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DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1969

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETIETH CONGRESS

SECOND SESSION

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

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

PART 1

DEPARTMENT OF LABOR

RELATED AGENCIES (Except the Office of Economic Opportunity)



Printed for the use of the Committee on Appropriations

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DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1969

DEPARTMENT OF LABOR

MONDAY, FEBRUARY 19, 1968.

WITNESSES

HON. WILLARD WIRTZ, SECRETARY OF LABOR
JAMES J. REYNOLDS, UNDER SECRETARY
STANLEY H. RUTTENBERG, ASSISTANT SECRETARY FOR MANPOWER
LEO R. WERTS, ASSISTANT SECRETARY FOR ADMINISTRATION
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

BIOGRAPHICAL SKETCH OF THE SECRETARY OF LABOR, WILLARD WIRTZ

Willard Wirtz was appointed Secretary of Labor by the late President John F. Kennedy in September 1962. Prior to that, he had served as Under Secretary of Labor with Secretary Arthur J. Goldberg.

Before coming to the Labor Department, Mr. Wirtz' career included law teaching, the practice of law, labor arbitration, and public service. At the time of his appointment as Under Secretary of Labor in 1961, he was a member of the Chicago law firm of Stevenson, Rifikind & Wirtz and a professor of law at Northwestern University.

The son of the late William Wilbur and Alpha Belle (White) Wirtz, the Secretary was born in De Kalb, Ill., on March 14, 1912. He attended Northern Illinois State Teachers College from 1928 to 1930, the University of California in Berkeley (1930–31), and Beloit College in Beloit, Wis. (1931–33), from which he received an A.B. degree. He graduated from Harvard Law School in 1937.

Mr Wirtz' teaching career includes a year as an English teacher at Kewanee (Illinois) High School. He also has taught law at the University of Iowa and at Northwestern University.

From 1942 to 1946, Mr. Wirtz served in Washington: first as an assistant general counsel of the Board of Economic Warfare, then as general counsel and public member of the War Labor Board, and finally as Chairman of the National Wage Stabilization Board.

Secretary Wirtz, in addition to his Department of Labor responsibilities, chairs a number of governmental committees, including the President's Committee on Manpower; the President's Advisory Committee on Labor-Management Policy (alternating yearly with the Secretary of Commerce); the Missile Sites Labor Commission; and the Interdepartmental Committee on the Status of Women. He is also a member of the Cabinet Committee on Economic Growth, the Federal Development Planning Committee for Appalachia and the Federal Interagency Committee on Education, the President's Council on Aging, the President's Council on Physical Fitness, and the Advisory Council of the President's Committee on Employment of the Handicapped.

Mr. Wirtz is a director of the American Red Cross and a fellow of the American Academy of Arts and Sciences. He has been awarded honorary degrees from the following institutions: Beloit College, the University of Michigan, the University of Rhode Island, Amherst College, Monmouth College, the University of Iowa, the University of Wisconsin, Northwestern University, Yeshiva University,

Ripon College, Roosevelt University, Syracuse University, and Indiana Central College.

Mr. Wirtz is the author of numerous articles on a wide range of labor topics. His book, "Labor and the Public Interest," was published by Harper and Row in 1964.

He was married to Mary Jane Quisenberry, of St. Louis, Mo., in 1936. They have two sons, Richard and Philip.

Mr. FLOOD. We are pleased to begin the hearings of this subcommittee on the 1969 budget. We begin this afternoon with the distinguished Hon. Willard Wirtz, who is Secretary of Labor. I see before me a statement of yours, Mr. Wirtz, and I presume that you would like to proceed.

TRIBUTE TO JIM HUDSON

Secretary WIRTZ. Thank you, Mr. Chairman. There are two or three preliminary matters. The hearings, I think, would not open appropriately except with the recognition of the absence of Jim Hudson, who was from our standpoint in the Department, and I venture from the standpoint of the committee, one of the great contributors to this budget process over the period of a good many years. I should simply like to note our feeling of loss at his absence, and note now that it is too late to extend our thanks for all that he did over the years.

Mr. FLOOD. Mr. Secretary, I am sure I speak for the entire subcommittee when I say that we certainly embrace your remarks about Mr. Hudson. I personally have felt his loss on a number of occasions since he left us. I always felt free to call him as he always felt free to call me. It is a loss to all of us personally, and, it goes without saying, to the presentation of this budget.

GENERAL STATEMENT OF THE SECRETARY

Secretary WIRTZ. Mr. Chairman, I have filed a statement with the committee and will ask your guidance as to whether you would like to have it read or summarized in a form which I can assure you will be shorter than what is here.

Mr. FLOOD. That is entirely up to you.

Secretary WIRTZ. Thank you, Mr. Chairman.

I would be grateful for the opportunity to file the statement as it is for the record and then to follow its pattern very closely, simply identifying the points that are made particularly as the basis for your questions.

Mr. FLOOD. I have read the statement, so we are not unaware of its theme.

(The statement follows:)

STATEMENT BY WILLARD WIRTZ, SECRETARY OF LABOR

Mr. Chairman and members of the committee, you have before you the detailed budget request for the Department of Labor for fiscal year 1969. My associates and I will welcome the opportunity to discuss any item in this budget which presents any question, for each item represents a careful balancing of what have often seemed competing considerations.

It has seemed to me essential, however, to full understanding and informed evaluation of this budget request, that I try to give the committee something of an overview of the Department's evolving structure and sense of purpose. For despite this 1969 budget requests looking very much like a long series before it, and despite the fact that most of the issues which it may present will be—

I think—minor ones, there are significant elements of change, of growth, of new purpose involved here.

This 1969 Department of Labor budget request reflects properly and necessarily, a significant evolution in the national sense of purpose.

The Labor Department's responsibilities lie peculiarly in that area in which "economic" and "human" concerns (neither term is quite right) overlap; and this is precisely the area in which America is today rethinking its course and redefining its purpose.

The central element in this rethinking is a stronger, sharper, clearer emphasis on "human," as distinguished from "economic," values. Perhaps a better way of putting it is that having achieved an unprecedented degree of economic success (reflected in an unparalleled expansion of the economy and a sustained high growth rate in personal incomes and job opportunities) we are turning increasingly to an emphasis on the quality of human opportunity and to the extension of opportunity to those who have not shared fully in it before. Economic problems remain, some of them formidable; but there is also great emphasis now on eliminating poverty, increasing educational and employment opportunity, providing safe work places, removing social discrimination and disadvantage, enlarging older people's security, rebuilding the cities, and so forth—significantly beyond what was possible (or at least likely as a practical matter) when the economy was working less well, less reliably. It is easier today to recognize that the economy is an essential means; the end is people.

All of this is having a material effect, much more than appears at first, on the responsibilities and the operations of the Department of Labor.

The change is clearest in the development in the past 6 years of a comprehensive and affirmative manpower policy and program—where before, and for the preceding 30 years (approximately), the employment security program had been confined largely to maintaining the Federal-State system of employment offices and administering an unemployment insurance program.

This particular change merits further comment; but is important, before proceeding with that, to point out how broadly the identification of new national purpose has affected virtually all of the operations in the Department:

The Bureau of Labor Statistics, oldest of the Department's constituent units, is engaged much more extensively than before, just as one example in identifying the individualized aspects of unemployment and underemployment—as well as in conducting the surveys and studies of aggregate unemployment as an element in the nationwide economic picture.

The Wage and Hour and Public Contracts Division is concerned now not just with the maintenance of a survival wage minimum, but with the administration and development of a fair labor standards concept which comes infinitely closer than in 1938 (when the Fair Labor Standards Act was passed) to living up to the clear meaning of that phrase.

In a related connection, the Wage and Labor Standards Administration is advancing now a good deal more boldly into new and vitally important areas of human concern—reflected in its recent action to extend workmen's compensation benefits to "left-out" workers, promote equal opportunity for women, particularly the disadvantaged, reduce radiation hazards in uranium mines, and in the President's proposal to this session of the Congress for a comprehensive Occupational Safety and Health Act.

Equal employment opportunity was no part of the Department's responsibility or authority even as recently as 4 years ago. Today there is a broad responsibility (with commensurate authority) for eliminating discrimination based on race, creed, sex, and age.

The operations of the constituent units in the Labor-Management services Administration are no longer confined to elements of controversy which arise in particular collective-bargaining disputes. The broader concern is now in maximizing the extent to which the interests of the individual are enlarged by his participation in the institutions and procedures (trade unions, collective bargaining, pension and welfare plans, among others) which are increasingly important in a large, complex society.

The Bureau of International Labor Affairs becomes an increasingly important instrument in the development of international economic policy—but this is in part because of the emergent importance of its emphasis on the raising of human standards of living throughout the world, as a necessary condition of free trade.

The budget we present is for a department whose responsibility is identified by statute as being to promote the interests of wage earners. But the Department

is not an end in itself—any more than is any institution. So this budget is defensible only to the extent it can be identified, dollar by dollar, as contributing to human purposes of wage earners—which is most of us. This purpose goes beyond living by bread alone. Being a wage earner in today's well-to-do society is more than being somebody else's hired hand. We are in a position now to recognize the truth that the measure of a nation's freedom is the extent to which all of its members have the full opportunity to participate in all of its affairs.

This may seem needlessly, perhaps even pointlessly, vague and philosophical as part of a budget presentation at an appropriations hearing. But if this is so, it is to invite your harder examination; not to avoid scrutiny of the smallest budgetary detail, but to assure your understanding and to ask your constructive criticism of all we are about.

This is particularly important in connection with the manpower program. Most of the Department of Labor budget goes into this program, as well as substantial amounts transferred to the Department from OEO and HEW. This is the program which has been expanded most substantially over the past few years, and in which there has been the most change from year to year. It is a complex program and one which is not well understood generally. So I should like to say some more about it.

The manpower program is administered through one central unit—the Manpower Administration in the Department of Labor. All manpower programs for which the Department has responsibilty are administered by the Manpower Administration. This unit is under the direction of Assistant Secretary of Labor Stanley Ruttenberg, who is also identified as the Manpower Administrator.

There are three operational units in the Manpower Adminstration:

The Bureau of Employment Security—which includes the Employment Service, the Unemployment Insurance Service, and (as of the time of the preparation of this budget request) the Farm Labor Service.

The Bureau of Apprenticeship and Training.

The Bureau of Work Programs.

This situation is best understood by recognizing six lines of statutory development of a manpower policy—all of which are now brought together in the functions of the Manpower Administration.

Congress established a Federal-State Employment Service in the Wagner-Peyser Act of 1933, and then an unemployment insurance system as part of the Social Security Act of 1935. These employment service and unemployment insurance functions have been exercised ever since, and are today. They are financed from the unemployment insurance trust fund. They are administered on a Federal-State basis: with the Federal responsibilities being handled in the Bureau of Employment Security (one of the three Manpower Administration units); and with the State responsibilities being exercised through the State employment security agencies and some 2,000 local offices (about 60,000 employees) maintained by the State agencies.

The Fitzgerald Act of 1938 provided for the promotion of private apprenticeship programs by the Department of Labor. This function is administered by the Bureau of Apprenticeship and Training (another unit in the Manpower Administration), which also works with the State apprenticeship agencies.

The Manpower Development and Training Act of 1962, as subsequently amended, provides for a broad-gage training program. This is administered by the Manpower Administration, with provisions under the statute for handling by the Department of Health, Education, and Welfare for the supplying (through the State vocational education agencies) of the institutional vocational training services. The act also provides for the payment of training allowances, and for the establishment of on-the-job training programs by contract with either public or private (typically, private employer) agencies, and also provides for research, experimental, and demonstration projects.

The Economic Opportunity Act of 1964, as subsequently amended, establishes several work-training programs, for adults, and for youths. The authority to administer one of these, the Neighborhood Youth Corps program, was delegated by OEO to the Department of Labor shortly after the 1964 act was passed. Similar delegations have subsequently been made so that the Department now also administers the operation mainstream, new careers, and special impact (all work-training) programs. These programs

are administered, within the Manpower Administration, by the Bureau of Work Programs.

In the Social Security Amendments of 1967, the Congress transferred to the Department of Labor (from HEW) the work incentive program which is part of the welfare provisions of the Social Security Act—and which closely resembles the work-training programs set up under the Economic Opportunity Act.

A good deal of this has happened, as these things go, pretty fast. If this has meant some disorderliness and temporary confusion, that had to be expected. A giant of a nation wakened almost suddenly to the need for much more of an affirmative manpower program—a human redevelopment program—than it had previously had. And the Congress did not make the mistake—although this would have avoided a lot of the confusion—of "turning it all over to the Federal Government." Instead of that, the new programs were designed—in some cases legislatively, in other cases administratively—to make full use of available State agencies; and, in addition, new lines of operating and financing relationship were established with local agencies.

Recognizing these complications (not all of which are yet fully worked out), what this comes down to is a responsible and recently extremely aggressive response by government in this country to the evolving need for the kind of employment and manpower program we now have:

First (in 1933) the setting up of a system of offices where unemployed people and vacant jobs could be matched;

Then (in 1935) the establishment of an unemployment insurance system;

Then (in 1938) the taking of steps to promote the private apprenticeship training programs;

Then (in 1962, and after too long a period of inattention) the establishment of a program to provide institutional training, with training allowances paid, for the unemployed; with a shifting emphasis, as part of the development of this program, to on-the-job training arrangements;

Then (in 1964) the setting up of work-training programs which recognize the need in many cases for what are principally employment opportunities for the disadvantaged—but with provision made for associated training which makes those opportunities means to people becoming self-sufficient;

And now most recently (in 1967) the tying in with this pattern of development of a related program (work incentive) which was growing up as a part of the Nation's welfare system.

There are still today, and must always be, programs of a not totally dissimilar nature which are nevertheless so closely associated with other functions of government that their administration is linked with the carrying out of those other functions (particularly the vocational education program, vocational rehabilitation, servicemen and veterans programs, the Job Corps). But in general, the manpower program administered by and through the Manpower Administration in the Department of Labor constitutes today an effective, integrated—and proud—operation.

No single figure conveys an accurate picture of the number of people served by this manpower program in the course of a year. There are fairly precise caseload figures available for each of the programs, taken separately. But these figures overlap, for a single individual could very possibly be serviced in the course of a year by the employment service, the unemployment insurance service, and one or even more of the training and work-training programs. A composite figure, furthermore, would give equal weight to (i) the case of a person who made a single call at an employment office and was referred to a job which he took, and (ii) another case in which the individual received a full year's training, and training allowances, before he could be placed in private employment.

Here, however, are general indications of the present magnitude of the various types of programs, using calendar year 1967 as a base for the estimates:

The State employment offices handled almost 11 million new job applications.

More than 6 million placements were made in nonfarm jobs.

Over 5 million placements were made in farm jobs.

The State unemployment insurances offices processed over 11.5 million initial claims for benefits.

The Bureau of Apprenticeship and Training and the State apprenticeship agencies worked in one way or another with private apprenticeship programs in which 278,000 apprentices were enrolled.

Approximately 177,000 men and women were enrolled in and received training (either full or partial courses) under MDTA institutional training programs.

Approximately 110,000 men and women received work and training under MDTA on-the-job training contracts with private employers.

Approximately 162,000 individuals (those out of school) received work and training in the programs administered by the Department of Labor under a delegation of authority from the OEO.

Approximately 455,000 high-school-age boys and girls received work and training (either part-time work during the school year; or full-time summer work; or both) under the in-school Neighborhood Youth Corps program (also administered by the Department under OEO delegation).

One comparison is particularly important. The total of over 900,000 individuals who received work and training under the MDTA or EOA programs (administered by the Department of Labor) last year compares with a total of 41,000 in 1963. This is a rough (and incomplete) suggestion of the extent to which the Nation has put into actual, effective operation in this 5-year period an affirmative manpower program (in addition to the traditional employment service, unemployment insurance, and apprenticeship programs).

This is far from being, today, a completed program, or one whose form or scope we consider set for the future. It is, to the contrary, a program which is now fully operative and yet still very much in the developmental stage. This will, to some extent, always be true. The very nature of unemployment is constantly changing. The demands on a manpower development program will always depend, on the one hand, on how efficiently the general education program is operating, and, on the other, on the state of the economy. There are other variables.

This committee should be advised not only of our achievements so far in the development of an adequate manpower program but of what we recognize as our most significant present and prospective problems.

I would note three groups of such programs. Although they are identifiable separately, they obviously interlock.

The first grouping of problems is essentially administrative: how best to organize and carry out a Federal-State-local manpower program and to link it with what is essentially (at least so far as the bulk of it is concerned) a private program (i.e., employment and the private training that normally goes with it).

The second set of problems involves the necessary effort to see to it that this program is directed where the need for it is greatest—that is on the hard-core unemployed, and in the areas where they are concentrated.

The third set of problems, so far only half recognized, is how the meeting of the employment and training needs of disadvantaged people—especially those most seriously disadvantaged—is tied in with the meeting of other needs which have to be met if they are to become full participants in the life of the community.

I. Regarding the administrative problems

These have been hard during the past 3 or 4 years. They are now, in my judgment, under control or well along toward being brought under control.

There has been a good deal of public discussion of the problems of coordination of the manpower program at the Federal level. This problem has now been substantially worked out. The consolidation in the Department of Labor of operating responsibility for the various programs I have described provides most of what was needed for a comprehensive, integrated manpower program.

It has been necessary, as various new legislation was enacted, to realine on several different occasions the exercise of functions within the Manpower Administration, including its full operations. A clear central authority and responsibility has had to be established and maintained in the Manpower Administrator. The special competence of established bureaus has had to be preserved and relied upon while recognizing at the same time the different procedures which new and different programs required. By action taken in December, in which I have received the full cooperation of my associates in the Department, these internal administrative needs have been met—with significant gains in both effectiveness and economy.

The matter of working out the best possible working relationships between Federal, State, and local agencies is still unfinished business. We are way ahead of where we were a year ago; but we are still in the process of completing this assignment. This is a matter involving particularly our working partnership with the State employment security agencies, particularly the State employment services. The direction of our effort is to rely upon these services in the administration not only of the traditional employment service and unemployment insurance programs but also programs authorized by the MDTA, EOA, and the work incentive (social security welfare) programs. The State vocational training and welfare agencies are also involved in certain phases of these programs. There is the additional matter of developing the required working relationships with (and sometimes between) both State and local agencies; and sometimes between various local agencies (a matter affected to some extent by action of the Congress last year). I consider all of these factors in the situation clearly manageable now; but you may well want to inquire in more detail about this.

It may well be the most basic administrative problem that it is essential to mark clearly, and meet correctly, the question of how the work-training function, involving particularly the seriously disadvantaged person, should be distributed between public agencies and private employers (performing it, possibly, on some kind of reimbursable basis). The present direction of our approach to this can be better suggested in connection with the consideration of the second set of problems.

II. Regarding the increased concentration of the manpower program on the problem of hard-core unemployed

The national unemployment rate in this country, as it has traditionally been measured, has now been at between 3.5 percent and 4.0 percent almost continuously (there was a flare-up last fall to 4.3 percent) for the past 2 years.

The rate for adult males is about 2 percent, and most of this is short-term, between-jobs, or seasonal, unemployment.

The general situation in the country as a whole and for people in general is that there is today virtually minimal unemployment.

In contrast to this general situation:

The unemployment rate for minority group members, particularly Negroes, Mexican-Americans, Puerto Ricans, and Indians, is over 6 percent.

The unemployment rate in city slums and ghettoes and in particular rural areas is about 10 percent.

The unemployment rate among 16- to 19-year-olds is about 11 percent; and the figure for minority group members in this age bracket is almost twice that.

These figures, furthermore, show nothing of the serious underemployment and nonparticipation in the work force among these groups.

We face squarely now, with the economy working as well as it is, the central problem of what to do about those people who are so seriously disadvantaged that no conceivable development in the economy will result in their becoming employed, unless something is done about their individual situations. It is a fair working figure (no precise statistics are available) that there are about a million such people, perhaps as many as 1¼ million. Approximately half of this group live in the slum areas of the 50 largest cities. Most of the rest are in "pockets of poverty"—both urban and rural. Their unemployment is more an individual than a general economic problem.

During the past year, and especially in the past 6 months, special efforts have been made to bring the manpower program to bear particularly on this hard-core unemployment situation. This effort is reflected in two special programs: the concentrated employment program (CEP) initiated about a year ago; and the JOBS program outlined by the President in his January 23, 1968 message to the Congress.

These programs do not require separate statutory authorization. They are not, furthermore, the subject of appropriations requests which are separate and distinct from the broader program requests. This is because the CEP and JOBS programs involve only the special concentration of part of the various work, training, and work-training programs on these areas where the hard-core unemployment problem is concentrated.

There are, at the same time, two distinctive features of these special programs.

First, each involves bringing together, in single contracts entered into by the Manpower Administration, the resources available under various different manpower programs. A CEP contract is made with a single local agency (typically a

local community action agency). This one contract could include, separately earmarked, an MDTA institutional training component, a MDTA on-the-job training component, a Neighborhood Youth Corps component, and new careers, and Operation Mainstream components. Provision is made for the use of the CEP programs only for the hard-core unemployed in the community, and includes special outreach, counseling, and orientation features designed especially for these groups. It is then also designed to permit the routing of those who enter the program along whichever of the work, work-training, or training lines will be most effective in the particular case.

Second, both the CEP and JOBS programs, more specifically the latter, are especially designed to evoke the full participation of private employers. The JOBS contracts will be made directly with the private employers. They will be, in effect, and in terms of statutory authorization and appropriations action, advanced forms of what are essentially on-the-job training programs, with accompanying provision for supportive services. They, too, will include components constructed from several different authorization and appropriation sources. The pattern of each contract will be developed to make maximum use of the individual employer's capacity to hire hard-core unemployed and of his know-how in shaping a training program to fit his own operation. But in appropriation terms, each such program will constitute specifically identified use of portions of the appropriation total for the various statutory authorizations.

It is our conviction that the CEP and JOBS programs will result in a material gain in moving in, with the essential help of private employers, on the hard-core unemployment problem in the areas (146 CEP areas, urban and rural; 50 JOBS cities, the 50 largest in the country) where this problem is most serious.

III. Regarding, finally, the broader problem to which jobs are an essential part of the answer, but not all of it

This problem has no direct relevance to the matter of the present appropriation request, and I therefore note it only briefly.

It is important, nevertheless, to emphasize the fact of an emergent realization that jobs alone, essential as they are, will not meet the situation which today affects severely a significant minority of Americans and the relationship between them and other Americans. The primary purpose of the manpower program is to provide work opportunities to those who have been denied those opportunities. But this has been only part of the denial, and all of it is going to have to be met.

Man (by which I include "woman") is a social being. He needs to be a part of a group. He needs the sense of belonging and full participation and partnership in the society.

It is this need, this desire for recognition and to have a role in a group, that causes an individual to conform to the behavioral pattern and the value system of some group. Individuals excluded from the community group as a whole by denial of equal opportunity for education, training, employment, good housing, acceptable community services, and environment, will seek and find the recognition in a group of their peers and will abide by whatever are the mores and attitudes of that group.

The serious domestic problems facing the Nation will not be solved until we recognize the underlying needs, hopes, and aspirations of the disadvantaged minority as being essentially the same as our own. Providing work training, and jobs, is essential. But it will have to be solved as part of the full acceptance of the individual, not just providing for him.

A total of $1.4 billion is requested in these estimates. Another $845 million is included in the OEO and HEW budgets for those functions of the Labor Department that I have been discussing.

Our basic budget ($1.4 billion) shows an increase over 1968 of $143 million (just over 11 percent). This includes $87 million to meet mandatory costs required by law (such as UCFEX) and $56 million for program items that allow some discretion.

The budgets for functions included in other than Department of Labor appropriation increase by $322 million (over 61 percent).

The estimates can best be summarized as shown in the table attached to this statement.

Regarding the number of positions:

For the estimates being considered here, 9,902 positions are requested, an increase of 751 (slightly over 8 percent).

For delegated programs 1,080 positions are included. This is an increase of 290 or almost 37 percent.

Mr. Chairman, and members of the committee, what you have before you would be properly considered a wastrel budget if either (i) we didn't know what we were doing, in clear, purposive terms, or (ii) this purpose were not directly relevant to the central purpose of the Nation.

The purpose of everything we propose here is to perfect the opportunity of every person in this country to earn a decent living, conditioned only on his willingness to do his part, to match right with responsibility.

We conceive this purpose as being necessarily set in a context of providing the individual the opportunity to be a full participant, not just a hired hand, in the process of being useful.

We believe we know what we are doing, and respectfully request your approval, subject of course to the improvements which you find appropriate, of our proposal for the means necessary to implement these programs.

U.S. DEPARTMENT OF LABOR

APPROPRIATION ESTIMATES BY MAJOR FUNCTION

Function	1968		1969	
	Estimate	Percent	Estimate	Percent
For training, allowances, and experimental projects under MDTA	$400,987,400	31.5	$435,228,400	30.7
For administration of State employment security agencies	571,227,000	44.8	659,573,000	46.5
For unemployment and workmen's compensation benefit payments to covered workers	181,705,000	14.3	188,819,000	13.3
For administration of programs	120,828,407	9.4	133,868,600	9.5
Total, Department of Labor Appropriations	1,274,747,807	100.0	1,417,489,000	100.0
Delegated programs:				
From OEO	488,500,000	.....	745,000,000	.....
From HEW	35,000,000	.....	100,000,000	.....
Grand total	1,798,247,807	.....	2,262,489,000	.....

SUMMARY OF GENERAL STATEMENT

Secretary WIRTZ. This statement represents, Mr. Chairman, and members of the committee, this year a somewhat different approach than that which has been taken before, because it has seemed to me that most of the questions which probably will arise will be in themselves small questions. It reflects the thought, that we ought to present to you in the clearest possible form the basic propositions on which we are proceeding, not to evade the questioning about the specific items, because a good many of them warrant particular questioning, but rather to give you a basis for checking our starting premises, our basic propositions, and if you will, to get your broader criticism of what it is we are presenting here.

If I were to identify a particular theme in this budget, in the Department and in the country today, it would be the identification on the quality of living, and, as far as we are concerned, the quality of employment opportunity as well as its more quantitative aspects in a very significant way. In the seventh year of an expanding economy we have come to a point in this country where we can start considering matters which before we simply had to set aside. Employment opportunity is the principal concern of the Department of Labor. What that means is not being satisfied any longer with everybody in the country having a chance to become a hired hand, if you will, but in fastening onto the purpose to find a meaning in work which makes it an important part of the human opportunity. That emphasis pervades the program of the entire Department.

I am going to talk about it particularly in connection with the manpower program because it is most obvious there. But it is equally im-

portant in every part of the Department. On page 3 of the statement I have outlined very briefly illustrative ways in which this new emphasis is reflected in the work of the various bureaus and the constituent units of the Department.

In the Bureau of Labor Statistics, which is looking now at exactly what unemployment is in the lives of what people, where the unemployed are located, and what it takes to do something about it. This is contrasted with a situation as recently as 4 or 5 years ago where we cast national averages once a month and let it go at that.

In the Wage and Hour and Public Contracts Division—where up until comparatively recently the thinking has all centered around the assurance of a minimal living wage and time and a half for overtime—we are now obviously in an area where our thinking about the Fair Labor Standards Act—and by "our" I mean the Congress and the country as well as the Department—includes not only the idea of keeping body and soul together, but doing something about soul as well.

OCCUPATIONAL SAFETY AND HEALTH

In the Wage and Labor Standards Administration, I mention only illustratively the fact that in the past year one of the most significant problems before that Administration was the inquiry into radiation hazards in the uranium mines. After talking about things of this kind for some 15 years we had never even established a safety standard for uranium mining involving the exposure of people.

Mr. FLOOD. Of course, the industrial hazard problem is a national disgrace and very widespread. It is not peculiar to uranium mining.

Secretary WIRTZ. The President has, as of January 23d, passed on to the Congress for the first time since 1913, when President Taft came up here with something about phosphorus matches, an occupational safety and health bill which goes across the board and which again reflects what will be the principal emphasis in the Bureau of Labor Standards.

Mr. FLOOD. Did I read where you had appeared before a subcommittee in the other body for which you had gruesome and shocking exhibits of industrial accidents?

Secretary WIRTZ. Yes, Mr. Chairman. If we should talk this afternoon for 2 hours here, it would be a kind of macabre and grim reminder that at the end of that period that 14 people would have been killed at work in this country while we were talking. If you take the number of disabling injuries during that same 2-hour period, it would be in the neighborhood of about 3,000.

I could go on and I do not mean to be maudlin about it. I simply mean to point out that the daily casualties in this country from what we have called traditionally industrial accidents is of incriminating proportions.

This is again an illustration of the kind of thing that for one reason or another the country overlooked while it had to struggle with making the economy work. We are not overlooking it now.

Mr. FLOOD. It is one of the country's many problems. We have far and away the most technically advanced and productive economy compared to the great nations in the history of the world and to other nations today. But our mighty and complex machinery of production is not without problems of its own.

Secretary WIRTZ. That is correct.

There is a similar illustration in the emphasis on equal employment opportunity. It is more than coincidence that the recognition of the need for a change in civil rights comes at the point at which finally we have learned how to control the economy.

We just could not pay enough attention to things of that kind until we had gotten some of the curves and ups and downs worked out in the economy. Now we have, and all of a sudden we are more human beings.

It is reflected again in the Labor Management Services Administration. We used to think of that whole problem in terms of what to do about the controversy which arises in connection with collective bargaining disputes. Now we are thinking of it in broader terms as to how institutions like the labor unions can become instruments of an individual's meaning more in a very large and complex society.

Finally, in the Bureau of International Labor Affairs, you have the emergence of this kind of factor. As we talk about becoming free traders, and as we talk about the Kennedy Round, we come closer now to the fact that one of the essentials of free trade is an improvement of human standards of living throughout the world; otherwise, we cannot have it. So all the way through in this budget you will find reflected, although not always clearly, the emergence of this emphasis on the human purpose itself. We are not presenting to you a budget which reflects the feelings of a Department which considers itself an end in itself—where it is not any more than any other institution. We are trying to present a budget and a program which can be tested dollar for dollar on the basis of whether it contributes to the human purpose of wage earners.

I do not think this is needless or pointless philosophy. It is certainly not to avoid the careful scrutiny of every budgetary detail. It is mostly to invite your criticism of what we conceive of as the purpose that gives validity to all that we are doing.

DEVELOPMENT OF MANPOWER PROGRAMS

Turning to the manpower program specifically, at the top of page 5 of my statement, I pick this up because you should know that now for the first time we can say to this committee that there is an integrated manpower program, which is administered through a single office. That is the Manpower Administration, headed by Assistant Secretary of Labor, Mr. Stanley Ruttenberg.

There are three operational units in the Manpower Administration: The Bureau of Employment Security, the Bureau of Apprenticeship and Training, and the Bureau of Work Programs.

I have in the statement summarized, and here capsulized even in shorter form what is so little understood, and that is the very logical evolution of the manpower program in this country. It started in 1933 when it was recognized that we ought to have a Federal-State employment service, just offices in which man and jobs were matched. That was the elementary element. Two years later there was the addition through the Social Security Act of an unemployment insurance program. In 1938 there was the recognition of the great importance of the apprenticeship program and in the Fitzgerald Act, we provided for Federal promotion with help of State apprenticeship agencies, the de-

velopment of private apprenticeship programs. Then there was a long period, from that time until 1692, when very little that was new was done about manpower problems.

In 1962, the Congress and the administration recognized the essentiality of having in this country a training program for disadvantaged individuals. That came in with the Manpower Development and Training Act of 1962. Then, as the fifth step in 1964, there was the addition of a variety of work training programs under the Economic Opportunity Act. Now, in the last year, the 90th Congress has recognized the desirability of adding what is in a good many ways the latest element, the training program which should have been and has been to a very small extent part of the welfare program in this country. All of these things have now been, by statutory and administration action, brought within the jurisdiction and responsibility of the Manpower Administration in the Department of Labor.

At the bottom of page 7, I want to make it perfectly clear that this does not mean that all parts of the manpower program are here. There are some which are tied so closely to other functions of Government that their administration has to be linked to those other functions. So it is true that the vocational education program remains part of the educational program of HEW.

Similarly vocational rehabilitation and servicemen's and veterans' programs appear in the Veterans' Administration programs. The Job Corps is closely linked to the Office of Economic Opportunity. But in general I report to you at this time a manpower program administered by and through the Manpower Administration in the Department of Labor, which is an effective integrated operation. Frankly, we are proud of it.

STATISTICS OF MANPOWER PROGRAMS

Now, to try to give you some impression of the scope of the present program, I rely on statistics which are in this human field very difficult to make meaningful. It would be possible to provide a gross statistic which would be impressive but inaccurate, because it would cover the contributions of various of these programs to the same individual. So I have tried only to sketch out quickly the scope of the various programs in terms of the number of people whose lives each year they affect.

For instance, that original employment program, the Federal-State employment service program, is now handling in the State employment offices each year about 11 million new job applications. About 6 million of them involve placements or result in placements in nonfarm jobs. There is a figure which is surprising to a good many people that over 5 million placements are made in farm jobs. I should like to suggest that this figure should be explained to this extent: That is very largely the matter of multiple placements of migratory farm labor.

NUMBER OF PROGRAM BENEFICIARIES COMPARED TO THOSE ELIGIBLE

Mr. FLOOD. This subcommittee was startled last Tuesday at a hearing on an urgent supplemental bill including "Public assistance payments for dependent children," to find out that—despite the tremendous increase in the caseloads in the last year as distinguished from the last six or eight—about 50 percent of the people in this country, who

are eligible for assistance under one or more of the welfare programs, aren't on the welfare roles. What about the number of people who do not know of this service of which you speak so proudly? Are there many people who do not know about this?

Secretary WIRTZ. Yes, sir. One of the most gratifying and at the same time most frustrating aspects of what we are doing now is that every time we make a gain, the remaining problem is larger than it was before. It is a matter deserving of the most serious comment and fullest recognition. It is a very specific phenomenon. To whatever extent we expand our programs for the training of the hard core unemployed, the number looking for work immediately increases.

Mr. FLOOD. I am not speaking of the hard core unemployed. That is just one group. You are speaking of the 11 million applications that were filed. Could that have been 22 million if they knew about it?

Secretary WIRTZ. I think that would be too high.

Mr. FLOOD. What about way out in the rural areas, what about in the ghettos, do they all know about this? They do not know about relief.

Secretary WIRTZ. They do not know yet all about it.

Mr. FLOOD. They do not know about medicare or medicaid. I thought everybody knew about public assistance but half the eligible people don't. What about this business?

Secretary WIRTZ. It is very true in every aspect.

Mr. FLOOD. How are you trying to reach these people?

Secretary WIRTZ. I spent half an hour this morning with a man who operates a chain of Negro radio stations—on the basis that he knows more about the thing that I am supposed to be doing than I do. Just as illustrative of what you learn even in that brief a period, we were thinking we were sophisticated by putting our manpower commercials of one kind or another on with rock-and-roll programs. He tells us now that 80 percent of the Negroes in this country are listening to Negro radio stations and the Negro radio stations are now running less than 15 percent of rock and roll—that they have found out all of a sudden there has been a very sharp shift away from rock-and-roll programs. I mention this as directly relevant to what you say.

Mr. FLOOD. That is very informative and most interesting. But there are a lot of other people who are not Negroes who would be eligible. How do we reach the lot of them? What are your plans to reach out into the provinces and inform these people about your service? They do not seem to know about it. It is almost unbelievable.

Secretary WIRTZ. Our problem is a mixture of that and of the fact that they are finding out about it and flooding into the cities. They are getting an understanding of increased job opportunities in the cities. As a consequence, one of the problems we now find ourselves facing is that because a great many of these programs are being concentrated in cities we are seeing an intensified migration into the cities. It is not wholly Negro. It is rural workers.

NEIGHBORHOOD CENTER PROGRAMS

Mr. FLOOD. Of course. That raises another question. It includes the ghetto areas which are predominantly Negro and of recent years significantly Puerto Rican.

Secretary WIRTZ. That is right.

Mr. FLOOD. It also includes the vast expanses of what is known as rural America or small-town America.

Secretary WIRTZ. Yes, sir.

Mr. FLOOD. I have been in your Taj Mahals where your State and other offices are centered in the middle of the downtown area, in places that look like Hilton Hotels, with grass and brass and glass, great magnificent vistas of halls and hundreds of desks, and very efficient-looking people. This is not quite the appropriate setting for the people that you are trying to reach. Don't you scare half of them to death? They take a look at the front door and go away. Can't you put substations into the ghettos where these poor Negroes and Puerto Ricans live and into the small town areas? Can't you get away from this elaborate, magnificent looking Wall Street setup you have?

Secretary WIRTZ. We call the program the neighborhood center program. The answer to your question is in the program which is now representing the combined operations of OEO, the Department of Housing and Urban Development and the Department of Labor. We are in the neighborhood center program which is an outgrowth of our youth opportunity center program. We are now placing these outreach offices out in the areas in which they work.

Mr. FLOOD. This is terribly important.

Secretary WIRTZ. I do not mean to exaggerate the extent to which it has been done. One of the serious problems we encounter with rural poverty is that the employment service offices were put in towns.

Mr. FLOOD. The minute I have opened the door of some of these offices, I have been awed. I think I should take off my hat and stand there, and I am not an amateur. Imagine these poor, poor people coming into a place like that.

Secretary WIRTZ. The comment is well made. I can only suggest that there is at this point a partial reflection of this necessity for change in these neighborhood centers that are set up. I should add that our concentrated employment program, to which I will refer a little later, is a program in which the area of concentration is drawn in specific census tract lines. We take a map and find out in what part of the city unemployment is concentrated and we set up our operations there.

You will get some impression of the scope of the unemployment insurance program when I suggest to you that 11½ million initial claims are filed each year now. The scope of the apprenticeship program is suggested by the fact that the Government and the State organizations work with programs in which there are about 278,000 apprentices. The institutional traning program now covers approximately 177,000 people.

The on-the-job training contracts, and this figure will be increasing, is currently about 110,000 people.

FARM JOB-PLACEMENT STATISTICS

Mr. FLOOD. May I interrupt you again?

Secretary WIRTZ. Yes, sir.

Mr. FLOOD. Directing your attention to that part of your statement which is on page 9 and the top two items:

"More than 6 million placements were made in nonfarm jobs." Two, "Over 5 million placements were made in farm jobs."

Do you mean that?

Secretary WIRTZ. Yes, I mean that.

Mr. FLOOD. Over 5 million placements in farm jobs? What country was that in?

Secretary WIRTZ. I think that second item is subject to legitimate question.

Mr. FLOOD. That is why I asked it.

Secretary WIRTZ. That is correct. I would say to you: It represents placements such as those involved in the migratory labor employment. So it would not mean 5 million people.

Mr. FLOOD. That is not what this says at all. Tell us why this is not so. When I read that I nearly fell off the chair.

Mr. MICHEL. Mr. Chairman, I made some notes regarding multiple placements of the same people. As you suggest, I think this matter should be cleared up.

Mr. FLOOD. I think the problem you refer to, Mr. Michel, is that a migrant might be placed 10 times

Secretary WIRTZ. Mr. Chairman, may I suggest on the record that I think that figure should be developed and I suggest pursuing it with Mr. Goodwin when he is here.

(The information follows:)

The number of persons placed in farm jobs in 1967 was 1,700,000.

APPRENTICESHIP AND TRAINING

Mr. FLOOD. Would you comment on the significance of your apprenticeship statistics?

Secretary WIRTZ. The inquiry is made as to 278,000 people affected by the Bureau of Apprenticeship and Training programs. I should like to say two things about this: First, that the Bureau would be the first to insist we recognize we are talking about a private apprenticeship program.

Mr. FLOOD. That is right.

Secretary WIRTZ. In which the principal responsibility rests in the labor unions and management. I should be the first to insist that the work of the Bureau has been one of the underrecognized programs of the Department of Labor and the manpower program.

When you turn to the work training programs which are identifiable particularly with the Economic Opportunity Act of 1964, as amended, you find now that there are 162,000 individuals. I am talking about those out of school who are receiving work and work training in the programs which we administer in the Department. Then there are approximately 455,000 high-school-age boys and girls who receive work and training. It is either part-time during the school year or full-time summer work or both, which we also administer.

NUMBER OF INDIVIDUALS TRAINED ANNUALLY UNDER MDTA AND EOA PROGRAMS

I believe the fairest suggestion of what I have just summarized here in figures that are really too large for independent evaluation is the comparison which shows that the 900,000 individuals who received work and training under the MDTA or EOA programs, those admin-

istered by the Department of Labor in 1967, compares with 41,000 in 1963.

BUDGET TREATMENT OF TRAINING PROGRAMS FOR YOUTH

Mr. FLOOD. Let me ask you this: Those last series of programs you have mentioned dealing with high school boys and girls of various ages, will any of these on-the-job and off-the-job and part-time and full-time training programs be jeopardized by the budget you present today for 1969?

Secretary WIRTZ. There is a significant enlargement in the appropriation.

Mr. FLOOD. There will be none cut out or abandoned for lack of funds.

Secretary WIRTZ. That is right. Each of these, I believe, without exception will be enlarged under the budgetary proposal of the President. The total on that I will come to but I should note it in connection with your question: For training, allowances, and experimental projects under MDTA, the estimate for 1968 was $400,987,000 and for 1969 is $435,228,400.

BUDGET FOR NEIGHBORHOOD YOUTH CORPS PROGRAM

Mr. FLOOD. This includes Neighborhood Youth Corps?

Secretary WIRTZ. This does not. What I have read is MDTA training and allowances up from $400 million to $435 million.

Mr. FLOOD. Why do you ignore or why does it not include Neighborhood Youth Corps?

Secretary WIRTZ. I am coming to that.

Mr. FLOOD. Why don't you come to it now?

Secretary WIRTZ. Yes, sir. For the OEO programs, of which that is one, the Neighborhood Youth Corps, the estimate in 1968 was $488.5 million and the estimate for 1969 is $745 million.

Mr. FLOOD. Neighborhood Youth Corps.

Secretary WIRTZ. I will give you the breakdown on Neighborhood Youth Corps separately.

Mr. FLOOD. Has the Neighborhood Youth Corps been damaged or eliminated by transferring its funds to adult training programs under your recommendation?

Secretary WIRTZ. It depends on what the starting point is.

Mr. FLOOD. What do you mean by "starting point"?

Secretary WIRTZ. Whether you start from the President's recommended appropriation for fiscal 1968.

Mr. FLOOD. You made the recommendation to the President?

What did you recommend? Did you recommend that the Neighborhood Youth Corps be curtailed in order to transfer some of its funds to adult training programs?

Secretary WIRTZ. No. Our recommendation was—it is technically from OEO—our recommendation was that it be increased. The President's recommendation was that it be increased, and the Congress cut it down.

Mr. FLOOD. The Congress did cut it down?

Secretary WIRTZ. That is correct.

I should add the fact that congressional action left a question of allocation of the funds within the reduced appropriation. The President's request was for $2.06 billion.

Mr. FLOOD. I know what Congress did. My question to you was on the allocation of funds. As a result of what Congress did, there was a reduction in appropriations.

Secretary WIRTZ. That is right.

Mr. FLOOD. Now here is a fund to be allocated by the Executive.

Secretary WIRTZ. Yes, sir.

Mr. FLOOD. Did the Executive, in the allocation of whatever funds were appropriated, allocate them in such a way as to emphasize adult training programs and to largely curtail the Neighborhood Youth Corps?

Secretary WIRTZ. I have to answer that question in terms of what comparison you are asking for. The Executive action was to reduce the various appropriation items in the OEO budget, on roughly a pro rata basis, from the President's recommendation. The result of that is—because the President has recommended more adult training programs this year than last year—there was a larger reduction from last year in the Neighborhood Youth Corps and the youth programs than there was in the adult training programs.

The answer to your question does depend on where we start from.

Mr. FLOOD. Yes and no.

Mr. LAIRD. Mr. Chairman, may I suggest that the answer began with the action of this subcommittee last year. As the bill passed the House, we allocated the full amount for the Neighborhood Youth Corps that was asked for by the President. It was ultimately the executive branch that made the reallocation.

Secretary WIRTZ. I do not understand it that way, sir.

Mr. LAIRD. What happened was that the Senate did away with our earmarking. But we had earmarked the full amount for the Neighborhood Youth Corps.

Mr. FLOOD. The subcommittee report made a point of it.

Secretary WIRTZ. That is completely true.

Mr. FLOOD. I think it is most unfortunate and I think we will have something to say about it again at the proper time.

Will you proceed, Mr. Secretary?

Secretary WIRTZ. Surely.

PROBLEMS OF THE DEPARTMENT

I have told you about some of our accomplishments. The last part of my statement makes no bones about our problems, and there are three groups of them and you ought to be informed of them.

Mr. FLOOD. Suppose you say something about that, because it is well stated in your statement. Since you are ad libbing maybe you should think a minute or two about your problems.

Secretary WIRTZ. Yes; there are three sets of these problems. One I think is primarily administrative. The second is the problem of concentrating what we are doing where it is needed most. I would include the point you mentioned about the concentration on the youth unemployment problem, because that is the most serious one statistically that we have. The third problem is a harder one to identify, but it involves the question of making work in this country something more than, as I suggest earlier, just being a hired hand.

Mr. FLOOD. I like that phrase. I will use that at the first opportunity and probably give you no credit for it. It is an excellent phrase.

Secretary WIRTZ. That is the highest flattery I could expect and I could hope for, Mr. Chairman.

COORDINATION OF MANPOWER PROGRAMS

First, the administrative problem ought to be very clearly understood. We have talked at length in the committee, and with the committee, about the problem of coordinating the manpower program at the Federal level. I say to you, as I believe I did last year, that I think the problems of coordination at the Federal level are now significantly and substantially behind us. I do not believe there are problems at the Federal level itself which present any serious question.

There are other problems which are less easy. One of them has been within the Department itself. I have had a problem of integrating the manpower functions within the Department of Labor. It has been, very frankly, a result of the fact that we had within the Department the traditional functions of the employment service and unemployment insurance and apprenticeship program and it happened within a very short span of time there have been added the manpower development and training programs and OEO programs of various kinds, and within the last 6 months the work incentive program from the Social Security Act. That has presented us with problems which any agency would have a little trouble digesting. I say to you now—and invite your consideration of this with the other witnesses who appear here—as a result of what we have done within the Department since December 19, we have now a complete integration and an effective working distribution of those functions.

Mr. FLOOD. There is a difference of opinion about that.

Secretary WIRTZ. I do not believe you will find very much. There is some.

Mr. FLOOD. There is a difference of opinion on this side of the table.

COORDINATION AT STATE LEVEL

Secretary WIRTZ. I beg your pardon. I was going to say I think as far as our people are concerned those problems have been pretty well worked out. There has been a problem of working out the relationship with the State agencies. I should say to you quite candidly that our present understanding of that situation is that in about 40 to 45 of the States there is no problem today. There is a problem in the attitudes of a comparatively small group of State administrators. Those would include particularly the employment security administrator in the State of Pennsylvania, although not the director of labor. They would include the reactions of the administrator in the State of Texas, in North Carolina, and in Utah. That would be most of it. We have not yet found a complete accommodation of views in those areas.

