
Budget summary	529
Certificate program for learners, exemption under	539
Employers, harassment suits against	538
Field offices, number of	536
McNamara-O'Hara service contract determinations	524, 537
Nurse classification	539
Personnel, total authorized	535
Recruitment	524
Safety functions, transfer of	522, 534
Salaries and expenses	520
Training	524, 536
Travel policy	533
Underpayments	531
Workload impact of 1966 amendments	530
Wage and labor standards	559
Women's Bureau	631
Advanced degrees, encouraging pursuit of	644
Budget summary	643
Discrimination against women in salary levels	648
Education and earnings of men and women, comparison of	643
Interdepartmental committee on the status of women	645
Job Corps women's division, cooperation with	647
McGraw-Hill advertisement on womanpower in American industry	646

Women's Bureau—Continued Page
Men in the Women's Bureau 650, 652
Professional school admission policies 645
Reduction in budget request 652
Salaries and expenses 631
Title VII of Civil Rights Act, effect on number of women in manufacturing jobs 649
Working mothers, relationship to juvenile delinquency 650
Workload 648

RELATED AGENCIES

F

Federal Mediation and Conciliation Service 891
Arbitration, trend toward greater use of 899
Budget summary 897
Defense industries 900
Mediation, preventive 898
Mediators 898
National labor-management panel 900
Pay act cost absorption 897
Personnel, additional 897
Strikes, wildcat 900
Federal Radiation Council 854

N

National Labor Relations Board 815
Backlog 836
Budget request 818, 824, 828, 835
Compliance, voluntary 826
Court action, cases referred for 839
Pay act increase, absorption of 836
Personnel increase 831
Recoveries paid to employees 834
Salaries and expenses 816
Workload 823, 824, 831, 835, 837, 840
National Mediation Board 863
National Railroad Adjustment Board 863

R

Railroad Retirement Board 394

U

U.S. Soldiers' Home 799
Capital outlay 800, 807
Operation and maintenance 799

○