Mr. Ruttenberg will deal further with that. I think you would want to press with them, and not just accept my statement on it, this matter which I believe to be true, that the Manpower Administration is set up today on the right basis.

That matter of coordination of this program at the State level should not be underestimated, because we have taken action in Decem-

ber, which among other things, assumes a larger role for the State employment services. They have previously been working very largely with the employment service program itself. That is the old Wagner-Peyser Act program and the unemployment insurance program. We are now taking active steps to try to make them complete partners in the administration of these other programs, the MDTA programs and the EOA programs. I think we are way ahead of where we were as recently as 3 months ago. But that is a significant point. I should also point out to the committee that our program involves working relationships as well with the State vocational education agencies. I think that has improved. I do not believe that working relationship is yet complete.

It also involves now, under Social Security Act amendments, our working relationships with the State welfare agencies. They will be in here this week, I believe. We are meeting with all of them. There is every reason to believe that the administration of those work incentive provisions in the Social Security Act, which is another work training program, can be worked in very well with the other ones.

SURVEY OF MOTHERS OF DEPENDENT CHILDREN ON WORK TRAINING ATTITUDES

Mr. FLOOD. Over the weekend I saw surprising news accounts of where a certain survey had been made, I believe in New York City. It dealt with the attitudes of mothers of dependent children, if and when they were called upon to take part in this training program under the new law. Eighty percent said they would be glad to do it if there were day-care for the children. The overwhelming percentage in favor was of the Negro mothers, followed by the much lower percentage of the white mothers and of the Puerto Rican mothers. But that fact coming so soon after the law is a startling revelation, if it is indeed so. I do not know the extent of the survey or who made it, but even if it is only partly so, it is very illuminating.

Secretary WIRTZ. Mr. Chairman, we, too, have been interested in those reports, and we are proceeding on precisely that basis, that there will be an affirmative desire on the part of the mothers of the AFDC children to take the training program. We are not unaware of the fact that when that kind of report comes from a questionnaire it is probably affected by the inclination of anybody to answer that he or she will be interested in training if it is offered, but we are going ahead on the basis that the vast majority of those people are anxious to work.

Still on the administrative point, I want to make quite clear that we have another remaining uncompleted problem as far as working out the administrative relationships with, sometimes between, State and local public agencies and other local agencies. It is clearer now than it was at the time of the enactment of the Economic Opportunity Act which created a new pattern of the Federal-local relationships. That has created problems within the established and traditional patterns of Federal-State relations. Now we have the problem of Federal-local relations both with the local political authorities, and I mean political in its best sense—and the newer community action agencies. That problem is today by no means clear. It is affected vitally by the amendments to the Economic Opportunity Act, identified as the Green amendment. In a fair report to you—as I want very much to have this

one to be—I know the problem of administration of programs at the local level. This takes into account both the relationships between the local political agencies, or call them nonpolitical agencies, and between those two groups of agencies and the State level.

Mr. FLOOD. There is something you have not touched on and I wonder why. Isn't it a fact that there is an appalling lack of proper personnel from Washington right down to the county courthouse to handle these kind of things—not only Federal, but State and local?

Secretary WIRTZ. There is no good answer to that and it is as significant a point as could be made. The most severe shortage today in my judgment is not money, but the people to administer the program.

ROLE OF PRIVATE EMPLOYERS IN PUBLIC PROGRAMS

Finally, there is the working out of the administrative relationships between the public agencies and the private employers. I would like to develop that a little more fully in connection with what I mentioned as the second principal development. That involves the matter of developing a better distribution of responsibility and function between the Federal Government and the private employer. We are currently proceeding on the conviction that the right answers in this area lie in a fuller development of the use of the private employers in very close working relationship with the public programs. Specifically, what that means is a further development, a more suphisticated development, of the original on-the-job training idea. We know from the experience we have that those training programs are most effective which involve putting the individual onto a job and doing the training on the job, so that when the training is completed he will have that job opportunity right there and can stay with it.

In the current year, 1968, and prospectively in fiscal 1969, we are placing the maximum possible emphasis on this further enlistment of the private employers in this program.

Mr. FLOOD. Are you using a carrot or a stick?

Secretary WIRTZ. More carrot, no stick.

Mr. FLOOD. All carrot, no stick?

Secretary WIRTZ. That is right.

Mr. FLOOD. I am advised they are not rushing to your barricades to enlist in this program as of this morning.

Secretary WIRTZ. I think it would be safe to say they are rushing the barricades but there has been no real evidence of taking the fort by storm and I mean that quite significantly.

Mr. FLOOD. I mean your recruiting offices are not stashed with volunteers, are they?

Secretary WIRTZ. Really to the contrary, the indications so far are that private employers will be coming forward and are coming forward with very substantial programs of this kind.

When we get down to the working details of making a contract, especially as we insist on these programs being limited to the hard-core unemployed, we run into more problems.

Mr. FLOOD. Must there be lots and lots of carrots?

Secretary WIRTZ. I do not believe the size of the carrot is as important as the working out of contract relationships between private employers and the Government.

For instance, Mr. Ruttenberg advised me just this morning that in the returns, to a large number of contract offers which we sent out about 5 or 6 weeks ago, identified as the MA–2 program, there has beeen a significant identification of a figure, a dollar figure, to support on-the-job training, which is lower than the one we expected.

UNION ATTITUDES TOWARD PRIVATE EMPLOYER ROLE IN MANPOWER TRAINING

Mr. FLOOD. Do you have any trouble with the unions?

Secretary WIRTZ. If your question is whether there is great enthusiasm for this program as far as the unions are concerned, the answer is that has not been evident; but if the question is whether there is opposition to it in every case—I can think about one exception—there has been no interference with that program by the unions. That exception to which I refer is the expressed position in the needle trades, the soft-goods industry. They did not want manpower training programs developed in this industry. That is a position which the Congress accepted in very specific concrete legislative history. Aside from that I would answer there is no evidence of obstruction.

There is not evidence of 100-percent enthusiasm. There are two programs which bring this into sharpest focus—this attempt to develop the working relationship with the private employers. We have the concentrated employment program and the JOBS programs. Without going into detail about them, I simply want to identify their key characteristics.

CONCENTRATED EMPLOYMENT PROGRAM

The concentrated employment program, which is referred to on page 15 of the statement, is one in which we make a single contract with a local agency. It is characteristically a community action agency, although it need not be if there are other alternative possibilities which are better.

We make a single contract with a local agency. We combine in that one project contract the resources from a combination of programs. So that the local program is now not one that is made through MDTA institutional training, MDTA on-the-job training, Neighborhood Youth Corps, Operation Mainstream, New Careers. A single project contract in which resources from all of those are combined. They are kept separate and distinct for accounting purposes, because each of them traces to a statutory authorization. So they will be separate components in a concentrated employment program. But one contract is made with the local authority. That is the first characteristic of the concentrated employment program. The second is that it is aimed directly and exclusively at the hard-core unemployed. That is not a precise term. It means illustratively somebody who has been out of work a long time, somebody whose education is woefully incomplete, somebody who is on relief, perhaps. It would include the boy with a police or prison record. It would include the woman to whom you referred earlier, who has to be both mother and father to several children and who cannot work until child care provisions are made.

It is beamed exclusively at the hard-core unemployed.

Mr. FLOOD. How do you initiate contracts with the local agencies? If agency X files an application, are you compelled to sign the contract? Who takes a look at agency X? What about the qualification of the employees? Merely because an agency files is a contract granted, ipso facto?

Secretary WIRTZ. No. It started from our identification of the 20 urban areas in the country and the two rural areas in which there is the most severe concentration.

Mr. FLOOD. Surely they are not all equally good.

Secretary WIRTZ. It started from the identification of areas of concentration. We then took the initiative in making contract arrangements with a particular agency in each of those areas. You are completely right in saying that there is a complete variety of experience. Just illustratively it was possible to identify in Chicago where this matter had been carried on for quite a while, and in Cleveland, and in Washington, and in Boston, working agencies there with whom these arrangements could be quickly made so the programs got quickly under way. At the other end of the spectrum of experience, we make no bones about the fact that it took us 10 months to work out a proper arrangement with an agency in Phoenix so that one really only got started in November. We are equally frank in saying for a variety of reasons, which I know Mr. Ruttenberg is better equipped to go into than I am, although the experience has been good in Chicago, Cleveland, Boston, and Washington, it has been far from good in Atlanta, much to our surprise, and in Philadelphia, and in several other areas. St. Louis has been a real disappointment so far. Also in a number of other areas it has been a kind of middling experience. You are completely correct in saying that the experience so far is not good.

MANPOWER PROGRAMS IN SMALL TOWNS

Mr. FLOOD. Do you deal only with the great metropolitan centers? I never hear you mention any of the tanktowns. What will happen in the provinces?

Secretary WIRTZ. The situation is this: By the end of fiscal year 1968, we will have the concentrated employment programs in some 76, areas of which 12 will be rural areas, and the 64 will be urban areas. By the end of fiscal 1969 we will be into 146 concentrated employment areas of which 47 will be rural.

Mr. FLOOD. I am speaking not of the great metropolitan areas and not the rural areas. They have eloquent advocates here.

I speak of this great—I say—"backbone" of this Nation for almost 200 years, the so-called small town. What about that?

Secretary WIRTZ. The JOBS program which contributes to your question is concentrated on the 50 large cities of the country. The model cities program does go into a variety of urban situations and a good many of those cities are smaller cities; Trinidad, Colo., as one illustration.

But, Mr. Chairman, the frank answer to your question is——

Mr. FLOOD. Wilkes-Barre, Pa., is a better one.

Secretary WIRTZ. I will check on that one.

Mr. FLOOD. I can tell you.

Secretary WIRTZ. It is a model city. It is also on the CEP list. I mentioned Trinidad, Colo., because fewer people have heard of it.

Mr. FLOOD. Just so we don't get carried away by these extremes here.

Secretary WIRTZ. Having said all this, in direct answer to your question we might just as well bite the bullet of this question and criticism because it is unquestionably true that in the budget proposal which you have before you, going even beyond the picture in fiscal year 1968, we are concentrating this program to a considerable extent on the areas in which the hard-core problem is concentrated.

Roughly 50 percent of the hard-core unemployment in this country is in the 50 largest cities.

Mr. FLOOD. You have to go where the ducks are first.

Secretary WIRTZ. That is correct.

When we talk about CEP and JOBS programs and model cities programs, it is easy to forget that the bulk of the manpower program continues to be the regular MDTA institutional program and the regular on-the-job training program. We are now equipped in a way we have never been before to tell you here what the program is in any city in the country, and they spread all around. Mr. Reynolds points out to me that, to give you a perspective on this, with the concentrated employment figure, that is roughtly 139 million for 1968. The JOBS figure—for this year, for fiscal 1968—the JOBS program is roughly $106 million.

Mr. FLOOD. Is that good?

Secretary WIRTZ. And the total remaining is $632 million.

Mr. REYNOLDS. This is the figure for all the tanktowns you speak of and so forth?

Secretary WIRTZ. The CEP and JOBS programs would be in round figures for fiscal year 1968, roughly $245 million, and the figure for the whole manpower program is $877 million, so that the great bulk of the program is still directed, as indeed a good deal of it must be by statutory requirement for allocation, at the other areas in the countries.

REORGANIZATION OF MANPOWER ADMINISTRATION

Mr. FLOOD. Let's turn to the reorganization you put into effect—and I mean you, not your Department. I know you. You are a rugged administrator. You don't like to have people say no to you. I know all about you.

Secretary WIRTZ. I have been here 7 years.

Mr. FLOOD. I have been here 22. I have wound stripes.

The reorganization which you have put into effect and are still refining has been brewing for some years and has been, if I can understate it, somewhat controversial.

First of all, sketch in for us, in overall terms, what has been done and what you still propose to do. Second, I want you to address yourself to what has been added and what has been taken away from (1) the Office of the Manpower Administrator, (2) the Bureau of Apprenticeship and Training, (3) the Bureau of Employment Security, and (4) this new Bureau of Work Programs. As the Secretary, you won't go into all the details because your bureau chiefs will, but I want you to touch on this.

What have you done? What do you propose to do in broad, sweeping terms, and then what have you taken away and what have you added to those four bureaus?

Secretary WIRTZ. Answering your second question first, because your second question was as to what else it is intended to do, and there is no further realinement of functions in mind. The background is as follows: Some time ago I suggested making three changes and proceeded more timidly about them with, I think, unfortunate consequences.

In the course of the year one of those was made. That was made, I believe, with due respect, Mr. Chairman. That did involve the identification of manpower administrators in each of the eight regions which we now maintain and although I don't know the state of the formal record on that, I feel no compunctions about saying that it proceeded only after informal consultations with various represenatives of the legislative branch, which gave me confidence that there was acceptance as far as that was concerned. And so, in answer to your question, first, specifically, there have been eight regional manpower administrators established in the eight regions. They report directly to the Manpower Administrator.

Now, second, as to the other changes that have been made, I believe it clarifies the rest of the problem to say that the most specific one is with respect to the Bureau of Apprenticeship and Training, and that was your first inquiry.

EFFECT OF REORGANIZATION ON BUREAU OF APPRENTICESHIP AND TRAINING

The Bureau of Apprenticeship and Training was traditionally, under the Fitzgerald Act, charged with the obligation solely to administer the promotional program, the training program which is identified in the Fitzgerald Act. It was limited to working with the apprenticeship programs.

When the Manpower Development and Training Act was passed in 1962, it was mostly institutional training that we were all thinking about. We recognized, however, there would be some on-the-job training and we put that on-the-job training function into the Bureau of Apprenticeship and Training.

Then over the years the on-the-job training program has grown and it has grown much faster than the expansion of the Bureau of Apprenticeship and Training personnel so that this year we had gotten to the point where, among other things, it was suggested that we were usurping the time of as many as 100 of the professional personnel in the Bureau of Apprenticeship Training who ought to be working on apprenticeships and were using them on on-the-job training programs instead.

It also emerged quite clearly last summer that the mix of the apprenticeship program, the administrative mixing of the apprenticeship program and the on-the-job training program was not a good idea. There were protests from a good many places; from the States, from the Bureau of Apprenticeship and Training, from the AFL-CIO, the Building Trades Department, the Metal Trades Departments, and also the management people of the apprenticeship groups around the country.

The effect of the action to which you refer, which was taken as far as I was concerned on December 19, 1967, was to make the Bureau of Apprenticeship and Training again exclusively responsible for an apprenticeship training program. In specific answer to your question, the administration of the on-the-job training program was taken out of the Bureau of Apprenticeship and Training and was put in the Bureau of Work-Training Programs.

LETTER FROM PENNSYLVANIA STATE BUILDING AND CONSTRUCTION TRADES COUNCIL

Mr. FLOOD. I have before me—and if there is no objection, I would like to place this in the record at this point—a letter from the Pennsylvania State Building and Construction Trades Council. They have not been in touch with me personally, nor have any of their representatives. I merely got this letter dated February 15th.

(The letter follows:)

PENNSYLVANIA STATE BUILDING AND
CONSTRUCTION TRADES COUNCIL,
Harrisburg, Pa., February 15, 1968.

Hon. DANIEL J. FLOOD,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN FLOOD: This State council has recently learned that the Secretary of Labor, the Honorable Willard Wirtz has issued instructions to reorganize the manpower training programs. In so doing, we have learned, this will require certain cutbacks in the operation of the Bureau of Apprenticeship and Training. This will be more specifically realized by the closing of the Allentown, Scranton, and York field offices and the dropping of four field men.

It is this reduction in staff we are very much opposed to. Any such reduction, we feel, can only cause reduction in the apprenticeship programs, which will eventually cause reduction in the quality of the apprentice at the expiration of his training term.

We, therefore, request your help in expressing the views of all Pennsylvania building tradesmen to the Secretary in an effort to void the aforementioned reductions.

Trusting you will understand our deep concern regarding the above action, I remain

Sincerely,

THOMAS H. MILLER,
Secretary-Treasurer.

Secretary WIRTZ. Would you like comment on that?

Mr. FLOOD. Yes.

Secretary WIRTZ. It would be as follows:

First, as an accident of timing, this matter coincided with the attempts we have been making to bring all of our operations, our field operations, into eight regional offices. This resulted in a state of misunderstanding and, among other things, in the circularization of a report that all BAT offices were to be closed. That was simply an accident, a misunderstanding, because they are not being closed. There will be one closed in Denver. There has not been final action right now with respect to the Seattle situation, but that will not pose a difficulty.

Let me just state categorically that under the budget presented to you there will be more people working on apprenticeship training programs in 1969 than there were in 1968.

I add only one other element: The reference to the specific field offices. There is a reference to the on-the-job training offices which were set up by BAT and not apprenticeship offices.

Mr. FLOOD. May I ask you this: You say Mr. Hugh Murphy will be here to justify the Bureau of Apprenticeship and Training budget. I take for granted that he will have carte blanche if he wants to, to answer any questions that the subcommittee sees fit to ask him.

Secretary WIRTZ. There is no question about that.

Mr. FLOOD. If you had been on the Defense subcommittee as long as Mr. Laird and I have been, you would understand that it is out of an abundance of caution I ask you.

Secretary WIRTZ. No problem at all.

EFFECT OF THE REORGANIZATION ON THE BUREAU OF EMPLOYMENT SECURITY

Mr. FLOOD. Now, coming to the Bureau of Employment Security.

Secretary WIRTZ. On that bureau, one of the suggestions that I made over a year ago was that that whole function, or substantial parts of it, be moved in together with the Manpower Administration because the BES itself, had been a kind of overstructure over the Employment Service, the Unemployment Insurance Service, the Farm Labor Service, and the Veterans Employment Service.

As these other programs came in, the Manpower Administration began also to be a kind of overstructure and I was concerned about the overstructuring of overstructure, and therefore proposed quite broadly to move those two together.

I was advised again, both formally in the committee hearings here, and in the informal channels to which I referred earlier, that that would be considered completely wrong as far as this committee, its members and others, other interested Members of Congress, were concerned, particularly because the BES program is financed very largely out of the unemployment trust fund, whereas these other programs are not, and it was made pointedly clear that, both in the interests of accounting and in the interests of the preservation of State-Federal relationships which developed over the years, that would be considered a serious mistake. I mention this to make completely clear that in the action now, which is identified with my memorandum of December 19, those functions are left entirely untouched so that anything relating to the administration of the unemployment trust fund activities remains just exactly as it was before.

Now, beyond that, there are functions in the Bureau of Employment Security that parallel those in the Manpower Administration so completely that it seems to me they must be telescoped—they are, most illustratively, the research functions.

Let me mention them in another order. First, the administrative functions—personnel, budgeting, auditing, and all of that kind of thing—it is a mistake for us to maintain an overstructure of that kind both at the Manpower Administration level and then at the Bureau of Employment Security level, and then at the operating service level. That is wrong. Therefore, in answer to your question the only matter previously administered by the Bureau of Employment Security—the only functions previously within the Bureau of Employment Security

which will be affected by this realinement involve the kind of amalgamation which I am talking about, having to do illustratively with administrative and research functions.

EFFECT OF THE REORGANIZATION ON THE BUREAU OF WORK TRAINING

Mr. FLOOD. Now, at this early hour, have you anything to say about the Bureau of Work Training?

Secretary WIRTZ. Yes, sir. The jurisdiction of the Bureau of Work-Training Programs is now as follows:

It includes the administration of all of the delegated programs from the OEO. That includes the Neighborhood Youth Corps, Operation Mainstream, Special Impact, and New Careers. It also includes the on-the-job training functions previously administered by the Bureau of Apprenticeship and Training. It includes the administration and at this point it will work out jointly with the Bureau of Employment Security—of the CEP program, the JOBS program and so forth.

Mr. FLOOD. That is no bureau for beginners.

Secretary WIRTZ. And I should add to that it also includes the administration of the work incentive program which comes from the recent Social Security Act amendments.

EFFECT OF REORGANIZATION ON FIELD OFFICES

Mr. FLOOD. How has the field office setup changed?

Secretary WIRTZ. A short answer to your question is that there will simply not be a change except as the regional Manpower Administrator creates an integrating authority and function in regional offices, but the same field offices will remain. We realize we have to work our way toward the right answer. We have faced a good many questions that arise. Several of the regional manpower administrators are people—in fact, most of them are people who are the veterans of that kind of administration.

Mr. FLOOD. Have we brought in any from outside?

Secretary WIRTZ. The only new person from outside the structure who has been brought in as a regional manpower administrator, is Mr. Lewis Nicolini, who was the employment administrator of the State of Indiana.

Mr. FLOOD. Now, let's look at it both ways. Is that good?

Secretary WIRTZ. I know each of these fellows personally. The answer to your question depends on your personal evaluation of them. They are, in my judgment, the broadest gauge people we have. For example, Bill Norwood has been heading up our Unemployment Insurance Service here in Washington for the past several years. He is now the Regional Manpower Administrator in Atlanta. He can take care of himself and will in a highly responsible way.

Mr. FLOOD. How many of them are there?

Secretary WIRTZ. There are eight.

CONSOLIDATION OF MANPOWER PROGRAMS

Mr. FLOOD. Getting away from the reorganization problem for a minute, do you think there should be any more consolidation of your manpower programs with those of the Office of Economic Opportu-

nity; the Departments of Health, Education and Welfare, and Housing and Urban Development? Let's take those three.

Is there anything actually being done or that you think should be done?

Secretary WIRTZ. There is nothing under consideration and I am quite clear that at the present stage in the development of this program, it should remain as it is.

I mean by the form of that answer to include clearly the possiblity that the development of further experience will suggest some additional changes, but I feel quite strongly that for right now the best thing to do is to just give us a year to catch up.

Mr. FLOOD. I would think so. I wouldn't want to see the Department of Labor become Joseph's coat of many colors. Congress gave birth to you to be, within reason, a certain thing. Your original statement here shows an intelligent and reasonable extension of that jurisdiction. I would hate to see the same thing happen to you that has happened to the Department of Commerce. You know, whenever the Congress can't think of what to do with an agency we create, we put it in the Department of Commerce. It has become a nightmare to run that place.

Secretary WIRTZ. Our pants are too short right now.

DEPARTMENT OF LABOR ROLE IN MODEL CITIES PROGRAM

Mr. FLOOD. Do you have anything to do with the model cities program?

Secretary WIRTZ. Yes, sir.

Mr. FLOOD. What?

Secretary WIRTZ. Each model cities program includes a manpower component. This is true in all the 63 model cities plans, the 63 model city plans which have so far been transmitted and accepted.

Mr. FLOOD. There is a manpower what?

Secretary WIRTZ. A manpower component the model cities program centers around, as you know, the development of new construction of one kind or another.

Mr. FLOOD. This is not just bricks and mortar?

Secretary WIRTZ. It is not.

Mr. FLOOD. As far as you are concerned, you don't bother with that?

Secretary WIRTZ. That is right. We don't get into that at all. You are correct. But each of these programs is a broad-scale program. It includes a manpower component and we have simply said, as far as the manpower program is concerned in the model cities area, we will be glad to subordinate our manpower program to the model cities program; just give us the signal. The working relationship is one of a delegation of that development function of the manpower program by the Department of Labor in the model cities area.

Mr. FLOOD. That is the way it should work. I hope it does.

FUNDING LEVEL FOR THE CONCENTRATED EMPLOYMENT PROGRAM

You spoke of the concentrated employment program but you did not mention the budget figure.

Secretary WIRTZ. There is not a separate budget figure for concentrated employment. I can give you that figure.

Mr. FLOOD. Mr. Miller, are you the budget man now?

Mr. MILLER. Yes.

Secretary WIRTZ. There is not a single budget figure for CEP because CEP is a combination and draws on six different statutory authorizations; some under MDTA, some under Economic Opportunity Act. Nevertheless, in answer to your question our planning is, of course, complete and for fiscal 1969 the figure for the several programs which make up CEP will be $279 million compared to $139 million in fiscal year 1968.

ECONOMIC FORECASTING UNDERPINNING BUDGET ESTIMATES

Mr. FLOOD. When your Department makes up your budget, you make assumptions with regard to the total unemployment and insured unemployment during the next year. What kind of a crystal ball do you use on that? How do you make those assumptions?

You can supply that information for the record.

(The information follows:)

BUDGET ASSUMPTIONS

It is assumed that the steady growth that has characterized the economy in recent years will continue through fiscal year 1969. The anticipated rate of growth, even with rising productivity, will result in an increase in total employment which will more than offset the expected growth in the work force. The volume of total unemployment is expected to edge down to an average of 3.1 million (the fiscal year 1968 average is now assumed at 3.2 million).

The economic outlook is based upon the assumption that the international situation will not change enough, in either direction, through fiscal year 1969 to alter either the volume of defense expenditures or the size of the Armed Forces. In the event that the international situation does change significantly, the basic economic assumption upon which this budget is based will need a thorough review.

Much of the assumed growth in employment will occur in establishments covered by State unemployment insurance laws. Covered employment, therefore, is expected to grow substantially for this reason. Changes in State laws designed to extend coverage will also add to the number of workers covered by State unemployment insurance.

The average weekly volume of insured unemployment per month (seasonally adjusted) in the first 6 months of fiscal year 1968 varied between 1.1 million and 1.4 million. The insured jobless rate averaged 2.5 percent. It is assumed that insured unemployment for fiscal year 1969 will average 1.1 million per week, which is the experience of the two most recent months, November and December 1967. The rate of insured unemployment assumed for fiscal year 1969 is 2.2 percent.

The economic and employment growth assumed for the Nation as a whole will not be fully shared by all industries and all areas. Continued shifts in population and areas of demand, continuing technological changes, and changes in defense outlays may result in increased unemployment in some industries and in some areas. At the same time, other industries and areas may experience shortages of qualified workers to meet employer needs.

The Department will be called upon to meet many problems associated with uneven growth in economic activity and changing labor-demand-supply relationships. They will be met through an intensification of recruitment to meet labor shortages, and a wide variety of activities designed to develop human resources in both urban and rural poverty areas.

These economic assumptions and projections, which become the broad basis for our budget estimates, are made by economic and research staff of the Department. The assumptions are based upon a wide variety of economic data and experience. Once made in the Department of Labor, the economic assumptions are verified with the Council of Economic Advisers and the Bureau of the Budget to further insure their accuracy and to enable those organizations to have benefit of our more specialized knowledge.

There is included in each separate budget justification a section, "Basis for the estimate," that details the more specialized circumstances that affect the specific estimate.

POSSIBLE STRIKES DURING COMING YEAR

Mr. FLOOD. Since we have brought up the question of a crystal ball, can you look into the future about strike probabilities?

Secretary WIRTZ. I can look, Mr. Chairman.

Mr. FLOOD. Don't look too far.

Secretary WIRTZ. I will give you just this general picture: We knew that calendar year 1968 was going to be a critical period just by virtue of the number of major collective bargaining agreements to come up in this year.

Mr. FLOOD. You told us that before and you haven't changed your mind?

Secretary WIRTZ. That is correct. This is the experience so far this year and it is both good and bad. You start from the fact of a copper strike which started July 15, an industrywide strike——

Mr. FLOOD. May I interrupt and do this: Let me present three questions at once: You are going to discuss the probability of future strikes. Then I want you to tell us how much you or your immediate assistants got involved in any labor disputes since you were here last year. Three, is there anything sinister about this new development of unrest and strikes among the public service employees, teachers, firemen, sanitation workers, and so forth? Do you have any suggestions on that phase of the strike question, or any suggestions for strike legislation?

Secretary WIRTZ. May I change the order chronologically? You asked what we have done, what cases we have been involved in since we talked about this last. I would mention with special significance the fact that there has been just one during that period which I would put in the category of qualification for your answer. I don't need to tell you that Mr. Reynolds or Mr. Donahue occasionally will engage in one matter or another on a kind of peripheral basis, but it is a significant fact that there was one case in 1967 which occupied our attention. That was the shop crafts case on the railroad. 1967 came within one case, indeed one unit of being the most extraordinary year in the history of collective bargaining as far as major cases are concerned. We did have that one. It came to the Congress three different times. It ended up in a special kind of settlement and procedure which nobody likes. It is a black mark on collective bargaining, but the significant part of my answer to your second question is that that was the only major case.

Mr. FLOOD. Now, what is your forecast?

Secretary WIRTZ. And then, reaching over from the one year to the next the picture is this: 1968 is going to be a tough year. It starts with an unbelievable continuation of the copper strike since July 15 of last year. It affects today about 70 percent of that industry. It would have been thought inconceivable that a copper strike would go on for that period of time or that the economy could take it.

Mr. FLOOD. Do you have any suggestions?

Secretary WIRTZ. Yes; there is a recommendation. There was a panel established. The Secretary of Commerce and I established a

panel which made a recommendation on Friday, going to the central issue that applies in that case, which is not economics, but is the issue of coalition or companywide bargaining. That panel has made a recommendation to each of the companies to do its bargaining with the union on the basis of a three-way breakdown. Instead of having every plant bargained out separately as the companies insist, instead of a single negotiation covering the whole company as the unions insist, the panel recommends there be bargaining in three units—not using units in its technical sense. First, the mines, the mills and the smelters; second, the fabricating plants; and third, the lead and zinc mines of a particular company.

Mr. FLOOD. Will management take that first recommendation?

Secretary WIRTZ. This recommendation was made public Saturday morning. There have been expressions of strong criticism from the union. There has not been a comparable expression from the companies. I can only suggest that I think next week at least presents possibilities of mediation and bargaining which probably would be prejudiced by my going into much detail here.

Beyond that, there have been three other cases this year of the major groups that I mentioned, and the significant thing is that those three have been settled. There was the oil refinery case, which came up in January and was settled immediately, and the country heard nothing about it.

The can industry came up in February or late January. It was settled completely so we have heard nothing about it. One of the most significant settlements in collective bargaining was reached last week between the Brotherhood of Railroad Trainmen and three railroads, the Missouri Pacific, the Seaboard Coastline, and the Southern Railway, and a fourth one has been reached since between the Brotherhood of Railroad Trainmen and the C. & O.—significant because they were done completely by private bargaining. So that to whatever extent there is a suggestion here that the railroad people and the unions may find their answer privately, there is encouragement.

We face then into a series from here on out on which I cannot make, myself, much conjecture. There is the possibility of very real difficulty in the telephone industry as of the first part of next month. Those are 1-year contracts, most of them. They are open this time only on wages. There have been strong indications that there are differences between the parties which may cause serious trouble.

Mr. FLOOD. How about steel?

Secretary WIRTZ. Before we get to steel, we move to a period which will be dominated by the longshoremen. That comes a little later.

In answer to your question, taking steel, I don't know what will come of that. There was a very significant probability or possibility, rather, in December, solely the product of private discussions and negotiations, the possibility that they would reach some procedural formula which would involve arbitration as a safeguard against any breakdown of bargaining. That was not reached, so that situation continues on a basis of uncertainty which was reflected by the present building-up of inventories and by the purchasing of offshore steel which we consider unfortunate. I can't tell you what will come of that.

There will also be, in the course of the year, at least two other major possibilities of difficulty. One of them in the aerospace industry. Most of those contracts come up starting in the summer and continue on into the fall.

This is also the year of the expiration of the longshoring contracts and there are also some other contracts of significance which come up. There are others, Mr. Chairman, but those are the principal questions.

PROPOSED LEGISLATION FOR DEPARTMENT DURING THIS SESSION OF CONGRESS

Mr. FLOOD. Let me ask you this: What particular legislation are you pushing this year?

Secretary WIRTZ. In that area?

Mr. FLOOD. No, any area.

Secretary WIRTZ. Well, none in this area. We are pushing very strongly an occupational safety and health bill which we think is long overdue, to which you made earlier reference. There will be the necessity of amendment of the extension of the Manpower Development and Training Act. There will be a question of whether to move in the area of welfare and pension plans, in the narrow sector covered by the bill which was before the Congress last year, presented by the administration, limited to fiduciary responsibility or whether that should be broadened out to include legislative action on the broad question of vesting and of funding of the pension plans as well as some other points. I don't know how that one will come out.

Behind that list is quite a long series of legislative proposals of one kind or another either introduced before by the administration and pending, or prospectively being introduced by members of the Congress, and I don't mean to preclude consideration of those.

Mr. FLOOD. I am talking about you.

Secretary WIRTZ. Our principal emphasis right now, as far as the Department's responsibility is concerned, is on the Occupational Safety and Health Act, on the extension of the Manpower Development Training Act, and on some phase of the welfare and pension plan program.

FOREIGN LABOR PROBLEMS

Mr. FLOOD. I have read or heard or seen here nothing much about importation of foreign labor. That used to be a real headache. Do you want to brag a little bit?

Secretary WIRTZ. No. I think the problem is well under control with one exception, which Mr. Ruttenberg will be in a position to discuss with you. What we used to think of as the bracero and the off-shore problem is, I think, under control. There is a question affecting the Mexican-American border or a combination of problems which we consider serious. It involves not the braceros, but the holders of "green cards" moving across the border. It also involves the establishment of plants just south of the border to which goods are sent from the United States on which some work is done. The goods are then sent back on a special-duty basis. I would count those border problems matters of real concern. They have the attention of two committees. One of them is a joint executive-legislative committee on which Mr. Ruttenberg

served as one member. Then there is another committee of parallel jurisdiction on which he also acts.

CITRUS FRUIT PICKERS

Mr. FLOOD. How about the citrus fruitgrowers of Florida?

Secretary WIRTZ. The problem is not currently presenting any serious difficulties. I say in complete sincerity that it is a compliment, I think, not only to the growers, the Florida growers, almost all of them, but also to the people in our regional office in Atlanta who found an accommodation which has resulted in there not being a problem.

Our working arrangement, Mr. Chairman, is that at whatever point that situation should become acute, I have a standing commitment to be in Florida within 48 hours to talk to them about it. That was used once. The temperature dropped suddenly. We did go down and work out a special arrangement to bring in a thousand workers for the citrus growers and then the thermometer went back up and they probably weren't needed, but the answer to that is, except so far as Senator Holland's measures are concerned, everything else has worked out all right.

EFFECT OF HOUSE JOINT RESOLUTION 888

Mr. FLOOD. On House Joint Resolution 888—that was the 2-percent and 10-percent cut—could you put a statement in the record to show how this affected you, both the 2 percent on people and 10 percent across the rest? I'd like to see something on that.

Secretary WIRTZ. I will put it in.

(The information follows:)

Effect of House Joint Resolution 888

The reduction of general fund obligations under the provisions of House Joint Resolution 888 (Public Law 90-218) were determined and applied as follows:

1. *Amount of reduction*

[In millions]

Total general funds in President's budget	$649.6
Less uncontrollable items	121.0
Amount subject to reduction	528.6
Two percent of personal services	1.5
Ten percent of "other objects"	45.5
Total reduction required	47.0
Less: Congressional reductions (net)	24.1
Reductions in regular appropriations	−27.4
Increases due to failure to pass proposed legislation	+3.3
Net reduction required	22.9

2. APPLICATIONS OF REDUCTION

Section 202 (a) of the law states that the reduction shall apply to "aggregate" amounts. Therefore, the net decrease has been applied to the various programs of the Department of Labor in a manner calculated to be the most efficient, causing

as little program reduction or slow down as possible. The attached table shows how the total of $47 million was applied by appropriation account, specifically:

	Millions
Achieved by congressional reduction	$24.1
Reserved for subsequent years	4.9
Exempted by President under section 203(a)(4)	16.0
Reserved—to be applied to absorbtion of pay costs	2.0
Total	47.0

3. EFFECT OF REDUCTIONS

(*a*) *In MDTA*

This is a 2-year account. The $4.9 million reserve therefore becomes a reduction in the 1968 program and an increase in the 1969 level of obligations. As the 1968 program has developed to date, in all probability a major share of this reserve can be expected to be used for "Part time and other" training projects. In this case about 6,000 training opportunities would be involved.

(*b*) *In other programs*

Because of the lateness of the 1968 Appropriation Act and the late decisions on application of these reductions, savings has accumulated to a sufficient extent to make it possible to apply such savings toward the absorbtion of increased pay costs in 1968.

ACTUAL REDUCTIONS UNDER HOUSE JOINT RESOLUTION 888 (PUBLIC LAW 90-218), FISCAL YEAR 1968

	Congressional action	Exempted by President	Reserved	Total
Manpower Development and Training Activities	−$16,357,000	−$16,000,000	−$4,900,000	−$37,257,000
Office of Manpower Administrator	−6,083,000			−6,083,000
Bureau of Apprenticeship and Training	−149,000			−149,000
Bureau of Employment Security	−90,000			−90,000
Labor-Management Services Administration	−150,000		−232,000	−382,000
Wage and Hour Division	−1,258,000		−658,000	−1,916,000
Bureau of Labor Standards	−216,000		−121,000	−337,000
Proposed legislation	+2,137,000			+2,137,000
Women's Bureau			−19,000	−19,000
Bureau of Employees' Compensation	−100,000		−150,000	−250,000
Proposed legislation	+1,183,000			+1,183,000
Bureau of Labor Statistics	−2,121,000		−487,000	−2,608,000
Bureau of International Labor Affairs	−115,000		−38,000	−153,000
Office of the Solicitor			−166,000	−166,000
Office of the Secretary	−558,000		−103,000	−661,000
Office of Federal Contract Compliance	−252,000		−26,000	−278,000
Total	−24,129,000	−16,000,000	−6,900,000	−47,029,000

Mr. FLOOD. There are a few additional things that we would like you to supply for the record:

UNOBLIGATED BALANCES

By appropriation item, show the amount of unobligated balances of appropriations that carried forward from 1967 to 1968, and the estimated amount to be carried forward to 1969, with a brief explanation of any reason or every reason for each carryover.

(The information follows:)

Unobligated balances carried forward from 1967 to 1968

Manpower Development and Training Activities	$710,199
Office of Manpower Administrator, salaries and expenses	215,194
Special foreign currency	42,614
Total	958,007

Funds appropriated for Manpower Development and Training Activities and Office of Manpower Administrator are authorized for obligation in the year of appropriation and the succeeding fiscal year. These accounts are expended primarily for contractual training, experimental and demonstration efforts. At the time of contract award, fund needs are determined on the basis of firm estimates of cost based on duration and scope of the contract and available funds are fully obligated on this basis in the year of initial appropriation. The large amount of moneys in these programs together with the nature of the contractual relationship involved often result in a small amount being left unobligated at the end of the fiscal year. This is necessary for making any program adjustments that are not apparent at the time but occur after the year has ended. The amounts still left unobligated at the time of official certification to the Treasury at the end of August make up the carryover.

Funds for the special foreign currency program, under the terms of the appropriation language, remain available for obligation until expended. The purpose of the appropriation in 1967 was to provide for regional labor attaché conferences in those countries having excess foreign currency situations. The first such conference was held in New Delhi, India, in December 1966, and two additional conferences were contemplated during 1967. However, planning for the additional conferences was delayed due to the limited number of countries remaining in the excess currency category during the year, coupled with other problems in these countries, primarily political in nature, and the war in the Middle East. It is planned to utilize the carryover funds in 1968 for further conferences.

From 1968 to 1969

Manpower development and training activities..... $4,900,000

As in 1967, it is anticipated that funds appropriated in 1968 will be fully obligated at the end of the year. Although due to the variables in final project costs, some adjustments may result as they did in 1967, they are anticipated to be minimal and because of their indeterminate nature are not reflected in the budget estimates. The $4,900,000 carryover consists entirely of the reserve in fiscal year 1968 established under the provisions of House Joint Resolution 888 (Public Law 90–218). This reserve will become available for obligation in 1969.

UNEXPENDED BALANCES

Mr. FLOOD. Supply a second table showing the same things for obligated but unexpended balances.

(The information follows:)

OBLIGATED BUT UNEXPENDED BALANCES

[Dollars in millions]

Appropriation	From 1967 to 1968	Explanation of 1968	From 1968 to 1969	Explanation of 1969
Manpower development and training activities	$423.9		$366.1	
Office of Manpower Administrator	25.8	Research and experimental and demonstration, 70 percent; labor mobility and bonding, 24 percent; salaries and expenses, 6 percent.	21.7	Research and experimental and demonstration, 72 percent; labor mobility and bonding, 24 percent; salaries and expenses, 4 percent.
Bureau of Apprenticeship and Training	.7	Personal services, 46 percent; undelivered orders, 34 percent; accounts payable, 20 percent.	1.2	Personal services, 28 percent; undelivered orders, 19 percent; accounts payable, 53 percent.
Unemployment compensation for Federal employees and ex-servicemen.	(1)		(1)	
Bureau of Employment Security	1.5	Personal services, 3.5 percent; undelivered orders, 47 percent; accounts payable, 56 percent.	.1	Undelivered orders, 52 percent; accounts payable, 48 percent.
Labor-Management Services Administration	.7	Personal services, 46 percent; undelivered orders, 42 percent; accounts payable, 12 percent.	.8	Personal services, 37 percent; undelivered orders, 49 percent; accounts payable, 14 percent.
Wage and Labor Standards Administration	.7	Personal services, 52 percent; undelivered orders, 34 percent; accounts payable, 14 percent.	.7	Personal services, 52 percent; undelivered orders, 34 percent accounts payable, 14 percent.
Bureau of Employees' Compensation: Compensation fund.	(1)		(1)	
Wage and Hour Division	1.5	Personal services, 46 percent; undelivered orders, 28 percent; accounts payable, 26 percent.	.7	Personal services, 100 percent.
Bureau of Labor Statistics	1.4	Personal services, 38 percent; undelivered orders, 39 percent; accounts payable, 23 percent.	1.2	Personal services, 31 percent; undelivered orders, 48 percent; accounts payable, 21 percent.
Bureau of International Labor Affairs	.1	Personal services, 41 percent; undelivered orders, 13 percent; accounts payable, 46 percent.	.1	Personal services, 41 percent; undelivered orders, 13 percent; accounts payable, 46 percent.
Special foreign currency	(1)		(1)	
Office of the Solicitor	.3	Personal services, 66 percent; undelivered orders, 7 percent; accounts payable, 27 percent.	.3	Personal services, 66 percent; undelivered orders, 7 percent; accounts payable, 27 percent.
Office of the Secretary	.3	Personal services, 40 percent; undelivered orders, 34 percent; accounts payable, 26 percent.	.2	Personal services, 40 percent; undelivered orders, 34 percent; accounts payable, 26 percent.
Office of Federal Contract Compliance	.1	Personal services, 41 percent; undelivered orders, 30 percent; accounts payable, 29 percent.	.1	Personal services, 56 percent; undelivered orders, 12 percent; accounts payable, 32 percent.

1 Less than $50,000.

PAY COST ANALYSIS

Mr. FLOOD. We would like the amount of increased pay costs under the last Pay Act by appropriation. The amount that is being absorbed. The amount proposed to be covered by transfer from other appropriations, and the amount proposed to be covered by supplemental appropriations.

(The information follows:)

ANALYSIS OF PUBLIC LAW 90-206 PAY INCREASE COSTS, FISCAL YEAR 1968

	Cost of pay increase	Absorption from—					Additional authorization required
		Administrative savings	Transfer from labor mobility	Application of Public Law 90-218 savings	Total	Percent	
Manpower development and training activities: Allocation to HEW	$64,000	$64,000			$64,000	100	
Office of Manpower Administrator	178,000	178,000			178,000	100	
Bureau of Apprenticeship and Training	240,000	98,000	$142,000		240,000	100	
Bureau of Employment Security:							
Federal funds	72,000	30,000	42,000		72,000	100	
Trust funds	(520,000)	(44,000)			(44,000)	8	($476,000)
Grants to States	(81,000)	(81,000)			(81,000)	100	
Labor-management services administration	257,000		25,000	$232,000	257,000	100	
Wage and Hour Division	731,000		73,000	658,000	731,000	100	
Wage and labor standards administration	316,000		26,000	290,000	316,000	100	
Bureau of Employees' Compensation	(167,000)		(17,000)	(150,000)	(167,000)	(100)	
Bureau of Labor Standards	(121,000)			(121,000)	(121,000)	(100)	
Women's Bureau	(28,000)		(9,000)	(19,000)	(28,000)	(100)	
Bureau of Labor Statistics	541,000		54,000	487,000	541,000	100	
Bureau of International Labor Affairs	40,000	2,000		38,000	40,000	100	
Office of the Solicitor	184,000		18,000	166,000	184,000	100	
Office of the Secretary	148,000		45,000	103,000	148,000	100	
Office of Federal Contract Compliance	29,000		3,000	26,000	29,000	100	
Total, Department of Labor	3,401,000	497,000	428,000	2,000,000	2,925,000	86	476,000
Federal funds	2,800,000	372,000	428,000	2,000,000	2,800,000	100	
Trust funds	(601,000)	(125,000)			(125,000)	21	(476,000)
Other sources of funds	216,000	216,000			216,000	100	
Federal funds	214,000	214,000			214,000	100	
Trust funds	(2,000)	(2,000)			(2,000)	100	
Grand total	3,617,000	713,000	428,000	2,000,000	3,141,000	86	476,000
Federal funds	3,014,000	586,000	428,000	2,000,000	3,014,000	100	
Trust funds	(603,000)	(127,000)			(127,000)	21	(476,000)

ANALYSIS OF 1968 AND 1969 PAY COSTS

	1968			1969				
	Pay costs	Supplemental	Absorption	Pay costs not effective in 1968	Costs not funded in 1968	Total	Amount in estimate	Continued absorption
Manpower development and training activities	$64,000		$64,000	$21,700	$64,000	$85,700	$85,700	
Office of Manpower Administrator	178,000		178,000	42,300	178,000	220,300	114,300	$106,000
Bureau of Apprenticeship and Training	240,000	$142,000	98,000	80,000	98,000	178,000	173,900	4,100
Bureau of Employment Security:								
Federal funds	72,000	42,000	30,000	42,500	30,000	72,500	72,500	
Trust funds	(520,000)	(476,000)	(44,000)	(262,500)	(44,000)	(306,500)	(306,500)	
Grants to States	(81,000)		(81,000)	(27,000)	(81,000)	(108,000)		(108,000)
Labor-Management Services Administration	257,000	25,000	232,000	99,300	232,000	331,300	296,900	34,400
Wage and Hour Division	731,000	73,000	658,000	287,800	658,000	945,800	795,400	150,400
Wage and Labor Standards Administration	316,000	26,000	290,000	113,000	290,000	403,000	380,930	22,070
Bureau of Employees' Compensation	(167,000)	(17,000)	(150,000)					
Bureau of Labor Standards	(121,000)		(121,000)					
Women's Bureau	(28,000)	(9,000)	(19,000)					
Bureau of Labor Statistics	541,000	54,000	487,000	232,000	487,000	719,000	619,500	99,500
Bureau of International Labor Affairs	40,000		40,000	14,400	40,000	54,400	45,000	9,400
Office of the Solicitor	184,000	18,000	166,000	68,000	166,000	234,000	211,275	22,725
Office of the Secretary	148,000	45,000	103,000	54,500	103,000	157,500	117,112	40,388
Office of Federal Contract Compliance	29,000	3,000	26,000	10,000	26,000	36,000	30,200	5,800
Total, Federal funds	2,800,000	428,000	2,372,000	1,065,500	2,372,000	3,437,500	2,942,717	494,783
Total, trust funds	(601,000)	(476,000)	(125,000)	(289,500)	(125,000)	(414,500)	(306,500)	(108,000)
Grand total	3,401,000	904,000	2,497,000	1,355,000	2,497,000	3,852,000	3,249,217	602,783

ACTIVITIES REQUIRING EXTENSION LEGISLATION

Mr. FLOOD. If there are any funds requested for ongoing activities for which the legislative authority has expired and has not yet been extended, we would like to have them set forth in the record.

(The information follows:)

EXPIRING LEGISLATION

There are no funds included in the Department of Labor 1969 request now before the committee for programs that require extension of legislation. Two programs in the Office of Manpower Administrator expire June 30, 1968, but the estimate has been reduced to reflect this. They are:

Labor mobility demonstration program (authorized $4,400,000)	$3,866,000
Bonding demonstration program	200,000

When extending legislation is passed for these two programs, supplemental funds will be requested.

CIVIL DEFENSE AND EMERGENCY PLANNING ACTIVITIES

Mr. FLOOD. Next, set forth, by appropriation item, any funds requested for civil defense and the emergency planning activities.

(The information follows:)

CIVIL DEFENSE FUNDS

The total cost of the Department of Labor for emergency preparedness functions is contained in the budget request of the Office of Emergency Planning. The Office of Emergency Planning will allocate these funds among the various delegate agencies, including the Department of Labor when that appropriation is made.

Mr. FLOOD. Finally, provide the committee with a record of the Department of Labor's contributions to interagency commissions and committees for fiscal years 1967, 1968, and 1969.

(The information follows:)

CONTRIBUTIONS TO INTERAGENCY COMMISSIONS AND COMMITTEES

Description and funding appropriation	1967	1968	1969
White House Conference on Civil Rights (OMA, S.& E.)	$10,000	----	----
President's Committee on Juvenile Delinquency (OMA, S. & E.)	45,000	----	----
Committee on Economic Impact of Defense and Disarmament (OMA, S. & E.)	3,750	$3,750	----
White House Conference on Opportunities for Minority Groups (OMA, S. & E.)	15,000	----	----
President's Council on Problems of Spanish Speaking Communities (OMA, S. & E.)	15,000	15,000	----
National Advisory Committee on Rural Poverty (OMA, S. & E.)	5,000	24,500	----
President's Council on Youth Opportunity (OMA, S. & E.)	10,000	32,500	----
President's Committee on Mental Retardation (OMA, S. & E.)	73,444	----	----
White House Task Force on Employment and Unemployment in Urban Cities (OMA, S. & E.)	25,999	----	----
National Advisory Commission on Civil Disorders	----	312,500	----
MDTA	----	(80,000)	----
Delegated funds	----	(232,500)	----
Interagency Committee on Mexican-American Affairs, delegated funds	----	70,000	----
Conference on Developing Institutions, Office of Education, HEW, Office of the Secretary	570	----	----
The President's Commission on Law Enforcement and Administration of Justice, Office of the Secretary	7,000	----	----
Federal Inquiry Center, Atlanta, Ga., General Services Administration, Office of the Secretary	4,000	----	----
Civil Service Commission Interagency Boards and Information Centers	49,800	----	----
Manpower Administration	(3,800)	----	----
Bureau of Apprenticeship and Training	(3,300)	----	----
Bureau of Employment Security	(9,700)	----	----
Labor-Management Services Administration	(3,200)	----	----
Bureau of Labor Standards	(1,300)	----	----
Women's Bureau	(400)	----	----
Wage and Hour Division	(9,200)	----	----
Bureau of Employees' Compensation	(2,800)	----	----
Bureau of Labor Statistics	(8,800)	----	----
Bureau of International Labor Affairs	(800)	----	----
Office of the Solicitor	(2,600)	----	----
Office of the Secretary	(3,700)	----	----
Office of Federal Contract Compliance	(200)	----	----
Funds requested in OMA Budget for 1969 for contributions as required, recipients not identified	----	----	$75,000
Total	264,563	458,250	75,000

NEW EMPLOYMENT RATE FOR DEPARTMENT OF LABOR

Mr. LAIRD. Mr. Secretary, I notice here in the Special Analyses, Budget of the United States, submitted by the White House on January 29, a chapter on employment. The Department of Labor shows up with the highest new employment rate of any of the old-line departments of the Government on a percentage basis. Your employment increases from 9,700 in fiscal 1968 to 10,700 in 1969. How many jobs are unfilled currently in the 1968 budget?

Secretary WIRTZ. I will have to check on that.

Mr. LAIRD. You must have the figure here as of January 1?

Secretary WIRTZ. The answer to your question is a total of 293 financeable vacancies, and this would be as of January 1.

Mr. LAIRD. So with this budget, assuming these jobs have not been filled at the close of this fiscal year—and I understand you have a freeze on at the present time, is that correct?

Secretary WIRTZ. I don't identify it technically or practically in those terms.

Mr. LAIRD. I thought the President referred to the fact that there was a freeze on hiring employees. That doesn't apply to the Department of Labor?

Secretary WIRTZ. The truth of the matter is that we are scrambling every day to fill jobs, especially in this manpower area. The chairman is as right as he can be that the shortage in this area is great. We lose them, they come in and they go out. I don't think of it in practical terms as being a freeze situation today.

Mr. LAIRD. There are 1,000 new jobs in the 1969 budget, but if you do not fill the current vacancies you have, you would have a total 1,293 new jobs.

Secretary WIRTZ. I think that is right. I think that 1,000 figure includes our delegated functions.

Mr. LAIRD. That is right. If you take out the delegated functions, I think you have 700-some-odd jobs, but I am including the delegated functions that the Department of Labor has.

Secretary WIRTZ. I should add one other thing. I believe that the 293 jobs—I would like to be corrected on this—do not include those which are financeable under the authority which has just recently been transferred to the Department.

Mr. RUTTENBERG. Seventy-five positions in 1968 in the work incentive program for which we have only recently gotten authority, and then an additional 90 in this program in 1969.

Mr. LAIRD. Of the 1,000 new jobs financed in this budget, I believe the major portion of those don't happen to be in the manpower area. As a matter of fact, only 146 are in the manpower area.

Secretary WIRTZ. No, that is for the Manpower Administration itself. Then you add 40 in the Bureau of Apprenticeship and Training; 25 in BES financed from Federal funds; 120 in the trust fund part of BES.

Mr. LAIRD. Those all have to do with manpower training?

Secretary WIRTZ. Yes, sir.

Mr. LAIRD. What is the total associated with manpower training—of the thousand jobs?

Secretary WIRTZ. If you limit it just to the Departmentof Labor—and I don't have the figures for the delegated authority; I can get those—if you limit it to the Department of Labor, it is 331.

COORDINATION WITH STATE APPRENTICESHIP PROGRAMS

Mr. LAIRD. Mr. Secretary, what consideration has been given to the duplication of State apprenticeship activities? Some of the States have apprenticeship programs. It is over 20, isn't it?

Secretary WIRTZ. I believe it is 32 jurisdictions. My answer to your question would be that full consideration has been given to that, but I would say frankly, Mr. Laird, that Mr. Murphy is in an intimately better position than I to back up that statement.

Mr. LAIRD. Have you looked it over from the standpoint of determining if there is any duplication?

Secretary WIRTZ. My honest answer is that I have not been into that matter with Mr. Ruttenberg or Mr. Murphy in the last 12 months.

INCREASE IN JOBS FOR MANPOWER ACTIVITIES

Incidentally, to complete that figure I am advised that of the total of 1,000 to which you refer, 621 of the jobs are manpower jobs; 331 of them are in the Department of Labor programs and 290 of them in other acts administered by the Department.

MANPOWER TRAINING FOR OLDER WORKERS

Mr. LAIRD. Mr. Secretary, the 1966 MDTA Amendments called for more vigorous action programs for middle-age persons, 45 and over.

Secretary WIRTZ. Yes, sir.

Mr. LAIRD. Last year through the Economic Opportunity Amendments, specifically section 126, the Congress directed attention in a number of ways to the problems of older persons. It directed that programs under title I(b), work training, be designed to deal with the problem of long-term unemployment of people 55 years and older.

The title was delegated to the Department of Labor. Both of these laws, the OEO and the MDTA, and the considerable funds that go with them for work and training it was thought would be a real help to older workers. What are you doing with your MDTA and OEO resources in the current year and how do you intend to use and apportion funds requested in the 1969 budget to strengthen programs for older workers?

Secretary WIRTZ. I will have to rely on someone else for the specifics. They are available and will be supplied.

(The information follows:)

PROGRAMS FOR OLDER WORKERS

In 1965, prior to the passage of the MDTA older worker amendment, the Secretary, calling attention to the services problem of employment of older workers, issued an order for continued intensive and coordinated activity of all elements of the Department. The order delegated authority to the Manpower Administrator for overall operation and coordination of all departmental activities related to the older worker program.

In April 1966, the "MDTA Program Planning Guide," recognizing a continuing imbalance in training opportunities, set a goal of 56,000 opportunities for persons 45 years of age and over. Similarly high goals have been set in succeeding years.

Strong emphasis has been placed on on-the-job training as best suited to the older worker.

In December 1966, the Manpower Administrator issued an order establishing a policy for providing special services to older workers. In the MDTA Amendments of 1966, Congress had mandated a special program of testing, counseling, and referral for training. The manpower order went beyond training, to job development and placement services, and detailed measures for improvement of services. In the same month, a special assistant for older workers was appointed to coordinate implementation of the Department's older worker program.

In January 1967, in a message on older Americans, the President included a section on job opportunities for older workers and called for legislation to end arbitrary age discrimination in employment. This measure was enacted in December 1967. Control of age discrimination is bound up with other measures to promote employment of older persons in a reciprocal relationship.

In February 1967, the Bureau of Employment Security issued guidelines to all State employment services for developing programs to increase and improve training and employment opportunities for disadvantaged adults, 45 years of age and over.

In March 1967, the Manpower Administrator set aside $1 million of MDTA funds for use exclusively for older workers. The State agencies applied for five times the amount made available. This action demonstrated the Manpower Administrator's willingness to use budgets, insofar as control by the Federal office permits, to increase opportunities for older persons and to back up program and policy guidelines issued for attainment of that objective.

Title I, part B of the Economic Opportunity Act as amended in 1967, is administered by the Department of Labor by delegation from the Director, Office of Economic Opportunity. Section 123 of this part I–B lists nine categories of activities which may be funded from EOA appropriations. There is available for these purposes from fiscal year 1968 appropriations funds totaling $461 million which will be used to fund more than 400,000 work training slots. This will include $281 million to fund approximately 350,000 slots under sections 123(a) (1) and (2). Section 123(a)(1) is the NYC in-school and summer youth program. Section 123(a)(2) is the out-of-school program and is available to persons aged 16 and over. It is unlikely that middle-aged persons will be included in programs under either section 123(a) (1) or (2). It is much more likely that such persons will be accommodated elsewhere under this section 123 and under MDTA.

The concentrated employment program, which draws funds from MDTA, EOA, and other sources will have an allocation in fiscal year 1968 of $210 million and serve almost 89,000 persons of all ages; and in fiscal year 1969, the program will be funded at $495 million to serve almost 200,000 persons. At present the proportion of 45 workers in CEP's is almost 10 percent. If this proportion remains constant, in 1968, 9,000 older workers will have opportunities at a cost of $21 million, and in 1969 about 20,000 older persons at a cost of $50 million.

In practice, middle-aged and older persons have been most readily accommodated under the programs authorized by sections 123(a)(3), otherwise referred to as the Nelson program or Operation Mainstream. In fiscal year 1968 section 123(a)(3) will provide between $8.5 and $10 million for the program known as foster grandparents. This project, administered by the Administration on Aging of the Department of Health, Education, and Welfare will employ approximately 4,000 persons aged 55 years and over. There is also available under section 123(a)(4) approximately $33 million to be used for projects which will include sizable numbers of persons 45 years of age and older. In fiscal year 1967 some 60 percent of the persons enrolled in this program were 45 years of age and older. We expect to at least maintain this proportion of older persons in the program in fiscal year 1968. If so, more than 7,500 persons aged 45 and older will be enrolled at a cost of approximately $20 million.

The three contracts mentioned by the Secretary between the Department of Labor and the National Farmers Union, the National Council of Senior Citizens, and the National Council on Aging will provide work for about 2,800 persons aged 55 years and older at a cost of $5.7 million. It is expected that these three contracts, the foster grandparents program, and a variety of other similar projects will consume nearly $30 million of the $33 million available under section 123 (a)(3) for fiscal year 1968. For fiscal year 1969 this should increase by about one-third.

The new careers (Scheuer amendment) program: Section 123(a)(4) at present has not been considered as offering opportunities to older workers, because it re-

quires "job ladders" to careers. This assumption is being reviewed in the light of the average work-life expectancy and objectives of middle-aged workers. In 1968, about $26 million and 6,500 jobs will be available but the probabilities are that opportunities for workers 55+ or 45+ will be very limited.

The JOBS program is just being launched. It will be funded in fiscal year 1968 at $53 million to provide 14,600 job opportunities. We have no experience to date on which to estimate older worker participation. However one of the criteria for a "disadvantaged" worker eligible for this program is that he must be a member of a poor family and 45 years of age and over. The involvement of older persons in this program is vital and vigorous measures will be taken in their behalf. A major reason is that we plan to more than triple the size of this program in fiscal year 1969 by increasing it to $185 million.

Similarly, the qualification criteria of age and poverty establish selection priority for an individual in MDTA programs. The percentage of trainees 45+ in recent years has been 10 to 11 percent. The funds available for the current year for MDTA total $385.5 million. The total number of trainees anticipated is 275,000. For workers 45+ this should mean about $40 million for 30,000 trainees. In an effort to bring participation of older workers in training closer to their proportion in the labor force and the long-term unemployed (about 40 percent) goals of about 25 percent have been set for them in the CAMPS guidelines. Plans for training are largely a matter of local and State determination. Consideration is being given to "set-aside" funds to be used for workers 45+. One such effort last year at the level of $1 million proved effective.

Recapitulating: In addition to $30 million or 10 to 11 percent of MDTA funds in the current year, about 8 percent of $36 million of all economic opportunity amendment title I–B funds totaling $461 million, will be for workers 45+. (Except for those involved in the community senior service program and Mainstream we do not have figures for those 55 years and over.)

The totals and proportions of funds devoted to older worker programs is, as Secretary Wirtz testified, too low. For 1969, efforts to expand these programs and actions which have proved successful; e.g., funds specifically earmarked, will be more fully exploited and new approaches sought. We are trying to determine where the obstacles or resistances to expansion of older worker programs. Frankly, we are not sure where the problems are, whether with the older persons, the employers, the trainers, or the governmental bureaucracy at local, State and Federal levels. We suspect they occur in varying degrees at all levels. The experience of the past year and the current one will be applied in the development of programs, policies and methods which promise to afford older workers an appropriate share of work and training resources.

Secretary WIRTZ. I can answer illustratively in terms of three contracts that we made just last week. One with the National Farmers Union, another with the National Council of Senior Citizens, another with the National Council on the Aging. Three contracts covering 1,680 people and providing work training opportunities for that number, all by requirement over 55 years of age. These work-training programs emphasize the work part of it and they provide, in effect, for the employment on a partial training basis of those people in community service projects of one kind or another. We are developing that kind of program and I will either supply for the record, or rely on one of the other witnesses to tell you, what the totals have been so far, but I will add this: It hasn't been very large, and the total prospect is not very large. The most underdeveloped area of work-training programing so far is with the older workers.

AGE DISCRIMINATION IN EMPLOYMENT ACT

Mr. LAIRD. How are you handling enforcement activities under Public Law 90–202, the Age Discrimination in Employment Act of 1967?

Secretary WIRTZ. It becomes effective June 1 of this year. There has been no eforcement activity.

Mr. LAIRD. What is in this budget for this enforcement activity, which I understand is going to be your responsibility, for 1969?

Secretary WIRTZ. It is $1 million; 91 positions. That is another of the large items in the new positions figure.

Mr. LAIRD. Most of this money you are asking for is to investigate various complaints you get?

Secretary WIRTZ. That, plus a training or a promotional program and an attempt to get voluntary compliance with it. We will give you a breakdown on the use of that $1 million.

Mr. LAIRD. Would you say then there is more promotion than prosecution?

Secretary WIRTZ. I would have to check on that. Mr. Laird. I don't have that budget immediately before me. We will provide it.

(The information follows:)

PREVENTING AGE DISCRIMINATION IN EMPLOYMENT

The act authorizes an appropriation not to exceed $3 million in any fiscal year. For 1969 only $1 million is being requested, which represents the minimum amount required to perform the Department's responsibilities. An analysis of the effects of State age discrimination laws has shown that the volume of complaints received is more closely related to public awareness of the law than to the effect of discrimination. The amount being requested for 1969 therefore reflects the initial emphasis which will be given to informational activities and efforts to gain voluntary compliance. No massive program of investigations is planned during 1969. However, investigations under the act will be made as necessary on the basis of complaints or in combination with other wage-hour investigations whenever concurrent coverage is disclosed.

ENFORCEMENT PROGRAM, $750,000; 73 POSITIONS

The powers and procedures granted to the Secretary for enforcement, including the making of investigations and the bringing of legal proceedings, essentially follow those provided by the Fair Labor Standards Act. Legal relief to acts of discrimination may be obtained through the courts compelling employment, reinstatement or promotion as appropriate. In addition, amounts found to be owing an individual as a result of violations of the act may be recovered as unpaid compensation in accordance with the provisions of the Fair Labor Standards Act, except that liquidated damages can be claimed only in cases of willful violation. Before instituting such actions, however, the Secretary is directed to attempt to effect voluntary compliance through informal methods of conciliation, conference, and persuasion.

As a result of publicity concerning the provisions of the Age Discrimination in Employment Act, it is estimated that a minimum of 1,000 investigations will be made in 1969 by the Department's Wage and Hour Division in response to complaints received from the public. In addition, it is estimated that somewhat more than 20,000 of the investigations performed by the Wage and Hour Division under other acts will disclose concurrent coverage under the Age Discrimination in Employment Act. Every reasonable effort will be made to effect voluntary compliance through the informal methods cited. In addition to making investigations, intensive efforts will be made to obtain voluntary compliance through publicity about the act, speaking engagements, and the publication of interpretative and explanatory materials. Guidelines will be developed concerning the allowances provided by the act where age is a bona fide occupational qualification reasonably necessary to the normal operation of a particular business or differentiation is based on reasonable factors other than age, particularly bona fide seniority and employee benefits systems.

RESEARCH AND EDUCATION PROGRAM, $250,000; 18 POSITIONS

In addition to prohibiting discrimination on the basis of age in the employment of persons 40 to 65, the act directs the Secretary to conduct studies and undertake research and educational activities to promote the employment of older workers based on their ability. Section 5 directs the Secretary to study institu-

tional and other arrangements giving rise to involuntary retirement and report his findings with appropriate legislative recommendations to the President and the Congress. Section 13 directs the Secretary to make an annual report in January to the Congress regarding the activities carried on in the administration of the act, including an evaluation of the minimum and maximum ages established by the act, with his recommendations to the Congress. In addition, section 3 directs the Secretary to carry on a continuing program of education and information under which among other things he may—

(1) Undertake and promote research to reduce barriers in the employment of older persons;

(2) Publish and otherwise make available the findings of studies and other materials for the promotion of employment of older persons;

(3) Foster the development of facilities of public and private agencies for expanding the opportunities and potentials of older workers; and

(4) Sponsor and assist State and community information and educational programs in this area.

A program will be conducted for promoting the employment of older workers which will include providing technical support to State agencies of the U.S. Employment Service, and also to State agencies administering age discrimination statutes. The Department will also utilize and cooperate with the Veterans' Administration in public information activities directed to the needs of veterans ages 40 to 65. Studies will be conducted and information will be gathered which will indicate the effects of the legislation on the position of the older worker in the labor force. These will be included in the annual report to be made to the Congress.

COORDINATION OF OLDER WORKER PROGRAMS

Mr. LAIRD. What kind of coordination is there between these older-worker programs within your department and within the Department of Health, Education, and Welfare?

Secretary WIRTZ. There is cooperation with the Administration on the Aging and then there is an assistant director of OEO, Genevieve Black, with whom we are working. There is close staff cooperation and the financing of the three programs to which I referred was partly MDTA money and partly Economic Opportunity Act money, but it all comes out of programs which are administered by the Department of Labor and there are not, so far operating programs in HEW.

But, accepting your question in terms of the degree of integration of these various programs so far, they simply have not risen to the magnitude which would present any question on that. There is comparatively little of it.

LETTER OF THE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES

Mr. LAIRD. In another area, Mr. Secretary, on the 10th of January the President of the Interstate Conference of Employment Security Agencies, Mr. Jack Brown, wrote to you a letter, a copy of which was sent to me and to other members of this committee, in which he complained that neither he nor his committee had been given an opportunity to advise on the reorganization of the Manpower Administration prior to the time that the new reorganization was put into effect. There has been a very fine relationship between the State employment security agencies and the Department of Labor over the years that I have served on this committee. I was somewhat concerned, as I read over this letter, that that relationship seems to have broken down. You are familiar with the letter which he sent to you on January 10. What has taken place since that letter was forwarded to you?

Secretary WIRTZ. I won't answer facetiously. If I had known to whom Mr. Brown was sending that letter—mainly members of the Appropriations Committee—I certainly would have sent copies of my reply to it. I would like to do that if I may, because part of the answer is set out there.

The rest of the answer is that that letter was dispatched on either Tuesday or Wednesday of a week, which week was taken up entirely with the Undersecretary, Mr. Reynolds, Mr. Ruttenberg, Mr. Howard, Mr. Murphy, Mr. Goodwin, Mr. Battle, going around the whole country to meet with every single State administrator on this whole matter, as they did in the course of a series of meetings started on a Thursday in New York and continued through the next week.

Mr. Brown is correct in his statement that my memorandum of December 19 was issued without consultation with the administrators.

Mr. LAIRD. Perhaps we should put that memorandum of December 19 into the record and also the statement of position on the Secretary of Labor's memorandum dated January 4, which was adopted by the National Executive Committee of Interstate Conference of employment security agencies.

I have had an opportunity to go over these. I have not seen your reply, however. I have seen your memorandum of December 19 which I have before me here and I have a statement of position of the State people dated January 4, and I also have the letter of January 10. I think they all should go in the record, and your reply put in the record, too.

I would like to have any reply you would care to give. There does seem to have been a breakdown of cooperation with the State agencies on the basis of the information I have.

DOCUMENTS ON REACTION OF STATE EMPLOYMENT AGENCIES TO REORGANIZATION

Secretary WIRTZ. I will submit for the record, in development of that same point, first, my letter to Mr. Brown in reply to his, and then in addition to that a report which we will be glad to give you on just exactly the reaction of all the State administrators.

(The information follows:)

Included is the Secretary's December 19 memorandum and a series of letters bearing on the position of State employment security administrators with respect to the Secretary's realinement memorandum of December 19, 1967. In chronological order there appear:

1. Secretary's December 19 memorandum.
2. Mr. Brown's letter of January 10, 1968, to the Secretary of Labor along with the statement of position on the Secretary's memorandum of December 19, 1967.
3. The Secretary's response to Mr. Brown, dated January 11, 1968.
4. A series of letters from the employment security directors of the States of Wisconsin, New York, Illinois, Georgia, Louisiana, and Michigan, all expressing their views on this matter.

The Department of Labor has not taken a formal poll to determine the precise position of the State employment security administrators with respect to the Secretary's actions. However, we believe that the sample letters furnished here represent the general and predominant position taken by a large majority of the State administrators. This departmental view is based largely on the informal statements and reactions of State administrators given during the series of regional meetings held early in January in the cities of New York, Chicago, San Francisco, and Dallas.

Evidence continues to accumulate in support of the Secretary's view that the working relationships between the State administrators and the Department of Labor offer more promise than ever before. The Department of Labor is sincere in its purpose to strengthen and improve the State employment service operations and to use to the maximum feasible extent the capabilities of the State employment services to carry out all of the manpower programs.

MEMORANDUM: MANPOWER ADMINISTRATION

Several considerations combine to make this an appropriate time for reviewing the distribution of functions and responsibilities within the Manpower Administration and its constituent units, and for the realinement which this review suggests.

The record of the administration of the manpower program to date is one of extraordinary achievement under exceedingly difficult circumstances. Whatever changes are made proceed from strength—to consolidate gains and to build on them—to recognize the lessons of experience—and to adjust a vital organization to meet new demands.

There are these central considerations:

The increasing number of training and work-training programs involving Federal financing requires that there be a single strong central control point through which all such programs are administered.

This is particularly essential in connection with the increasing importance of projects in which resources from various authorizations are brought together and in which various agencies (Federal, D/L, State, local; and public and private) are frequently involved. (E.g., the model cities program, the concentrated employment program, the President's test program.)

There must be this type of control center authority both in Washington and in the field.

This becomes especially important in view of the inclusion in the manpower program now of an expanded work-incentive program (by the amendment, in the 90th Congress, of the Social Security Act).

Many of the State employment services have developed a significantly increased capacity for administration of the work-training aspects of the manpower program; and this should be relied on to the fullest practicable and most effective extent.

The developing emphasis, under the President's direction, on new forms of employer participation in the federally subsidized work-training programs requires certain implementing steps.

There must be renewed emphasis on the particular potential of the private apprenticeship program, and a clearer recognition of the distinctively private features of this program.

It is imperative that Spartan measures be taken to comply with the emphasis by the President, the Congress and the country on further economies in Government—and there are opportunities for such economies within the Manpower Administration and its constituent units.

The previous injunctions by the House Appropriations Subcommittee that the administration of the trust fund is to be separately maintained within the Bureau of Employment Security, subject to such direction of the Manpower Administrator as is necessary to relate the uses of the trust fund

most effectively to the broader manpower program, should be faithfully observed.

With these considerations in mind, I am modifying the present distribution of functions and responsibilities within the Manpower Administration, effective immediately, as set out in this memorandum: I have asked the Assistant Secretary for Manpower and the Assistant Secretary for Administration to prepare implementing directives.

This listing covers only key points. The existing lines of responsibility, centering in all cases in the Office of Manpower Administration (including the Deputy Manpower Administrator), are assumed throughout. The listing is not in order of importance, but for the purpose of ready understanding. A rough diagram of organization—identical in general to the existing organization, but different in certain limited respects—is attached.

1. The Bureau of Apprenticeship Training will put its full effort on its traditional functions of promoting and developing private apprenticeship programs.

2. The Bureau of Employment Security will continue to exercise its present functions, including the administration of the trust fund, subject to these instructions:

(*a*) The Farm Labor Service will be combined with the Employment Service.

(*b*) The staff functions of the BES (other than those relating to the administration of the trust fund) will be combined with those of the other units of the Manpower Administration.

3. The Bureau of Work-Training Programs (present BWP) will continue to exercise its present functions; and will, in addition, have responsibility for the on-the-job training program under the MDTA and the work incentive program under the Social Security Act amendments, so as to achieve an integrated work-training program.

(*a*) The staff functions of the BWTP will be combined with those of the other units of the Manpower Administration.

(*b*) The functions of the BWTP will be carried out to the fullest practicable and effective extent through the system of State employment service offices.

4. There will be common regional offices of the Manpower Administration, including the BES, the BWTP, and the BAT.

(*a*) The regional offices of the BES, the BWTP, and the BAT will have line responsibility to the heads of these Bureaus in Washington.

(*b*) The regional manpower administrators will—

(i) Represent the Manpower Administrator in achieving the maximum coordination at the field level of all BES and BWTP operations (and of field BAT operations where they are combined in any significant way with BES and BWTP operations);

(ii) Exercise particular responsibility for the development of all local or area projects involving elements from various program authorizations.

(iii) Be responsible, with the cooperation of the regional directors of BES and BWTP, for developing programs with the State employment services covering integrated manpower programs—including elements from MDTA (institutional and OJT), work incentive, and EOA manpower programs as appropriate.

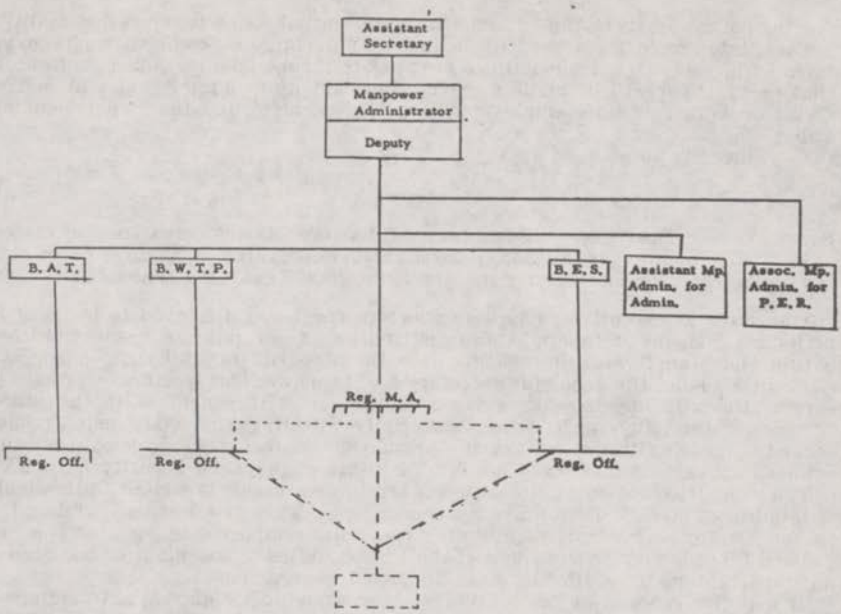
(iv) Place maximum practical and effective reliance on State employment services in connection with the administration of all these programs.

5. The Associate Manpower Administrator will be responsible for the following areas: Planning and policy, evaluation, research, special programs; and these functions will not be performed in other offices of the Administration.

6. The Assistant Manpower Administrator will be responsible for the following areas: Financial and management services (except those relating to the administration of the trust fund.)

December 19, 1967.

WILLARD WIRTZ, *Secretary of Labor.*



INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES,
January 10, 1968.

Hon. W. WILLARD WIRTZ,
Secretary of Labor,
U.S. Department of Labor,
Washington, D.C.

DEAR MR. WIRTZ: The Executive Committee of the Interstate Conference of Employment Security Agencies met with the Manpower Administrator on January 4, 1968, concerning the decision to realine the Manpower Administration functions and responsibilities as per your memorandum of December 19, 1967.

As a result of explanations made to the members and the deliberations at that meeting, the committee took formal action in the form of a position paper distributed to the conference membership and respectfully presented to you.

The principal concerns expressed in the position taken by the committee on behalf of the conference are the lack of consultation with the States prior to the decision, and the problems inherent in the realinement and distribution of functions and responsibilities involving the employment security system and including the new work incentive program of the revised Social Security Act.

The committee cannot but point out that consultation has come after the decision, not before, and that the States are deeply concerned with the omission of what they considered were bona fide commitments to be consulted in decisionmaking involving the Federal-State programs. If such consultation with the States had been engaged in before this decisionmaking, it is the firm belief among the States that points expressed in the attached position paper would have been made which might have suggested different alternatives to you in arriving at decisions of such import to our mutual program responsibilities.

We, therefore, are impelled to respectfully ask you to reconsider certain principal elements of your position as to reorganization within the Manpower Administration and to offer your assurance that consultation on these matters can proceed as well as be entered into prospectively on any new considerations in-

volving policy, program and administration of mutual concern and responsibility.

The State employment security agencies appreciate the confidence placed in them with respect to responsibilities assigned to them, and offer you reassurances that every effort will be made to carry them out in a manner that will reflect credit on both the State employment security agencies and the Department of Labor.

Sincerely yours,

JACK B. BROWN, *President.*

STATEMENT OF POSITION ON SECRETARY OF LABOR'S MEMORANDUM OF DECEMBER 19, 1967, ADOPTED BY NATIONAL EXECUTIVE COMMITTEE, INTERSTATE CONFERENCE OF EMPLOYMENT SECURITIES AGENCIES, NEW YORK CITY, JANUARY 4, 1968

The national executive committee was surprised and dismayed to learn of a major realinement of functions and distribution of old and new responsibilities within the Manpower Administration in the Department of Labor—surprised particularly since the Assistant Secretary for Manpower had specifically promised several times in meetings, as early as March 1967, to consult with the State agencies before any such action materially affecting the State employment security agencies would be taken[1]—dismayed because this decision contains serious implications and problems for the State employment security agencies.

The committee considers the action taken to be a major breach of faith which is inimical to good Federal-State relationships, as developed over several decades in the employment security program. The unilateral decision violates the expressed intention of the President of the United States to consult with the States on important matters affecing Sate and local governments.[2]

Of a major concern in the Secretary's memorandum: Manpower Administration, dated December 19, 1967, in which he will realine functions of the several bureaus within the Manpower Administration, was the decision to assign the Federal responsibility for the work incentive program, in section 204, title II, Social Security Act Amendments of 1967, to the Bureau of Work training programs rather than to the Bureau of Employment Security where it should logically be placed.

Under the memorandum, this program will be "carried out to the fullest practicable and effective extent through the system of State employment service offices." The State agencies are appreciative of the recognition of their ability to perform the additional manpower responsibilities proposed in the Secretary's memorandum, and are determined to carry them out. Such an arrangement,

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[1] Representative commitments from the minutes which were cleared by the Assistant Secretary for Manpower are the following:

In the meeting of the committee on Mar. 14–16, 1967, during a discussion with the Secretary of Labor and the Assistant Secretary for Manpower, on a proposed reorganization at the regional level, Mrs. Hackel asked whether the States would be consulted on any proposed plan before it became final. Mr. Ruttenberg said "Once there was something specific, it would be discussed with interested parties, including State agencies."

In a discussion, in a special meeting in April, of a memorandum from Secretary Wirtz to Assistant Secretary Ruttenberg, covering three organizational proposals, Mr. Ruttenberg said: "* * * the third [item] was to make a review of Manpower Administration headquarters functions such as financial accounting and management, organization and management analysis, research, information, and budgeting and review and analysis * * * The third item [he said] * * * would be subject to discussion with the conference." Mr. Ruttenberg continued that "the third item, however, [is] being taken under study and advisement and as the Department develops any ideas in these areas, they will be discussed with the national executive committee of the conference." (Apr. 12, 1967, pp. 1–2, 7.)

Other references may be found in the minutes of the ICESA Executive Committee meetings: Apr. 12, 1967, pp. 1 to 28 passim, especially pp. 2, 7, 11 to 12, 26; Mar. 14 to 16, 1967, pp. 6 to 40 passim, especially pp. 8, 27 to 29, 32, 38.

[2] White House memorandum from the President to the Cabinet, subject "Advice and Consultation with State and Local Officials:"

"The basis of creative federalism is cooperation.

"If Federal assistance programs to State and local governments are to achieve their goals, more is needed than money alone. Effective organization, management and administration are required at each level of government. These programs must be carried out jointly; therefore, they should be worked out and planned in a cooperative spirit with those chief officials of State, county and local governments who are answerable to their citizens." * * *

however, ignores the expertise and knowledge within the Bureau of Employment Security and the long-established and well-functioning relationship between it and the State employment security agencies. The committee is of the opinion that it ignores the intent of the Congress which directed that the functions assigned to the Department of Labor under the work incentive program be carried out through the State employment service system. This is a nationally integrated system and includes the U.S. Employment Service, which is an integral part of the Bureau of Employment Security, as well as the affiliated State employment services (this required affiliation designation appears on virtually every local employment service office window throughout the nation).

The major reason advanced by the Manpower Administrator for the failure to place the responsibility for the work incentive program in the Bureau of Employment Security was that some State employment security agencies will not be administering the program, and it would, therefore, not be appropriate for the Bureau of Employment Security to have the Federal role. The committee regrets very much this apparent lack of confidence in some of the State employment security agencies and believes that the relatively few instances where State employment security agencies would not be operating the program do not provide a sound basis for this action.

Other reasons advanced by the Assistant Secretary for Manpower for not placing the program in the Bureau of Employment Security were (1) that at this time major concern and consideration lies in the area of Federal-local funding of manpower programs rather than Federal-State which has characterized the employment security program; (2) to avoid the possibility of developing a new structure at the local level, which would duplicate the concentrated employment program in cities having such a program; and (3) the Bureau of Work Programs has had over 3 years' experience in direct contracting relationships and has existing field staff for the direct contract approach, and that the Congress has directed that existing programs be utilized to the maximum extent possible. The committee feels that these are inadequate reasons for assigning the work incentive program to a relatively new Bureau rather than a tried-and-proven operation, particularly since the Bureau of Employment Security has had over 30 years' experience in the Federal direction of the public employment service, as well as a variety of related complex programs, and has the operating capability to operate such a program.

The committee is deeply concerned with the duplication and confusion which will obviously result at the operating level from having two or more lines of authority extending from the Manpower Administration to the State agencies. Involved will be virtually identical functions, such as the employment service counseling, testing, job placement, and manpower training activities in the work incentive program which will be under the Federal control of the Bureau of Work Training Programs and the identical employment service functions dealing with both welfare and nonwelfare clients which is under the Federal control of the Bureau of Employment Security. Dual lines of authority and funding to the States interject serious and unnecessary complications for the States in program and policy direction and in administrative affairs which could have been obviated by using the experienced and proven employment security system already operating.

Under the memorandum, "the staff functions of the BES (other than those relating to the administration of the trust fund) will be combined with those of the other units of the Manpower Administration." Discussion with the Assistant Secretary for Manpower did not clarify what realignment of staff services was being contemplated. The committee takes the position that the staff functions are essential to the effective management of the employment security program. The committee believes strongly that those staff functions, including planning and evaluation, are essential to a comprehensive employment security system and should be retained in the Bureau of Employment Security.

The committee strongly recommends that the Secretary reconsider his memorandum of December 19, 1967, along the lines suggested by the executive committee in its position expressed above. In addition, the committee strongly expresses the need for the State agencies to be fully consulted in further deliberations on matters materially affecting State agencies.

U.S. DEPARTMENT OF LABOR,
Washington, January 11, 1968.

Mr. JACK B. BROWN,
President, Interstate Conference of Employment Security Agencies,
Harrisburg, Pa.

DEAR MR. BROWN: This will acknowledge receipt of your letter of January 10, enclosing a statement of position by the National Executive Committee of the Interstate Conference of Employment Security Agencies regarding my memorandum of December 19, 1967, to the Assistant Secretary of Labor for Manpower. I also refer to a January 5 memorandum to the members of the executive committee from Mr. G. A. Foster, transmitting a draft of the executive committee's statement as prepared by yourself and four others, urging its early acceptance "in order that this statement can be sent to the States as soon as possible," and noting specifically the desire that this "be made available to all State administrators for such use as they may care to make of it."

The tone of the statement of position (reflected in its allegation of "a major breach of faith" and a "violation of the expressed intention of the President of the United States"), the irresponsibility with which it warps the facts, involved here, and the scarcely-concealed suggestion in the January 5 memorandum of intended resort to a pattern of obstruction—all of these tempt a peremptory dismissal of this communication.

That would profit no one, however, and would compound the disservice to the public interest which the statement of position threatens. There is the additional consideration that the record is significantly incomplete regarding the extent to which this statement reflects the views of State administrators other than the five identified in the January 5 memorandum.

The action directed by my memorandum of December 19, 1967, involves national interests of great magnitude. It is limited entirely to the administration of manpower functions within the Department of Labor, and is essential to the effective and economical discharge of these functions. The action taken specifically preserves the existing arrangements for relationships between the Bureau of Employment Security, the USES, and the State employment services, so far as the administration of the trust fund programs are concerned.

The memorandum clearly contemplates, at the same time, enlarged reliance on the State employment services in connection with administering other parts of the developing manpower program. It would be legitimate reason for resentment that your protest about not consulting the State administrators regarding this arrives at a time when the Under Secretary, the Assistant Secretary for Manpower, the BES and BWTP Administrators, the Director of the USES, and the Director of the BAT are in the field on an unprecedented nationwide series of meetings and conferences with regional officers and State administrators—arranged solely for the purpose of such consultation.

This action comes, furthermore, in the broader course of what I have felt was generally recognized as a significant advance in the development of improved and more constructive working relationships between the Manpower Administration (including the Bureau of Employment Security and the U.S. Employment Service) and the State employment services. I do not propose to construe the statement of position as disrupting this advance.

The Committee's recommendation that the action taken in my December 19 memorandum be reconsidered is, therefore, respectfully received. No change in that action is warranted on the basis of the statement of position of the executive committee of the interstate conference. I look forward, at the same time, to the benefit of the fullest possible cooperation with and from the State administrators in developing an increasingly effective manpower program in this country.

Very truly yours,

WILLARD WIRTZ, *Secretary of Labor.*

STATE OF WISCONSIN INDUSTRIAL COMMISSION,
WISCONSIN STATE EMPLOYMENT SERVICE,
Madison, Wis., January 25, 1968.

JACK B. BROWN,
President, Interstate Conference of Employment Security Agencies,
Harrisburg, Pa.

DEAR MR. BROWN: I note from copies of letters that several members of the executive committee have written to you and others to explain their position in regard to the action taken by the execuive commitee at its last meeting. I refer specifically to the decision to take a position in regard to the realinement of manpower functions within the Department of Labor, as outlined by the Secretary on December 19.

As a member of the executive committee, it is my position that the realinement of functions within the Department of Labor is clearly within the perogatives of the responsible administrator, the Secretary in this case, subject only to limitations imposed at the Federal level by the executive or legislative authorities. The decision having been made, I feel it is our responsibility, both as members of the executive committee and as individual state administrators, to work toward the most effective operational arrangements to insure that the manpower programs at the local level will be effectively and efficiently administered. In fulfilling this role I believe that we should exert as much influence as possible in the development of the operational details, pointing out potential problems, suggesting what seem to be the most effective relationships, and certainly drawing on our past experiences. There are some serious questions about the Employment Service dealing with two separate bureaus within the Department of Labor. However, I do not consider these problems without solution, nor do I believe that there should be any insurmountable obstacles.

It is my position that we should address ourselves very quickly and aggressively to working out the details to the end that the various manpower programs are well coordinated and effectively implemented at the state and local levels.

I understand there are some meetings scheduled to deal specifically with the implementation of the work incentive program under the Social Security amendments. This will probably provide the first opportunity for us to exert our influence and I suggest we try to develop an approach which can be supported by the executive committee as well as individual State. administrators.

Sincerely,

F. J. WALSH, *Administrator.*

DEPARTMENT OF LABOR,
DIVISION OF EMPLOYMENT,
Albany, N.Y., January 31, 1968.

MR. JACK B. BROWN,
President, Interstate Conference of Employment Security Agencies,
Harrisburg, Pa.

DEAR JACK: I would not want any further time in the history of our organization to elapse without letting you know of my own current thinking on the conference's attitude toward the reorganization of the U.S. Labor Department.

It is regrettable that dissention existed with the conference on the position that should be taken, and the repercussions following the executive committee's request to the Secretary of Labor to reconsider his decision are indeed unfortunate. However, regardless of what prior commitments may have been, and regardless of our disappointment that the Bureau of Employment Security was not made the main carrier of responsibility, we should recognize the prerogative of the Secretary of Labor and the President of the United States to reorganize as they see fit.

I counseled against the executive committee action and am convinced that the majority of the states would have been sympathetic to the point of view I ex-

pressed. However, that is water over the dam and I can only hope that any hard feelings that may have existed in recent weeks within our organization are being replaced by satisfaction that the State employment security agencies have been given responsibility for the new work incentive program.

I hope you will feel free to call upon me if you think I can be of any help in connection with this matter or any other business of the conference.

Sincerely yours,

ALFRED L. GREEN.

STATE OF ILLINOIS DEPARTMENT OF LABOR,
BUREAU OF EMPLOYMENT SECURITY,
Chicago, Ill., January 24, 1968.

MR. JACK B. BROWN,
President, Interstate Conference of Employment Security Agencies,
Harrisburg, Pa.

DEAR JACK: In its statement of position adopted January 4, the executive committee expressed its dismay, and Commissioner George Vavoulis of the Minnesota Agency, in a letter to Representative Wilbur Mills, registered his deep concern over the decision of the Secretary of Labor to assign the Federal responsibility for the work incentive program, established by section 204, title II, of the Social Security Act Amendments of 1967, to the Bureau of work-training programs within the Manpower Administration of the Department of Labor. I am equally concerned.

However, great as my concern is, there are other and, I believe, overriding considerations which require that the energies of the Federal and State agencies administering the complex and farflung manpower programs of the Nation should not be dissipated in controversy, outside the administrative structure of the Department of Labor, over the mechanism through which the Federal responsibility for these programs is to be fulfilled. Our commitment to the matching of the Nation's manpower needs and resources in a period of domestic and international crisis is too pressing to permit us to indulge in external strife over organizational structure and lines of authority, important though these matters may be.

To the numerous nationwide manpower programs in which we are engaged has now been added a work incentive program; the Department of Labor has undertaken to move specified numbers of public aid recipients toward placement in jobs pursuant to a specified timetable. The President's request in his state of the Union message for further intensification of efforts to provide manpower services for the 500,000 hardcore unemployed in the Nation augurs the likelihood of continuing proliferation of manpower programs.

The State employment security agencies are not only deeply involved in this massive effort, but they constitute the major institution through which it is being implemented. The national interest, as interpreted by the Congress, requires that the State employment security agencies get the new work incentive program underway. The Secretary's decision assigning the Federal responsibility for the program has been made. As a matter of fact, the President's message on manpower, sent to the Hill yesterday, indicates this was done pursuant to his directive. In my view, the locus of Federal responsibility is no longer an issue, although I believe that experience with the organizational structure will establish the validity of our position to the satisfaction of the Secretary. I believe that, rather than indulge in a debate which is likely to do unnecessary harm to the Federal-State agency relationship and to the programs these agencies administer, the State agencies should concentrate their best energies upon taking the necessary steps to implement the program under the guidelines now established, meeting the deadlines, and evaluating the results of their efforts and the efficacy of the organizational structure, as well as of all the other components of the Nation's manpower effort.

I am confident that my views are shared by the overwhelming majority of the State Employment Security Agency Administrators. I urge that we presently devote our attention to more urgent activities.

Sincerely,

SAMUEL C. BERNSTEIN,
Employment Security Administrator.

GEORGIA DEPARTMENT OF LABOR,
EMPLOYMENT SECURITY AGENCY,
Atlanta, January 24, 1968.

Mr. GEORGE J. VAVOULIS,
Commissioner, Department of Employment Security,
St. Paul, Minn.

DEAR MR. VAVOULIS: I have read with a great deal of interest your letter to Congressman Mills concerning the realinement of manpower services as outlined in Secretary Wirtz's memorandum.

In view of the fact that copies of your letter were sent to all State administrators. I feel compelled to respond in order to avoid further confusion. I do so simply because you have built conclusions on a foundation of assumptions, not supported by facts.

With all due respect to your intentions and motives, I think you erred by quoting from the conference report which was, itself, inaccurate and contradictory. The conference report stated that the Secretary's memorandum "ignores the intent of the Congress which directed that the functions assigned to the Department of Labor be carried out through the State employment service system."

This was a false assumption, to say the least, when the Secretary's memorandum clearly stated that "the functions of the BWTP will be carried out to the fullest practicable and effective extent through the system of State employment service offices." Yet, around its own glaring inaccuracy, the conference report built its major objection.

The Secretary's memorandum placed the work incentive program under the BWTP (presently the BWP), which will function under the Manpower Administrator through the State employment service offices.

As an elected Commissioner of Labor from a traditionally conservative State, as one who testified before the Senate Finance Committee last year, and as one of many other State administrators who exerted effort to restore the manpower functions to the U.S. Department of Labor where they rightfully belong, I can assure you that I would protest strongly any move on the part of the Secretary to remove these functions from the State employment service. However, I have seen no indication that this is the case.

On the other hand, I don't believe that we should attempt to dictate to the Secretary the manner in which he realines and reorganizes the U.S. Department of Labor.

After witnessing some of the "in fighting" and some of the unwarranted blame placed on the shoulders of the Secretary and the Manpower Administrator, I am convinced that Congress was handing them a mandate to take whatever action necessary to eliminate waste and duplication in the manpower program. Apparently, this is what they are attempting to do, and on the surface, and until I have information to the contrary, the realinement seems to be practical and feasible.

I have no criticism of the Bureau of Employment Security as I have received full cooperation and assistance from them on a regional and national level. But it could be that, with so many manpower programs implemented recently, the Bureau of Employment Security has become overloaded and overburdened.

I'm sure it is true in many States, as it has been in Georgia, that many of these training programs have been contracted outside both the Bureau of Employment Security and the State agencies. This was due, in large part, to the reluctance of State agencies to assume the initiative in planning and implementing these programs.

In whatever manner the Secretary realines his chain of command, the major responsibility of the State employment service is going to be assuming the initiative and coordinating the efforts of several different agencies on the State level, in order to implement the work-incentive program and others under the new social security amendments.

I am of the opinion that most of the objections to the realinement stem from a fear that any change would be wrong. Whenever there is a change, it usually is followed with a feeling of confusion, frustration, and an element of mistrust. The success of these government programs will require harmony and cooperation on all levels of government.

Sincerely,

SAM CALDWELL, *Commissioner of Labor.*

STATE OF LOUISIANA DEPARTMENT OF LABOR,
DIVISION OF EMPLOYMENT SECURITY,
Baton Rouge, January 22, 1968.

Hon. WILBUR MILLS,
Chairman, House Ways and Means Committee,
House of Representatives, Washington, D.C.

DEAR MR. MILLS: Under date of January 12, 1968, I received from Mr. George J. Vavoulis, commissioner of the Minnesota agency a copy of a letter he addressed to you concerning the recent reorganization made within the U.S. Department of Labor. The purpose of my letter is to advise you that I, as one of those who will be responsible for the success of the program, do not agree with the comments made.

In not a single directive issued by the Department of Labor can it be found that the Department of Labor does not intend to carry out the program referred to through other than the system of State employment security offices. The reorganization effected does nothing more than establish clear administrative responsibility on the Department level for the administration of said programs. At no time has any State been advised that it is the intent of the Department of Labor to operate other than through the system of State employment security offices. Mr. Vavoulis admits in his letter that the Department of Labor is already an overburdened organization. Creation of the new Bureau within the Department clearly assigns to each Bureau specific responsibilities, thereby eliminating an overburdening within the Bureau of Employment Security. The Bureau of Works and Training Programs now established is being staffed with longtime career personnel of the Department of Labor, therefore, has the experience to carry out their assigned programs. In addition, they will deal directly with the network of State employment security offices that has the proper organization and staff to carry out the goals directed by the 90th Congress. I do not agree with the six reasons for reconsideration stated for these reasons:

1. The proposed arrangement is not administratively cumbersome. Each Bureau of the Department is assigned specific programs. Better direction, review and procedural development can and should exist.

2. I see no cost increase through duplication of presently operative staff functions. There is no proposal to duplicate indicated.

3. I feel that interjection of another administrative level will strengthen rather than weaken each program. Communication lines and authority will not be complicated or obstructed as each State will maintain its present administrative structure.

4. It is not impossible to administer a program at the local level when responsibility for direction is split. The reorganization calls for no splitting of direction at the State level. All local staff will continue to have only one chain of command and one source of direction, that being an administrative head of each State agency.

5. The expansion of the BWTP staff to allow direct monitoring of these programs is in line with good management. Good management principles providing direct monitoring of these programs only provides what is reasonable and prudent to insure proper program success.

6. I am convinced that the goal of the Department of Labor is simply to get the job done in the most expeditious and practical manner possible.

For the reasons stated above, I wish to go on record urging that no actions be taken concerning reassignment of responsibility for this program. I am convinced that the Secretary of Labor's approach to effective and proper administration of our newly assigned programs is very much in order.

Sincerely,

F. C. DOYAL, Jr., *Administrator.*

MICHIGAN EMPLOYMENT SECURITY COMMISSION,
Detroit, Mich., January 26, 1968.

Hon. WILBUR MILLS,
Chairman, House Ways and Means Committee,
House of Representatives,
Washington, D.C.

DEAR MR. MILLS: I thought you might be interested in the attached letter which I recently sent to Mr. Gerald Foster and to the members of the executive committee of the Interstate Conference of Employment Security Administrators.

I know that there are a number of administrators who agree with the sentiments expressed in this letter, and I thought you might like a copy.

Very truly yours,

MALCOLM R. LOVELL, Jr., *Director.*

MICHIGAN EMPLOYMENT SECURITY COMMISSION,
Detroit, Mich., January 9, 1968.

Mr. GERALD A. FOSTER,
Executive Secretary,
Interstate Conference of Employment Security Agencies,
Washington, D.C.

DEAR JERRY: To confirm my telephone conversation with you yesterday, I would like to repeat several observations which I made.

First of all, I share what I believe is to be the feeling of most members of the executive committee, that Mr. Ruttenberg was unwise in deciding not to discuss the reorganization of the Manpower Administration with the executive committee before finalizing his decision. Although many of us recognize that technically this decision is that of the secretary and the assistant secretary and Manpower Administrator, Mr. Ruttenberg's own commitment that he would discuss any major organizational changes with the executive committee amply demonstrates that the interstate conference has a substantial concern in such questions.

It is my belief, however, that the dominant question of the day, as far as the employment security program is concerned, is how the Federal and State governments can work together most effectively in their common task of serving the manpower needs of the Nation. I do not think that one divisive action deserves another. The responsibility which has been delegated to the State employment security agencies with this reorganization is a large one and will require the fullest cooperation on the part of all government agencies at every level. I believe the energies of the conference should be turned to these constructive ends.

I recognize that the executive committee by a majority vote decided to take a strong stand on the question of whether the BES or the BWTP should receive the responsibility for administering the new program under title IV of the Social Security Act.

The language of the document you sent me dated January 4 is probably an accurate statement of the position of the majority. I did not support that position at the executive committee meeting in New York, nor do I support it now. I believe, however, that it is entirely appropriate that the executive committee convey its majority feeling to the secretary. I believe it should be made clear, however, that this is the feeling of the majority of the executive committee and not necessarily that of the conference. I believe it should also be stated that this does not represent the unanimous opinion of the executive committee.

I transmit these thoughts to you, not with any hope of being persuasive, but of clarifying my negative vote.

Best regards,

MALCOLM R. LOVELL, Jr., *Director.*

Copies of the attached letter for members of the executive committee:
Mr. Lewis F. Nicolini.
Past President, ICESA, Indiana.
Mrs. Stella Hackel, Vermont.
Mrs. E. Louise Scott, Virgin Islands.
Mr. Joseph A. Bradshaw, Delaware.
Mr. Henry E. Kendall, North Carolina.
Mr. John E. Aldridge, Mississippi.
Mr. Francis J. Walsh, Wisconsin.
Mr. E. H. Reeder, Montana.
Mr. Herman Julien, Missouri.
Mr. Bruton Wood, Oklahoma.
Mr. Bernard E. Teets, Colorado.
Mr. Robert K. Hasegawa, Hawaii.
Mrs. Maxine Daly, Washington.
Also copies for:
Chairman Chester A. Cahn.
Commissioner Walter Campbell.
Commissioner Alex Fuller.
Commissioner Frank C. Padzieski.
Copies sent to:
Mr. Samuel C. Bernstein, Chicago, Ill.
Mr. Alfred L. Green, Albany, N.Y.
Mr. Alfred L. Green, New York, N.Y.
Mr. George J. Vavoulis, St. Paul, Minn.
Mr. Willard P. Dudley, Columbus, Ohio.
Mr. Peter Weinberger, Sacramento, Calif.

Secretary WIRTZ. There was, for example, the action to which you referred and to which Mr. Brown refers, which could perhaps advisedly be identified as a nine-to-seven action of the executive board of the interstate conference. And then, in addition to that, there are expressions from a number of other States. It was earlier that I referred to my own present understanding which is that, except for the State administrators in Pennsylvania—that being Mr. Brown—and in Utah, and in North Carolina and in Texas—there has been quite complete acceptance of this approach.

I would like, if it is all right, to supplement the record with only the matters of evidence that bear on this same point, and then simply to say on the record, Mr. Laird, that as of right now I believe that the working relationships between the State administrators and the Manpower Administration and all of its constituent elements offer more promise than they ever have before.

Mr. MOYER. Very well.

FUNDING ON-THE-JOB TRAINING PROJECTS

Mr. LAIRD. Mr. Secretary, I have here a letter which also deals with MDTA, the on-the-job training program, from one of our State administrators.

It says:

With the exception of one effort to train minority group persons none of our on-the-job training proposals under MDTA submitted for fiscal year 1968 have been approved or funded since last October. Our funding channels are not very clear and to date we have not been able to get a definite answer as to the status of our pending proposals. At this point of time we don't expect that all of them will be funded but there are several we sincerely feel certainly deserve special considration. We hope that you can help us.

What is the status of this? Are you holding up on the approval of these on-the-job training proposals for 1968?

Secretary WIRTZ. Mr. Ruttenberg can reply in more detail on that, but I would reply in general that there has been a significant holding up of on-the-job training programs except as they come within the concentrated employment projects we have before us. With respect to others, there certainly has been holding up.

Mr. LAIRD. You are holding them up unless they are involved in the Concentrated Employment Program?

Secretary WIRTZ. I am advised another round of funding has been completed last week, and we can check that.

Mr. LAIRD. This letter was dated February 14. This is the 19th. Has that situation changed?

Secretary WIRTZ. We will find out, I just do not know. Whether it affects that group or not, I do not know.

Mr. LAIRD. Then I guess there is no reason to proceed on that.

Secretary WIRTZ. No, except I do not want to make any bones about the fact which is involved here, or the several facts. One is that there has been more funding since the data of that letter or recently. But there has always been a concentration of that funding on the concentrated employment areas. We do face and make no bones about it, this means that some projects from other areas are not funded.

Mr. RUTTENBERG. I think one of the important considerations that we have engaged in is to look at every individual project with two thoughts in mind: One, how many of the authorized slots in ongoing programs have actually been filled by the operators of the program. In other words, in many of these situations as many as 20, 30, 40, and 50 percent of the authorized program has not been filled over the course of a year's time.

Second, we have concentrated, as you know, on moving toward the disadvantaged. We hoped that two-thirds of the trainees would be disadvantaged. We take a look at the project in terms of characteristics of the trainee. This is why, in addition to the effort in concentration, we have held back on funding. Now that we have examined into those two key issues in terms of both institutional and on-the-job training projects, we then proceeded within the past two and a half weeks, to begin funding, and we did fund a specific group of on-the-job projects after we made these two determinations.

NATIONAL INDUSTRIAL SAFETY STANDARDS

Mr. LAIRD. Mr. Secretary, for about 14 or 15 years there have been discussions before this subcommittee from time to time about a national industrial safety standard. Again this year there is legislation before the Congress, and I understand that it is a high priority item on the President's program. I believe it was mentioned in the President's message.

In the past, the States, industry, and the Congress have not gone along with this kind of a program. You have stated that cost is not an issue in this program, but that the legislation will be an aid to the so-called National Industrial Safety Act.

Secretary WIRTZ. I do not identify with that position.

Mr. LAIRD. That is not your position?

Secretary WIRTZ. No. If I understand the point. The first part of your statement I concur completely, we are pressing very strongly

the workers' safety bill as we are calling it. Our appropriation request here does not include a separate budgetary item for this year or for fiscal 1969 on the assumption that whatever is done on it will be covered out of the legislative contingency fund, in the President's budget.

Mr. LAIRD. Out of the contingency fund?

Secretary WIRTZ. That is right.

WORKER SAFETY ACT FUNDING

Mr. LAIRD. How much do you plan to request?

Secretary WIRTZ. Less than $10 million for fiscal 1969 because we know the start-up of this kind of program will be slow. We have made rough estimates for the future, but it will not include an item for 1969.

Mr. LAIRD. This bill provides for 90 percent Federal funding for the State's occupational health and safety feature of the program.

Secretary WIRTZ. Development and training programs.

Mr. LAIRD. What will the actual dollar cost be of this program in fiscal 1969? What do you project in 1970, 1971, and 1972?

Secretary WIRTZ. I will supply those figures but they will only be corrections of the following statement. Our anticipation as nearly as we can guess at all the invariables which are involved here would be in fiscal 1969 in the neighborhood of $5 million, plus or minus, with an upper limit of less than $10 million.

Mr. LAIRD. None of this money is in the budget?

Secretary WIRTZ. No. There is in the budget for the present program an item of about $11 million. I may have used the wrong language here. I am advised it is in the legislative contingency fund and not in the President's contingency fund. My reference is to the legislative contingency fund as being more accurate.

Mr. LAIRD. Mr. Secretary, when you appeared before the House Education and Labor Committee on February, 1968, you testified it would cost $21.8 million for the program in fiscal 1969. I assumed that was a correct figure you gave the Labor and Education Committee.

Secretary WIRTZ. That is correct.

Mr. LAIRD. Now you are giving me a $5 million figure. I do not want to quarrel with you, but I want to figure out what the cost figures are. One day it is one thing and the next it seems to be something else.

Secretary WIRTZ. If it is, it is different people talking.

Mr. LAIRD. You said $21.8 million before the Education and Labor Committee on February 21.

Secretary WIRTZ. That is right. I was about to explain that in the budgets you have before you, there is a total of $11 million that is currently for the various safety programs. What I said to the committee was that any expansion of that program in fiscal 1969 under new legislation would be about $10 million which brings us to the $21 million.

Mr. LAIRD. You are sure this is in the legislative contingency fund?

Secretary WIRTZ. That is right.

Mr. LAIRD. It is not listed as one of the items in the legislative contingency fund.

Mr. WERTS. It is included in the total amount in that line item.

Mr. MICHEL. Did you use a hard figure of $5 million in the Senate?

Secretary WIRTZ. No, I did not. I think it came up less specifically in the Senate than it had in the House. As nearly as I can recall my statement it was that it would be $5 million, but no more than the $10 million which could be allocated to it under the legislative contingency amount.

I do not recall it coming up in the Senate in specific form.

FIVE-YEAR COST OF THE WORKER SAFETY PROGRAM

Mr. LAIRD. Mr. Secretary, the problem we have before the committee is that these programs get started on very low cost figures before the legislative committees, and they are authorized for several years, and we find that these low cost figures come back to haunt us a little later on. I would like to get better estimates, if I could, on what the cost will be when you get into a program where 90 percent of the State occupational health and safety programs will be paid for by the Federal Government. I want to know what the actual dollar cost will be over a 5-year period as projected by your best estimates.

Secretary WIRTZ. I will give you those.

(The information follows:)

COSTS OF SAFETY PROGRAMS

The following figures reflect estimated costs for occupational safety and health from the base year of 1969 through 1973. The base year includes current Department of Labor and Department of Health, Education, and Welfare research costs under existing legislation. Funds for grants, Federal and State inspections, special studies, research (where known) and education under the proposed occupational safety and health bill are shown separately. The figures for fiscal years 1970–73 are incomplete since they do not include Department of Health, Education, and Welfare research and education needs.

[In millions of dollars]

	1969	1970	1971	1972	1973
Existing legislation base:					
Department of Labor	$2.9	$2.9	$2.9	$2.9	$2.9
Department of Health, Education, and Welfare	8.0	8.0	8.0	8.0	8.0
Subtotal	10.9	10.9	10.9	10.9	10.9
Cost of occupational safety and health bill:					
Department of Labor	6.6	13.1	15.1	20.1	25.1
Department of Health, Education, and Welfare additional research and education due to occupational safety and health bill	4.3	(1)	(1)	(1)	(1)
Grand total	21.8	24.0	26.0	31.0	36.0

[1] Not available.

The bill provides two basic methods of channeling funds to the States:

1. Grants.—A 3-year grant program is established for:

(*a*) Planning grants to devise accident reporting systems, plan proficiency training programs and plan other programs to improve the administration of State laws, and

(*b*) Project grants so that the States can conduct experimental and demonstration projects relating to accident reporting systems, proficiency training and improvement of State law administration.

2. Reimbursement.—It is provided that the Federal Government may make agreements with States whereby they conduct inspections of businesses affecting commerce for the Federal Government on a reimbursable basis.

The State programs will be of two types: inspection of businesses affecting commerce for the Federal Government and enforcement of State safety laws. Reimbursable arrangements can be made with any appropriate State agency designated by the Government. The governor shall also designate the appropriate State agency to receive grants.

OPERATION OF WORKER SAFETY PROGRAM

Mr. LAIRD. How will this assistance be channeled to the States, and what will be the nature of these State programs?

Secretary WIRTZ. I can either supply that or give you a brief outline of it here.

First, in terms of the expected increase in exenditures over the next 5 years, I point out that the legislation provides specifically for the ceding of jurisdiction to the States as well as toward making of contractual arrangements with the States, the 90–10 matching provisions identified as being for development programs of one kind or another. Our best guess about the experience over the next 5 years with respect to additional Federal financing is that it can go, and we have done this fairly precisely and I will correct these figures if they are wrong, would mean that it would mean an expanded financing in fiscal 1970—and I am now incorporating that $13 million—in 1971 in the neighborhood of $15 million, in 1972, something in the neighborhood of $20 million, and in 1973, something in the neighborhood of $25 million. I should make it quite clear that talking about a cooperative Federal-State program those are sheer guesses.

Mr. LAIRD. The program, as it is envisioned, provides for the education and training of safety personnel. How many new state safety personnel and how many new Federal safety personnel are planned during the next fiscal year? I look at the budget breakdown of the new employees and I cannot find these new employees.

Secretary WIRTZ. It is not included here.

Mr. LAIRD. You do not intend to hire any new employees in 1969.

Secretary WIRTZ. The estimate of the possible use of $5 million, plus or minus five, in 1969 assumes, I think, that the most reasonable likelihood is of the addition of about 100 people to that program in fiscal 1969.

Mr. LAIRD. One hundred Federal employees.

Secretary WIRTZ. That is correct.

Mr. LAIRD. Why aren't they in the budget estimates?

Secretary WIRTZ. The whole matter came up as proposed by the President in the message of January 23, and frankly, had not been given consideration at the time the budget was prepared to the extent which would result in a figure.

Mr. LAIRD. How many new State people do you expect will be hired in fiscal 1969, for which the Federal Government will pay 90 percent of the cost?

Secretary WIRTZ. I frankly do not know.

Mr. LAIRD. It is my understanding that HEW is going to have a responsibility in this program, too.

Secretary WIRTZ. The figures I was giving you were just my estimate of both.

Mr. LAIRD. Your costs and the costs of HEW?

Secretary WIRTZ. That is right.

Mr. LAIRD. It would cover research work that is to be carried on here by both HEW and Labor?

Secretary WIRTZ. The research work would be done almost entirely by HEW—and we do not have a firm figure from them on it—with provision only that it can be done by the Department of Labor if there are circumstances which from a time standpoint require it. But the answer to the question is that it is contemplated that it be done by HEW. I should point out, Mr. Laird, on these figures for 1969 we have taken into account the fact that any safety legislation which has previously been passed has had a delayed effective date. The statute does not propose a delayed effective date. But that was true in the Mine Safety Act 2 years ago, which is still not effective. So we have assumed that fiscal 1969 would not present a large appropriation element.

Mr. LAIRD. You have just assumed supervision over the States' safety programs. This legislation will provide for the funding and the supervision of the States' safety programs.

Secretary WIRTZ. No, it goes beyond that. It provides for the exercise of Federal authority as distinguished from supervision.

Mr. LAIRD. The Department of Labor won't have the responsibility for the safety activities of Federal agencies.

Secretary WIRTZ. It will not. There is a specific provision in it providing for the saving of the jurisdiction in its present form under the other Federal acts.

Mr. LAIRD. So you will direct the safety effort among the 50 States but not the Federal agencies.

Secretary WIRTZ. That is correct. There is a coordination provision in it.

Mr. LAIRD. What will be the extent of the Federal regulations over State activities?

Secretary WIRTZ. There will be a provision for the establishment of Federal standards. The assumption and the provision in the act is that there can be State enforcement of those standards that will be provided for either by the ceding of jurisdiction or by the making of contractual arrangements with the States for doing it. But it provides for Federal standards and Federal enforcement where that is necessary.

OPPOSITION TO THE WORKER SAFETY ACT

Mr. LAIRD. You testified—and I am trying to clear up a point in my own mind—on H.R. 4816, and you indicated that there would be opposition to this legislation. Do you believe those in industry that are against this legislation are looking at it only from the standpoint of the safety of their employees, or do you think this issue of the States having some legal recourse has something to do with it? I understand from reading over the testimony that if the Federal supervisor determines that a plant is unsafe that plant can be closed; is that correct?

Secretary WIRTZ. That is correct. You say the plant can be closed, if you assume an unsafe condition in the entire plant?

Mr. LAIRD. Even though the State says it is not unsafe?

Secretary WIRTZ Sure; this is the gut issue. There would be every reason from our standpoint in making that perfectly clear. This does have that potential in it. It does at the same time go further than any

other bill I have seen in trying to provide specifically for the exercise of that jurisdiction by the States, if they are enforcing standards of this kind. But this bill stems directly from the fact that 14,500 people were killed last year, and it is not a timid bill. The answer to your question is that it does assume that possibility.

Mr. LAIRD. There is no right to appeal to the court or anyone?

Secretary WIRTZ. Yes; there is a right to appeal to the court.

Mr. LAIRD. What is the appeal provision?

Secretary WIRTZ. There is quite a group of them. The Administrative Procedures Act is made applicable both to the standard-setting functions and to the handling of individual cases. There is a provision for appeal in the individual cases. In effect, it is a cease-and-desist order pattern very much like that in the present Longshore Act. There is also a provision, which should not be underestimated in its significance, for penalties in the case of violation found even in the abence of a cease-and-desist order.

FEDERAL GOVERNMENT SAFETY RECORD

Mr. LAIRD. Mr. Secretary, the record of the Federal Government as far as safety is concerned is not very good. As a matter of fact, if you take the Federal jobs and make a comparison with private industry, under State safety supervision you will find the records of the States and private industry are better than the Federal Government.

Secretary WIRTZ. I am not in a position to challenge that statement. It surprises me. I think your statement depends upon a selecting-out of particular activities in the Federal Government which includes especially the shipyards in which the rate is quite high.

Mr. LAIRD. This is an area that the Federal Government has responsibility for.

Secretary WIRTZ. My broader answer to the point is that to the extent that is true, it suggests the desirability of much stronger enforcement programs in the Federal Government.

Mr. LAIRD. We have been going along with the Federal enforcement programs in these areas, and the incident of loss is higher in those programs that are supervised by the Federal Government than those supervised by the States. This is the point, I think. Aren't we providing the funds for adequate enforcement of safety regulations as far as the Federal employment is concerned?

Secretary WIRTZ. I have made no bones about it. As recently as the last week I said that I do not think the Federal safety program is being pressed as strongly as it should be. And that is our responsibility under the Mission 70 safety program.

Mr. LAIRD. Don't you think we ought to get this cleaned up before we start raising too much cain with the States?

Secretary WIRTZ. No, sir.

Mr. LAIRD. You do not think we can straighten up this black record the Federal Government has?

Secretary WIRTZ. Yes, sir; I think we can do both. It is only the attachment of time priorities to either that I draw back from. I think the death total which is the most spectacular was 200 in the Federal employment last year. I think that is outrageous and should be cut down. The death total in private employment last year was 14,500 and I do not think we should waste any time on either of them or wait on either of them.

Mr. LAIRD. That is not my point. My point is that there is a higher proportion of deaths cased by accident in the Federal Establishment than there is in the areas of State responsibilities. It does not seem to me that is a very good record for the Federal Government.

Secretary WIRTZ. I want to check those figures simply to be sure of a conclusion which frankly surprises me.

Mr. LAIRD. If you take overall figures, like the ones you used Mr. Secretary, you are right in total figures. But you will find the Federal record is worse than the State record where the States have had responsibility. I think we better clean up our own house and not throw stones at the States until we get our house cleaned up.

Secretary WIRTZ. I do not want to throw stones at anybody. It is killing 14,500 people a year. I do not believe the figures will check out. The total Federal employment is, I think about one thirty-fifth of the total employment in the country. I believe that is right. I am using a figure of about 2 million Federal employees out of a work force of 70 to 75 million. So that would be about one thirty-fifth. There were 200 deaths last year in Federal employment. I do not excuse one of them.

Mr. LAIRD. Using those figures, you have to take into consideration those people that were killed outside of the United States. I do not think that is fair. There were 200 killed in the United States.

Secretary WIRTZ. I am talking about the civilian work force.

Mr. LAIRD. But you are taking those people in Vietnam and other places. I am not using those accidents over there. I do not think that is a fair comparison for you to use. I am only taking the 200 deaths in the United States.

Secretary WIRTZ. So am I.

Mr. LAIRD. You are taking the work force outside of the United States.

Secretary WIRTZ. I am taking the U.S. civilian work force.

Mr. LAIRD. Not within the continental limits?

Secretary WIRTZ. Yes.

Mr. SHRIVER. It is closer to 3 million, according to my figures.

Secretary WIRTZ. I believe the 3 million takes those outside of the continental United States.

Mr. LAIRD. I am not sure of your figures, but I think you will find if you consider the total number of jobs, the safety records of the States and private industry have been superior to that of the Federal record. My problem here is, what are we failing to do as far as the Federal record is concerned, and what needs to be done that is not provided in this budget so we can improve the Federal record?

Secretary WIRTZ. I do not believe it is a lack of funds. I think it is a lack of appreciation and realization or business. I can give you one little incident that is as incriminating as it can be. When I had some pictures taken of industrial accidents and had those superimposed on pictures of safe working conditions, I had one small picture of a man who had his hand mangled in a printing press and we were sure we could get a picture of a safe operating printing press and went to the printing presses and found the safety guard was not on the printing press. I think it is that that is needed more than anything else.

Mr. Laird, the statements about there being a higher death rate in the Federal employment are not correct. The total Federal civilian employment in the United States is 2.8 million.

Mr. LAIRD. I think you are including white-collar workers and everything else.

Secretary WIRTZ. I thought we were getting at that of course. But your statement did not make that distinction. Your statement was in the broad terms.

Mr. LAIRD. I am talking about the work force.

Secretary WIRTZ. You are talking about blue collars.

Mr. LAIRD. Yes.

Secretary WIRTZ. Then I think your comparison is probably well taken. I would point out on that that a very large part of the blue collared——

Mr. LAIRD. I could not get that big figure you were using for this work force.

Secretary WIRTZ. I believe the original statement that you made would have been almost inconceivable because such a high percentage of the Federal employees are clerical and white collars and the rate is much lower there. If you limit your statement to the blue collars——

Mr. LAIRD. I am limiting my statement to the work force where we have the safety responsibility, and where they are on the same kind of hourly employment, that your people are going to be working on in this other area. It seemed to me there was a death rate there of almost 200 people this last year.

Secretary WIRTZ. No. If your question is limited to the blue collars, then I should make clear that a good deal of that problem as far as Federal employment is concentrated in the shipyards. That is the most serious part. We recently got some additional funds on that.

Mr. LAIRD. Are most of those deaths in the shipyards?

Secretary WIRTZ. A fair percentage. A fair percentage of the disabling injuries are.

Mr. FLOOD. If the gentleman would yield, I think you made that very clear last year, at least to me. I was asking you about that. I did not appreciate till then this high rate in the shipyards.

Secretary WIRTZ. The reason we had those figures is probably unfortunate. It is the only area in which there is today as administered by the Department of Labor a safety and health program under the Harbor and Longshoremen's Workers Act. That is the only coverage we have today.

Mr. LAIRD. That 200 cannot be all in the shipyards.

Secretary WIRTZ. I will be glad to supply the figures.

Mr. LAIRD. I would like to know about the 200 people and also about the employee record as it effects safety for those employees that are currently under Federal supervision as far as safety is concerned.

Secretary WIRTZ. I would be glad to supply a comparative breakdown of deaths in private employment and in public employment, and, if possible, with a breakdown in terms of the nature of the occupations involved.

(The information follows:)

COMPARISON OF DEATH RATES BETWEEN BLUE-COLLAR WORKERS IN THE FEDERAL GOVERNMENT AND THROUGHOUT INDUSTRY

Because of the different reporting systems used in the Federal Government and throughout industry no valid comparison can be made between injury frequency rates and death rates among blue collar workers.

We can however compare the number of deaths per 100,000 workers resulting from accidents in private industry to the total number of work related deaths in the Federal Government in 1966 (both blue collar and white collar).

Total deaths resulting from all work accidents:	
In private industry	14,500
Rate per 100,000 workers	20
Total work related deaths in the Federal Government	207
Rate per 100,000 workers (based on Federal employment of 2.8 million)	7.5

This 7.5 rate would be higher (approximately 15) if all of the 207 deaths were in the wage board and Postal Service categories (no breakdown is available), which account for 49 percent of Federal employment. Even if this were the case the 15 per 100,000 worker rate is still lower than the 20 per 100,000 rate in private industry.

Committee note:

Only includes Federal employees and not safety record of those industries whose safety program is presently supervised by Federal Government.

Worker deaths by major industries in 1966

Industry	*Number of deaths*
All Industries—Deaths [1]	14,500
Major Industries:	
Trade	1,300
Manufacturing	1,900
Service, government	3,200
Transportation, public utilities	1,700
Agriculture	2,900
Construction	2,800
Mining, quarrying	700
All Federal establishments [2]	207
Department of State	18
Department of the Treasury	4
Department of the Navy	26
Department of the Air Force	12
Department of the Army	38
Department of Defense	2
Department of Justice	2
Post Office Department	21
Department of Commerce	4
Department of the Interior	13
Department of Agriculture	30
Department of Labor	2
General Services Administration	3
Department of Health, Education and Welfare	3
Smithsonian Institution	1
Veterans Administration	6
Architect of the Capitol	1
Atomic Energy Commission	1
Federal Aviation Agency	4
Federal Deposit Insurance Corporation	1
Government Printing Office	1
Administrative Office of the U.S. Courts	2
Small Business Administration	1
U.S. Information Agency	2
Tennessee Valley Authority	5
National Aeronautics & Space Administration	4
Total	207

[1] Source: National Safety Council.
[2] Source: U.S. Department of Labor, Bureau of Employees' Compensation.

(Note: The Department informed the subcommittee that the information for an analysis by type of occupation was not available.)

Mr. LAIRD. Are some of these highway accidents, too?

Secretary WIRTZ. The automobile accidents—we are of course talking only about on-the-job accidents.

Mr. LAIRD. Yes.

Secretary WIRTZ. My recollection, I saw those Federal figures the other day, but I will correct the record, is that 6.7 percent of the disabling injuries in Federal employment are motor vehicle connected. (The Federal employee automobile accident rate is 4.4 percent.)

Mr. LAIRD. What percentage of this 14,000 that you are talking about are motor vehicle connected?

Secretary WIRTZ. I will supply that. It is available. I do not know it. That is the private sector accident rate.

Mr. LAIRD. Yes.

(The information follows:)

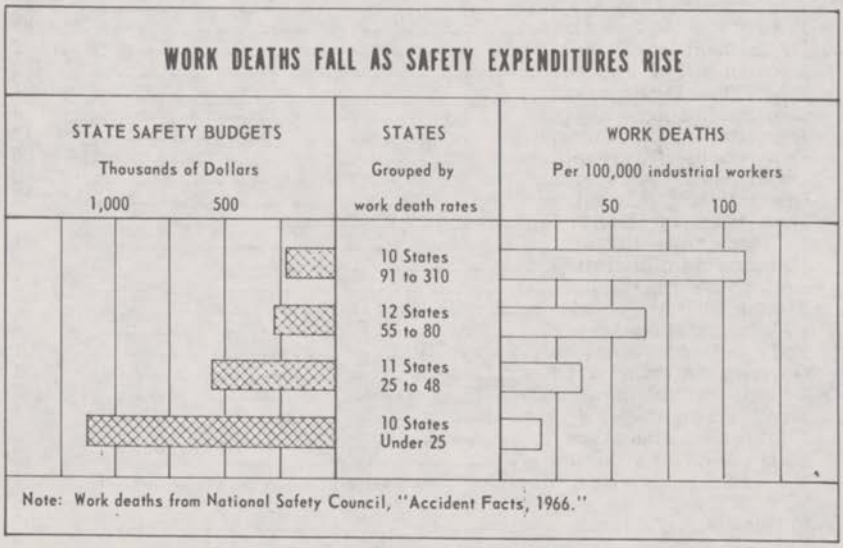
The automobile accident rate for the private sector is 4.5 percent.

SAFETY EXPENDITURES RELATED TO ACCIDENT RATES

Mr. LAIRD. Do you find in those States that have gone forward with a fairly good safety program any corresponding relationship to the death rate and the accident rate?

Secretary WIRTZ. I would be glad to supply a single exhibit on that which will show an almost direct correlation. The table I have in mind is one which takes those States that spend—the 10 highest States in the terms of expenditures—and then the 10 lowest and then a grouping in the middle, and the correlation is so direct that it leaves no question about the relationship between an aggressive program, expenditure of funds, and a reduction in the rate.

(The information follows:)



Evidence that money spent for industrial safety produces results is suggested by a comparison of work deaths with amounts allocated for industrial safety. In 10 States spending an average of $240,000 each for safety, there were 110 work deaths per 100,000 industrial workers. Conversely, in 10 States spending an average of $1.1 million each for safety, there were only 19 work deaths per 100,000 industrial workers.

CAMPS

Mr. LAIRD. Mr. Secretary, the CAMPS program which has recently gone into effect, was intended to bring into being committees that will bring cooperation in the manpower area in several of our large metropolitan areas. In how many areas have CAMPS committees been established?

Secretary WIRTZ. I would have to inquire.

Mr. RUTTENBERG. It will be 100 as a plan for 1969. There have been 40 to 45 as of this fiscal year. But they are moving now in the planning cycle for fiscal 1969.

Mr. LAIRD. When will you be able to evaluate that program?

Secretary WIRTZ. In a precise form?

Mr. LAIRD. Yes.

Secretary WIRTZ. The reason I ask that is that we have been thoroughly and completely convinced that it is an eminently sound program. I guess I have seen very little questioning of that. Indeed, our most immediate concern is about how we fit the JOBS program or the Concentrated Employment Program into that CAMP system. We have felt by general agreement the CAMPS program was all to the good. I must explain CAMPS stand for Cooperative Area Manpower Planning System, and it is a well-developed system under which Federal, State and local manpower people in a particular area are organized into a planning group for the problems of that particular area or region. As you say, it is now in 40 areas and moving toward 100.

Mr. FLOOD. If the gentleman would yield, what is the reaction of local people generally to this kind of committee arrangement? How do they react at the local level to this? I know the State and Federal people are pros, but how do local people, whatever that means, feel about this kind of cooperation?

Secretary WIRTZ. It is my working report that it is enthusiastically received by the local people and they feel that it has more than any other single effort—given them an opportunity to participate in the programing of the Federal funds.

FUNDING THE WTOC PROGRAM

Mr. LAIRD. Mr. Secretary, often in the Washington area you read newspaper stories like one in the Washington Post, December 28, where they went into some detail on how the Mayor of Washington, Mayor Walter Washington, announced that the Department of Labor would provide a $300,000 grant to extend the operation of work and opportunity centers through next April. The WTOC, a job training program for unskilled and unemployed heads of families with children under 18, was in danger of closing in February because of dwindling funds. Congress had refused to provide welfare officials with the funds to continue this program. The article goes on to explain that the Congress turned down the funds for this program but other sources were found and reprogramed into it by the Department of Labor.

My question, Mr. Secretary, is, when the program is turned down by Congress, is it considered legitimate to go ahead and fund it out of other funds?

Secretary WIRTZ. No, sir.

Mr. LAIRD. How was this funded?

Secretary WIRTZ. I would have to inquire.

Mr. LAIRD. This story could be in error?

Secretary WIRTZ. I think there is that possibility. My recollection of that situation is that it involves the administration of funds under title V of the Economic Opportunity Act, for which responsibility has been shared by HEW and the Department of Labor, but in fact handled by HEW pretty completely. That will change as the work-incentive program picks up and the title V program drops off. I would not add anything else unless Mr. Ruttenberg cares to speak to it.

Mr. RUTTENBERG. It is a title V program and title V is being phased out, as you can see by looking at the OEO budget which has been presented.

The Congress, in the social security amendments on public welfare, specifically adopted Senator Byrd's amendment dealing with the District of Columbia, which would bring them under the provisions of the Welfare Act so that, in effect, that newspaper story was accurate only to the extent that the Congress turned down one of the other amendments which would have applied across the Nation but accepted Senator Byrd's amendment as it applied to the District of Columbia. So the program could continue.

CHRYSLER CORP. TRAINING PROJECT

Mr. LAIRD. As I read the article, I couldn't quite follow exactly what had been done there.

Mr. Secretary, there was also an article about that same week, written by Robert W. Irvin, of the Washington Post, in which he indicates he had visited Detroit. The Chrysler Corp., it seems, had just decided to do away with their job-training program because of Federal regulations and the tremendous harassment they had undergone with the program. The article goes on to state that Chrysler was currently phasing out the Government program and by December 31 will have the complete program under corporate supervision.

Perhaps you are familiar with this article entitled "Chrysler, Citing Federal Red Tape, To Go It Alone on Job Training." I thought it was rather damaging to the Department of Labor.

Are you familiar with the article?

Secretary WIRTZ. I am. I am also familiar with the fact that 2 weeks ago we started a new and large program of this same kind with Chrysler Corp. Where the man got his story, we don't know. They had all the information on it. The point is, we did 2 weeks ago sign a new program of the same kind with the Chrysler people and their testimony would be in detail that they have found it a good thing.

Mr. MICHEL. Do you recall how many men were involved in this training contract?

Secretary WIRTZ. The first one was 2,000 and the next is 750. The first one is 2,000 over 2 years. The second one is 750 hard core and 1,250 others, upgrading over, I believe, it is again a 2-year period.

EFFECT OF HOUSE JOINT RESOLUTION 888

Mr. LAIRD. Mr. Secretary, the President recommended to the Congress last year that we establish a freeze on the budget in the amount of 10 percent of nonpersonal services funds budgeted under controllable items and 2 percent of personal services costs. Such a recommendation was made to the House Appropriations Committee and the President's recommendation was followed by the Congress and signed into law.

Do we have a table in the record with regard to those freezes?

Secretary WIRTZ. That has been requested by the chairman and will be supplied.

Mr. LAIRD. Did the Department of Labor figures work out to be in accordance with the President's request?

Secretary WIRTZ. Yes, sir; including a waiver under the authorization in section 203(4)(a) of the act, of some $16 million. Just in general outline there was—and I will supply the complete detail—about $47 million to be reduced, of which about $16 million was waived and another $24 million had already been cut by the Congress. That left $4,900,000 as the net reserve for trainee approvals to be postponed to the subsequent year and $2 million has been reserved in nonmanpower areas. The answer to your question is "Yes." I will set out those details. (The information referred to appears on p. 33.)

Mr. LAIRD. You are not asking for a reappropriation of any of those funds?

Secretary WIRTZ. I don't know how to answer that question.

Mr. MILLER. There will be a release requested for some of the funds reserved in order to meet a part of the pay costs. Those amounts will be set out in the tables the chairman has requested for the record.

Mr. LAIRD. Those funds will be released under the terms of your request for a supplemental?

Mr. MILLER. Yes. The one that hasn't come up yet.

UNDERESTIMATE FOR UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. LAIRD. Last week I had a little argument over the estimate for the Federal Employees and Veterans Unemployment Compensation benefits. I was disappointed to see that the transmission, signed by the President on the 8th of February, underestimated the cost of this program by over $13 million and it was known at the time he signed the request that it was over $13 million understated.

It would seem to me that these estimates we get should be a little more current than that. What is your comment on that?

Secretary WIRTZ. It is that you were right.

Mr. LAIRD. Don't you think we could get a little more current estimate? We will consider the supplemental appropriation bill tomorrow.

Mr. FLOOD. And it will include this item.

Mr. LAIRD. It includes this item. We know that the item is not correctly estimated.

Secretary WIRTZ. You mean the item in the new budget?

Mr. LAIRD. The item in the urgent supplemental transmission.

Secretary WIRTZ. That is correct. It will not carry us through and we will have to depend upon the advancing of the funds at the end of the year.

Mr. LAIRD. And that is the only way you can make it. You will have to have an addon to the budget you are testifying on today if you advance funds. The advance of those funds is not included in the appropriation item for Federal employees and for veterans in the 1969 budget. You are coming here today and we have a budget before us today which will not cover fiscal year 1969 costs on these items because of the advances you will have to make, isn't that correct?

Mr. MILLER. Yes.

Secretary WIRTZ. Because of the advances?

Mr. LAIRD. Yes.

Secretary WIRTZ. The question in my mind is as to whether it will be more than that. I don't think it will be, but there is no question about——

Mr. LAIRD. We know that you have underestimated 1969 now by $13.5 million, is that right?

Secretary WIRTZ. Yes, sir.

Mr. LAIRD. So some time you will have to have the money restored. I don't think you have estimated 1969 properly anyway if you look at the number of veterans coming out. As far as the numbers and the employment record are concerned, I think you could give us a better estimate right now.

Secretary WIRTZ. I am being as frank and candid as I can about it. If we are talking about 1969, there is another set of variables there. Both in connection with the question of what the number of servicemen leaving will be, and in connection with how successful we will be with what is really a very strong emphasis on an attempt to give absolute priority to the employment of returning veterans. There are the several pieces of legislation in there now; there are the several executive programs which have been instituted. They include the Department of Defense transition program; they include the special efforts we are making. I couldn't argue with you for a moment on the record as of this moment because the figures are perfectly clear and they are right there.

I think there is more question, Mr. Laird, on where we will come out under the 1969 budget.

Mr. LAIRD. I don't think you should have language that permits advance funding since it has been misused. I am not for putting that language in this year's bill. Then we will let you see if we don't get better estimates.

I have no further questions.

Mr. FLOOD. Mr. Secretary, I am sure other committee members have questions but it is getting late and so I believe we will adjourn now and ask that you come back tomorrow.

Secretary WIRTZ. I will be happy to do so.

MANPOWER TRAINING IN APPALACHIAN SECTION OF KENTUCKY

Mr. NATCHER. The committee will come to order. Mr. Secretary, I want to join my chairman in thanking you for an excellent statement. This is the kind of a statement that helps us begin the hearings for the Department of Labor for fiscal year 1969.

I want to turn your attention at this time to page 11, Mr. Secretary, of your statement, wherein you set forth some of the problems now confronting the Department, with one of the problems being the matter of employment and training needs of disadvantaged people, and especially those most seriously disadvantaged. This, to me, I think, is a right important matter, and certainly I was glad to see you bring this out in the statement that you have made to our committee.

As you know, Mr. Secretary, in Kentucky we have 49 of our 120 counties in the Appalachian section. We are having problems now in this section of Kentucky from the standpoint of unemployment, and from the standpoint of hardship generally. I know that since the Manpower Development and Training Act was enacted in 1962 that you and the members of your staff from time to time take a good hard look at this program to see how it can be improved. Certainly as one member of the committee I was glad to see the proposal that you are making at this time concerning the CEP setup in the Department generally, and the number that I believe proposed for 1967 and 1968 is probably 70 new CEP's, with 35 to be located in the most deprived and depressed areas of rural America.

Now, Mr. Secretary, what can you suggest that would be of some assistance as far as the Appalachian section of this country is concerned? I want to direct your attention especially to Kentucky. My colleague from Kentucky, Mr. Perkins, is, you know, the chairman of the Committee on Education and Labor and not too long ago he made a speech on the floor of the House in which he stated that we have reached the point now where we must return to the days of WPA. What is the situation as far as manpower training, generally is concerned in the Appalachian section of my State? What are we going to do, Mr. Secretary? How is it going to be handled?

Secretary WIRTZ. I will appreciate Mr. Ruttenberg supplementing my answer on this because it is with complete candor that I say to you that I think we have fewer answers with respect to areas of that kind than we have with respect to any others.

They present a problem or a situation which is fundamentally different from the urban situation. They involve a present strong trend of younger people leaving those communities. In the decade of the sixties ten million people will move from the rural areas of this country to the cities. The area to which you refer is an area in which there is more reason, I think, probably than in any other area, for the kind of statement which Congressman Perkins made, and with which I am familiar. I am frank to say we do not accept that proposition that we must go to a straight public employment basis in that area. We know that in the transitional period there will have to be a larger percentage of work and a smaller percentage of training in the programs in these areas because the people about whom we are talking are, by and large, older. We have worked with mobility programs of one kind or another. There is a provision, in our 1968 MDTA appropriation for mobility programs. I cannot say to you that we have come up with any significant affirmative or constructive ideas under those programs.

I think, Mr. Natcher, as nearly as I can fix an affirmative answer to your question, it has necessarily to depend upon the bringing in to those areas of industries of one kind or another, and occupations, which are not presently there. That is the hardest thing we have to do.

It is easy to talk about it, but it is harder to get a business to move into an area of that kind. I think that it is in that area of possibility that the only answers lie. That means the development of programs under a combination of those which we administer. The special impact program, for example, has provision in it for capital investment. Several other adult work training programs have provision in them for some of this.

There is a similar provision in the Economic Development Act administered by the Economic Development Administration of the Department of Commerce. There are also resources available to the Small Business Administration. We are trying to put that combination of components together, and I report to you only most limited success with respect to it. I make only one other point and then move away from it.

In the questioning of yesterday, the committee properly pointed to the fact that in the 1969 budget there is a shifting emphasis now toward the middle-aged and the older worker compared with the emphasis a year or two ago on the younger worker. This does not mean that there is less provision in the 1969 budget for the younger workers. It means that the greatest enlargement is with respect to the adult now. It is again with this problem in mind. I realize that this has been a less than complete answer, and that is because in my own judgment we have less than complete answers to it. I must fix on, as far as this situation is concerned, a belief that we do not need to go to public employment, and that we must bring in, in one form or another, private employment, and we must in the meantime maintain programs for these people which are more work programs than they are training programs, but that is a temporary kind of programing.

Mr. NATCHER. Thank you, Mr. Secretary.

As you know, the Appalachian program originally enacted by the Congress provided for a little over a billion dollars. About $820 or $830 million of that amount, I believe, was for roads throughout the Appalachian section. People in the 49 counties in Kentucky in discussing this matter believe that the Appalachian program to that extent has failed, because instead of interstate highways or instead of highways from city to city in the mountains, that they need other assistance that would help the people now that are really suffering.

Thank you very much, Mr. Secretary.

Mr. Michel.

UNEMPLOYMENT RATE

Mr. MICHEL. Mr. Secretary, I, too, want to say I enjoyed reading your formal statement, and hope you are quite well aware that you are held in high regard by all members of this subcommittee, as witnesses before the committee go.

Secretary WIRTZ. Thank you, Mr. Michel.

Mr. MICHEL. Some of the questions I had originally intended to ask you were answered by Mr. Ruttenberg. But may I go to one of your statements on page 13 of your testimony, in which you are talking about the unemployment rate as between three and a half to 4 percent, in the past two years except for that flareup in the fall of 4.3 percent. Then you go on to say:

> The general situation in the country as a whole, and for people in general, is that there is today virtually minimal unemployment.

Not to read into your statement or your sentence anything other than what you had said, would it be unfair to say that if our goal is full employment, a rate of three and a half percent of unemployment is going to prevail at a time of full employment?

Secretary WIRTZ. In answering your question, I will have to make a distinction between what the economists have come to talk of as full employment and what we have come to talk of as full employment. They talk of full employment as being as low as you can go as a result of the economy working well, or a product of fiscal and monetary policies. I think that it is now quite clear that in terms of that definition, of what will the economy do as a result of its full development with fiscal and monetary support, the answer is that full employment means three and a half percent in those terms.

Another way of putting it is, it is now said to us quite clearly—to us noneconomists, manpower administrators—whatever is to be done below the 3.5 level you are going to have to do as a result of special programs of one kind or another. I respect that conclusion. In that sense it constitutes full employment. That leads you to the question of how far you can go below that level to reach full employment as a goal resulting from the kind of programs we are talking about here.

That is a lower figure. If I had to name it—and I do not hesitate on the record but making it clear that it is not an expert judgment—it is someplace between 2 and 2½ percent. You probably could not get below that but you could get down to that. That is where we are now as far as adult males are concerned. If we will do three things: First, if we will make our employment service work as fast and effectively as possible to lower the average of 3 or 4 weeks down to 1 or 2; second, if we will meet the problems of seasonal employment (and there is still real ground to be gained there in particular industries, especially construction and agriculture); third, if we will train the trainable and presently unemployed, I think we can move it down eventually, at least as a target, I do not know whether we will get to 2 or 2½ percent. You probably could not go below that because we are in a country now where there is a change of jobs in the magnitude of 50,000 to 60,000 a week, and there is just going to be enough transitional unemployment, and enough insuperable seasonal unemployment that you won't go beyond that.

So my short answer to your question is that I think in the economic definition of it as meaning that unemployment which can be removed by general advance of the economy; yes, we are there now, because this is where we have been for the last 2 years. The other concept of full employment lies substantially below that and, in my judgment, is fairly summarized as reflected in a figure of 2 to 2½ percent.

UNEMPLOYMENT AS A SOCIAL PROBLEM

Mr. MICHEL. I am very interested in your statement where you say:

> We face squarely now with the economy working as well as it is the central problem of what to do about most people who are so seriously disadvantaged that no conceivable development in the economy will result in their becoming employed.

Secretary WIRTZ. That is right.

Mr. MICHEL. So we are at that stage where it is much more of a social problem than it is an economic one.

Secretary WIRTZ. Yes, it is. I would put it in just that form. I said personal instead of social and that carries the point one step further. Your word is probably better than mine, but it includes the necessary attention to the individual and to the circumstances surrounding the individual.

TRAINING OF HARD-CORE UNEMPLOYED FEMALES

Mr. MICHEL. What percentage of that 500,000 hard-core unemployed would be women?

Secretary WIRTZ. In the 50 major cities, that is the figure we are using, that is roughly half of it, probably less than half. The answer to the question how much is women, I believe subject to correction, it is a working division that it is on a 50–50 basis. About half of them are women.

Mr. MICHEL. Is as much emphasis being given to the female sector as to the male? I had a kind of pointed question put to me this past week at a League of Women Voters meeting where the question was raised.

I said that I thought equal or commensurate attention was being given to the hard-core unemployment record of women as to men.

Secretary WIRTZ. Our ratio under the Concentrated Employment Program right now is 47 percent male, 53 percent female. Very frankly, we are having to fight, as we move in on the harder core, the problem of it probably being easier to get to the hard-core female unemployment than it is to the male unemployment. Just coming over this afternoon, Mr. Ruttenberg and I were talking about whether we should go into a particular day-care program. We should—as a matter of national humanity. The day-care centers will help deal with the female unemployment much more than the male.

Right now the forces of circumstance mean that we have to be careful not to go disproportionately far in aiding the female at the expense of the males.

Mr. MICHEL. As I recall when we were making revisions in the Social Security Act, and I personally feel that some of the women are discriminated against in the administration of the social security law, 57 percent of the women employed are wives of working males; is this about right?

Secretary WIRTZ. I did not realize it was that high.

Mr. MICHEL. Would your statisticians bear that out? I recall using that figure several times. I know I picked it out from somewhere, and it comes to mind it was during the discussion of the social security amendments.

The reason for the discussion being raised was that many women would, as a matter of fact, realize a larger social security benefit if it were based upon her earning capacity rather than as the spouse of a working male. A step further is that the social security trust fund is enhanced by the fact that women are contributing more than they are getting in return simply by virtue of the fact that they are married and gaining only a share of their husband's benefit as against a full share of what they themselves earn. That is an interesting point.

Secretary WIRTZ. A further comment on your point, Mr. Michel, we have just today released some new studies on the unemployment situation in the 20 largest metropolitan areas. I have looked at those

and they show that the unemployment of men 20 years and over in those 20 areas totals 289,000 and women 20 years and over 252,000. That is about exactly the ratio of the programs that I have suggested to you. So the short answer to the question to which you referred is that there is no discrimination on the basis of sex.

PRESIDENT'S MESSAGE ON JOB TRAINING AND OCCUPATIONAL HEALTH

Mr. MICHEL. Clear up for me now the figure that the President used in his first special message to the Congress after the state of the Union message, in which he used the round figure of $2,100,000,000.

Secretary WIRTZ. Taking them separately, the $2.1 billion figure was a figure for what he identified in that message as manpower programs. It is a figure for fiscal 1969. It compares with a figure for fiscal 1968 of $1,600,000,000 in round figures.

It is a very concrete attempt to identify just those programs in which there is a concept of manpower involved. It does not include unemployment insurance just on the ground that is something separate and apart.

It includes the Employment Service, the entire MDTA program. That is both the institutional program and the on-the-job training program. It includes the Economic Opportunity Act manpower programs such as the work-training programs (including principally those that are administered by the Department of Labor but also the Job Corps which is not). It also includes the work incentive program under the new amendments to the Social Security Act. Then it includes two small items totaling, I think, $69 million, one of which is in the VA and the other in the Bureau of Indian Affairs.

Mr. NATCHER. Mr. Michel, would you yield to me at that point?

Mr. MICHEL. Yes.

Mr. NATCHER. Mr. Secretary, the figure of $455 million that we have in the President's message, how does that fit into the overall picture. Is this an amount that is to come up in a supplemental.

Secretary WIRTZ. There is a kind of coincidence of figures but they are different sets of figures, because in what we are presenting to you here technically there is only the Department of Labor part of the picture.

Mr. NATCHER. On the breakdown as far as the President's manpower message is concerned, you have a figure there of $455 million. Do you have that?

Secretary WIRTZ. I beg your pardon?

May I ask Mr. Ruttenberg?

Mr. NATCHER. Yes.

Mr. RUTTENBERG. Of the $455 million other agencies in the President's message, $295 million is Job Corps, $44 million is the VA, $25 million is the Bureau of Indian Affairs, $10 million for the HEW operation for older people called Foster Grandparents and on down through a series of other programs.

Mr. NATCHER. Mr. Ruttenberg, is this entire amount in the budget for fiscal 1969?

Mr. RUTTENBERG. Yes, sir.

Mr. NATCHER. The $455 million?

Mr. RUTTENBERG. It is either in the Department of Labor budget, OEO, HEW, Bureau of Indian Affairs or Veterans' Administration budget.

Mr. NATCHER. No part represents an amount that would come in a supplemental?

Mr. RUTTENBERG. No, sir.

Mr. NATCHER. Thank you, Mr. Michel.

Mr. MICHEL. I appreciate our clearing it up. You did it much better than I could have.

Secretary WIRTZ. I know what you are asking me. Let me simply say this is a most solid figure. It is absolutely solid, because it involves delegation of authority and so on and so forth we have had reason to study it very carefully.

NEW POSITIONS

Mr. MICHEL. Now, of these total 751 new positions the Department is asking for, how many would be needed as a result of legislation passed and already on the books and which you will have to implement to keep in step with the spirit of the law, or have you any in this 751 who are requested because of contemplated legislation?

Secretary WIRTZ. No.

Mr. MICHEL. No contemplated ones for new legislation in the 751?

Secretary WIRTZ. No, except on the technical point that it takes new legislation to extend the Manpower Development and Training Act. These are for presently authorized programs.

May I add that quite a bit of it is for programs which were authorized last year, at least in the Department of Labor? For instance, discrimination on the basis of age was new last year. It does not go into effect until June 1 of this year. The work incentive program, which is transferred now by the Social Security Act amendments to the Department of Labor is in here. That is another 90 of that increase. Your question was about contemplated legislation and it does not include that. I should have included in that enumeration I gave you the fact that another big piece of it has come about because of the expansion of the Fair Labor Standards Act.

PROGRAM PLANNING AND BUDGETING

Mr. MICHEL. Does the Department of Labor use the planning program budgeting system approach to priorities? The administration seems to be encouraging this in some quarters.

Secretary WIRTZ. Let me answer that this way: Back even before the attention was attracted to it in the administration of the Department of Defense we were pursuing—under Mr. Leo Werts' direction—an approach that is roughly that same kind of approach. We do have it now. But we have got to use that program with an appreciation of the fact that there are limitations on the extent to which you can apply such a system to human resource programs. You cannot do it to the same extent that you can do it when you are buying a particular product. Our product here is turning out a person who is competent to support himself or herself. So we will follow up to a considerable extent on a PPBS basis, and we will have that information at least in partial form as a guide to our operation, but we cannot rely on it and qualify it as a single instrument of checkup.

Mr. MICHEL. We are talking about justification for the 1969 fiscal year, and we are currently in fiscal year 1968, which has to run until June 30. Would you have the figures readily available of what was unexpended in your Department's budget, say, in May of 1967? In other words with 1 month to go in your department?

Secretary WIRTZ. Unexpended funds?

Mr. MICHEL. Of fiscal year 1967.

Secretary WIRTZ. That is what I was going to ask. We will give you those figures, Mr. Michel.

(The information appears on page 82.)

Secretary WIRTZ. We face this problem in identifying expenditure estimates, that a program conducted by us, completed in 1 year, will have its expenditures frequently in the following years. Do you see what I mean?

Mr. MICHEL. Yes.

Secretary WIRTZ. If we authorize a program in fiscal 1967, the expenditures will start on it and the training will start. It is a contract with a State or vocational institution, through HEW, and then the payout of that, the expenditures will come during subsequent fiscal years?

So it is a little hard to answer the kind of question you are putting, and it is going to prove, if we take it in the form in which you put it, if you just take a direct comparison of expenditures with NOA and balance figures as of May 1, 1968, I guess expenditures could be substantially higher than obligations were at that point but they would be from carryovers from previous year's authorization.

Mr. MICHEL. In reading through the justification, you are anticipating really what questions were raised, and probably your explanation here is more than an answer. I would still be curious to have those figures as a basis for comparison.

Secretary WIRTZ. All right, what date would you like to take?

Mr. MICHEL. Say May 1, 1967.

Secretary WIRTZ. We will do that.

(The information appears on page 82.)

Secretary WIRTZ. I have here and welcome the opportunity to just describe it very briefly what is our necessary answer to that problem. We came really to, in the middle of the summer in 1967, for example, a realization that our on-the-job training program expenditures were unaccountably low. They were not being used. So we have had to put all of our programs—and I am talking now about 7,000 or 8,000 projects—we have now put every one of those on a computer. So we can, at a glance, pull off the report on the progress of any project in the whole country.

It was just essential that we get on to this basis. The fact that expenditures on OJT were running behind the program approvals meant they were not being pressed enough by the contracting parties, so we had to do this. We will give you a statement about our expenditure picture as of May 1 of 1967, and as I understand it, what you want to find out, how much of that money is being actively used as of that time?

Mr. MICHEL. Yes.

Secretary WIRTZ. Then if we may, we will try to give you a comparative picture as of today.

(The information follows:)

COMPARISON OF EXPENDITURES FOR SELECTED MONTHS, FISCAL YEARS 1967 AND 1968, FOR APPROPRIATED FUNDS

Appropriation	Fiscal year 1967 expenditures		Fiscal year 1968 expenditures, December 1967
	May 1967	June 1967	
MDTA	$28,688,955	$38,776,939	$27,326,282
OMA	2,970,302	2,832,104	2,085,114
UCFEX	7,252,212	6,276,351	8,117,762
All other	14,351,970	12,208,102	8,426,289
Total	53,263,439	60,093,496	45,955,447

COMPARISON OF UNEXPENDED BALANCES FOR SELECTED MONTHS, FISCAL YEARS 1967 AND 1968, FOR APPROPRIATED FUNDS

Appropriation	Fiscal year 1967 unexpended balances		Fiscal year 1968 unexpended balances, December 1967
	April 1967	May 1967	
MDTA	$500,978,536	$472,249,559	$656,118,173
OMA	31,956,275	28,985,973	41,686,615
UCFEX	25,762,767	18,510,554	18,148,143
All other	20,962,643	18,806,672	82,042,615
Total	579,660,221	538,552,758	797,995,546

Mr. MICHEL. Very well.

SUPPLEMENTAL APPROPRIATIONS FOR PROPOSED LEGISLATION

Then if the new legislation which you are going to be pressing for is enacted into law, we will have to have a supplemental for that, will we not?

Secretary WIRTZ. It would depend on which legislation you are talking about. I think yesterday I did not answer to a question about prospective legislation, as I should have. I did not include the unemployment insurance program. We will be coming back with another proposal on unemployment insurance. That would require, in the form in which we expect to submit it, a supplemental appropriation eventually.

Mr. MICHEL. For how much?

Secretary WIRTZ. I have forgotten, but I will provide it for the record.

(The information follows:)

FIRST YEAR COSTS OF PROPOSED EXTENSION TO UNEMPLOYMENT INSURANCE PROGRAM

In his budget message, the President indicated that he would propose legislation to, "update the unemployment insurance program by extending coverage, raising benefit levels for unemployed workers, increasing the length of benefits under certain circumstances, correcting abuses, and providing for services which would increase the workers' employability."

This legislation is now estimated to cost, in the first year, a total of $630 million as follows:

	Million
Additional benefits:	
From trust funds	$200
From general funds	340
Federal and State administration: Costs (trust fund)	90
Total	630

Mr. LAIRD. That would not necessarily be a supplemental in 1969.

Secretary WIRTZ. It would not start in 1969.

Mr. MICHEL. That would be in your 1970 budget, but I do not think it would affect the 1969 budget.

Secretary WIRTZ. The possibilities include the unemployment insurance which would not require additional appropriations for the fiscal year 1969. It would include the worker's safety bill—occupational safety and health—which would not include additional appropriations over the President's budget for 1969 because whatever would be involved in that first year would be covered by the legislative contingency fund of the President.

It would include——

Mr. LAIRD. Just so the record is straight, that would require a supplemental, because anything that is in the legislative contingency fund requires a supplemental transmission.

Secretary WIRTZ. I am corrected, and appreciate it. It is covered in the budget which has been transmitted by the President.

Mr. LAIRD. But it requires a supplemental.

Secretary WIRTZ. I am sorry, I appreciate that. It would require the supplemental action but is included and would not add to the amount in the President's budget. Beyond that the only other possibility that I can see as a real one at this point, without prejudicing any action which the Congress may take, would be something in the field of the welfare and pension plans. I cannot guess on that as to whether that will be a broad program because there has not been one submitted yet, or whether there would be the narrow program addressed to fiduciary responsibility in which event it would be very minimal. In addition, there are also two items. The bonding, and the labor mobility program, authority for which expires and will require new authorization. If that authorization is granted, then there would be two additional items, $4,400,000 for the mobility authority and $200,000 for the bonding.

UNEMPLOYMENT RATE FOR MINORITY GROUP TEENAGERS

Mr. MICHEL. Now, last year we discussed the formula for discovering the unemployment among our young, uneducated minority groups. Can you tell me if there has been any kind of change in this historical pattern over the past year that could be attributed to your efforts in the Department of Labor?

Secretary WIRTZ. The figures have continued to be about the same. There has recently been a slight turndown as far as the teenage group is concerned. The figure for January shows one of the first signs of encouragement. But, having said that, the figure for the 16- to 19-year

age group has continued over a period of now the last 5 or 6 years to show the least change. That would be one place to stop, but the rest of the story is that this is the group whose size has increased most greatly during this same period, because the post-war baby crop hit the labor market at that particular point. It would also, although this sounds completely inconsistent, be true that there has been a larger increase in the employment in that group than in almost any other. But, because this bulge in the work force has been so large, all we have been able to do is to keep up with that. It has not been reduced.

The reason I mention the turn, even in the last month or two, is that bulge is now moving out of the 19-year end faster than it is moving into the 16-year end. We are probably going to see an improvement in those figures now. It is going to be simply because of the timing of the huge expansion of the birth rate. If your question is whether we feel that we have gained very much as far as the removal of the youth unemployment problem is concerned, I would have to limit my answer to what we have been able to do in the Neighborhood Youth Corps and the Job Corps programs, and that has been insufficient.

COLLECTION, ANALYSIS, AND DISSEMINATION OF ECONOMIC DATA

Mr. MICHEL. Last year you asked for the 130 new positions to "strengthen and meet the need for expanded and improved collection analysis and dissemination of economic data."

We allowed some 20 people of that request. Can you give us any results from those 20 people?

Secretary WIRTZ. I don't believe I can, Mr. Michel, only because it involves a matter of fairly precise detail of administration as far as BLS is concerned. Mr. Ross can and will, but I should say to you that is one of the items on which we are coming back. There is an increase of 87 requested in BLS and there are details, a good many of them, to get beyond these nationwide aggregate averages and to get those figures down on to a basis where we can tell what we need to do in a particular city about a particular group of people.

Mr. MICHEL. I am sure you appreciate we are going to have to take an extra look at all requests for increases in personnel in every department, if you can't really show some good, vivid results in accomplishment, we are kind of hard pressed to go along and authorize the additional spots.

Secretary WIRTZ. I appreciate that and there has always been a degree of thoughtfulness and responsibility here. I would not want to press a routine argument and I won't.

I do point out it is harder to show results when it comes to the area of research, anything in the way of statistics on anything we do.

It is hard to say we knew enough to put a program here instead of there because we had done the homework on it. It is very hard to prove.

LABOR UNION SUPPORT FOR MANPOWER PROGRAMS

Mr. MICHEL. Do you feel that the programs in the manpower and training area are getting all the support they ought to be getting from the labor unions of the country?

Secretary WIRTZ. If I were just to say no on that, it wouldn't be clear. This question did come up earlier and this is the fairest response

I can make to it. There has been a lack of enthusiasm which I think is unfortunate. There has been, with the exception of the unions in one set of industries, no obstruction.

There has been in the construction industry recently a very great increase in the cooperation. There has been little enthusiasm except in a few of the unions. Some of them are most actively participating contractors, but there is too little enthusiasm.

Mr. MICHEL. Is there any way in which the Congress can help that situation, do you think?

Secretary WIRTZ. No; I don't believe it is such a matter.

Mr. MICHEL. It will have to work itself out?

Secretary WIRTZ. I don't think there is legislative responsibility for it. I would feel compelled to assume administrative responsibility. It is actually possible to get more active support.

COOPERATION BETWEEN DEPARTMENTS OF LABOR AND COMMERCE

Mr. MICHEL. Mr. Ruttenberg has spontaneously, at least, left the impression that there is a coordination between the Department of Commerce and the Department of Labor with respect to this new effort to get business and industry involved in the training program. Is that correct?

Mr. RUTTENBERG. Yes.

Secretary WIRTZ. I think it might be a pleasant item on the program to tell you that between the sessions of this committee today our whole group had lunch with Mr. Smith, the newly-designated Secretary of Commerce and talked almost entirely about this program. I would confirm Mr. Ruttenberg's statement. It has been almost a model of cooperation.

PLACEMENT OF JOB CORPS GRADUATES

Mr. MICHEL. Have you placed any of the Job Corps graduates?

Secretary WIRTZ. Yes, the Employment Service operates on contract with the Job Corps to exercise both a recruiting and a job-placement function.

QUALIFIED PEOPLE TO CARRY OUT WORKERS SAFETY ACT

Mr. MICHEL. Perhaps just one last question or two. Mr. Laird, I think, explored pretty well the possibility of increased cost if this occupational safety and health act is actually enacted into law and what further impositions will be made upon business in general.

I raised a point this morning with Mr. Ruttenberg and others on the problem of getting qualified people for some of the areas in which you are going to be asking for increased personnel. I have read that in the field of occupational safety there are probably a thousand spots open for safety engineers in private industry. It would seem to me that in looking for people to administer this Federal legislation, you would be in competition with private industry for the same kind of people which industry today finds nowhere on the market.

I don't know that we have—in our universities or institutions of higher learning—in the way of an extensive enough educational program to turn out the caliber, number, and the kind of people we are talking about here in the field of safety who are termed safety engi-

neers. Do you see the danger—as has been expressed to me—that if the Government gets into this area on a large scale, you will be drawing off what few qualified people we do have around the country in private industry and, on a smaller scale, in the public sector, and therefore not have a feeding kind of proposition?

Secretary WIRTZ. First, the bill, itself, the workers' safety bill does contain a provision for development of training programs by the State agencies. We recognize that. It is perhaps one of the most important steps we have taken.

Second, we have, ourselves, been talking about whether we should not develop particularly the new career training programs in this area. These would seem to be almost ideal training programs. This is under the Economic Opportunity Act, a program we administered called "New Careers." This would seem to be exactly the kind of thing for which we could and should be training people because it leads up to what is a kind of subprofessional level, so that it seems almost tied into that.

The third thing we are talking about is whether we can use this as a particular program—although it is not large in the magnitude we are talking about here—where the returning veterans could be given competence that would lead them into this area.

ACCIDENTS CAUSED BY CONDITION OF THE INDIVIDUAL

Mr. LAIRD. Mr. Secretary, I was speaking this morning before a group of State and Federal public health officials and in the discussion period that followed the point was made that we are not doing anything about some of the causes of accidents in industry and of accidents in homes. In industrial accidents about 50 percent of them can be traced to the condition of the individual. The health officials also brought up the use of alcohol. I wasn't competent to discuss this particular question, but I assume that you have made some sort of study on this.

How do you handle a person that is not fit to work, or whose reflexes and responses have been affected somewhat by what he has done the night before? Now, these doctors assured me that they had been making spot checks and ran into an area here where about 50 percent of the accidents were tied in with the condition of the person. This was very interesting to me. I hadn't gotten into this before. I mentioned the fact that we had had a little discussion about this, but that phase of the problem had never come up.

What kind of studies have been made on this?

Secretary WIRTZ. There are only two areas to answer on that and I can testify only to one of them. We ran into it in graphic form when we went into the problem of radiation hazards in the uranium mines, mines, as we did last year. That is complicated by the cigarette smoking. The radiation hazards in the mines is a hazard of internal effect; an almost classic example of what you are talking about is how you relate it to cigarette smoking, for example. The answer is that there has been very little done on that.

Now, the other area of answer which I will have to investigate would be in our administration—well, two other areas—would be in the area of the Longshoremen's and Harbor Workers' Act administration——

Mr. LAIRD. It is an interesting question. When a public health official suggests that 50 percent of the accidents in an area can be traced back to the condition of the worker, the thought occurs to me that we have to train people to check workers over if we are going to eliminate accidents.

We have a health manpower problem. You are talking about a safety manpower problem, Mr. Michel. These public health officials are talking about the health manpower problem. They say they could do a real job of eliminating accidents if there were better physical examinations, better checks on personal habits before people were assigned to various jobs. Personal habits have a great deal to do with safety on the job.

Secretary WIRTZ. I will find out what experience we have on that. The last area, which really could be said to coincide with what you are referring to, is based on experience I had when I was arbitrating in this labor business. As you perhaps know, fighting in the plant is a basis for discharge with no questions asked. It is a safety rule. Any fighting in the plant is likely to create an increased hazard. Obviously coming to work intoxicated is, in private operation again, often a basis for barring you from the plant.

Mr. LAIRD. These health officials not only brought up the use of alcohol within the 24-hour period as a factor, but also the use of drugs. I just wonder if we have ever really looked into this problem. Perhaps we should put some money in here to study that.

RESPONSIBILITY UNDER THE WORKMEN'S COMPENSATION ACT

Mr. MICHEL. Under the Workmen's Compensation Act, does this question get raised and serve as a bar to payment or has it ever been a successful argument to use as a bar to payment?

Secretary WIRTZ. I would have to rely on somebody else's knowledge.

Mr. LAIRD. In most States it isn't.

Secretary WIRTZ. I think the rule is that the employer must make that decision when the employee comes to work. If the employee is admitted, then the responsibility is on the employer.

Mr. LAIRD. If the emplyoee is admitted to work, even if he has been using drugs or alcohol the night before, the employer is responsible and not the worker.

But we should focus on this from the standpoint of safety. We should consider the effect of living habits on people's safety if we are going to do a job on worker safety as a whole. These public health people tell me there has been no real work done in this area.

Secretary WIRTZ. I would have no basis for questioning that statement. I think there has probably been very little done. When it comes to dope usage, I know we have just been turning our eyes away from it instead of looking at it. It is a very real factor as far as some of these programs of ours are concerned.

I had occasion in the last week to go into this. Here in the District of Columbia, for example, if somebody with a dope addiction problem comes up to a training point in our Concentrated Employment Program today, he (a) represents probably the largest hard-core unemployment person we can find and (b) he has to be turned away because

we are simply not set up to do anything about it. We are considering whether we ought to set up special programs of that kind. But in the narrower confines of your question there is, I think, probably a very small basis for knowledge about this area.

The worker safety bill has a very large research factor in it, as you know, in dollar terms.

Mr. LAIRD. We have been, and are spending, a lot of money on accident research in the Public Health Service, but I have never seen a project aimed at this particular problem.

Secretary WIRTZ. Very little of it. I did go into this in my testimony on the works safety bill. My recollection—which again I will correct for the record—is that the preventive research figure in this country in the field of cancer amounts—and these are macabre figures—amounts to about $416 per death. For every death there will have been $416 spent on research. For every death from an occupational accident today the figure is $6.57.

You are exactly right that the research in this area has been exceedingly limited.

UNEMPLOYMENT DUE TO DRUG ADDICTION OR EXCESSIVE DRINKING

Mr. MICHEL. Would you supply for the record an answer to this: The number of people who today are unemployed because of an addiction to drugs or an excessive drinking habit, and if those figures aren't available, with the amount of money we are appropriating for gathering statistics, why wouldn't we have such figures?

Secretary WIRTZ. I will supply a statement for the record on that.

(The information follows:)

RELATION OF DRUG ADDICTION AND ALCOHOLISM TO UNEMPLOYMENT

No precise nationwide data has been compiled on the number of drug addicts and alcoholics who are unemployed and in need of work. The Department of Labor gathers information on employment and unemployment by direct visits to a sampling of households. It would be impractical in this type of survey to question a person about excessive drinking and drug addiction in the household. This is a touchy subject which people are reluctant to discuss. However, some independent research is currently being undertaken by people and groups who work with narcotics addicts or with problem drinkers on the employment histories. Although the existing studies are incomplete and on a small scale, they can provied a base for rough "guesstimates" on this subject.

Data from the Addiction Research Center in Lexington, Ky., provides the basis for an estimate of the number of drug addicts who are unemployed. One-third of the addicts admitted to the Lexington and Fort Worth hospitals in 1965 claimed that they had been unemployed for the 6-months prior to admission; one-third claimed that they had employment in illegal occupations, and one-third claimed that they had been legally employed. The percentage of those claiming to be illegally employed was constant for 1964–66. Further, it is suspected that most of those who claim unemployment have been illegally employed, because they need a considerable amount of money to support the drug habit.

If this ratio is true for the Nation, then, of the roughly 60,000 arrested active drug addicts on record in the Bureau of Narcotics, one-third, or 20,000, are in illegal occupations and another one-third, or 20,000, claim to be unemployed. Experts in the field say that most drug addicts have legal employment only intermittently. Addicts need a large income to buy drugs and also need a lot of free time to obtain drugs. Urban Negro males constitute the largest group of hard narcotics users.

The relationship between unemployment and alcoholism has not been studied or surveyed. However, of the estimated 5,000,000 alcoholics in the United States, 5 percent to 10 percent, or 250,000 to 500,000, are estimated to be skid row addicts. Many, but not all, of the skid row addicts are unemployed; many are marginally and intermitently employed. Studies of characteristics of alcoholics reveal that many of those in the lower income brackets, particularly semiskilled workers, move in and out of employment, and often there is a regression in their job skills so that they are employed at skill levels way below what they were previously able to perform.

PROPOSED OCCUPATIONAL SAFETY LEGISLATION

Mr. MICHEL. As I understand from reading little squibs of your testimony on this occupational safety proposition, it would be primarily directed at the laggards in the safety field—to use one of your words—and that companies with excellent safety records would not be affected.

Is there any way that a bill of this kind could be drawn so that Federal jurisdiction would be keyed in some way to accident rates rather than just having the Federal Government go into this field setting standards for everyone? Would it be possible?

Secretary WIRTZ. There may be that possibility and our discussions so far definitely include that possibility. I have talked about it informally with Governor Pyle, who now heads up the National Safety Council. If we can find standards or guides for the ceding of jurisdiction to the States, for example, which would be one way of reaching the results that you are talking about, or if we can find some basis in experience rating for noninspection, we would be willing to consider that.

We would do so under an appreciation of the fact that in some States that same kind of practice has led to some results which we think are almost deplorable, specifically in Texas. There is there a provision in the law that if you have had a certain accident rate—or if you are covered to a certain degree under Workmen's Compensation, then you will not be inspected. Well, that doesn't seem to us a right answer. There has been some experimentation in the States with what you are talking about and some of that is satisfactory and some of it isn't. In specific answer to your question, if we can find basis in standards or in experience records or in established practices, we will be very glad to step aside, or to leave that to the States if it is presently a product of State enforcement.

Mr. MICHEL. Thank you, Mr. Chairman.

COVERAGE OF UNEMPLOYMENT FIGURES

Mr. SHRIVER. There has been quite a bit of discussion about the unemployment rate of 3.5 to 4 percent. Who are included within those who are considered unemployed? Is everybody included who is on welfare?

Secretary WIRTZ. It includes all of those who are "actively looking for work and unable to find it." It is, therefore, a more limited concept than what you have by your question described. There would be a significant number of people who are now out of the work force and

they are not looking for work and don't try any more. They represent some of the hardest core problems we have and are, because of this definition, not included here at all.

Mr. SHRIVER. Then it could be a considerably higher figure than we have been using?

Secretary WIRTZ. Yes, it could. We have been trying to approach that problem, especially in the slums. We made 15 field surveys in November of 1966. We have now moved both the Manpower Administration and the BLS into this picture to find out what conditions exist in the slum areas. We have come up with this conclusion. There are the technically unemployed. If you take those who should be working but who have given up trying—and you make a kind of qualitative judgment there—if you take those who don't even appear in any figures because they can't find them (a figure that was so large that in the 1960 census it probably amounted to some 5,600,000 people); if you include, in addition to those, those people who are working so little and at such a low rate that it doesn't amount to a hill of beans, you come up with a figure in the urban and rural slum areas of about 33 to 35 percent. These are the people who are suffering a severe unemployment problem. We count them employed if they work even 1 hour in the week that we are looking at. It includes as employed all of the part-time unemployed.

EFFECT OF MANPOWER TRAINING PROGRAMS ON PUBLIC ASSISTANCE ROLLS

Mr. SHRIVER. We have had a great number of programs at least partially directed to cutting back on the expenditure of public funds for welfare but yet a few minutes ago up in the House we considered over a billion dollars for welfare. This was supplemental to that which was appropriated last year, for this same fiscal year.

You don't anticipate that these programs will have any effect on the welfare loads?

Secretary WIRTZ. Oh, yes. The figures for fiscal year 1969 include the expectation that we will train 110,000—this budget includes for training 110,000 of those welfare people.

Mr. SHRIVER. We had an additional 700,000 who went on the rolls since your last appearance before the committee.

Secretary WIRTZ. I should make clear on that that I am talking only about the work incentive program which is limited to the welfare participants, and a number of the other programs will also affect that same group.

For example, on that right now, under the concentrated employment program, 17 percent of those whom we are training today, and getting jobs, are from the welfare rolls.

Mr. SHRIVER. Spending that much additional money on the programs hasn't had to great an effect.

I do want to join those who have commended you on your statement.

REACHING THE HARD CORE UNEMPLOYED

On page 17 you talk about making individuals who are disadvantaged feel to be a part of the movement. How do you intend to do this?

Secretary WIRTZ. Let me mention one project. In Washington the hard core unemployed were approached through a concentrated employment program.

There was one particular group, extremely hard core, whom we knew we weren't reaching. They came in to us with a project in August. They brought it in. It was in very rough form. We sent them back to have it revised. It did come back in. The characteristic feature of this program which has subsequently been identified as Pride, Inc.—and "Pride" doesn't stand for anything; it is just a name they gave their corporation—the principal characteristic of the Pride program is that they do it themselves completely. We put the "carefullest" kind of auditing procedure into effect but they have—significantly now, since last August—been working on a trash and alley clean-up and rat extermination program here in the city of Washington in an extraordinary way. The significant element in this, Mr. Shriver, is that that has worked. If we had tried to get them to do it in some program we were running, they would not have done it. By assuming responsibility, by being given the opportunity to assume responsibility for that program, they have done that kind of work—they have done it quite effectively by everybody's measure, and quite persistently.

Now, that program is paralleled in a number of others throughout the country. Not a lot of them. But if we can, in some way, get that element of participation and responsibility, we know we will be a long way ahead. I expect it is going to take some degree of identification, of the development of entrepreneural capacity, to meet that development.

Mr. SHRIVER. It is in connection with particular programs and projects which then become a part of that group?

Secretary WIRTZ. Yes.

We surely don't know the answer in all these. The special impact program is another one based on the theory that by the development of programs in which the hard core can participate in one way or another that we will find some of that answer, I mean in the actual working out and development of the business.

HUMAN INVESTMENT PROPOSAL

Mr. SHRIVER. There has been quite a bit of talk for some few years about a proposal known as the human investment proposal. Are you familiar with that?

Secretary WIRTZ. Yes, I am.

Mr. SHRIVER. Would you recommend including the basic concepts of that proposal in your concentrated employment program?

Secretary WIRTZ. If it is the program which I think it is, we would be in favor of including the basic concept, but would not be in favor of the use of the tax incentive feature which I believe is characteristic of that program.

Mr. SHRIVER. Yes.

Secretary WIRTZ. So that the idea of encouraging employer participation in that program seems to us completely sound. Indeed, it is the heart of and the basis for the program the President recommended in his January 23 message. It is our feeling, Mr. Shriver, that business

involvement can be developed and can be directed on the hard core much better by making arrangements which provide for their doing the training, and their paying the trainees without a lot of involved redtape contracts. We feel it can be done better on that basis, than it can be done with a tax credit. We believe in the latter case it could be used for the hard core but also for a lot of others we don't think we ought to be supporting. We are in favor of the basic concept of private employer involvement. We are opposed to the use of the tax credit.

COPPER STRIKE

Mr. SHRIVER. You mentioned yesterday the copper strike. I believe I read someplace that you were quoted as saying that the President should not seek an 80–day, cooling-off injunction under the Taft-Hartley Act because the dispute had not yet reached the crisis stage. Was that attributed to you?

Secretary WIRTZ. I have seen it in reference to a statement I made, but the statement I made had a special element in it. The Taft-Hartley Act provides for the use of the injunction where there is a "threat to the national health and safety." My statement was that I thought there was a crisis here. I see a very real crisis when we are losing $4 million a day in dollar balance, for example, and when a strike has gone on this long with the injury on both sides, surely I would call it a crisis without hesitation.

My personal judgment is that it does not involve the factors of health and safety which the statute identified, and which the courts have recognized.

Mr. SHRIVER. How much did you say we are losing?

Secretary WIRTZ. About $4 million a day in dollars. This is the effect of the strike, the direct and indirect.

Mr. SHRIVER. What is the effect on balance of payments?

Secretary WIRTZ. It is very bad. It is starting its eighth month.

Mr. SHRIVER. It would be over half a billion dollars.

Secretary WIRTZ. The figure is now running at about $4 million a day—the effect on the dollar balance. It was much less than that for the first part of the period, so that is a comparatively recent period. I don't know what the cumulative effect is.

LABOR DEPARTMENT BUILDING

Mr. SHRIVER. Are there any funds in the 1969 budget for site acquisition or any planning for new buildings?

Secretary WIRTZ. Not in our budget. Any funds for Department of Labor Construction are in the GSA budget.

I can give you the general picture on the new Department of Labor Building. The money has already been made available for the foundation, in effect, because that is done as a part of building the new underpass across the Mall. The proposed site for the Labor Department is where that Esso Building was. It is now being torn down. We will be developing the air rights above that underpass so that as part of the construction of the underpass there will be done the foundation work

of the new building. Funds are already available for that. There has been no funding with respect to the development of the superstructure. Those plans are moving ahead. Our best estimate on the prospect is that building will probably be completed in 1972.

COORDINATION OF MANPOWER PROGRAMS

Mr. SHRIVER. The great number and proliferation of the various manpower programs administered by different local, State and Federal agencies has been a source of a great deal of irritation to those of us—and I speak of constituents also—who make use of these programs.

Will the comprehensive manpower planning activity provide some order in these programs, to provide a greater use of them by our constituents?

Secretary WIRTZ. I don't mean to answer lightly, but let me enumerate these steps in the direction of meeting that problem: First, the CAMPS system, (the Cooperative Area Manpower Planning System) is a program which brings together the State, the local and the Federal manpower officials for a particular area or region, so that these plans are worked out jointly—there are presently 40 of those systems in operation and we will, in the course of the next fiscal year, raise that number to 100.

Secondly, a concentrated employment program, of which there are today 22, and of which there will be 146 by the end of next fiscal year, is characteristically and basically a program in which we make one contract with a local agency and our one contract includes all of these components.

Mr. SHRIVER. It is money well spent.

Secretary WIRTZ. We keep separate accounting on them because they are separate appropriation items, but the local agency makes one contract with us.

Similarly, in the new JOBS program, there will be one contract made with a private employer and that contract too will bring the resources from the various programs into one contract so there will be an on-the-job training development from MDTA and possibly elements from the Economic Opportunity Act programs. Both of those programs reflect exactly what you are talking about. It was sheer stupidity for us to ask a local community to make six different contracts with us on an integrated program. They don't have to.

Mr. NATCHER. Are there other questions of the Secretary at this time?

Secretary WIRTZ. I would like to express my heartfelt appreciation for the kind of hearing which I have been extended in connection with this matter. It represents the difference between starting into a new year feeling it is worthwhile and starting into it feeling that not enough people care. I would just like to express, on behalf really of the whole Department, our appreciation and our realization of the fact that this committee and its approach to our problems represents probably the single most important factor in everything that we try to do.

Thank you.

Mr. NATCHER. We want to thank you, Mr. Secretary.

TUESDAY, FEBRUARY 20, 1968.

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
CURTIS C. ALLER, ASSOCIATE MANPOWER ADMINISTRATOR
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

HOWARD MATTHEWS, DIRECTOR, MANPOWER DEVELOPMENT AND TRAINING, OFFICE OF EDUCATION
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

STANLEY H. RUTTENBERG, ASSISTANT SECRETARY OF LABOR FOR MANPOWER, AND MANPOWER ADMINISTRATOR

Stanley H. Ruttenberg was named in June 1966 as Assistant Secretary of Labor for Manpower. He has been serving as Manpower Administrator since January 1965.

In these positions, he directs and coordinates all the Department's manpower programs and activities.

Before coming to the Labor Department in 1963 as a Special Assistant to the Secretary, Mr. Ruttenberg had spent his working career in the organized labor movement.

He began as an organizer and field representative in the Ohio Valley for the Congress of Industrial Organizations in 1937–38. He also served as an assistant to the director of Hull House in Chicago 1938–39.

In 1939 he came to the national office of the CIO. Except for 3 years in the Army (1943–46), Mr. Ruttenberg served as associate director of the department of education and research of the CIO from 1939 until 1948, when he became director.

When the American Federation of Labor and the Congress of Industrial Organizations merged in late 1955, he was named director of the department of research for the new AFL–CIO. From 1956–63, he was also the director of the AFL–CIO's Economic Policy Committee.

Mr. Ruttenberg has been a member or an adviser to a number of groups:

Member of the board of directors or resources for the Future, Inc., since 1952; public member of the Foreign Service Selection Board, 1950; special adviser to the American delegation of the Fourth and Fifth International Conferences of UNESCO in 1949 and 1950; public adviser to General Agreement on Tariffs and Trade Negotiations in Geneva, 1956 and 1958; labor specialist for the U.S. Department of State Educational Exchange program, October–December 1959; member of the Commission on Money and Credit, 1958–61; labor observer at a special meeting of the Inter-American Economic and Social Council, Punta del Este, Uruguay, 1961.

In adition, Mr. Ruttenberg is a member of the American Economic Association, the American Statistical Association, and the Industrial Relations Research Association.

Born March 19, 1917 in St. Paul, Minn., Mr. Ruttenberg was a 1933 graduate of Massanutten Military Academy in Woodstock, Va., and received his B.S. degree from the University of Pittsburgh in 1937.

Mr. Ruttenberg is married to the former Gertrude Bernstein of Pittsburgh and they live in Bethesda, Md. They have two sons, Joel and Charles, and a daughter, Ruth Ann.

Mr. FLOOD. We now will have the pleasure of continuing the Department of Labor presentation of their 1969 budget. The next witness is the Honorable Stanley H. Ruttenberg, who is the Assistant Secretary for Manpower.

I understand, Mr. Secretary, that you have an overall statement, and then you have two specific statements dealing with two phases of your jurisdiction.

GENERAL STATEMENT ON MANPOWER PROGRAMS

I think that is a good way to handle your presentation. I suppose you now want to proceed with what I refer to as your general statement.

Mr. RUTTENBERG. Yes; if I might, Mr. Chairman.

I would like to briefly summarize my overall statement——

Mr. FLOOD. You want to submit the statement for the record and then you want to talk?

Mr. RUTTENBERG. If I might.

Mr. FLOOD. It is up to you. It will be so ordered.

(The proposed statement follows:)

STATEMENT BY STANLEY H. RUTTENBERG

Mr. Chairman and members of the committee, I am pleased to have the opportunity today to discuss with you the President's manpower program and the central role of the Manpower Development and Training Act (MDTA) and the Office of Manpower Administration (OMA) 1969 appropriations estimates in the overall program. I hope the committee will find this perspective helpful as you proceed to consider the specifics of the MDTA and OMA budgets, and those of the other specific manpower program components over the weeks and months ahead.

The right to earn a living, as the President said in his manpower message, is fundamental to the maintenance of a free society. However, even after 7 unprecedented years of uninterrupted prosperity, this Nation continues to face staggering unemployment rates among some groups of citizens, an intolerable level of poverty, and a mounting clamor of the have nots for full access to the fruits of their land of plenty. I do not want to repeat the President's manpower message. Suffice it to say, the $2.1 billion manpower program proposed for 1969 in the President's manpower message is a significant step toward assuring every American, who is willing to work, the right to earn a decent living.

The Manpower Administration is directly responsible for administering about $1.6 billion of the President's overall manpower program and for providing leadership and direction to the entire effort. A bold new course in manpower development has been charted, keyed to three principles gleaned from recent experience:

Concentrate programs in pockets of need,
Focus programs on the most disadvantaged individuals,
Maximize involvement of private industry.

The Department's manpower activities include several separately authorized program components of which MDTA and OMA are integral parts and will be discussed in more detail in a few minutes. The following table may be helpful to the committee and attempts to summarize and compare those manpower programs outlined in the President's manpower message with the Manpower Ad-

ministration's fiscal 1969 appropriation request. The committee will be considering each of these budget requests in some detail over the next several weeks.

COMPARISON OF FISCAL YEAR 1969 PROGRAM LEVELS AS REFLECTED IN THE PRESIDENT'S MANPOWER MESSAGE AND THE MANPOWER ADMINISTRATION'S CONGRESSIONAL SUBMISSIONS, 1969

[In millions of dollars]

Fund source	Manpower Administration congressional submission	President's manpower message
MDTA	413	413
OMA–S. & E.	29	34
Labor mobility and bonding program		4
Other		30
BAT–S. & E.	9	9
BES–UCFE–X	92	
Trade adjustment activities	1	
BES–S. & E.	24	15
Employment Service	15	15
Other	9	
Trust funds (grants to States)	617	316
Employment Service	316	316
Other	301	
BWTP (EOA programs)	735	735
Work experience (title V)	10	10
Work incentive program	100	100
Other	2	
Other agencies		455
Total	2,032	2,087

I would like to describe to you how we are going about the job of administering this sometimes bewildering array of program components so as to achieve an integrated and comprehensive manpower program keyed to the three principles mentioned earlier. This too, is covered in the President's manpower message, but perhaps some additional information will be useful to the committee.

First, we have established the concentrated employment program (CEP). Basically, CEP is an integrated delivery system through which the various program services are marshalled and made available to the disadvantaged individual in such amounts and sequences as are required to move him from a state of dependency to self-supporting, self-reliant, self-respecting citizenship. The CEP is, then, simply an administrative process for organizing—from several funding sources—the particular program resources need to reach out to, motivate, provide orientation and place in employment—with or without basic remedial education and skill training, and frequently utilizing on-the-job training—the hard-core unemployed in specially selected pockets of urban and rural poverty.

In 1969 we propose to use $490 million of the total manpower program resources available on the CEP. This will include $51 million of the MDTA appropriation estimate which you are considering today. The balance of the fund will come mainly from the Economic Opportunity Act and work incentive program appropriations. With these combined resources we expect to continue the CEP projects initiated in 1967 and 1968, and to initiate 70 new CEP's—35 of which will be in some of the most deprived, depressed areas in rural America. Before the end of fiscal year 1969, then, this integrated delivery system, or CEP, would be operative in 146 urban and rural areas throughout the country.

As this committee knows, the model cities program under the Department of Housing and Urban Development is seeking to demonstrate the practical feasibility of revitalizing our cities—large and small—through a carefully structured array of remedial programs, including among others health, welfare, housing, and manpower. We have made arrangements with the Department of Housing and Urban Development to correlate the concentrated employment program with the model cities program so that for the most part the manpower component of each model city undertaking will be a CEP.

Another administrative arrangement, through which we hope to secure major involvement of private industry in the vast job of preparing rejected men and

women for productive employment, is the President's new JOBS program—job opportunities in the business sector. We are proposing to spend $244 million in 1969 (including $48 million of MDTA–OJT money), on this poinpointed effort to put the hard-core unemployed to work in private industry. The JOBS partnership of Government and industry intends to rehabilitate 100,000 of the hard-core unemployed in the 50 largest cities through this new hire-train-retain approach by the end of 1969—70,000 of whom will be funded from the 1969 budgets. In JOBS, the employer hires the disadvantaged first, provides them the training they need to become productive workers, and continues them in regular employment. We expect to reimburse employers for the extra costs of training and supportive services required to overcome the multiple disadvantages of the hard-core unemployed.

Since most of the cities in which the JOBS program will be operating will also have concentrated employment programs, the JOBS will be very closely coordinated with the CEP; it will in fact be the major on-the-job training component in those CEP areas and employers participating in JOBS will hire the hard-core unemployed referred to them by the CEP.

However, we are not running a manpower program exclusively for the big cities and depressed rural areas. We are running a nationwide manpower program. Last year a number of Federal departments and agencies, in cooperation with the Manpower Admistration, launched a system through which Federal, State, and local authorities representing most manpower program components and interests jointly plan and implement comprehensive community and statewide manpower programs. We call this system the cooperative area manpower planning system and it now involves six Cabinet Departments and two other agencies, together with their State and local affiliates and counterparts. In addition to the services which make up the direct manpower program, there are a welter of closely related activities which must be efficiently united if maximum effect is to be realized from these administratively separate but functionally interdependent Federal programs. By way of illustration, I would name but a few of the manpower related activities: Adult basic education, vocational education, health manpower, vocational rehabilitation, and welfare programs of the Department of HEW; model cities, urban planning assistance, and neighborhood facilities programs of Department of HUD; public works and economic development programs of Department of Commerce; Cooperative Extension Service, and the rural areas development programs of the Department of Agriculture; and Federal employee recruitment programs of the Civil Service Commission. All of these action programs, and many others, are tied together with the dozen or so direct manpower programs through the cooperative area manpower planning system (CAMPS).

We see CAMPS as the answer to the very difficult problem of interprogram coordination. Such coordination can be achieved only through comprehensive community and State manpower planning and cooperative implementation. Complementary programs and activities, such as basic education, skill training, health services, day care, and job development, must be made to complement one another—not to compete!

We now have the administrative machinery to accomplish this difficult but vital business. Through CAMPS the vocational educators, the welfare people, the people in housing, economic development, health services, vocational rehabilitation, and others, get together with employment service and antipoverty people, and with those representing the rural areas development work, water pollution control, and other manpower users, to jointly assess the local manpower picture, to appraise their priority manpower problems, and to program available resources so that they dovetail with each other and stretch as far as possible toward meeting the needs.

The guiding and monitoring of activities on all these many fronts requires competent management machinery. The management problem comes to focus in the Manpower Administration. It was in response to the need for improved management that the President spoke of strengthening and streamlining the Manpower Administration and of improving and increasing its capacity to guide the overall manpower program. Secretary Wirtz has already mentioned some realignments in the Manpower Administration designed to fit it for the job of running a $2 billion, widely dispersed manpower program.

As part of the strengthening of the Manpower Administration, our several manpower program budget estimates provide for 621 new positions, as follows:

OMA, 146; BAT–OJT, 40; BES, 145; EOA delegated programs, 200; and the new work incentive (WIN) program, 90. As you can see, the bulk of these positions are to support new and expanded operating programs.

I wish, at the moment, only to underscore a few of the increases now before the committee, which will effect the management and functioning of the entire manpower effort. Our MDTA estimate includes a $16,282,000 increase in on-the-job training funds to strengthen this program for service to the hard-core disadvantaged through the JOBS system. The hire-train-retain process focuses on the problems we have had heretofore in geting this group into on-the-job training. It will provide the supportive services such as intensive counseling, job coaching and followup which these people need. Our MDTA estimate also includes $11,225,000 to support CAMPS. This is central to our effort to tie the diverse manpower and related supporting programs together into cohesive, linked, and nonduplicative comprehensive community manpower programs in all our States and areas.

The OMA budget estimates include an increase of 146 positions in the executive direction, program staff and financial management and administration, the program evaluation, the integrated data system, underlie the whole superstructure of operating program components through which concepts and resources are translated into action and services are carried to the people who need them. In short, these staff services are basic to the job of husbanding and deploying wisely the whole gamut of component program resources—not only those made available under the MDTA. It is upon these services that the efficient design, with an eye to maximum cost-effectiveness, of the entire realm of highly complex and sophisticated Federal manpower programs rest.

In subsequent specific parts of the budget estimates of the overall manpower program you will be considering our request for 40 additional positions for the OJT program. Mr. Hugh Murphy will be covering this when he discusses the estimates for the Bureau of Apprenticeship and Training. I only want to say, that as we move ahead with the JOBS program, it is essential that a representative of the Manpower Administration be assigned exclusively to assist the National Alliance of Businessmen in each of the 50 cities to expedite the preparation of contracts and the hiring of the disadvantaged. These 40 positions will help us meet this responsibility.

We are looking to the Employment Service and in particular its human resources development program, to play an increasingly crucial role in delivering the broad spectrum of manpower services. The State grants budget and the BES S&E estimates, which Mr. Robert Goodwin will discuss with you, include only very small increases over mandatory amounts, primarily to implement a management improvement program in the employment security areas.

Mr. Chairman, members of the committee, I hope this brief discussion of the scope and complexity of the Federal manpower program, and the role of the MDTA and OMA budgets in the larger context, will be useful to you. I would be happy to try to answer any questions.

SUMMARY OF GENERAL STATEMENT

Mr. RUTTENBERG. My purpose in having a general statement is to try to give the committee a feel for the way in which Secretary Wirtz started yesterday, for the broad scope of the manpower programs.

Mr. FLOOD. I thought he had a very interesting statement; a rather new approach. I have heard about New Deal, Fair Deal, and now the current——

Mr. NATCHER. Great Society, Mr. Chairman.

Mr. FLOOD. Great Society; this is a new approach. Very well.

Mr. RUTTENBERG. I think the important thing about the present situation can best be seen if you take a look at page 3 of my prepared statement. You will see a table. On the left, if we can refer to that, are the budgets that are before the Congress in the manpower field.

I call your attention to the fact that I will be appearing this morning on the first two items, that is, the general MDTA budget, $413 million and the OMA–S. & E. budget, $29 million. Mr. Murphy will appear on

the next item, $9 million BAT, Mr. Goodwin will handle the budgets down through the Employment Service of the $617 million figure which are a series of the regular BES State grants as well as S&E and the others listed there. The important thing which I want to call your attention to is the last three items, starting with $735 million for EOA programs, $10 million for work experience, the $100 million for the work incentive program. All of these budgets are administered by the Manpower Administration but are not directly appropriated to the Department of Labor.

Mr. FLOOD. Isn't that kind of thing clumsy to administer? I am no administrator, but isn't that sort of clumsy? Congress says to Department X, this is your jurisdiction, and then Department X says, well, we are going to pass the ball to you. So they do.

Mr. RUTTENBERG. Under the Economic Opportunity Act there is the authority for the Director of OEO——

Mr. FLOOD. There is the authority.

Mr. RUTTENBERG. To delegate programs. We have not had too many difficulties with the arrangement.

Mr. FLOOD. I didn't ask you that. Is this administratively practicable, does it work?

Mr. RUTTENBERG. It works, it is administratively feasible and practical. But maybe, you know, if we "had our druthers," we ought to consolidate not only the appropriations, but also the legislative authority.

One of our greatest headaches is having two pieces of legislation that seems to tell us to go in two different ways.

Mr. FLOOD. Have you told that to the legislative people?

Mr. RUTTENBERG. We have repeatedly.

Mr. FLOOD. They do not hear well.

Mr. RUTTENBERG. The Congress adopted the EOA, and——

Mr. FLOOD. The fault is basically in Congress and not in the Executive.

Mr. RUTTENBERG. No; I think the Congress in its wisdom decides what it wants to adopt.

Mr. FLOOD. The fact remains, if Congress in its wisdom, would so act, it could do otherwise.

Mr. RUTTENBERG. Oh, yes, it has the authority. I want to make clear that out of the $2.1 billion for the Manpower Administration, we are considering over the next 2 or 3 days between Mr. Murphy and Mr. Goodwin and myself $1.2 billion of those budgets. The other $845 million——

Mr. FLOOD. You are at $1 billion what?

Mr. RUTTENBERG. $1,200,000,000.

Mr. FLOOD. You realize it is a lot of money.

Mr. RUTTENBERG. It is. An additional $845 million is administered by the Manpower Administration but appropriated either to HEW or to the Office of Economic Opportunity.

Mr. FLOOD. How long have you been on board, Mr. Ruttenberg?

Mr. RUTTENBERG. I have been in the Department of Labor since January, 1963 and became Manpower Administrator in January of 1965. I became Assistant Secretary for Manpower in June, 1967.

Mr. FLOOD. You are no amateur.

Mr. RUTTENBERG. I hope not.

Mr. FLOOD. Do you have any battle stars?

Mr. RUTTENBERG. The only battle star I have is World War II.

Mr. FLOOD. The subcommittee will give you a wound stripe. You deserve it.

CONCENTRATED EMPLOYMENT PROGRAM

Mr. RUTTENBERG. As an example of what we are talking about in terms of appropriations coming through different sources, the concentrated employment program is a case in point. This program is designed to pull together into one contract——

Mr. FLOOD. Secretary Wirtz gave us a good overall picture on that, but if the rest of the members feel as I do, we would like for you to sketch in the details. It is a new effort and we want to understand it clearly.

Mr. RUTTENBERG. Let me try to explain. The concentrated employment program is designed to put into one contract with one sponsor a variety of programs——

Mr. FLOOD. Federal programs.

Mr. RUTTENBERG. Federal programs funded through five sources. It takes money, MDTA institutional and on-the-job training money, it takes money from the Office of Economic Opportunity which we have on delegation in terms of the adult work programs—called Operation Mainstream and New Careers. It takes Special Impact money and puts them all together.

Mr. FLOOD. Who gives birth to the contractor?

Mr. RUTTENBERG. We do. We, working closely, through our Bureau of Work-Training programs——

Mr. FLOOD. How do you find the contractor?

Mr. RUTTENBERG. The contractor is according to the letter of delegation from OEO and signed by the President to the Secretary of Labor, the presumed sponsor——

Mr. FLOOD. Do you send a scouting expedition out in the provinces?

Mr. RUTTENBERG. We have Manpower Administration representatives in each of the cities or rural communities or areas where we are going to put a concentrated employment program. We have a Manpower Administration representative.

Mr. FLOOD. I did not know this affected rural areas.

Mr. RUTTENBERG. Yes, on the concentrated employment program we will have, by the end of fiscal 1969, 146 such areas.

Mr. FLOOD. This includes not only the metropolitan areas and the rural areas who are always well taken care of, but the great bulk of the middle America, the small cities and the middle size cities. They are in this, too.

Mr. RUTTENBERG. The concentrated employment program would go to rural areas and to the large and semilarge urban areas. Some of the concentrated employment programs are in middle size communities, but the important thing is, as Secretary Wirtz pointed out yesterday, that in the overall budget of $1.2 billion for training programs the amount of money which is going into concentrated employment programs in fiscal 1969 is only $279 million. So the rest is available for use in other than the areas that are large cities and rural.

Mr. FLOOD. Is it working now? Do you have contractors?

Mr. RUTTENBERG. Yes, sir.

Mr. FLOOD. For how long have you had them?

Mr. RUTTENBERG. We began to put the program in in February of last year.

Mr. FLOOD. You have been at it a year?

Mr. RUTTENBERG. Yes. By June we had funded 20 urban and two rural areas, which began to be operative in July and August, some got started as late as November.

Mr. FLOOD. Overall does it make sense?

Mr. RUTTENBERG. Overall it makes a lot of sense.

RESPONSE OF LOCAL CONTRACTORS TO CONCENTRATED EMPLOYMENT PROGRAM

Mr. FLOOD. What do the local contractors think about it?

Mr. RUTTENBERG. I think it is best exemplified by the fact that as we did the continuing evaluation of each of the 22 and we turned up some difficulties in particular communities. We then sent our people to do something about the difficulties that have come up and try to get the programs operative. The local community people want to make awfully clear that we are not in there to cancel or stop the program.

Mr. FLOOD. At the local level, does the contractor include in his program volunteers of any kind?

Mr. RUTTENBERG. Cleveland is a good case in point. There are a large number, about 20 businessmen, full-time, paid by their corporations, working in the concentrated employment program with other employees developing job opportunities.

Mr. FLOOD. You have no wide group of volunteers, like VISTA?

Mr. RUTTENBERG. Interestingly enough, the program in the Upper Peninsula of Michigan, which is one of our rural CEPs, has a large number of VISTA volunteers tied in with the program. So we try to tie them in where we can.

I started to say the letter delegation to us says that the presumed sponsor of the CEP and other OEO type programs, which we administer, will be the Community Action Agency.

Mr. FLOOD. You remember you told me you were going to talk about the $413 million for MDTA. Is that what you are doing?

FUNDING SOURCES FOR CONCENTRATED EMPLOYMENT PROGRAM

Mr. RUTTENBERG. I want to get to that. If you turn to page 5 of the general statement at the top, you will see in 1969 there will be $490 million going into CEP including part of the JOBS program, which I will explain in a moment. Only $51 million of those dollars will come out of the MDTA budget. The rest of those dollars will come out of programs delegated to the Department of Labor from OEO. So while we are talking about an MDTA overall budget of $413 million, and we are talking about a concentrated employment program of even larger size, $51 million of the concentrated employment money will be MDTA money. The rest will be, in the main, title I-B money of the Economic Opportunity Act. This is what I meant, it is one thing to look at the budgets that are before you, it is another to look at all of the budgets we are administering, some of which are not now before the committee for consideration, like the OEO and HEW budgets which will come later.

Mr. FLOOD. That is very clear.

COORDINATION BETWEEN CONCENTRATED EMPLOYMENT PROGRAM AND MODEL CITIES

Mr. RUTTENBERG. As I say, the other point that the Secretary made yesterday, which I want to reemphasize very quickly, is that we have tried coordination between the concentrated employment program and the model cities by saying we will decide to put the concentrated employment program into those areas in the main that HUD decides shall receive model city grants.

Mr. FLOOD. How many model cities were designated in the first go-round?

Mr. RUTTENBERG. Sixty-three.

In each of the cities there has been a planning grant made to them by HUD.

Mr. FLOOD. When was the announcement of the planning grant made?

Mr. RUTTENBERG. The announcement of the 63 model cities was in November. There was then a team of people including the Labor, going with HUD, going to each of the cities talking to the mayor.

Mr. FLOOD. To be sure that this manpower facet was made part of their local committee.

Mr. RUTTENBERG. That is right.

Mr. FLOOD. As far as you know, has that been done?

Mr. RUTTENBERG. Yes, it has. What we did specifically from the very beginning was to be involved in the teams that went to see the mayor, we included a representative of the State employment security agency.

Mr. FLOOD. The mayor named a commission or committee to run this program for his city.

Mr. RUTTENBERG. Yes.

Mr. FLOOD. Has your team been in touch with the local committee? They must have a manager or director.

Mr. RUTTENBERG. Yes.

Mr. FLOOD. They are functioning?

Mr. RUTTENBERG. Yes.

Mr. FLOOD. And your people have been in touch with that director?

Mr. RUTTENBERG. They have been in touch not only with that director but we are now also giving them start-up money to begin planning on the manpower aspect.

Mr. FLOOD. Have the people from the affected area of that city, I presume it is not the entire city, generally it is a part of the city——

Mr. RUTTENBERG. It is a very small segment.

Mr. FLOOD. I presume the residents of that area are part of this operation, have been consulted, and are part of the committee?

Mr. RUTTENBERG. That is part of the requirement in terms of the representation.

Mr. FLOOD. Do they know who your people are and what your purpose is?

Mr. RUTTENBERG. I hope they do. We certainly made our sincere effort.

Mr. FLOOD. Your people have been at meetings?

Mr. RUTTENBERG. Yes, we have a person designated to handle each of these cities.

Mr. FLOOD. What is your person going to do? What are you supposed to do in this model city committee?

Mr. RUTTENBERG. To help that city.

Mr. FLOOD. The model city people are going to be concerned with bricks and mortar and sewers and streets, and alleyways, and parks. It is not a bulldozing operation. It is an attempt to recondition the area.

Mr. RUTTENBERG. It will be public health activity.

Mr. FLOOD. It would also probably include renewal of cultural facilities, much like the excellent rehabilitation job done on Ford Theater here in Washington.

Mr. RUTTENBERG. Yes. There will be manpower programs designed to train and prepare people——

Mr. FLOOD. And retrain.

Mr. RUTTENBERG. And retrain people for jobs in the private and public sector.

Mr. FLOOD. Would you retrain people who are over 45 years old, men and women?

Mr. RUTTENBERG. We certainly will.

Mr. FLOOD. In the model cities program?

Mr. RUTTENBERG. Certainly. We hope to.

SELECTION OF MODEL CITIES

Mr. SHRIVER. May I ask a question?

Do you participate in selecting model cities?

Mr. RUTTENBERG. Yes, HUD has a National Selection Committee, on which we have a full-time supergrade person working with the Assistant Secretary of HUD, who handles these programs, working continuously with him. There were 190 applications from which 63 were selected.

Mr. SHRIVER. I thought you said a moment ago that HUD selected the model cities.

Mr. RUTTENBERG. HUD selects them with a committee of which we are a member.

The final decision is the HUD decision. It is not a decision on which there is a vote between the agencies, but we sit in and make our contribution in terms of whether we think this community or that community can do a good or better kind of manpower job. The major contribution we make is to make sure the model city plan incorporates a good manpower plan.

CARRYING OUT THE MANPOWER PLAN

Mr. FLOOD. How is the manpower plan going to work? Here you are, here is the mayor; he has named the committee, and it is functioning. The people from the affected area are part of the committee, everybody thinks this is great. If and when this whole operation functions, just how does it function?

Mr. RUTTENBERG. In that city the mayor has designated a city administrator.

Mr. FLOOD. We have gone beyond that. How do you work?

Mr. RUTTENBERG. We have assigned a manpower expert to that person who is the director of the model city program for the mayor.

That manpower expert could be two different people, one a Federal person who is helping develop the program along with a representative of the State employment security agency, the latter being done for purposes of trying to make sure that the State employment service system which already operates in that city is tied in to model city manpower plan. We have worked this out very closely with the interstate conference and State administrators.

Mr. FLOOD. The actual training of these people will take place in whatever training program is going on there now?

Mr. RUTTENBERG. Whatever is going on or may be an additional program funded as the result of the model city manpower program.

Mr. FLOOD. This will be vocational training?

Mr. RUTTENBERG. Yes.

Mr. FLOOD. Vocational rehabilitation would also be included, I suppose the whole gamut of this manpower business.

Mr. RUTTENBERG. That is right. Vocational rehabilitation, for example, has gotten involved in our Cleveland concentrated employment program quite actively where certain kinds of training were not available through the regular system.

ROLE OF LOCAL PEOPLE IN CONCENTRATED EMPLOYMENT PROGRAM

Mr. FLOOD. We are amazed at the lack of knowledge of the people who should be affected by these training and other programs. They don't know about these things. First of all, you must educate them that there are such programs and invite them in; is that it?

Mr. RUTTENBERG. That is right. We have tried to work through the two agencies, the Community Action Agency at the local level which cooperates with the mayor and the State employment service, and the local area manager of the employment service. We hope, by involving the State agency with our person locally, to tie the people together so there can be full and complete use of all the resources.

Mr. FLOOD. I am always concerned that the local people in this neighborhood of 20 blocks are afraid of you jokers when you come in from Washington or wherever you come from, that you are imposing something on them.

Mr. RUTTENBERG. That is always the problem and that is why we have tried——

Mr. FLOOD. They are gun shy.

Mr. RUTTENBERG. We have tried to have the local people do this. The local people are the ones that will finally recommend the programs.

Mr. FLOOD. That is the theory. You fellows don't come in and just take over?

Mr. RUTTENBERG. If we did, that would be absolutely the wrong approach.

Mr. FLOOD. There is no doubt about that. That is what I said.

Mr. RUTTENBERG. That is right.

Mr. FLOOD. Just so you know. Otherwise this is verbiage, semantics.

Mr. RUTTENBERG. That is right, sir. I agree with you fully.

Mr FLOOD. Go ahead with your presentation.

JOBS

Mr. RUTTENBERG. On page 6, beginning the discussion of another major program which was in the President's Manpower Message which came to Congress on January 23d, called Job Opportunities in the Business Sector, or abbreviated down to "JOBS."

Mr. FLOOD. This is the private sector?

Mr. RUTTENBERG. Yes, sir, exclusively. There again just to illustrate the problem, next fiscal year $244 million will go into that JOBS program, but from MDTA $48 million. From title 1(d), of the EOA $15 million, and the rest will come from title 1(b) of the EOA.

Mr. FLOOD. Is this where we buy the carrots to induce the private sector to participate. Is this the carrot money?

Mr. RUTTENBERG. I think carrot would be one way to describe it. What we have said to private industry is, you take the hard core, disadvantaged individual, whom we will certify through the Employment Service, or through CEP or Community Action Agency as being disadvantaged, you put him on your payroll and proceed to give him whatever training, retraining, supported services, counseling, testing, coaching, et cetera, that he needs, in order to make sure over a period of time he will end up being a good, efficient worker.

Mr. FLOOD. Does he have to set up a special section of his organization to do this?

Mr. RUTTENBERG. The hope is that he will. To the extent that they have such facilities, fine.

Mr. FLOOD. You don't have a stick behind your back if he doesn't take this carrot?

Mr. RUTTENBERG. If he doesn't take the carrot, there are a lot of other employers that will.

Mr. FLOOD. I know, but you don't have a stick under your coat?

Mr. RUTTENBERG. We have no authority to force him into the program; no, sir.

Mr. FLOOD. All right.

Mr. RUTTENBERG. Again I just wanted to illustrate that this program takes some money from MDTA and some money from two other parts of the Office of Economic Opportunity delegated programs to the Department of Labor.

NATIONAL ALLIANCE OF BUSINESSMEN

Mr. REYNOLDS. I think it would be of interest to the committee at this point on this involvement of business in a partnership with you people to explain the 50-city committee with whom we are working and how that will operate to involve free enterprise with this job.

Mr. RUTTENBERG. There was created at the time the President announced this program, a National Alliance of Businessmen. The chairman of that alliance is Mr. Henry Ford II. The vice chairman is Mr. Austin, vice chairman of the Coca-Cola Bottling Co., and there is a group of 15 people on the executive committee.

Mr. FLOOD. Is it functioning? Has it met?

Mr. RUTTENBERG. Not only has it met, but they have a full-time representative in Washington.

Mr. FLOOD. Who pays his salary?

Mr. RUTTENBERG. He is paid by the Ford Motor Co. He happens to be one of the vice presidents, Mr. Leo Beebe, who is here full time.

Mr. FLOOD. What have they done?

Mr. RUTTENBERG. They have organized themselves.

Mr. FLOOD. What are they supposed to do?

Mr. RUTTENBERG. They have organized themselves into eight regions which are the same eight regions that the Manpower Administion has. They have then designated one of their members of the executive committee as kind of the businessman who is the regional director in each of these cities. Then they have designated or, all in the process of designating, a businessman from each of the 50 largest cities in the United States.

Mr. FLOOD. These are all distinguished business leaders who are volunteers to do this job?

Mr. RUTTENBERG. Yes. Mr. Sonnabend of the Hotel Corp. of America is one, Mr. Geneen, who is the chairman of the board of International Telephone & Telegraph, is the New York regional director.

Mr. FLOOD. At this point in the record why don't you insert the names of the people in each region in which they are operating and their business affiliation?

Mr. RUTTENBERG. Yes, sir.

(The information follows:)

NATIONAL ALLIANCE OF BUSINESSMEN

Chairman

Henry Ford II, chairman of the board, the Ford Motor Co.

Vice chairman

J. Paul Austin, president, the Coca-Cola Co.

Executive vice chairman

Leo C. Beebe, vice president, the Ford Motor Co.

Members, executive committee

Region I (Boston) Conn., R.I., Mass., N.H., Vt., Maine
Roger P. Sonnabend, president, Hotel Corp. of America.

Region II (New York) N.Y., N.J.
Harold S. Geneen, chairman of the board, International Telephone & Telegraph Co.

Region III (Washington, D.C.) Del., Md., Pa., W. Va., Va., N.C.
John D. Harper, chief executive officer and chairman of the board. Aluminum Co. of America.

Region IV (Atlanta) Tenn., S.C., Ga., Ala., Miss., Fla.
J. Paul Austin, president, the Coca-Cola Co.

Region V (Chicago) Ky., Ohio, Ind., Ill., Wis., Mich., Minn.
James Cook, president, Illinois Bell Telephone Co.

Region VI (Dallas) La., Ark., Okla., Texas, N.M.
Clyde Skeen, president, Ling, Temco, Vought.

Region VII (Kansas City) Mo., Iowa, Kan., Neb., S.D., N.D., Colo., Wyo., Mont., Utah, Idaho.
James C. McDonnell, Jr., chairman of the board, McDonnell-Douglas Aircraft Corp.

Region VIII (San Francisco) Ariz., Calif., Nev., Ore., Wash., Alaska, Hawaii.
Walter A. Haas, Jr., president, Levi Strauss & Co.

At large members

A. L. Nickerson, chairman, Mobil Oil.
Quentin Reynolds, president, Safeway Stores, Inc.
Charles F. Myers, Jr., president, Burlington Industries, Inc.
G. William Miller, president, Textron, Inc.
John H. H. Sengstacke, publisher, Chicago Daily Defender.

REGIONAL CHAIRMEN, REGIONAL EXECUTIVES, AND METRO CHAIRMEN

Region I—(Boston)

Regional chairman: Roger P. Sonnabend, chairman of the board, Hotel Corp. of America.

Regional executives:

James Howard, National Hotel Corp. of America.
Richard S. Bromley, Hotel Corp. of America, Hotel America.

Metro chairman: Boston: Louis W. Cabot, president, Cabot Corp.

Region II—(New York)

Regional chairman: Harold S. Geneen, chairman of the board, International Telephone & Telegraph Co.
Regional executive: Charles G. Sherwood, International Telephone & Telegraph Co.

Metro chairmen:

New York City: Floyd D. Hall, president, chief executive, officer and director, Eastern Air Lines, Inc.
Buffalo: John M. Galvin, vice chairman of the board, Marine Midland Trust Co. of Western New York.
Jersey City: Thomas J. Stanton, Jr., president, First National Bank of Jersey City.
Newark: Orville E. Beal, president, Prudential Insurance Co. of America.
Rochester: Charles Peter McColough, president, Xerox Corp.

Region III—(Washington, D.C.)

Regional chairman: John D. Harper, president, Aluminum Co. of America.
Regional executive: Henry R. Neill, education and training department, Aluminum Co. of America.

Metro chairmen:

Pittsburgh: Donald Clemens Burnham, president, Westinghouse Electric Corp.
Washington, D.C.: Mr. Stephen Ailes, Steptoe & Johnson.
Philadelphia: Stuart Thomas Saunders, chairman of the board, Pennsylvania Central Railroad
Baltimore: Jerold C. Hoffberger, president and director, National Brewing Co.
Norfolk: Mr. Henry C. Hofheimer, II, president, Southern Materials Co., Inc.

Region IV—(Atlanta)

Regional chairman: J. Paul Austin, president, the Coca-Cola Co.
Regional executive: Boisfeuillet Jones, the Coca-Cola Co.

Metro chairmen:

Atlanta: Augustus H. Sterne, president, Trust Co. of Georgia.
Birmingham: Crawford Johnson III, president, Crawford Johnson Co.
Memphis: W. Porter Grace, president, Union Planters National Bank.
Miami: William R. Raven, vice president, Southeastern U.S. & Caribbean, Pan American World Airways, Inc.
Tampa: W. C. MacInnes, chairman and chief executive officer, Tampa Electric Co.

Region V—(Chicago)

Regional chairman: James W. Cook, president, Illinois Bell Telephone Co.
Regional vice chairman: Robert S. Oelman, chairman of the board, National Cash Register Co.
Regional executive: Hale Nelson, Illinois Bell Telephone Co.

Metro chairmen:

Chicago: James W. Cook, president, Illinois Bell Telephone Co.
Akron: William S. Parry, president, Akron Welding & Spring Co.
Cincinnati: Howard J. Morgens, president, Proctor & Gamble Co.
Cleveland: George J. Tankersley, president, East Ohio Gas Co.
Columbus: Charles Y. Lazarus, president, F. & R. Lazarus & Co.
Dayton: George E. Sheer, president, McCall Printing Co., Dayton division and vice president, McCall Corp.
Detroit: William M. Day, president, Michigan Bell Telephone Co.
Indianapolis: Alfred J. Stokely, president, Stokely & Van Camp, Inc.
Louisville: Cyrus L. MacKinnon, vice president and general manager, Courier Journal and Louisville Times.
Milwaukee: Elmer Louis Winter, president, Manpower, Inc.
Minneapolis: Donald C. Dayton, chairman of the board, the Dayton Corp.
St. Paul: Louis W. Menk, president, Northern Pacific Railways.
Toledo: Raymon H. Mulford, president, Owens-Illinois Glass Co.

Region VI—(Dallas)

Regional chairman: Clyde Skeen, president, Ling-Temco-Vought, Inc.
Regional executive: John L. Cockrill, Ling-Temco-Vought, Inc.

Metro chairmen:

Dallas: Patrick E. Haggerty, president and director, Texas Instrument Inc.
El Paso: Hugh F. Steen, president, El Paso Natural Gas Co.
Fort Worth: Frank W. Davis, president, Fort Worth Division, General Dynamics Corp.
Houston: P. H. Robinson, president, Houston Lighting & Power Co.
New Orleans: Henry Z. Carter, president, Avondale Shipyards, Inc.
Oklahoma City: Stanton L. Young, president, Oklahoma City Chamber of Commerce.
San Antonio: David Hull Youngblood, president, Southern Steel.
Tulsa: Marcus R. Tower, president, National Bank of Tulsa.

Region VII—(Kansas City)

Regional chairman: James S. McDonnell, chairman of the board, McDonnell Douglas Corp.
Regional executive: John R. Allen, vice president, eastern region, McDonnell Douglas Corp.

Metro chairmen:

Kansas City: William Neal Deramus III, president, Kansas City Southern Line.
St. Louis: Frederic M. Peirce, president, General American Life Insurance Co.
Denver: Lowell F. Wingert, president, the Mountain States Telephone & Telegraph Co.
Omaha: Marvin R. Werve, vice president, Omaha National Bank.

Region VIII—(San Francisco)

Regional chairman: Walter A. Haas, Jr., president, Levi Strauss & Co.
Regional executive: Herschel J. Goldberg, Levi Strauss & Co.

Metro chairmen:

San Francisco: Fred H. Merrill, president, Fireman's Fund Insurance Co.
Honolulu: Hung Wo Ching, president and chairman of the board, Aloha Airlines, Inc.
Long Beach: John J. Real, vice president, administration, Star-Kist Foods, Inc.
Los Angeles: James Howard Edgerton, president and chief executive officer, California Federal Savings & Loan Association.
Oakland: Edward J. Daly, chairman and president, World Airways, Inc.
Phoenix: Herman Chanen, president, Chanen Construction Co.
Portland: Glenn L. Jackson, chairman of the board, Pacific Power & Light Co.
San Diego: J. Floyd Andrews, president, Pacific Southwest Airline.
Seattle: Alan B. Ferguson, president, Sicks' Ranier Brewing Co.

Mr. RUTTENBERG. In addition to the eight regional directors there are seven gentlemen "at large". That constitutes the 15. That excutive committee has met now in Washington for the past three weekends on Friday, Saturday and part of Sunday to begin to lay plans as to how they would operate. They will operate through the designation of the best possible businessman they can find in each of the 50 cities.

PAYMENT OF EXPENSES

Mr. FLOOD. Who pays the expenses, transportation?

Mr. RUTTENBERG. All the businessmen pay their own expenses. The Government has not put out any dollars up to this point in supporting this. To the extent that any Federal funds may be used for this operation, it would be only for incidental support expenses. These businessmen in each of the 50 cities under the direction of the eight regional people and under the direction of Mr. Beebe, the vice president of Ford Motor Co., who is the executive director here in Washington, will actually be the promoters. As Mr. Beebe describes it——

Mr. FLOOD. He is on the Ford payroll.

Mr. RUTTENBERG. Yes, sir. Mr. Beebe says, in effect, I have been selling automobiles all my life. Now what we are going to start to sell is the necessity of the employers to become involved in hiring the hard-core disadvantaged and to train them and retrain them and give them opportunities which they have never had before. They will become the salesmen, the promoters, the developers of private business, in getting them involved in the program. We will have a Manpower Administration person in each of these 50 cities, to relate to that businessman. That local manpower person will be a designee of the State employment security agency who will be working for the State agency, but detailed to the Manpower Administration to work closely with that group. This is to develop the on-the-job training contracts.

We will be moving more directly into helping the hard-core disadvantaged individual. Up to now it has been difficult to get disadvantaged people directly on employers' payrolls because no employer wants to hire anybody with less than the highest qualifications that he can find. There are fewer and fewer of those with higher qualifications left to be hired as employment stays at less than 4 percent. We are now engaged in saying to the employer, we will reimburse you under our OJT authority or under title I–B of the OEO Act——

Mr. FLOOD. Have you had problems with insurance, workmen's compensation, or bonding to cover such employees?

Mr. RUTTENBERG. If it is workman's compensation, that will be covered by the regular arrangements. If it is a problem of an individual whom the employer does not want to hire because he might have a record, a police record of some kind, we have another program which is also funded under MDTA. This bonding program is a nationwide program of assisting the employer to hire this person and bonding him under a national contract which we have, so if his insurance company refuses to bond, we can move in and bond. As soon as we said to employers, "we are willing to bond these people under another arrangement," the employers have in 99 out of 100 cases gone to their own insurance compaines and these companies have at that point agreed to bond him. But it took this kind of proposal from the Government to say we can do it if you don't.

Mr. MICHEL. Mr. Chairman, may I ask if this is the same program that the 100 largest industries of the country have been asked to submit to the Department of Commerce?

Mr. RUTTENBERG. We are talking about the same program. The Department of Commerce and the Department of Labor are actively and jointly involved with this National Alliance of Businessmen. We have gone to five of the 50 largest cities of the United States already with proposals. We will go to the next 45 of the 50 largest cities on March 15. We have the National Alliance of Businessmen, kind of running interference and developing the interest in private industry in doing it. We, the Department of Labor, then develop the specifics of a contract with them to carry out the training, retraining and placement and supportive services of an individual—the Department of Commerce is working with the National Alliance of Businessmen the way we are.

Mr. FLOOD. Can you say yes to the question?

Mr. RUTTENBERG. Yes. Mr. Michel said, this program relates to the 100 largest companies. It is not quite in that context. It is to the 50 largest cities, to the big corporations and large companies in those 50 large cities.

Mr. MICHEL. I do not want to interrupt the charman's line of questioning, but I have some interest in this area because I know of a proposal that has been submitted by the Caterpillar Tractor Co., upon which they are awaiting approval. I have gone over it in minute detail with the people who submitted the proposal, a very comprehensive kind of thing where they would propose to train our most incorrigible hard-core unemployed in the Peoria area and come out with a cost of something like $1,500, $1,600, no more than $1,700.

Mr. FLOOD. What is the population of Peoria?
Mr. MICHEL. 100,000.
Mr. FLOOD. Greater Peoria?
Mr. MICHEL. Then you get up to about 250,000.
Mr. RUTTENBERG. That program, just to be distinguished from the job opportunities in the business sector, could be handled the same way, but would be identified as a regular on-the-job training program fitting into the category that the chairman was talking about earlier. He said it is easy for rural areas to get help, it is easy for the big cities to get help, is there money for other areas? There is substantially a large amount of money for the other areas.
Mr. FLOOD. That is expressly the sort of area I meant, the smaller.

CAMPS

Mr. RUTTENBERG. I would like to move over to page 7 and talk about the cooperative manpower planning system to which the Secretary referred yesterday. This is abbreviated down to the CAMPS. It is going to be in almost 100 areas in the coming fiscal year. There are six Cabinet Departments and two other agencies, OEO and Civil Service Commission tied together.
The CAMPS program, with these six Cabinet departments and two other agencies is designed to really help develop local planning so that funds from adult basic education, vocational education, health, manpower, vocational rehabilitation, welfare programs, model cities, and urban planning, will be available to the local community for a variety of things——
Mr. FLOOD. You are talking about programs in HEW and HUD primarily?
Mr. RUTTENBERG. Yes, and Commerce and the Civil Service Commission, where there are large Government employers, as well as Department of Agriculture and the Indian Affairs Bureau is involved in this. We try, through this CAMPS arrangement, to make sure the dollars that are available for various kinds of programs are tied together to help the same target group rather than being dispersed and not helping anybody very much.
In order to carry that program forward, we think CAMPS is the answer to interprogram coordination. I think its reception is good although this is only the second year of operation. I think we still have a lot of problems with it, in carrying it out—the first year it was only partially successful, the second year will also only be partially successful. But this has a great potential for coordination at the local level and for tying local manpower programs together. This administrative machinery, I think, is moving down in that direction. I will, in the course of my remarks, in terms of the MDTA budget indicate that we are asking for $11.2 million as an increase, a new item in the MDTA budget, to help these 50 States and four other jurisdictions develop their plans, and up to 100 areas locally to help them develop plans. We are asking for $11.2 million of which $6.2 million will be used for actual planning staffs in these communities to help pull the programs together. Five million will be used to develop the kinds of studies and

detailed operational information that is necessary in order to develop the plans and make them operative. That will come more under the MDTA budget. So much for that, Mr. Chairman. The only other major item which I want to mention is the question that came up yesterday concerning the number of new positions in the Manpower Administration.

Again, here is a case in point. We are asking in all of our budgets for 621 new positions.

EFFECT OF HOUSE JOINT RESOLUTION 888

Mr. FLOOD. As a result of a conversation we had yesterday, I understand you folks down there and the Bureau of the Budget had a rather long discussion, and as my spies tell me—I operate on the spy system—I don't have a crystal ball—I am not the seventh son of a seventh son, but my spy system here is notorious.

Mr. RUTTENBERG. Good.

Mr. FLOOD. I understand you and the Budget Bureau people had long discussions before the final decisions were made as to the application of House Joint Resolution 888 to this program. Is that what you were getting ready to talk about?

Mr. RUTTENBERG. I was going to talk about new positions.

Mr. FLOOD. Suppose you do and then come back to the House Joint Resolution 888.

NEW POSITIONS IN MANPOWER ADMINISTRATION

Mr. RUTTENBERG. I can come back to this if I might. We are asking for 621 new positions, of which 331 show up in the budget you are now considering, and 290 of these will show up in either the OEO or the HEW budgets, depending upon which program we are talking about.

Of the total of 331 new positions in the Manpower Administration that are in the budgets you are considering in this immediate appropriation hearing, these are the 146 new positions in the Office of the Manpower Administrator appropriation, 87 of these are in the policy planning, evaluation and research and demonstration area.

Mr. FLOOD. Marvelous.

Mr. RUTTENBERG. Forty-nine are in the area of Financial Management Services and 10 are in the regional offices.

The reason for my going into the detail that I have this morning, and that the Secretary did yesterday, in terms of the broad programs we are running, of which only part is financed from the budgets before you, is to indicate we are getting into a very large operation. If we are going to be successful in running these programs, we need to develop adequate planning and programing staff. We need to really extensively expand our evaluation activities, we need to do more research and more experimental and demonstration work to make sure the kinds of programs we are sponsoring and supporting and assisting are the best possible ones, to determine how they might be improved.

We need, it seems to me, very crucially, to expand the kinds of people

that can help us do this and do it in an adequate way if we are going to keep up with these big new programs we are undertaking.

Mr. FLOOD. Expand the people or the number of people?

Mr. RUTTENBERG. Expand the number of people. That is our problem. We have extended the people to the breaking point at this stage, where the few planning and policy people who have been so dispersed in their activities that really they, like some others, are working all hours of the day and night.

Mr. FLOOD. Your trouble is like anybody else. You are going to have trouble getting qualified people. There are not many around anywhere.

Mr. RUTTENBERG. We can help train them, and part of the request we are going to have in our Office of Manpower Administration is to expand the opportunities of developing competent research people and competent people in the field of social policy by two programs we run, which are very small. A program for doctoral dissertation support and a program of assistance——

Mr. FLOOD. We are afraid when you get all this money you are just going to go out with a net and get a lot of people that we know are incompetent and cannot do the job. But you hire them just to fill these slots, and hope if you keep them long enough, they will become trained, it will rub off on them. This is what produces inefficiency and waste of money and makes you unhappy and us unhappy.

Mr. RUTTENBERG. Nothing could make us more unhappy than to hire some people that do not carry their weight and who do not really produce. I think we need always to take a fresh look at the people. And if they are not producing, we need to do something about that.

Mr. FLOOD. Go to the second point. Do you remember what it was?

EFFECT OF HOUSE JOINT RESOLUTION 888

Mr. RUTTENBERG. Yes. House Joint Resolution 888, you will recall, provided for a 10-percent reduction in other than personnel services, which would have meant in the Manpower Development and Training Act, almost $40 million. You will recall the Congress itself, and the apporpriation committees, reduced the program by $16.4 million, which then left us with $20.9 million we had to pick up through a further reduction in program. Under House Joint Resolution 888 the President was authorized to exempt certain amounts from the reduction.

He exempted $16 million in the MDTA training fund. This left us with a reduction of $4.9 million which we show in our MDTA budget as reserved in fiscal 1968 to be used in 1969 for the funding of training programs, but not this fiscal year.

Mr. FLOOD. Not 1968, but it will in 1969?

Mr. RUTTENBERG. Yes. The 1968 is reduced by that amount.

Mr. FLOOD. You have now finished your overall statement?

Mr. RUTTENBERG. I have, sir.

Mr. FLOOD. Thank you. We will now take up your first two appropriation items.

Manpower Development and Training Activities

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
MANPOWER ADMINISTRATION			
Personnel compensation:			
Permanent positions	102	200	200
Other personnel compensation	2	3	3
Total personnel compensation	104	203	203
Personnel benefits	7	15	15
Travel and transportation of persons		2	2
Rent communications, and utilities		5	5
Printing and reproduction		2	2
Supplies and materials		2	2
Equipment	3	1	1
Grants, subsidies, and contributions	266,492	256,913	283,710
Total obligations, Manpower Administration	266,606	257,143	283,940
ALLOCATION TO HEALTH, EDUCATION, AND WELFARE			
Personnel compensation:			
Permanent positions	1,279	1,553	1,635
Positions other than permanent	21	14	14
Other personnel compensation	6	3	3
Total personnel compensation	1,306	1,567	1,652
Personnel benefits	95	114	121
Travel and transportation of persons	141	218	218
Transportation of things	1	4	4
Rent, communications, and utilities	28	26	26
Printing and reproduction	2	48	48
Other services	867	440	440
Supplies and materials	4	19	19
Equipment	18	40	40
Grants, subsidies, and contributions	122,452	126,588	126,588
Total obligations, Health, Education, and Welfare	124,914	129,064	129,156
Total obligations	391,520	386,207	413,096

PERSONNEL SUMMARY

MANPOWER ADMINISTRATION	1967 actual	1968 estimate	1969 estimate
Total number of permanent positions	25	25	25
Average number of all employees	13	24	24
Average GS grade	8.6	8.6	8.6
Average GS salary	$8,138	$8,608	$8,608
ALLOCATION TO HEALTH, EDUCATION, AND WELFARE			
Total number of permanent positions	168	168	168
Full-time equivalent of other positions	2	2	2
Average number of all employees	132	161	161
Average GS grade	8.9	9.0	9.0
Average GS salary	$9,711	$10,134	$10,134

PROGRAM AND FINANCING

[In thousands of dollars]

		1967 actual	1968 estimate	1969 estimate
	Program by activities:			
	1. Training and allowance payments	218,487	338,210	353,782
	2. Program services	40,087	45,521	56,746
	3. Federal institutional training services	2,025	2,476	2,568
	Total program costs, funded	260,599	386,207	413,096
	Change in selected resources [1]	130,921		
10	Total obligations	391,520	386,207	413,096
	Financing:			
21	Unobligated balance available, start of year	−2,546	−710	
24	Unobligated balance available, end of year	710		
25	Unobligated balance lapsing	320		
	New obligational authority	390,004	385,497	413,096
	New obligational authority:			
40	Appropriation	390,044	385,497	413,096
41	Transferred to other accounts	−40		
43	Appropriation (adjusted)	390,004	385,497	413,096
	Relation of obligations to expenditures:			
71	Total obligations (affecting expenditures)	391,520	386,207	413,096
72	Obligated balance, start of year	315,752	423,898	366,105
74	Obligated balance, end of year	−423,898	−366,105	−349,201
77	Adjustments in expired accounts	−8,544		
90	Expenditures	274,829	444,000	430,000
	Expenditures are distributed as follows:			
01	Out of current authorizations	129,762	156,000	165,000
02	Out of prior authorizations	145,067	288,000	265,000

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $292,834,000; 1967, $423,755,000; 1968, $423,755,000; 1969, $423,755,000.

Office of Manpower Administrator, Salaries and Expenses

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	3,894	4,738	6,166
Positions other than permanent	103	42	50
Other personnel compensation	55	55	55
Total personnel compensation	4,052	4,835	6,271
Personnel benefits	288	360	466
Travel and transportation of persons	225	277	340
Transportation of things	26	19	34
Rent, communications, and utilities	141	144	251
Printing and reproduction	258	231	285
Other services	1,995	1,423	1,737
Services of other agencies	24,332	23,065	19,800
Supplies and materials	64	73	107
Equipment	60	56	131
Total obligations	31,441	30,483	29,422

PERSONNEL SUMMARY

Total number of permanent positions	410	432	578
Full-time equivalent of other positions	14	4	4
Average number of all employees	363	408	533
Average GS grade	10.3	10.3	10.1
Average GS salary	$11,414	$12,341	$11,842

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Experimental, demonstration, and research programs	18,038	23,065	19,800
2. Planning, research, and evaluation	5,307	5,155	6,368
3. Financial and management services	1,492	1,536	2,322
4. Executive direction	312	727	932
Total program costs, funded	25,149	30,483	29,422
Change in selected resources [1]	6,292		
Total obligations	31,441	30,483	29,422
Financing:			
Comparative transfers to other accounts	96		
Unobligated balance available, start of year	−1,021	−215	
Unobligated balance available, end of year	215		
Unobligated balance lapsing	230		
New obligational authority	30,962	30,268	29,422
New obligational authority:			
Appropriation	30,900	30,696	29,422
Transferred to other accounts	−35		
Transferred from other accounts	97		
Appropriation (adjusted)	30,962	30,696	29,422
Proposed transfer to other accounts for pay increases		−428	
Relation of obligations to expenditures:			
Total obligations	31,441	30,483	29,422
Receipts and other offsets (items 11–17)	96		
Obligations affecting expenditures	31,537	30,483	29,422
Obligated balance, start of year	23,311	25,805	21,716
Obligated balance, end of year	−25,805	−21,716	−16,138
Expenditures	29,043	34,572	35,000
Expenditures are distributed as follows:			
Out of current authorizations	13,929	15,000	17,000
Out of prior authorizations	15,114	19,572	18,000

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $19,278,000; 1967, $25,570,000; 1968, $25,570,000; 1969, $25,570,000.

General Statement on Manpower Development and Training Activities

Mr. Flood. We will place your prepared statement in the record on manpower development and training activities.

(The statement follows:)

Statement by Stanley H. Ruttenberg, Manpower Development and Training Activities

Mr. Chairman and members of the committee, I am pleased to appear before you today on the 1969 appropriation estimate for manpower development and training activities. The 1969 estimate is for $413,096,000 which is estimated to provide training for 274,700 workers. Of this number 109,000 are estimated to be in institutional training projects and 102,700 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. Sixty-three thousand will receive training in communications and employment skills and vocational training on a part-time basis.

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. In on-the-job training the individual is trained in a specific job as he actually works at it. These on-the-job projects are frequently coupled

with related institutional training and basic education when the trainee is also in need of this type of instruction.

Part-time and other training projects are designed to upgrade the skills of underemployed workers to qualify them for jobs in the skill shortage areas, and to provide for assistance to persons who have skills to offer but need employment skills such as work orientation, language skills, etc., to make them employable.

These 1969 program levels reflect a continuing redirection of the program begun during 1967 to increase the effectiveness of the MDTA programs to serve the disadvantaged. As I indicated in my general statement, these are the people who are in greatest need of help.

However, our continuing analysis of the characteristics of persons enrolling in training indicates that we have not been nearly as successful in getting the disadvantaged into training in the OJT program as we have in the institutional program. Yet the OJT program has the better placement rate since in OJT the employer trains the individual for the specific job in which he will eventually be placed. The main reason we have not been able to get as many disadvantaged trainees into OJT has become increasingly evident in this past year. The disadvantaged are too often not ready for a regular OJT program. Most require a comprehensive program of supportive education and prevocational training as well as intensive counseling, testing, job coaching, and followup. Under the existing OJT funding this level of services is not possible. As a result it is increasingly difficult to get employers to accept the disadvantaged trainee in an OJT program. We are therefore requesting an increase of $16,282,000 for 1969 which will do much to make the OJT program for the disadvantaged more acceptable to private employers.

As I mentioned in my earlier general statement summarizing the overall manpower program, $51 million of the 1969 MDTA program will be included in programs developed through the concentrated employment program effort. Likewise $48 million of the on-the-job training program will be funded through JOBS projects. Twenty-two million dollars, the same amount as in 1968, is for training under the Economic Development Act as directed by section 241 of the Manpower Development and Training Act.

The one other area of increase in our 1969 request is for the support of a comprehensive manpower program planning system. In 1967, the Department of Labor initiated the cooperative area manpower planning system (CAMPS) in support of planning for this year's 1968 manpower programs. The objective is to provide a manpower planning system which will reflect the inputs of all agencies at the Federal, State, and local levels which are involved in carrying out manpower programs. The CAMPS program has been moving forward but it has also made obvious the need for funds for planning support staff at the State and local levels. If adequate planning is to take place at these levels there must be sufficient resources to do it.

The 1969 estimate proposes a total of $11,225,000 to provide these resources at the State and local levels. $6,225,000 of this amount will provide for people who will coordinate manpower planning at the State and local levels. The balance $5,000,000, will provide for the collection and analysis of data on which to base manpower plans. Especially important for such planning is information on local and regional occupational requirements as well as manpower surveys to determine manpower resources in these areas.

The 1968 program provides for 275,000 trainees, the same level proposed for 1969. In the first half of this fiscal year projects were approved to provide training for 135,700 persons, close to half of the year's overall program. At the end of January 1968 projects had been approved to provide training for 154,200 trainees or 56 percent of the total planned program and on schedules for 7 months of the year. The institutional training program, planned for 109,000 this year, had 79,600 training opportunities approved, or 73 percent of the annual plan. OJT training had been approved for 65,300 trainees, 60 percent of the annual plan of 109,000. Part-time and other training had been approved for 9,300 trainees or 16 percent of the annual plan of 57,000.

During February many additional institutional and OJT projects are being approved in line with the 1968 State plans.

The part-time and other training activities projects being introduced into the 1968 overall program as a result of the latest amendments to the Manpower Development and Training Act are being developed more slowly than the longer on-going institutional and on-the-job training projects. Consequently more of these projects will be approved later in the fiscal year. In line with the provisions

of House Joint Resolution 888, projects representing $4.9 million developed under the 1968 plan will be funded from the 1968 appropriation after the beginning of fiscal 1969. As the 1968 program has developed to date, in all probability a major share of the $4.9 million can be expected to be used for part-time and other training projects, in which case about 6,000 training opportunities would be involved.

To summarize, the 1968 MDTA appropriation is $385,497,000 and the 1969 estimate is $413,096,000, an increase of $27,599,000. Of this total, $16,282,000 is for enrichment of the on-the-job training program for a portion of the seriously disadvantaged; $11,225,000 is for resources to support the cooperative area manpower planning systems at State and local levels; $92,000 is for mandatory items related to the Federal staff of the Department of Health, Education, and Welfare, financed under this appropriation.

Mr. Chairman, this very briefly summarizes the Manpower Development and Training Activities budget estimate for 1969. I shall be very happy to answer any questions you may have.

General Statement on Office of Manpower Administration Salaries and Expenses

Mr. Flood. You also have a prepared statement on "Salaries and expenses, Office of Manpower Administrator," which statement we shall place in the record at this point.

(The statement follows:)

Statement by Stanley H. Ruttenberg, Office of the Manpower Administrator, Salaries and Expenses

Mr. Chairman and members of the committee, I am pleased to appear before you today on the Office of the Manpower Administrator, salaries and expenses, 1969 appropriation estimate. This appropriation provides for the direct program costs of the experimental, demonstration and research programs authorized under title I of the Manpower Development and Training Act. It also provides for the administrative costs of executive direction, supervision and coordination of all of the Department's manpower programs, for the administrative and management staff support 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, experimental, demonstration and research programs and the overall reporting and evaluation activities of the Manpower Administration.

The 1969 estimate for this appropriation is for $29,422,000 and 578 positions. This is a net decrease of $1,061,194 from the 1968 level of $30,483,194. Of the $29,422,000, $19,800,000 is for direct program costs and $9,622,000 is for salaries and expenses. The decrease results from a $4,066,000 decrease due to the expiration of the mobility and bonding programs and nonrecurring carryover of 1967 funds of $215,194 which is partially offset by program and staff increases totalling $3,220,000.

The increases for 1969 consist of (1) a program increase of $1,000,000 for expansion of the manpower research program, (2) $1,954,600 for the addition of 146 Federal positions, and (3) $265,400 for mandatory and financing increases.

An increase of $1,000,000 over the base for 1968 of $3,800,000 is requested for the manpower research program. This increase is essential if we are to continue toward the needed level of understanding of the difficult and complex manpower problems facing the Nation today and in the years ahead. We need immediate research into pressing current problems but we must also develop and improve the resources of our colleges and universities to carry out continuing investigation of the longer range implications of the manpower problems. Of the $1,000,000 increase, $500,000 will be for specific research projects to be accomplished on a contractual basis, $500,000 will be for grants to colleges and universities and to individuals in these institutions to actually conduct needed research and simultaneously to develop and stimulate interest and competence in the area of manpower problems.

The other area of major need is for 146 additional Federal staff to support the operation of the increasingly complex programs administered by the Manpower Administration. As the President indicated in his manpower message to

the Congress, it is "—the planning, the management and administration—which turns these programs into action and carries them to the people who need them." Staff is needed if we are to realize the full benefits to be gained from our investments in these manpower programs. This is true not only in our training programs but also in our research and experimental and demonstration programs.

As I mentioned in my general statement, these 146 positions are needed to bolster the basic executive direction and staff services function for the whole of the Manpower Administration programs. These positions will be in the policy, planning, management and administration, the program evaluation, and the data gathering functions which support the total manpower programs. Through these staffs we get the coordinated planning, organization, direction, reporting and management capabilities which permits the several separate programs to be combined to assure maximum effectiveness in serving those in need of manpower services. These people must look at the overall manpower situation in the Nation. They must determine the basic manpower needs—how many disadvantaged persons are there who needed help in getting jobs? Where are they? What help do they need? What programs are available to meet these needs? What jobs are available? Where?

These staffs must provide the long-range planning to meet the Nation's manpower needs. They must conduct research to bring new ideas and concepts to the manpower programs and they must conduct experimental and demonstration programs to try them out. Policies and procedures must be developed to translate those of the new ideas and concepts which have proved valuable into the ongoing programs. Proposals for new legislation must be developed where new legislation is required. The operating programs must be provided with the necessary financial and management services. Funds must be allocated and controlled. Staff must be recruited and serviced. Finally, the programs must be evaluated to determine if they are efficiently and effectively accomplishing their objectives. This requires the collection and analysis of data, the first-hand evaluation of projects and the feedback of the results of this evaluation to program managers to permit them to make needed changes.

The growing complexity and sophistication of manpower programs places greater and greater demands on this central staff. The 146 positions requested are needed to insure that these wide ranges of essential staff services are provided.

This concludes my statement, Mr. Chairman. I shall be happy to answer any questions.

SUMMARY OF BUDGET FOR MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Mr. RUTTENBERG. The Manpower Development and Training Act budget is for $413 million.

This is an increase of $27 million over the fiscal 1968 appropriation and it will provide for roughly the same number of trainees that we have provided for in the fiscal 1968 budget. There are two major items in the MDTA budget which are new, one is an increase of $16 million in the OJT amount. This $16 million is designed to help support the job opportunities in the business sector program, the private sector, the National Alliance of Businessmen.

Mr. FLOOD. You mentioned that.

Mr. RUTTENBERG. That is a $16 million increased item in the MDTA budget. The second item which I have already mentioned is an increase of $11.2 million in the cooperative area manpower planning system which is referred to on page 3 of my statement.

Mr. FLOOD. We have been through that.

Mr. RUTTENBERG. So I won't dwell on that. I think just to kind of summarize, the overall appropriation increase is $27.6 million, split between these two major items. You will see that summary on page 5 of the MDTA statement. I will be glad to go into detail on that program.

SUMMARY OF BUDGET ESTIMATE, OFFICE OF MANPOWER ADMINISTRATOR, SALARIES AND EXPENSES

If I might I would like to go into the Office of Manpower Administration account at this time.

Mr. FLOOD. I think the committe would prefer that.

Mr. RUTTENBERG. The OMA–S.&E. is just a little more involved, it calls for $29.4 million in fiscal 1969. This is a net decrease of a million dollars. The decrease occurs because the authority relates to a $4.4 million reduction because the labor mobility relocation authority in the MDTA Act, expires on June 30, 1968. The bonding authority also expires on June 30, 1968. Therefore, those dollars which were in the fiscal 1968 budget do not show up in the fiscal 1969 budget. That is a decline of some $4 million plus——

Mr. FLOOD. Let me summarize: You have just said that the 1968 budget is $30,483,000, and you are requesting $29,422,000. That is a reduction of $1,060,000.

Mr. RUTTENBERG. That is right.

Mr. FLOOD. There is a nonrecurring expense in round numbers of about $4 million in connection with the labor mobility demonstration program.

Mr. RUTTENBERG. And bonding.

Mr. FLOOD. So what you are requesting will provide almost $3 million for program increases.

Mr. RUTTENBERG. $3 million for increases in this budget, of which $1 million is in the research field; $3.8 million is now available for research grants and support for doctoral dissertations and new scholars, as well as institutional programs to promote a greater interest in the manpower field and social field. We are requesting a million-dollar increase in that area.

That then leaves the rest of the increase attributable to the 146 new positions we are asking for, which I have already touched upon in terms of the policy planning and evaluation, as well as the necessity of expanding our financial management, budget, and personnel staffs, in order to meet the demands of three new programs that are being placed upon us. The third program I have not mentioned this morning except by indirection, that is the public welfare program for aid for families with dependent children, which we will begin to operate on April 1 of this year. In fiscal 1969 there will be $100 million of the program in this area.

Mr. FLOOD. I do not want you to repeat all these things. Your justifications go into some detail and these will be placed in the record at the appropriate place.

I think you have covered it pretty well but if there is anything else you would like to say, please proceed.

Mr. RUTTENBERG. I just want to add one word that may be repetitious, but it pays to be repeated.

Mr. FLOOD. That is what you call repetition for the purpose of emphasis.

Mr. RUTTENBERG. As you said yesterday, I will quote you without giving you credit for that quote in my first speech. Seriously, though, the additional programs for which we are taking on responsibility, namely, the expanded concentrated employment program, the new

job opportunities in the business sector, the new work incentive program, and public relations and public welfare, necessitates that we develop the kind of a staff that is going to be able to stay on top of the problem in terms of policy, long-range planning, in terms of conducting the kind of research which is needed to get new ideas and new concepts. I think if there is one thing that we have demonstrated in the past 5 years of the operation of MDTA that each year through the research and through the experimental and demonstration efforts we have gained new knowledge and we have developed new kinds of programs and we have improved old programs.

I think the more we can do that the better we will be able to administer this program. If we are not able to keep up with new ideas and new concepts and new types of legislation that we can propose we will fall behind in trying to stay on top of running a first-rate manpower series of programs.

Manpower Development and Training

Mr. Flood. Let's go on to the request for manpower development and training. Taking into consideration reserves, carryovers, and other adjustments, you have a budget of $381,307,000 for 1968, and you are budgeting $417,996,000 for 1969, or an increase of $36,689,000. Is that correct?

Mr. Ruttenberg. Yes, sir.

Mr. Flood. About two-thirds of the increase you are budgeting for 1969, $25,372,000 is for training and allowance payments. That is the basic part of your program. Yet your justifications on page 20 say that the 1969 program, despite that increase, will support training for slightly fewer persons than in 1968.

TRAINING HARD-CORE UNEMPLOYED

Mr. Ruttenberg. Mr. Chairman, I think the one thing we have demonstrated to ourselves in this manpower program is that if you want to get at the hard-core disadvantaged people who have low levels of education, low levels of training, who lack motivation, but who really could be useful workers if properly handled, it costs more money per individual to handle that kind of person.

Mr. Flood. I know, but $20 million is a lot of money even in the Department of Defense.

Mr. Ruttenberg. Yes, but I think we need to break that down. Only $16 million of the total is going to be used for the on-the-job training program of the kind of job opportunities in the business sector that I referred to. We have said in terms of our involvement with the National Alliance of Businessmen and in our 50 cities which we have gone to or will go to on the job programs——

Mr. Flood. You ask for this additional $25 million, yet the number to be trained will go down slightly. Now why? How do you justify that? This shouldn't take you all morning.

Mr. Ruttenberg. $16 million of the $25 million is specifically to pay a higher unit cost per individual because the disadvantaged person is going to be handled in a more extensive way than previously; $11.2 million is in terms of the cooperative area manpower planning system——

Mr. FLOOD. Do the recipients ask for this or insist on it or is this your idea?

Mr. RUTTENBERG. I cannot answer that directly, except to say that the recipients can be made into useful workers if they are given additional supportive services. If they are not given additional training they tend to drop out of the job in which they were employed. They become job dropouts like they were school dropouts.

COOPERATION OF EMPLOYERS IN ON-THE-JOB TRAINING PROGRAM

Mr. FLOOD. That is a good phrase. That is a good answer.

Going back to this private sector again, are you having any serious difficulties in getting the cooperation of employers in expanding and redirecting the on-the-job training program? It is a different program.

Mr. RURRENBERG. As we have gone to the employers, we have gotten a larger response to this new approach in terms of assisting the hard-core disadvantaged.

Mr. FLOOD. I am also talking about the on-the-job training program across the board.

This operation was running before this hard-core phrase was born. What about the regular program?

Mr. RUTTENBERG. We have far more on-the-job contracts awaiting funding now than we have funds to support.

Mr. FLOOD. That is the answer?

Mr. RUTTENBERG. Far more than we can support.

FEDERAL CONTRIBUTION TO ON-THE-JOB TRAINING PROGRAM

Mr. FLOOD. What cost does Uncle Sam bear in connection with the on-the-job training programs; not just the hard core, but the whole across-the-board job training program? How much does it cost Uncle Sam?

Mr. RUTTENBERG. The average cost of the training programs is on page 24. We are estimating for fiscal 1969, that the unit cost for the regular on-the-job training programs overall is $1,000. The regular on-the-job training programs where the short-term unemployed people or people who are currently employed but are being upgraded to higher skills that runs an average of $537.

When we begin to get into the regular on-the-job training programs that try to get a little harder core person than the average, it costs $1,800, as you can see.

Mr. FLOOD. Is that good or bad?

Mr. RUTTENBERG. By these kinds of cost items we have found we cannot get to the really hard core, to the person who has low levels of training and education. That is why we have devised this new program.

Mr. FLOOD. Don't get carried away with the hard core to the point that you forget everything else. We have an on-the-job training program, as well as hard core. What about everybody else that is not hard core. That is what I am talking about.

Mr. RUTTENBERG. As I indicated earlier, out of the MDTA appropriations for fiscal 1969 we will have $51 million in the concentrated employment program and $48 million in the job opportunities in the

business sector. That totals $99 million. That leaves, for other programs, $319 million.

FUTURE COSTS OF CAMPS PROGRAM

Mr. FLOOD. Planning has become quite a cliché around this town during the last x number of years. What, if any, will your future year costs be for planning the comprehensive manpower program? Can you see with those glasses beyond 1969?

Mr. RUTTENBERG. We are asking for $11.2 million in cooperative manpower planning.

Your question is what will we ask for in 1971 and 1972 in that area?

Mr. FLOOD. Will you tell us something?

Mr. RUTTENBERG. I wonder if I might ask Dr. Aller to respond to that. What do you think the cost of running the CAMPS program would be beyond 1969?

Mr. FLOOD. We are not holding you to anything. This is not rigid. You do not have to be handcuffed. We just want to get a feel.

Dr. ALLER. I think our present estimates are that would provide the staff and data requirements for the 100 areas or so that we are talking about. If it turns out that we want to add additional areas to the basic local planning system, that would increase costs. I would not foresee any increase for the basic 100 areas assisted.

Mr. FLOOD. What about increasing the areas?

You always do.

Dr. ALLER. I think the increase in the areas would come about only if the basic program size were increased. We are talking about $2 billion now.

Mr. FLOOD. I see.

PRIORITY OF MANPOWER PROGRAMS IN OVERALL BUDGET

This is the final question I will ask you right now. The proposal which we are going to be faced with on the floor—don't forget you will be sitting up in that balcony, and these fellows around the table will be sitting on that floor, on both sides of the aisle. You know how this subcommittee works. We work pretty much as a unit, with rare exceptions, thank goodness. I am sure we will again. The argument we will be facing with the Members upstairs is that this sounds great, this is a fine idea, and we ought to do it, if we can afford it. But what about now, can we afford this now? What is Flood or Michel or Casey going to say if somebody asks us that?

Mr. RUTTENBERG. I would respond in two or three different ways. I can make a social response and an economic response. We really need to begin to help and assist the disadvantaged individual, and these additional dollars in terms of $16 million is to help that disadvantaged individual and to help the private employer place those individuals in private employment.

Mr. FLOOD. This is not the question. For the purpose of the argument, we agree to this premise. That is not what I asked you. All things admitted about the merits of the program, what about now—money?

Mr. RUTTENBERG. I think the President's budget is a proper reflection of what we can afford to do, and he did establish in that budget as a high priority item manpower programs for this coming fiscal year.

He did reduce other items in the overall Federal Government's budget, and has increased only those items that are the mandatory ones. Specifically, he has decided to place major emphasis in this fiscal year on manpower programs because it is so important this coming year in terms of assisting the disadvantaged, of assisting private employers to develop jobs, to retrain people. To hold down inflationary pressures and manpower programs this coming fiscal year will have top priority, as indicated by the fact that the first message after the state of the Union message which he sent to Congress was a manpower message. I guess really when you get down to it I would put it the other way, we cannot afford not to do it.

Mr. FLOOD. I know that phrase.

POPULATION TARGET FOR TRAINING PROGRAMS

Mr. MICHEL. Mr. Ruttenberg, how many people are unemployed at the moment?

Mr. RUTTENBERG. Somewhere in the neighborhood of 3 million.

Mr. MICHEL. About 3 million. I am prompted to raise several questions along the lines of these 500,000 that we keep referring to as the hard-core unemployed, with all the emphasis on these hard core. It would seem to me from the standpoint of priorities, the very ones where we are going to be pumping all the money and all the effort are the ones, when you have the most optimum situation of full employment, that these are going to be the ones who more than likely will still be the ones unemployed. I do not know what we can say is a suitable level of unemployment. Currently it is about 4 percent, I guess.

Mr. RUTTENBERG. 3.5 percent last month.

Mr. MICHEL. I think former President Truman at one time said 5 percent unemployment was an acceptable level. I guess while we all strive to meet our social obligation here, and it would appear to be much more that than really an economic one. I am concerned, as I think the chairman is, too, that so much effort is on just the hard core and those who are in the intermediate range will be overlooked. In this manpower field where you are, it would seem we would go after those who have less of a problem as a means of quickly getting them into the labor force and onto the tax rolls if that is what our mission is. I am getting in a sense a kind of a thread of thinking in your testimony and the Secretary's that we are getting away from the primary mission of getting people to work from an economic standpoint and concentrating more and more on our social welfare obligation here on these incorrigibles to get them into some productive capacity. Am I wrong in that general assumption?

Mr. RUTTENBERG. I would like to put it this way: There is going to be of this 500,000 that you talk about, 100,000 which will be handled in the next 18 months in the JOBS program. In fiscal 1969 there will be only $244 million put into that program. But yet in all of the manpower programs before this committee and in the OEO budgets that come forward will be $2.1 billion. So about 10 or 11 percent of the budget is going toward the handling of that 500,000. But yet the other 90 percent, not all of it, but a substantial part, is going to handle the other problem. I would just like to add the thought.

NUMBER OF MANPOWER TRAINEES BY PROGRAM

Mr. MICHEL. Is there any ballpark figure that we can use in people that are involved in the other expenditure you mentioned? You mentioned 3 million unemployed. Apart from that 500,000 hard-core unemployed, how many of the balance of the 2½ million would you say are actually being trained in some capacity to become employed?

Mr. RUTTENBERG. Of the 500,000, only 71,400 individuals will be involved in the job opportunities in the business sector program in 1969. The President said 500,000 hard core will be taken care of over 3 years, of which 100,000 would be in the next 18 months, 30,000 of which will be taken care of in 1968 fiscal year budget, only 70,000 in the fiscal 1969 budget. That means, then, beside that 70,000, the total number of individuals involved in the overall program—if we take out those from the JOBS program—there will still be 839,000 receiving assistance under other manpower programs. I can give you that breakdown by specific programs if you like.

Mr. MICHEL. Why don't you do that for the record?

(The information follows:)

MANPOWER ADMINISTRATION—FISCAL YEAR 1969 PROGRAM LEVELS REFLECTING CEP AND JOBS CONTRIBUTION

[Dollar amounts in thousands]

Fund source	Fiscal year 1969 base		Less CEP		Less JOBS		Net	
	Trainees	Federal obligations	Trainees	Federal obligations	Trainees	Federal obligations	Trainees	Federal obligations
MDTA	274,700	$417,996	27,200	$51,000	13,700	$47,950	233,800	$319,046
CEP areas					(9,400)	(32,900)		
Non-CEP areas					(4,300)	(15,050)		
In school	137,600	73,400					137,600	73,400
Summer	331,000	136,000					331,000	136,000
Out of school	93,000	165,600	11,000	23,000			82,000	142,600
Operation Mainstream	16,200	42,000	14,800	37,000			1,400	5,000
New careers	12,600	36,000	11,200	32,000			1,400	4,000
CEP support	50,000	82,000	50,000	81,000				1,000
JOBS	51,700	185,000			51,700	181,000		4,000
CEP areas					(36,000)	(126,000)		
Non-CEP areas					(15,700)	(55,000)		
Special impact I–D	6,000	15,000			6,000	15,000		
Work incentive program	102,000	100,000	50,000	55,000			52,000	45,000
Totals	1,074,800	1,252,996	164,200	[1] 279,000	71,400	243,950	839,200	730,046

[1] In addition to the $279,000, some $210,900 will be channeled into the CEP areas through other manpower programs as follows:

Human resources development program (BES-State grants)	$37,000
Comprehensive employment program (EOA JOBS)	126,000
Special impact (EOA I–D JOBS)	15,000
MDTA-JOBS	32,900
Subtotal	210,900
Plus CEP	279,000
Total in CEP areas	489,900

Mr. MICHEL. Do all these figures on job training programs include the Office of Economic Opportunity?

Mr. RUTTENBERG. It includes those job manpower programs that are run within the Department of Labor by delegation from OEO which includes the Neighborhood Youth Corps, and so forth. And the new work incentive program. That will all be in; just as an overall

figure, and we will insert the table for the record, the total number is 1,074,800 individuals who will be assisted, of which only 71,400 will be in the JOBS program, and 164,000 in the concentrated employment program. The remainder, 839,000 will be receiving assistance through other programs.

JOBS

Mr. MICHEL. You mentioned, again, JOBS. Let me get this absolutely straight. Is this, or is this not, the same kind of program that is being instituted mainly through the Department of Commerce, rather than through the Department of Labor, where private industry is being encouraged now to submit proposals to enter into private contracts to train these hard core unemployed.

Mr. RUTTENBERG. That is, sir, the same program, and it is being worked on jointly by the Department of Commerce and the Department of Labor, both working through and with the National Alliance of Businessmen.

Mr. MICHEL. Who makes the final determination on whether or not a company's proposal is a sound one and under what terms the contract ought to be entered into?

Mr. RUTTENBERG. The Department of Labor.

Mr. MICHEL. Then why are these proposals sent to the Department of Commerce instead of the Department of Labor?

Mr. RUTTENBERG. They are not sent—pardon me, they will not be sent to the Department of Commerce.

Mr. MICHEL. Who is this fellow Brown in the Department of Commerce, to whom some of these proposals have to be sent?

Mr. RUTTENBERG. That is Robert Brown, who is the Assistant Manpower Administrator, in charge of the JOBS program under me. There is no Brown in the Department of Commerce.

Mr. MICHEL. It is Labor, then?

Mr. RUTTENBERG. Robert Brown is the Assistant Manpower Administrator.

Mr. MICHEL. I stand corrected.

Mr. RUTTENBERG. I do not want to confuse you. There was something called the test program last October in which the Department of Commerce took the leadership and they did have proposals on it.

Mr. MICHEL. Mr. Zisch sent a letter to 100 corporations in this country which put forth this idea and asked for a proposal. Since I am sure these hearings won't be published for some time, maybe we can talk about it frankly here—I am thinking of a company, the second or third biggest exporter in the whole United States. Their prososal is to train 50 hard core unemployed. When you think of this size of a corporation submitting a proposal for 50 people, it is going to take an awful long time until we really reach everybody. Companies of less size you normally think would be doing proportionately less.

The proposal, however, would appear to be a very sound one. As I indicated earlier, their net cost would come out to something like $1,500 or $1,600 per trainee, which is a striking contrast to what we are spending in Job Corps per trainee.

Here is a company that I think has roughly 600 people in their apprenticeship program at any one given time—400 or so in a 4-year program and 200 in a 2-year program. This would be in addition to their regular apprentices, and I would suspect that only a very small percentage would not end up actually working for the company. I think

the primary objective after training them is making absolutely sure that they have a job. Here again is a factory in a community of 130,000 with a metropolitan area of 250,000 or 275,000.

It is fortunate for us that the company is situated in that center of population. If we go up into Chicago we find that it is not always economically feasible to have this kind of a company in the midst of even a greater population. Then we get into the problem of probability. How do you get the training where the people are? Does this pose a real significant problem for you? Or is that why for the moment you talk about the 50 largest cities or the 100 largest cities?

What do we see down the road? Do we have to go to the extent of a member from the other body proposing the actual construction of factories with subsidies or with special tax credits in ghetto areas to provide the employment on the spot for them? I do not think this is the approach we want to take, but some people are talking about it.

COST PER TRAINEE

Mr. RUTTENBERG. The general approach, Mr. Michel, that we have taken on the JOBS program is that there has to be a firm commitment from the employer that he will employ these people for whom we are giving him a reimbursement for extra training costs incurred.

Mr. MICHEL. How much of a variable will there be in this reimbursement?

Mr. RUTTENBERG. We have said that the average will be in the neighborhood of $3,500. We hope that is high.

Mr. MICHEL. $3,500 for what?

Mr. RUTTENBERG. Per individual in terms of total supportive services. The average costs are now running around $1,800 for certain types of coupled on-the-job training programs, and we find that has not involved the hard-core disadvantaged as actively as we would like. So we will continue to run those same kind of programs for the less than disadvantaged. On the disadvantaged program it is going to cost a bit more than the average cost per regular on-the-job training program.

Mr. SHRIVER. Is this the entire cost or the training—everything that would be required, or does the company put up any of it?

Mr. RUTTENBERG. The company is going to provide the job and going to provide the kind of normal on-going training it would have provided for the regular employees it would have hired.

Mr. MICHEL. I am thinking of another thing now. Here is company A, and here is company B, both first competitors in the same field, both being asked to submit proposals, one high, one low. If the Federal Government just promiscuously says, "We will meet this price. You say that is what you need, and you are getting boys trained for the job. You are getting credit for participating," one company is actually sacrificing and contributing more than their competitor who is getting just a free training program from the Federal Government. On the strength of what I have been told, this figure you throw out here to me would appear to be high.

How are you going to equalize this thing? How are you going to keep from letting one company run away with all the marbles? How much of a check are you going to run?

Mr. RUTTENBERG. We are going to have, as I said earlier, in terms

of the JOBS program a manpower person in each of these cities where these proposals are developed.

Mr. MICHEL. Yes, that means there will be eight different standards like there is in the interpretation of Internal Revenue Service regulations around the country. The more people you have involved, the more variable factors you will have. If region A is going to take this view and region B, is going to take another view, again you will have this competitive situation.

Mr. RUTTENBERG. Let me tell you what we are going to try to do about the problem. I agree with you it is a difficult administrative problem. We have started the program in 50 cities. We expect by March 1 to receive in Washington somewhere in the neighborhood of 100 to 200 proposals from companies. We are going to bring to Washington from each of our eight regions a program person and a contract person, a two-man team from each of the eight regions. Those 16 people are going to be the ones sitting in Washington reviewing those 100 to 200 proposals. There they will sit with Bob Brown, Assistant Manpower Administrator in charge of this program, making the kind of decisions and making the kind of determinations that will assist these 16 people in deciding which of these 100 to 200 proposals ought to be funded. We put out the request for proposals on a bid basis, and only the best will be funded. Then we hope to take those 16 people, two from each region, return them to their regions, where the rest of the proposals from the rest of the cities will come for review.

Whether or not we will end up with uniform decisionmaking is hard to tell. But we hope through this arrangement to minimize the differential between regions that you indicate.

Mr. MICHEL. Let me go over your testimony here. You mentioned, involving six Cabinet Departments and two other agencies.

Mr. RUTTENBERG. Yes, sir.

Mr. MICHEL. I assume we are talking about Labor and Commerce. Who else?

Mr. RUTTENBERG. Labor, Commerce, HEW, HUD, Interior, Bureau of Indian Affairs. The sixth is Agriculture. The two agencies are OEO and the Civil Service Commission. It is interesting that in HEW, for example, it involves not only vocational rehabilitation but also public welfare. There is a variety of agencies within the Department of HEW that are involved in the program.

NEW POSITIONS

Mr. MICHEL. Do we have spread out in the record these 621 new positions? What specifically, for example, are the Office of Manpower Administrator's 146 bodies. Do they break down into categories? Are they clerk-typists, managers, researchers, high priests?

Mr. RUTTENBERG. In the 146 positions first of all there are 87 in the area of policy planning, evaluation, and research.

Mr. MICHEL. Where would you get this kind of an individual, hopefully one that would qualify for that kind of a handle?

Mr. RUTTENBERG. I can respond to it. I would like to ask Dr. Aller to respond because it is his major responsibility to find those people.

Mr. MICHEL. Very well.

Dr. ALLER. That is a tough question to answer because they are hard people to find.

Mr. MICHEL. I must share the chairman's concern over the authorization to take on board so many bodies. We should be sure we are

getting the right kind of people and not just filling up the roster with those who clutter up the payroll.

Dr. ALLER. I agree with you fully. The record of previous years will show that in some of these key areas we have run with vacancies because I have refused to fill them with just anybody. There is a lot of individualized recruitment that is required. Simultaneously we have provided in the last couple of years and will be continuing to provide support to new doctoral candidates in the manpower area. We will be drawing some of those people in for a year or two of service with the Federal Government as they complete their work. Similarly, we are now supporting seven colleges and universities with small institutional grants. In addition, we do have as a result of our action programs throughout the country, experimental projects, demonstration projects, regular manpower programs, a sizable pool of people who acquire field experience, and as we spot the better ones, we are attempting to pull them in for the kind of activity we are interested in.

Mr. MICHEL. Are you running into competition?

Dr. ALLER. It will be hard pushing to get these kinds of people. I would not want to say they exist and you can just pull them off the tree.

Mr. MICHEL. I am reminded of the proposed legislation for occupational safety and, if my memory serves me correctly, I think private industry at the moment could utilize over a thousand safety engineers who are just not available. That raises a question with Government moving into the area and then drawing off what few people we do have out in the hinterlands for these particular kinds of jobs. You have Government moving in and preempting the field and making the situation even more critical. Just for the sake of brevity here, would you set out in the record a breakdown of the kind of people you are looking for to make up this 146 by category and proposed salary level?

Mr. RUTTENBERG. It does appear in the budget justification on OMA beginning on page 70.

Mr. MICHEL. What is BAT-OJT?

Mr. RUTTENBERG. Bureau of Apprenticeship Training. Those 40 positions are to support the $16 million expansion in the on-the-job training program.

Mr. MICHEL. Is that set out in the justification?

Mr. RUTTENBERG. Yes. The 146 positions are set out on page 70 of the OMA budget. The 40 positions in BAT are set out on page 34 of the BAT budget.

Mr. MICHEL. BES is where?

Mr. RUTTENBERG. That would appear also in the BES, S. & E. budget beginning on page 69. It would be at the end of each of the budget justifications that have been submitted.

(The information follows:)

MANPOWER ADMINISTRATION

SUMMARY OF NEW POSITIONS, FISCAL YEAR 1969

Appropriation	1968 base	1969 additions	1969 total
Office of the Manpower Administrator, S. & E.	432	146	578
Bureau of Apprenticeship & Training, S. & E.	674	40	714
Bureau of Employment Security, S. & E.	1,585	145	1,730

SUMMARY OF NEW POSITIONS

OFFICE OF THE MANPOWER ADMINISTRATOR—SALARIES AND EXPENSES

	Number	Grade	Amount
ACTIVITY 2. ASSOCIATE MANPOWER ADMINISTRATOR			
Departmental:			
Labor economist	1	GS–14	$15,841
Program analyst	1	GS–14	15,841
Manpower analyst	4	GS–14	68,364
Manpower development specialist	1	GS–14	15,841
Manpower analyst	8	GS–13	108,056
Labor economist	2	GS–13	27,014
Program analyst	3	GS–13	40,521
Digital computer systems analyst	1	GS–13	13,507
Manpower development specialist	2	GS–13	27,014
Manpower analyst	7	GS–12	80,227
Labor economist	3	GS–12	34,383
Program analyst	3	GS–12	34,383
Manpower development specialist	1	GS–12	11,461
Statistician	1	GS–12	11,461
Management analyst	1	GS–12	11,461
Manpower analyst	5	GS–11	48,285
Labor economist	1	GS–11	9,657
Program analyst	6	GS–11	57,942
Statistician	2	GS–11	19,314
Manpower analyst	2	GS–9	16,108
Labor economist	1	GS–9	8,054
Secretary	1	GS–7	6,734
Statistical assistant	1	GS–7	6,734
Digital computer programer	1	GS–7	6,734
Supervisory statistical clerk	1	GS–6	6,137
Secretary	1	GS–6	6,137
Clerk-stenographer	14	GS–5	77,910
Secretary	7	GS–5	38,955
Statistical clerk	4	GS–5	22,260
Clerk-typist	1	GS–4	4,995
Total	87		846,331
ACTIVITY 3. OFFICE OF FINANCIAL AND MANAGEMENT SERVICES			
Departmental:			
Deputy personnel officer	1	GS–14	15,841
Budget analyst	1	GS–13	13,507
Classification specialist	1	GS–13	13,507
Employment development specialist	1	GS–13	13,507
Contracting price analyst	1	GS–13	13,507
Contract specialist	1	GS–13	13,507
Procurement analyst	1	GS–13	13,507
Management analyst	1	GS–13	13,507
Budget analyst	1	GS–12	11,461
Operating accountant	3	GS–12	34,383
Standards and procurement specialist	1	GS–12	11,461
Do	1	GS–12	11,461
Classification specialist	1	GS–12	11,461
Do	1	GS–12	11,461
Employment development specialist	1	GS–12	11,461
Contract specialist	1	GS–12	11,461
Management analyst	1	GS–12	11,461
Operating accountant	2	GS–11	19,314
Management intern	1	GS–11	9,657
Contract specialist	1	GS–11	9,657
Operating accountant	2	GS–9	16,108
Accounting technician	1	GS–7	6,734
Supply clerk	1	GS–7	6,734
Supervisory personnel assistant	1	GS–7	6,734
Voucher examiner	1	GS–7	6,734
Clerk-stenographer	4	GS–5	22,260
Accounting technician	3	GS–5	16,695
Staffing clerks	3	GS–5	16,695
Voucher examiner	1	GS–5	5,565
Clerk-typist	1	GS–4	4,995
Clerk-stenographer	2	GS–4	9,990
Do	1	GS–4	4,995
Clerk-typist	5	GS–3	22,330
Total	49		421,658
ACTIVITY 4. OFFICE OF THE MANPOWER ADMINISTRATOR			
Field offices:			
Deputy regional manpower administrator	5	GS–15	92,020
Administrative assistant	5	GS–9	40,270
Total	10		132,290
Grand total	146		1,400,279

BUREAU OF APPRENTICESHIP AND TRAINING—SALARIES AND EXPENSES

	Number	Grade	Amount
ACTIVITY 2. ON-THE-JOB TRAINING			
Departmental:			
Manpower development officer	1	GS–15	$18,404
Do	2	GS–14	31,682
Manpower development specialist	1	GS–13	13,507
Secretary	1	GS–6	6,137
Do	2	GS–5	11,130
Total	7		80,860
Field offices:			
Manpower development specialist	15	GS–13	202,605
Do	5	GS–12	57,305
Administrative assistant	7	GS–7	47,138
Secretary	6	GS–5	33,390
Total	33		340,438
Grand total	40		421,298

BUREAU OF EMPLOYMENT SECURITY—SALARIES AND EXPENSES

ACTIVITY 1. UNEMPLOYMENT INSURANCE SERVICE			
Departmental:			
Social administration specialist	1	GS–15	$18,404
Supervisory social adminsitration specialist	1	GS–14	15,841
Social administration specialist	1	GS–13	13,507
Do	1	GS–12	11,461
Secretary	1	GS–6	6,137
Do	1	GS–5	5,565
Total	6		70,915
Field offices:			
Administrative officer	3	GS–13	40,521
Social administration specialist	11	GS–13	148,577
Secretary	1	GS–5	5,565
Clerk-stenographer	5	GS–4	24,975
Total	20		219,638
ACTIVITY 2. U.S. EMPLOYMENT SERVICE			
Departmental:			
Employment service adviser	1	GS–15	18,404
Do	2	GS–14	31,682
Do	6	GS–13	81,042
Secretary	1	GS–6	6,137
Do	2	GS–5	11,130
Total	12		148,395
Field offices:			
Adminsitrative officer	4	GS–13	54,028
Employment service adviser	11	GS–13	148,577
Do	11	GS–12	126,071
Clerk-stenographer	10	GS–4	49,950
Total	36		378,626
ACTIVITY 3. ADMINISTRATION AND MANAGEMENT SERVICE			
Departmental:			
Administrative officer	1	GS–13	13,507
Systems accountant	2	GS–13	27,014
Administrative officer	2	GS–12	22,922
Computer programer	2	GS–12	22,922
Systems accountant	2	GS–12	22,922
Computer programer	1	GS–11	9,657
Systems accountant	1	GS–11	9,657
Secretary	3	GS–5	16,695
Total	14		145,296
Office of the Administrator:			
Office director	1	GS–15	18,404
Division director	3	GS–14	47,523
Digital computer analyst	11	GS–13	148,577
Do	7	GS–12	80,227
Do	6	GS–11	57,942
Secretary	1	GS–6	6,137
Do	3	GS–5	16,695
Total	32		375,505

BUREAU OF EMPLOYMENT SECURITY—SALARIES AND EXPENSES—Continued

	Number	Grade	Amount
ACTIVITY 4. MANPOWER DEVELOPMENT TRAINING ACTITIES			
Departmental:			
Employment service adviser	1	GS-13	$13,507
Manpower Development analyst trainee	1	GS-9	8,054
Manpower development specialist trainee	1	GS-9	8,054
Clerk stenographer	2	GS-4	9,990
Total	5		39,605
Field offices:			
Manpower development specialist	15	GS-11	144,855
Clerk-stenographer	5	GS-4	24,975
Total	20		169,830
Grand total	145		1,547,810

COMPLETION RATE FOR TRAINING PROGRAMS

Mr. MICHEL. I have read someplace in the justifications that you have a record of placing 83 percent of the people who complete manpower training programs. Is that a pretty legitimate percentage?

Mr. RUTTENBERG. It is. The figure runs 78 percent on institutional trainees, 94 percent on on-the-job training and it averages down to 83 percent.

Mr. MICHEL. In general, what happens to the balance?

Mr. RUTTENBERG. In terms of the concentrated employment program what we are trying to do is to say in effect we have to find those people that drop out of jobs, bring them back in and give them another chance. In our concentrated employment program we are providing for something we call a coach. More and more the employment services around the country are developing this kind of person whose responsibility, it is in these kind of programs to find those people who have not dropped out of school but have dropped out of jobs. He brings them around and finds out what it is that can be done to help them.

As you do that, the costs of the program go up—if you want to handle that kind of people. That is where our increased cost figures are. In the JOBS program we will reimburse the employer to maintain on his staff somebody who will seek out those people who drop out of their jobs, and find out why they have dropped out. He will see if they can be helped and brought back to be retained on the job.

That is why the costs for that kind of a program would be higher.

JOB PLACEMENTS

Mr. MICHEL. Would it be more appropriate to ask you or the Secretary to amplify some of those figures he used in his particular testimony with respect to all those who have been applicants and those who have been placed? We raised the question of the validity of the 5 million figure as far as farm laborers. Admittedly that was a weak point. But I had in mind going a little more in depth on the other figures.

Mr. RUTTENBERG. I think the other figures that are in the Secretary's statement on that same page——

Mr. MICHEL. Specifically, what I would like to know is the number of repeats on the other figure.

Mr. RUTTENBERG. There are no repeats on the other figures. You will recall on the Secretary's testimony, page 9, beginning with the number of people who are in apprenticeship, the number enrolled in institutional MDTA, the number in MDTA–OJT, there are no duplications amongst those at all. Those are solid figures in terms of the number of individuals involved in the program.

When you start at the top with the 6 million placements in nonfarm jobs and the 5 million placements made in farm jobs, you have to understand, as the Secretary was explaining yesterday, that the employment services count the people who will come into the office who are then placed. If you take a migratory worker who starts in southern Texas and ends up in northern Oregon and gets placed by an employment service in four or five different places as he goes through the migratory route, he is counted in four or five places.

Mr. Goodwin could elaborate on that issue.

Mr. MICHEL. The State employment offices processed over 11 million claims for initial benefits.

Mr. RUTTENBERG. Yes.

Mr. MICHEL. Are there any repeats there?

Mr. GOODWIN. Oh my goodness, yes.

Mr. MICHEL. How many of those would be repeats?

Mr. GOODWIN. The total number, as I recall it, is about four and a half million.

ATTEMPTED EXPLOITATION OF UNEMPLOYMENT INSURANCE PROGRAM

Mr. MICHEL. What are we doing to analyze those patterns of people who work just enough to draw unemployment had then skip jobs again and build up enough credit to start on unemployment again. Do we have anyone looking into this as a patern or practice among some?

Mr. GOODWIN. Yes, we have. We have a couple of projects underway right now taking a very close look at this. We have under consideration

some proposed legislation that might help on this on the unemployment insurance side. We are very much concerned about the group that exhausts benefits of unemployment insurance, and getting the picture of why they do it. The problems we have there are very closely related to the kind of problems that Mr. Ruttenberg has been talking about this morning. This is the marginal group as far as employment is concerned to a very large extent. Many of them need additional training. Many need additional education. You get within this group those with lower educational attainment. You get a good many of the older workers. The problem cases are in this group. We know far too little about them.

One of the things I am going to try to develop in my testimony when we get to it is the number of items connected with a management improvement program. If we get that, or if we get that fully effective, it will tell us a great deal more about the problems we have with this group.

Mr. MICHEL. What is the maximum number of times in a given year that an individual can be drawing unemployment compensation?

Mr. GOODWIN. In all States the eligibility that he establishes by a certain perieod of employment remains with him until it is exhausted. Theoretically he could come in and get unemployment insurance for 1 week and then go off because he got another job and then lose it in a week or two and come back. I do not know what the maximum would really be on that.

We have a great many that come off and on as much as four or five times a year.

Mr. MICHEL. Are there any roundhouse figures of what the additional administrative costs are to process all the paper work on these in and outers?

Mr. GOODWIN. We have not developed a figure on that and perhaps it would be a good thing to do.

We have the basic data for this kind of analysis in unemployment insurance, because we know what each function costs us.

It could be very well developed.

NUMBER OF MINORITY GROUP TRAINEES

Mr. MICHEL. Let me go back a little, Mr. Ruttenberg. You say that 35 percent of your institutional trainees are Negro and 25 percent of the on-the-job enrollees are nonwhite. Is this figure high enough considering the higher rate of unemployment among Negroes?

Mr. RUTTENBERG. The characteristics of the on-the-job trainee in terms of nonwhite are currently running in the neighborhood of 26 to 27 percent, and in the instiutional program have now gotten up to 39 to 40 and 41 percent. We are really not satisfied in terms of the on-the-job training programs involvement of the minorities. We hope to remedy that in part through the job opportunities in the business sector program, to which I have referred. If one looks at the overall number of 20 to 25 percent of the overall unemployed on minorities, but the unemployment rate amongst Negroes or nonwhites is usually twice as high as the unemployment rate of regular individuals. The unemployment rate of minority youth, frequently, if you take minor-

ity, youth, female, teenage, gets to be 30 percent. We think we have gone to the maximum in terms of institutional program but we think we ought to improve slightly on the on-the-job training aspect.

VETERAN TRAINEES

Mr. MICHEL. You seem to have a rather high percentage of veterans enrolled in your various programs. Would you tell us if these are primarily veterans who just returned from service, or would they be veterans back for a year or more and just realized they needed this upgrading in training?

Mr. RUTTENBERG. I do not have any answer to that question; do you, Mr. Goodwin?

Mr. GOODWIN. I can answer it in general terms. I think we have some figures we can give you. We have really two groups of veterans. We have one group of veterans that is made up of World War I and World War II veterans. The World War II group, as I recall, average about 46 years in age. Then we have the Korean veterans and those that are returning from Vietnam. Taking this latter group, we have one gage of the problem of their getting employment and that is how long they stay on unemployment compensation for exservicemen. That is running now only 5.1 weeks. In other words, it is just a transitional thing. They come back, they make application for unemployment compensation, and they are on a very brief time until they get a job.

Mr. MICHEL. Under the law, veterans are permitted what length of time?

Mr. GOODWIN. Under the present law they get exactly the same as the people employed by private industry. In other words, a regular unemployment insurance law of that State applies to the veterans as to the benefit amount and duration and other provisions.

Mr. RUTTENBERG. I think that is true. On page 12 of the MDTA budget justification the tables on the characteristics of the trainees indicates that 23 percent of the institutional trainees are veterans and 29 percent in the on-the-job-training program.

Mr. MICHEL. I think that is all, Mr. Chairman.

CONCENTRATED EMPLOYMENT PROGRAM

Mr. NATCHER. In your general statement to the committee, Mr. Ruttenberg, you point out the $1,600 million of the President's overall manpower program. This appears on page 2. You make the statement to the committee that a bold new course in manpower development has been charted, keyed to three principles gleaned from recent experience which will concentrate programs in pockets of need.

Now, Mr. Ruttenberg, what do you have in mind?

Mr. RUTTENBERG. Two specifics: The concentrated employment program which, for example, relating to the question you were discussing with the Secretary earlier in terms of Appalachia, we will have a concentrated employment program in 16 counties in Appalachia. That is attempting to concentrate a program in the pockets of greatest need.

We will have some 146 such concentrated employment programs at the end of next fiscal year, of which 47 will be rural and 99 will be urban.

DEFINITION OF DISADVANTAGED

Mr. NATCHER. Now, as far as focusing programs on the most disadvantaged individuals is concerned, give me an example of what you have in mind, Mr. Ruttenberg.

Mr. RUTTENBERG. Yes, sir. We have a definition of disadvantaged which goes as follows: Any person who is unemployed and poor and in need of work who meets one of the following five characteristics; in addition to being poor, unemployed and in need of work, he has to meet one of the following: Either he is under 22, over 45, a school dropout, handicapped, or minority. That is, if he has any of those five, plus being poor—by "poor" we use the poverty definition of the Office of Economic Opportunity, and which we use in administering the Neighborhood Youth Corps and other adult programs, and underemployed.

JOBS

Mr. NATCHER. What do you have in mind, Mr. Ruttenberg, in the statement "maximize involvement of private industry." Give us an example of that.

Mr. RUTTENBERG. That is the job opportunities in the business sector program where we will concentrate in 50 major cities and tackle the 500,000 hard-core unemployed in those cities and involve private industry, private corporations and companies in hiring the hard-core disadvantaged and giving them financial support in terms of the increased costs they have to bear in training these kinds of individuals.

This is the type program we were discussing earlier that involved the National Alliance of Businessmen, an organization headed by Henry Ford which will be working closely with the Department of Labor and the Department of Commerce to promote private industry interest in this kind of program.

MDTA IN RURAL AREAS

Mr. NATCHER. Do you feel that the manpower development and training program has been a more successful program in the urban sections than it has been in the rural sections, Mr. Ruttenberg?

Mr. RUTTENBERG. That is not an easy question, Congressman Natcher, to answer. In the rural sections the real difficulty is satisfying that provision of the law which says there must be reasonable expectation of employment of people who are trained under MDTA. Therefore, when you get to a rural area a lot of people are in need of training, but it is sometimes quite difficult to determine in advance what the possible expectations of employment are.

Having said that, I think our programs demonstrate that at least a quarter of our total trainees in MDTA will be found in the so-called rural counties, using the definition of rural counties that the Department of Agriculture uses.

MANPOWER PROGRAMS IN APPALACHIAN SECTION OF KENTUCKY

Mr. NATCHER. You were present when I discussed with the Secretary the matter concerning a portion of the Appalachia section. Do you have any additional suggestions to make, Mr. Ruttenberg as to what could be done now to improve the situation?

Mr. RUTTENBERG. There is, of course, as you know, far better than I, the Appalachia Commission, which does exist and for which funds have been appropriated. We have been working with them, as a matter of fact, in selecting where we would place a concentrated employment program, and trying to select within Appalachia those areas where we think we could, bring about some help in terms of training and retraining people, and assisting in the attracting of new business and new industry to the area.

I guess one of the reasons behind the roadbuilding program is more a longer run concept; namely, they hope this will open up the area and it may very well then become a recreation, a vacation resort-type area. And therefore one would be looking toward the development of resorts and vacation spots in Appalachia that may very well be assisted and aided by the fact that there has been a road program that has opened up some of the area. It is going to take time, though, to bring this about, but I notice a good many of our training programs are moving in the direction of preparing people for employment in these kinds of occupations.

RURAL POVERTY

Mr. SHRIVER. Since you say on page 21 of the justifications—and this goes back to the rural areas—that the poor are disproportionately located in those rural areas, upon what do you base that kind of a judgment, that they are more disproportionately located in the rural areas?

Mr. RUTTENBERG. I think the statistics that are available that compare urban and rural areas by poverty income levels, the kind of studies that have been made in the main by Molly Orshanski of HEW who does a lot of this work that leads to the conclusion to which they have come by comparing the poverty areas.

Mr. SHRIVER. Is there a difference in the level of income that would be poverty in the rural areas and the urban areas?

Mr. RUTTENBERG. The figures are different. As a matter of fact, they use a kind of a base of a per capita income of $1,200 to $1,500 within rural counties per family as against a $3,000 comparable figure in urban and nonrural areas for a family of four. I think they do impute to the dollar income the equivalent of the cash value of some of the privately consumed products from the farm, or agricultural areas that they use. So that there is a different concept and that is all taken into consideration as they attempt to analyze who the poor are and who are not poor.

Mr. SHRIVER. This is a result of research in HEW?

Mr. RUTTENBERG. Yes, in cooperation with the Census Bureau. Related statistics plays a certain role, but the basic work has been done by Molly Orshanski.

ANALYSIS OF TRAINING COSTS

Mr. SHRIVER. On page 22 and page 23 of the justifications you refer to the estimated $3,500 per trainee paid to the employers, and so forth—how was that figure of $3,500 reached?

Mr. RUTTENBERG. It is really our hope and expectation of what the average of the job opportunities in the business sector might be, but it is based upon work done with funds available under the Office of Manpower Administrator's budget for experimental and demonstration projects where we have worked on specific projects with specific companies on an experimental basis. I can mention one specific one. We developed a project, strictly on an experimental basis, with the Whitaker Corp. in California. We involved the hard core and we followed specific concepts of giving the individual the maximum amount of supportive service which was necessary to make them a useful worker in a private, free, competitive economy and the unit cost of that specific program happens to be about $3,900.

We have had other experimental programs that lead us to this conclusion.

This relates to a question raised earlier. We are not going to pick up total cost of all of these items. For example, if a company has been doing skill training, they are going to have to continue to do that same amount of training and we will only pick up, in terms of our contract with them, those additional costs over and above what they normally would spend. This figure may be low or high, we don't know.

We have approached this problem kind of like the Defense Department would approach an employer—this is an unfortunate comparison, but we have said to employers:

> We want a bid from you; we want a proposal from you. Here is what we think could be done and should be done for the hard core. You tell us how much it will cost you for each of these items and give us a total cost and we will look at that and we will compare that proposal of yours on a bid basis, and then we will come up and take the best one.

Mr. SHRIVER. In that way it would be competitive.

Mr. RUTTENBERG. It would be competitive and we hope to keep it down to the lower end of our range.

ON-THE-JOB TRAINING

Mr. SHRIVER. As I read the justifications, the on-the-job training program has consistently been more successful than institutional training in terms of those participants who obtained employment and in terms of cost. I realize this reflects the disadvantaged nature of the institutional trainee, but since the new burden of providing institution-type training through business, why are you lowering the level for on-the-job training?

Mr. RUTTENBERG. We are lowering the number of individuals involved in on-the-job training because we are making provision for a higher average cost. For example, if you look at pages 11 and 12——

Mr. SHRIVER. And 10, too.

Mr. RUTTENBERG. That is where the dollars are.

Now, look at page 11 and 12. There are two columns, one institutional and one on-the-job training. You will see why the on-the-job training has been more successful in its placement record. Because it has tended, for example—if you go down the line where there are 59 percent males on the institutional program, there are 70 percent males in the on-the-job program. Of if you go down the line to less than 12th grade education, and you add up those three you will see on the institutional side there has been 53 percent of the people with less than 12th grade education, while on the on-the-job program it has been only 44 percent. Obviously you are dealing with better educated people and will have a better placement record.

The two I like to look at all the time are the public welfare recipients shown on page 12. It is the 11 percent of the institutional people who have been welfare recipients in the institutional program. Only 3 percent in the on-the-job program.

What that reflects is if you want the on-the-job training program to get to more of the disadvantaged, then you have got to up your costs and reduce the number of people.

STATUS OF MANPOWER PROGRAM STUDY

Mr. SHRIVER. There was an amount appropriated a couple of years ago for a study by HEW of manpower programs. Are any of these a result of that study? What is the status of that study?

Mr. RUTTENBERG. Is the study you are referring to that which was included in the conference report of the Appropriations Committee?

Mr. SHRIVER. $150,000.

Mr. RUTTENBERG. That study, as you know, has been under the direction of HEW and the committee was first appointed 10 or 11 months ago. On February 19, which was just yesterday, their final report was sent out to all the members of the committee for approval and they hope to submit their report to HEW and this committee on March 1. It was a committee which was all nongovernment people and chaired by the former Congressman from Michigan, Weston Vivian.

DISTRIBUTION OF NEW POSITIONS BY PROGRAM

Mr. SHRIVER. You perhaps covered this earlier, but I notice that you are requesting 146 additional full-time positions for the Office of Manpower Administrator at a cost of $1,954,600. How is that broken down? How many are added because of the concentrated employment program and how many for the concentrated program planning activity?

Mr. RUTTENBERG. Of the 146 positions, 87 are in the policy, planning, programing, evaluation, research, and demonstration area; 49 of the 146 positions are in the Office of Financial Management Services which includes preparation of budget, the handling of the actual financial payment to contractors, and sponsors of programs; all of which is expanding as the result of the increased number of program dollars. Also in the Office of Financial Management Services is an expansion of the personnel activities because, of increased EOA programs that are delegated to us and the work incentive program.

Contemplated in this budget in the Manpower Administration is an additional 621 positions so personnel is increased. Then also, 20 positions—part of the 87—are requested in an effort to do the kind of job that we have to do that we haven't been able to do except in part up to now and that is establish a management data system.

Now, the books which the Secretary referred to earlier that he had here, those books are the first-cut attempt at getting data that would enable us, for example, to tell you precisely how many dollars had been authorized or allocated for a project, by city, by location; how many dollars had been spent as of the present day; how many people were authorized on that program; how many have been enrolled in the program; how many have completed the program; how many have dropped out of the program, but we have not had that kind of data up to now.

Mr. SHRIVER. That is the kind of person referred to in the justification as a digital computer systems analyst?

Mr. RUTTENBERG. That would be one such description.

Mr. SHRIVER. You have a lot of names in here. It doesn't mean much to me as to what they do. Such as "manpower analyst." "Program analysis analyst." "Manpower development specialist." "Labor economist." "Digital computer systems analyst." "Employment development specialist." Many persons reading the report would feel the same as I do. They wouldn't know what they were doing.

Mr. RUTTENBERG. I would be glad to explain those if you would like, but certainly the digital program computer individual is one who there is a great shortage of across the country to start with, but who we need if we want to produce the kind of books that the Secretary had here, which we use continually in the management of the program.

For example, we have moved in and just simply said to the contractor who is responsible for the program:

> You are not running the program well enough, therefore, we are going to take the money away and cancel the contract.
>
> You have not been able to enroll and complete in training an adequate number of people in relation to what you were funded for.

In order to produce that kind of a document that would enable us to make that kind of a decision, you really need some pretty good programers who could tell the computer what kind of information you want that computer to spew out on this printout.

Mr. SHRIVER. That is all, Mr. Chairman.

Mr. NATCHER. Mr. Ruttenberg, we want to thank you and the members of your staff for appearing before our committee in behalf of the budget request for fiscal year 1969.

Mr. RUTTENBERG. Thank you very much, Mr. Natcher. I appreciate the opportunity.

Mr. NATCHER. The committee will adjourn until 10 o'clock tomorrow. tomorrow.

JUSTIFICATION MATERIAL

MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES

Summary of the 1968 and 1969 Manpower Development and Training Act Programs by Title and by Appropriation

	1/ Appropriation Adjusted, 1968	Estimate, 1969
Title I		
Direct Program Costs:		
Research programs(O/MA)	$ 3,800,000	$ 4,800,000
Experimental and Demonstration programs (O/MA)	15,000,000	15,000,000
Labor Mobility program (O/MA)	3,866,000	---
Trainee bonding program (O/MA)	200,000	---
Sub-total, Direct Program Costs	$ 22,866,000	$ 19,800,000
Federal administrative costs:		
Planning, Research, and Evaluation (O/MA)	2,082,200	2,413,700
Total, Title I	$ 24,948,200	$ 22,213,700
Title II		
Training costs and allowance payments:		
Training costs (MDTA)	$166,573,000	$180,124,000
Allowance payments (MDTA)	170,927,000	173,658,000
	$337,500,000	$353,782,000
Program Services:		
Employment Security Services (MDTA)	$ 33,521,400	$ 33,521,400
State Education Services (MDTA)	8,000,000	8,000,000
On-the-Job Training Services (MDTA)	4,000,000	4,000,000
Comprehensive Manpower Program Planning (MDTA)	---	11,225,000
	$ 45,521,400	$ 56,746,400
Federal administrative costs:		
Planning, Research, and Evaluation (O/MA)	$ 1,381,300	$ 1,897,000
Bureau of Employment Security (BES)	2,645,000	2,998,000
Bureau of Apprenticeship and Training (BAT)	1,888,100	2,468,400
Office of Financial and Management Services (O/MA)	1,536,200	2,322,300
Office of the Administrator (O/MA)	727,200	931,600
Department of Health, Education and Welfare (MDTA)	2,285,000	2,377,000
	$ 10,462,800	$ 12,994,300
Total, Title II	$393,484,200	$423,522,700
Title III		
Federal administrative costs:		
Planning, Research, and Evaluation (O/MA)	$ 1,675,100	$ 2,057,400
Department of Health, Education and Welfare (MDTA)	190,600	190,600
Total, Title III	$ 1,865,700	$ 2,248,000
H.J. Res. 888 (P.L. 90-218) adjustments:		
Amount subject to reserve under H.J. Res. 888 (P.L. 90-218)	-$ 20,900,000	---
Exempted under section 203(a)(4) H.J. Res. 888 (P.L. 90-218)	+ 16,000,000	---
Net reserve for subsequent year	-$ 4,900,000	---
Reserve from prior year under H.J. Res. 888 (P.L. 90-218)	---	+$ 4,900,000
Total adjustments H.J. Res. 888 (P.L. 90-218)	-$ 4,900,000	+$ 4,900,000
Total estimate	$415,398,100	$452,884,400
Summary by Appropriation Account:		
Manpower Development and Training Activities (MDTA)	$389,497,000	$413,096,000
Adjustments due to H.J. Res. 888 (P.L. 90-218)	- 4,900,000	+ 4,900,000
Office of Manpower Administrator, Salaries and Expenses (O/MA)	30,268,000	29,422,000
Bureau of Employment Security, Salaries and Expenses (BES)	2,645,000	2,998,000
Bureau of Apprenticeship and Training, Salaries and Expenses (BAT)	1,888,100	2,468,400
	$419,398,100	$452,884,400

1/ Excludes $925,393 of carryover funds from prior years. Also excludes $428,000 proposed transfers from "Office of Manpower Administrator, Salaries and Expenses" to other appropriations for pay raise costs. Of this amount, $41,200 is for transfer to "Bureau of Employment Security, Salaries and Expenses" and $28,000 is for transfer to "Bureau of Apprenticeship and Training, Salaries and Expenses" for pay raise costs related to Manpower Development and Training Activities.

AMOUNTS AVAILABLE FOR OBLIGATION

		1968	1969
Appropriation or estimate		$385,497,000	$413,096,000
Amount subject to reserve under H.J. Res.888 (P.L. 90-218)	-$20,900,000		
Exempted under Sec. 203(a)(4) H.J. Res.888 (P.L. 90-218)	+ 16,000,000		
Amount reserved for subsequent year		- 4,900,000	---
Available from prior year.		710,199	4,900,000
Appropriation or estimate, revised		$381,307,199	$417,996,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1/ 1968 Pos.	1968 Amount	Estimate, 1969 Pos.	1969 Amount	Change Pos.	Change Amount
1. Training and allowance payments	--	$338,210,199	--	$353,782,000	--	+$15,571,801
Adjustments due to H.J. Res.888 (P.L. 90-218)....	--	- 4,900,000	--	+ 4,900,000	--	+ 9,800,000
Sub Total	--	333,310,199	--	358,682,000	--	+ 25,371,801
2. Program Services.....	25	45,521,400	25	56,746,400	--	+ 11,225,000
(a) Employment Security Services.....	25 2/	33,521,400	25 2/	33,521,400	--	---
(b) State Education Services.....	--	8,000,000	--	8,000,000	--	---
(c) On-the-Job Training Services.....	--	4,000,000	--	4,000,000	--	---
(d) Comprehensive Manpower Program Planning....	--	---	--	11,225,000	--	+ 11,225,000
3. Federal Institutional Training Services.....	168	2,475,600	168	2,567,600	--	+ 92,000
Total Obligations ...	193	381,307,199	193	417,996,000	--	+ 36,688,801

1/ Includes funds available from prior year of $710,199 for Activity 1.
2/ Represents positions in the United States Employment Service for the District of Columbia.

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
Total number of permanent positions	193	193	---
Positions other than permanent	2	2	---
Average number of all employees	185	185	---
11 Personnel compensation.	$ 1,769,500	$ 1,854,600	+$ 85,100
12 Personnel benefits	129,100	136,000	+ 6,900
21 Travel and transportation of persons	220,000	220,000	---
22 Transportation of things	3,500	3,500	---
23 Rent, communications and utilities	31,400	31,400	---
24 Printing and reproduction	50,000	50,000	---
25 Other services	440,200	440,200	---
26 Supplies and materials.	20,900	20,900	---
31 Equipment	41,000	41,000	---
41 Grants, subsidies, and contributions	383,501,599	410,298,400	+ 26,796,801
Adjustment due to H.J. Res.888 (90-218).....	- 4,900,000	+ 4,900,000	+ 9,800,000
Total obligations.....	381,307,199	417,996,000	+36,688,801

SUMMARY OF CHANGES

	Pos.	Amount
1968 Enacted Appropriation	193	$385,497,000
Appropriation available from prior year	--	710,199
Amount subject to reserve under H.J. Res. 888 (P.L. 90-218)		-20,900,000
Amount exempted under section 203(a)(4) H.J. Res. 888 (P.L. 90-218)		+16,000,000
Net reserve for subsequent year	--	- 4,900,000
1968 Appropriation, revised	193	381,307,199
1969 Estimate	193	413,096,000
Reserve from prior year under H.J. Res. 888 (P.L. 90-218)	--	4,900,000
1969 Estimated availability	193	417,996,000
Total Change	--	+ 36,688,801

Mandatory Items (page MDTA-7):

Increases:			
Net additional pay increase costs not completely funded in 1968	--	+	85,700
To provide for one extra day of pay in 1969 for current year staff	--	+	6,300
Sub-total, Increases	--	+	92,000
Decreases:			
Non-recurring balance made available in 1968 from 1967	--	-	710,199
Sub-total, Mandatory Items	--	-	618,199

Program Items:

Increases:

Net increase due to postponement of trainee approvals from fiscal year 1968 to 1969 arising out of reserves established under H.J. Res. 888 (P.L. 90-218).....		+ 9,800,000
To strengthen the On-the-Job Training program which will provide for training and full support services through contracts with private employers (page MDTA-20).....	--	+ 16,282,000
To provide for comprehensive manpower program planning (page MDTA-33)....	--	+ 11,225,000
Sub-total, Program Items	--	+ 37,307,000
Total Change	--	+ 36,688,801

EXPLANATION OF ACTIONS TAKEN UNDER
H.J. RES. 888 (P.L. 90-218)

At the time the Department of Labor received the mark-up from the Bureau of the Budget for 1969 no decision had yet been made as to amount of reduction of obligations in 1968 to be applicable under H.J. Res. 888 (P.L. 90-218) to the appropriation for Manpower Development and Training Activities. These reductions as finally determined are as follows:

1968 Estimate (Congressional request)		$401,854,000
Reduction due to Congressional action		- 16,357,000
1968 Appropriation		385,497,000
Amount subject to reserve under H.J. Res. 888 (P.L. 90-218)...	-$20,900,000	
Exempted under section 203(a)(4) of H.J. Res. 888 (P.L. 90-218)	+ 16,000,000	
Net reserve for trainee approvals to be postponed to subsequent year		- 4,900,000
1968 appropriation available for obligation		380,597,000
Funds available in 1968 from 1967 unobligated balance		710,199
1968 Appropriation availability		381,307,199

Because of the critical nature of the Manpower Development and Training Act programs which are designed to reach the hard-core unemployed and the disadvantaged, the decision was made to defer until late in 1969 trainee approvals amounting to $4,900,000. This deferral of the trainee approvals in 1969 will defer the expenditures until 1970. The specific types of training to be deferred for later approval will depend on over-all program developments as the 1968 program is completed during the last five months of fiscal 1968. The rapidly changing nature of program emphasis in 1968 works against the specific identification of trainee projects to be deferred, and such identification will not be possible until late in the fiscal year.

Activity 1. TRAINING AND ALLOWANCE PAYMENTS
(1968, $338,210,199, less net reserve of $4,900,000 under H.J. 888 (P.L. 90-218)
(1969, $353,782,000, plus net reserve of $4,900,000 under H.J. 888 (P.L. 90-218)

Narrative Description of Program

The major goal of the Manpower Development and Training Act is to train unemployed persons with skills that will enable them to participate in productive employment. This goal is accomplished through various types of occupational training programs. Institutional training is conducted by State and local vocational education agencies and private educational institutions; and on-the-job training projects are conducted by private employers and other organizations. Part-time training opportunities are provided for workers to be trained in areas where skill shortages exist or are expected. Other assistance is also provided to persons in need of basic employment skills such as language and other basic education skills.

The principal functions of the Secretary of Labor under Title II of the Manpower Development and Training Act are to identify local occupational training needs, to counsel and select persons for training, to pay training and other allowances, to provide counseling and placement services, and to participate in the development of on-the-job training programs. The Secretary of Labor refers persons selected for institutional type training to the Secretary of Health, Education, and Welfare, who is responsible for seeing that curricula, instructors and facilities are provided for the trainees. When training is completed, the Secretary of Labor is responsible for assisting the trainees to find jobs and for follow-up after job placement.

The following tables, MDTA pages 10 to 12, summarize the MDTA program since its inception in August 1962.

Summary of MDTA Training and Characteristics of Trainees
Fiscal Years 1963 Through 1968 as of December 31, 1967
(In thousands)

	1963	1964	1965	1966	1967	1968	Total
Number of trainees approved	56.5	122.9	233.7	291.7	285.0	135.7	1,125.5
Number of trainees approved for institutional projects	54.2	109.6	168.9	169.2	132.3	67.9	702.1
Number of trainees approved for on-the-job training projects	2.3	13.3	64.8	122.5	152.7	58.5	414.1
Number of trainees approved for part-time and other projects ..	--	--	--	--	--	9.3	9.3
Estimated number of occupations approved for training	--	--	--	--	--	--	1,400

Estimated Enrollments, Completions, Placements (cumulative)

As of December 1967

	Institutional	On-the-Job	Total
Number of trainees enrolled in projects	669,500	237,900	907,400
Number of enrollees who completed training	382,000	121,200	503,200
Number of completers placed in jobs	286,900	108,100	395,000
Percent of those completers employed who are in training related jobs	78	94	83

Percent Distribution of Characteristics of Trainees
Enrolled Under the MDTA Institutional and On-the-Job Training Programs

Cumulative August 1962 - December 1967

Characteristic	Institutional	On-the-Job
Sex:		
Male	59	70
Female	41	30
Color:		
White	65	75
Nonwhite	35	25
Age:		
Under 19 years	16	14
19-21 years	23	23
22-44 years	51	54
45 years and over	11	10
Education:		
Less than 8th grade	7	6
8th grade	10	8
9th - 11th grade	36	30
12th grade	42	48
Over 12th grade	6	8
Labor force status prior to enrollment:		
Unemployed	85	62
Family Farm worker	1	1/
Reentrant to labor force	3	3
Underemployed	11	35
Duration of unemployment:		
Less than 5 weeks	33	45
5-14 weeks	24	22
15-26 weeks	13	11
27-52 weeks	11	7
Over 52 weeks	19	14

Characteristic	Institutional	On-the-Job
Family status:		
Head of household	53	50
Other	47	50
Number of dependents:		
0	46	46
1	15	18
2	13	14
3	10	10
4	6	6
5 and over	9	7
U. I. Claimant:		
Yes	16	7
No	84	94
Public assistance recipient:		
Yes	11	3
No	89	97
Handicapped:		
Yes	8	5
No	92	96
Military service status:		
Veteran	23	29
Rejectee	4	4
Other	73	67

Note: Detail may not add to total due to rounding.

1/ Less than five-tenths of one percent.

In 1967, projects were approved to provide institutional and on-the-job training for 284,965 persons at a Federal cost of $346,710,132 and a total cost of $357,355,954 including $10,645,822 of State matching contributions in cash or kind for institutional training. Of the total training opportunities 17,409 were in projects in redevelopment areas.

During fiscal year 1967, a total of 286,400 unemployed and underemployed persons were enrolled in training. Slightly more than three-fifths of these persons, 176,500, received institutional training and the balance of these, 109,900 were enrolled in on-the-job training. Fiscal 1967 marked the first year in which more individuals were in training during the year than new training opportunities were approval for the year.

The graduation roll of the 1967 enrollees ran to 163,500 persons who completed training -109,000 completing institution courses and 54,500 in on-the-job training programs.

Based on post-training reports received, 72 percent of the institution and 90 percent of the on-the-job training graduates were employed when last contacted. Well over 125,000 previously unemployed or underemployed persons improved their labor market status.

More meaningful has been the increasing penetration into the more disadvantaged population. The redirection of the Manpower Development Training Act program to focus on persons who face the most serious barriers in obtaining employment - the non-white minority groups, the undereducated, the long-term unemployed, youth from disadvantaged backgrounds, the older worker, the handicapped and public assistance recipients - gained momentum during the year.

Non-white enrollment continued in increasing proportion, consistent with trends since the inception of the program. From only 1 out of every 4 institutional enrollee initially they now account for more than 2 out of every 5. They increased from 37 percent of fiscal year 1966 enrollment to over 41 percent in fiscal year 1967.

The increase in on-the-job training was from 15 percent in the first year of the program to almost 25 percent in fiscal 1967 up slightly from 23 percent in fiscal 1966.

Undereducated persons, those with less than a high school education, accounted for 57 percent of the institutional enrollment

and 43 percent of the on-the-job trainees. Eighteen percent of the institutional trainees and 13 percent of the on-the-job trainees had not gone beyond elementary school.

The proportion of the long-term unemployed has not shifted significantly as a result of generally declining unemployment and an emphasis on training of youth from poverty background. Slightly more than half of the institutional trainees and about one out of three of the on-the-job trainees had been unemployed 15 weeks or more prior to enrollment in training.

However the proportion of underemployed has increased sharply. This reflects another aspect of the intensified focus on the poverty population whose plight is very frequently underemployment rather than unemployment and who need training to enable them to participate more fully and in a more rewarding fashion in the labor market. About 1 out of 6 of the institutional enrollees and 1 out of 3 of the on-the-job trainees were utilizing their productive abilities for the social good.

Older workers have not as yet succeeded in gaining an equitable share in Manpower Development and Training Act training. They accounted for 11.0 percent of the institution and 10 percent of the on-the-job training enrollment in 1967.

Youth trainees, on the other hand, comprised 40 percent of the institutional and one-third of the on-the-job training enrollment.

Public assistance recipients and handicapped workers have shown slow progress in filling training. Public assistance recipients account for 12 and 4 percent of institutional and on-the-job training enrollment respectively as compared to 9 and 2 percent in earlier years.

Handicapped workers' participation in training is similar to that of public assistance recipients. Their proportion increased from about 7 percent of the institutional enrollment to 10 percent in 1967. They have consistently accounted for 4 percent of the on-the-job training enrollment.

As a result disadvantaged persons - those falling into at least two of the above categories - comprised somewhat less than two-thirds (64%) of the institutional and over 40 percent of the on-the-job training enrollee roster during fiscal year 1967. The following table, page MDTA-15, summarizes the fiscal year 1967 program.

U. S. DEPARTMENT OF LABOR

Manpower Development and Training Activities

Summary of Funds Obligated and Trainees Approved
Fiscal Year 1967 as of June 30, 1967

State or Possession	Trainees Approved for Institutional and On-the-Job Training	Total Federal Obligations	1/ Total Obligations
TOTAL	284,965	$346,710,132	$357,355,954
Alabama	3,841	4,943,969	5,108,760
Alaska	399	898,712	884,431
Arizona	2,160	3,184,756	3,319,662
Arkansas	3,819	3,278,755	3,361,264
California	37,324	49,764,114	50,859,074
Colorado	1,972	3,125,307	3,206,132
Connecticut	4,104	4,123,803	4,296,919
Delaware	664	608,284	634,520
Dist. of Col.	4,045	2,980,166	3,013,251
Florida	5,198	6,093,188	6,243,152
Georgia	4,858	5,366,514	5,533,658
Guam	40	43,884	45,509
Hawaii	442	657,280	679,332
Idaho	493	831,584	899,425
Illinois	14,694	18,790,780	19,394,303
Indiana	5,459	6,091,221	6,277,017
Iowa	2,960	4,009,598	4,121,359
Kansas	3,556	3,044,152	3,155,147
Kentucky	5,844	7,941,417	8,126,778
Louisiana	4,572	4,661,925	4,792,824
Maine	2,166	1,927,778	2,040,936
Maryland	5,623	6,637,082	6,758,840
Massachusetts	8,302	11,445,173	11,794,531
Michigan	9,973	14,465,496	14,824,175
Minnesota	3,810	5,136,515	5,290,167
Mississippi	3,673	4,798,827	4,882,798
Missouri	4,782	8,457,898	8,677,729
Montana	1,001	1,312,945	1,345,067
Nebraska	1,118	1,637,299	1,688,361
Nevada	717	942,060	969,333
New Hampshire	851	1,062,710	1,101,931
New Jersey	14,904	16,067,354	16,262,438
New Mexico	758	1,302,777	1,358,398
New York	31,216	39,505,176	41,422,451
North Carolina	5,866	5,724,315	5,925,443
North Dakota	943	1,928,306	1,956,256
Ohio	10,616	16,854,867	17,136,696
Oklahoma	4,105	3,428,552	3,583,626
Oregon	3,243	2,912,217	2,993,919
Pennsylvania	16,094	20,654,266	21,354,553
Puerto Rico	4,071	2,461,272	2,536,570
Rhode Island	876	1,142,760	1,300,444
South Carolina	5,245	3,483,027	3,596,514
South Dakota	1,130	1,626,630	1,665,738
Tennessee	5,276	5,679,950	5,808,638
Texas	10,103	13,221,850	13,545,537
Utah	1,089	1,336,119	1,401,420
Vermont	476	493,247	515,792
Virginia	3,985	3,719,533	3,848,494
Virgin Islands	156	64,385	71,882
Washington	4,670	5,130,858	5,328,846
West Virginia	6,249	4,767,673	4,840,639
Wisconsin	5,118	6,223,969	6,555,370
Wyoming	380	744,329	757,951

1/ Includes $10,645,822 of State matching contributions in cash or in kind required for institutional training.

In 1968, while data are still preliminary, there is indicated a continuing upward trend in enrolling the disadvantaged. More than two-thirds of the institutional enrollees and 45 per cent of the on-the-job training enrollees fall in the disadvantaged category. Both programs, on-the-job training and institutional training, were reaching further into the urban ghettos, as non-white enrollment rates continued to climb. In the first six months of the fiscal year, almost half of the new institutional enrollees and a third of on-the-job trainees were non-white.

Enrollment levels continue to be filled at approximately the same rate as in 1967. About 117,000 persons were enrolled in MDTA Training-70,000 in institutional and 47,000 in on-the-job training.

During 1968 the program for prison inmates is in transition from a strictly experimental program to a pilot operational program under Title II of the Manpower Development and Training Act. Instructions have been issued for the development of projects and project proposals are being developed. Some of the projects which began as experimental projects may be continued. One project has been funded at the South Carolina Correctional Institution--MDTA Training Center. An estimated 200 prisoners will be trained at a cost of $324,430 in auto body repair, automobile mechanic, brick-layer, carpenter, electrical appliance serviceman, maintenance man, welder, TV and radio repairman. All trainees will be given basic education prior to entering the vocational training courses.

Projects are also being considered for Utah State Prison, the Minnesota State Prison at Stillwater, Minnesota, Draper Correctional Institution at Elmore, Alabama (which has an experimental program currently funded), Washington State Reformatory and Pontiac Penitentiary, Illinois. The program is presently estimated at about 600 trainees and $1,000,000 for 1968 and about 1800 trainees and $3,000,000 in 1969.

The following tables, MDTA pages 17 to 19, summarize the fiscal year 1968 MDTA program as of December 31, 1967.

U. S. DEPARTMENT OF LABOR

Manpower Development and Training Activities

Summary of Funds Obligated and Trainees Approved

Fiscal Year 1968 as of December 31, 1967

State or Possession	Trainees Approved for Institutional and On-the-Job Training	Trainees Approved for Part-Time and Other Training	Federal Obligations	1/ Total Obligations
TOTAL	126,462	9,278	$184,670,975	$189,410,316
Alabama	2,025		3,780,967	3,891,745
Alaska	184	25	286,190	296,701
Arizona	1,341	2,139	2,735,836	2,757,684
Arkansas	1,489		2,312,979	2,335,459
California	18,300	220	25,473,622	29,750,842
Colorado	1,190	15	1,975,489	2,006,651
Connecticut	1,726	430	2,596,181	2,735,029
Delaware	487		136,077	143,342
Dist. of Col.	1,706		1,174,521	1,196,824
Florida	1,835		2,838,622	2,948,271
Georgia	1,683		2,231,755	2,270,568
Guam	30		31,736	33,196
Hawaii	271		363,445	376,406
Idaho	370		730,691	739,347
Illinois	7,090	2,110	11,241,899	11,650,316
Indiana	2,607	380	3,196,349	3,296,348
Iowa	1,227		2,651,796	2,829,089
Kansas	1,198	60	2,046,840	2,173,132
Kentucky	2,165		3,002,652	3,068,827
Louisiana	2,207		3,374,393	3,445,658
Maine	943	140	1,240,229	1,302,790
Maryland	2,795		1,899,201	1,964,664
Massachusetts	2,219	424	5,155,667	5,251,083
Michigan	4,535		10,021,958	10,157,969
Minnesota	1,063	150	3,194,740	3,287,213
Mississippi	2,277	2,415	3,865,114	3,909,813
Missouri	1,170		2,077,912	2,125,506
Montana	428	30	837,904	766,989
Nebraska	815		1,321,651	1,366,516
Nevada	306		451,935	459,999
New Hampshire	362		474,988	501,250
New Jersey	6,210	320	8,496,903	8,827,734
New Mexico	996		1,017,514	1,031,933
New York	10,678	80	19,151,631	19,398,506
North Carolina	1,493		1,376,050	1,405,332
North Dakota	237		449,914	459,114
Ohio	6,033		9,441,234	9,809,700
Oklahoma	1,900		2,385,219	2,478,362
Oregon	1,328	120	1,774,444	1,815,054
Pennsylvania	11,436		10,878,635	11,234,904
Puerto Rico	543	30	1,021,775	1,045,866
Rhode Island	385	70	684,396	712,904
South Carolina	1,273		1,682,467	1,760,998
South Dakota	771		846,491	854,691
Tennessee	2,563		3,316,898	3,366,298
Texas	4,395	40	6,220,823	6,408,140
Utah	407		799,887	838,422
Vermont	206	84	458,891	486,654
Virginia	1,672		1,867,290	1,944,861
Virgin Islands	8		28,040	28,040
Washington	2,743		3,551,555	3,622,562
West Virginia	1,033		749,708	766,341
Wisconsin	3,270		5,362,607	5,570,395
Wyoming	178		384,348	384,348

1/ Includes $4,739,341 of State matching contributions in case or in kind required for institutional training.

U. S. DEPARTMENT OF LABOR
MANPOWER ADMINISTRATION

Manpower Development and Training Activities

Summary of Federal Funds Obligated and Trainees Approved

Fiscal Year 1968 - as of December 31, 1967

State or Possession	Total		Institutional Training		On The Job Training		Part-Time and Other	
	Trainees Approved	Obligations	Trainees Approved	Obligations	Trainees Approved	Obligations	Trainees Approved	Obligations
TOTAL	128,019	$173,663,998	63,052	$129,593,521	56,609	$40,243,891	9,278	$3,826,586
Alabama	2,005	3,729,960	1,125	3,125,393	880	604,167		
Alaska	209	286,190	184	237,858	---	---	25	48,332
Arizona	3,236	2,625,277	175	1,144,123	926	735,355	2,135	745,799
Arkansas	1,303	1,855,903	545	1,485,032	758	370,871		
California	17,346	23,775,758	6,836	15,257,797	10,290	8,402,362	220	115,599
Colorado	1,060	1,657,695	497	1,093,926	548	540,019	15	23,750
Connecticut	2,196	2,596,181	619	897,693	1,107	645,554	430	1,052,934
Delaware	487	136,077	116	101,877	371	34,200		
Dist. of Col.	1,706	1,174,521	1,177	882,890	529	291,631		
Florida	1,835	2,838,622	1,570	2,685,759	265	152,863		
Georgia	1,373	1,847,219	790	1,461,194	583	386,025		
Guam	30	31,736	30	31,736	---	---		
Hawaii	271	363,445	252	351,826	19	11,619		
Idaho	370	730,691	160	608,145	210	122,546		
Illinois	9,170	11,152,969	4,634	9,984,605	2,436	1,668,988	2,110	174,076
Indiana	2,087	3,196,549	1,154	2,177,391	1,453	902,231	380	116,927
Iowa	1,227	2,651,796	1,075	2,600,906	152	50,890		
Kansas	1,258	2,046,840	735	1,824,230	463	213,840	60	8,770
Kentucky	1,453	2,575,624	1,233	2,160,530	720	415,094		
Louisiana	2,107	3,059,677	849	2,300,314	1,258	759,363		
Maine	870	940,286	683	724,053	96	40,932	140	174,304
Maryland	2,805	1,899,201	1,051	1,264,508	1,844	634,693		
Massachusetts	2,544	5,011,574	814	1,842,747	1,311	2,590,050	424	578,777
Michigan	4,495	9,884,780	2,713	7,864,256	1,782	2,020,524		
Minnesota	1,873	2,690,914	1,306	2,098,989	417	367,090	150	224,895
Mississippi	3,889	2,052,434	470	1,080,116	1,004	818,510	2,415	153,808
Missouri	1,130	1,997,544	671	1,502,247	459	495,297		
Montana	358	589,552	295	545,968	33	22,984	30	21,000
Nebraska	815	1,321,651	992	1,158,145	223	163,506		
Nevada	306	451,935	172	326,556	134	125,379		
New Hampshire	368	474,988	311	424,153	51	50,835		
New Jersey	6,030	8,015,237	3,730	6,408,833	1,980	1,550,195	320	56,209
New Mexico	200	369,644	135	307,151	65	62,493		
New York	10,628	18,766,393	3,625	13,794,833	6,923	4,945,275	80	26,285
North Carolina	1,493	1,376,050	421	710,155	1,072	665,895		
North Dakota	222	422,719	140	361,621	82	61,098		
Ohio	5,686	8,868,557	4,124	7,755,285	1,562	1,113,272		
Oklahoma	1,515	1,858,958	841	1,550,358	674	308,600		
Oregon	1,648	1,774,944	880	1,263,315	648	496,249	120	15,380
Pennsylvania	11,316	10,708,697	4,985	8,242,814	6,331	2,465,883		
Puerto Rico	573	1,021,775	429	985,624	114	29,387	30	6,764
Rhode Island	455	684,356	254	461,701	131	91,101	70	131,554
South Carolina	1,273	1,682,467	790	1,444,160	483	238,307		
South Dakota	456	776,861	235	523,037	221	253,824		
Tennessee	2,407	3,172,643	868	1,981,699	1,539	1,190,944		
Texas	4,435	6,220,823	2,499	4,667,485	1,896	1,536,146	40	17,192
Utah	387	749,240	354	731,668	33	17,572		
Vermont	290	458,891	196	276,798	50	58,762	84	123,331
Virginia	1,621	1,741,886	1,251	1,549,972	370	191,914		
Virgin Islands	8	28,040	8	28,040	---	---		
Washington	2,627	3,335,462	2,264	3,032,244	363	303,218		
West Virginia	794	679,704	142	432,399	652	247,305		
Wisconsin	3,047	4,911,214	2,062	4,219,829	985	691,385		
Wyoming	178	384,348	25	320,000	153	64,348		

U. S. DEPARTMENT OF LABOR
MANPOWER ADMINISTRATION

Manpower Development and Training Activities
Redevelopment Areas, Section 241

Summary of Federal Funds Obligated and Trainees Approved

Fiscal Year 1968 - as of December 31, 1967

State or Possession	Total		Institutional Training		On-the-Job Training	
	Trainees Approved	Obligations	Trainees Approved	Total Obligations	Trainees Approved	Total Obligations
TOTAL	6,801	$11,006,977	4,899	$9,861,564	1,902	$1,145,413
Alabama	20	51,407	20	51,407		
Alaska						
Arizona	240	110,559			240	110,559
Arkansas	186	457,076	140	421,690	46	35,386
California	1,174	1,697,864	474	913,872	700	783,992
Colorado	105	317,790	105	317,790		
Connecticut						
Delaware						
Dist. of Col.						
Florida						
Georgia	310	384,636	280	373,100	30	11,536
Guam						
Hawaii						
Idaho						
Illinois	20	89,290	20	89,290		
Indiana						
Iowa						
Kansas						
Kentucky	212	427,028	212	427,028		
Louisiana	100	314,916	100	314,916		
Maine	204	290,940	204	290,940		
Maryland						
Massachusetts	94	144,093	64	141,693	30	2,400
Michigan	40	137,178	40	137,178		
Minnesota	140	503,826	140	503,826		
Mississippi	803	1,812,680	690	1,774,988	113	37,692
Missouri	40	80,368	40	80,368		
Montana	100	248,352	100	248,352		
Nebraska						
Nevada						
New Hampshire						
New Jersey	500	481,666	500	481,666		
New Mexico	396	647,870	365	634,532	31	13,338
New York	130	385,238	130	385,238		
North Carolina						
North Dakota	15	27,195	15	27,195		
Ohio	347	572,677	267	561,125	80	11,552
Oklahoma	385	526,364	385	526,364		
Oregon						
Pennsylvania	120	169,938	120	169,938		
Puerto Rico						
Rhode Island						
South Carolina						
South Dakota	315	70,230			315	70,230
Tennessee	156	144,255	60	122,933	96	21,322
Texas						
Utah	20	50,647	20	50,647		
Vermont						
Virginia	51	125,404	51	125,404		
Virgin Islands						
Washington	116	216,093	116	216,093		
West Virginia	239	70,004	18	22,598	221	47,406
Wisconsin	223	451,393	223	451,393		
Wyoming						

Changes for 1969

Mandatory changes amount to (Page MDTA-8) ..... -$ 710,199

Program changes amount to ..... +$16,282,000

Net increase due to postponement of trainee approvals from fiscal year 1968 to 1969 arising out of reserves established under H.J. Res. 888 (P.L. 90-218) ..... +$ 9,800,000

Positions ..... None

Basis for the Estimate

The 1969 program is designed to provide a program of training for 274,700 persons compared to the 1968 program planned for 275,000 persons. The anticipated 1969 Federal cost is $353,782,000, an increase of $16,282,000 over the 1968 base of $337,500,000. Almost all of the increase is to be allocated to strengthen the on-the-job training program for a portion of the most disadvantaged group of persons expected to be provided this type of training. The 1969 program for 274,700 trainees provides for 109,000 in institutional training, 102,700 in on-the-job training and 63,000 in part-time and other training. About 13,700 of the 274,700 will be approved for projects in Redevelopment Areas. The over-all program designs for 1968 and 1969 is shown on page MDTA-24.

The Federal cost of $353,782,000 excludes an estimated $8,900,000 of State matching funds, required in connection with institutional training costs provided under Section 231. A table showing an estimated distribution of the 1969 funds which are to be apportioned among the States and the estimated State matching funds appears in page MDTA-25. The distribution was made in accordance with Section 301 and Section 231 of the Manpower Development and Training Act, as amended.

Program Emphasis in 1969

The unemployed and underemployed and their families, along with those employed at low wages and a significant number of persons who although within the normal working age group and in need of jobs, are not in the work force, account for "the poor" in this Nation. Those who fail to seek work despite a crucial need for income include many mature women who are heads of families and youth and adults who have become discouraged with repeated failures in job hunting, or who are hindered from seeking work for any of a variety of reasons. In round numbers

the poor are estimated at about 30,000,000 based on a sliding scale of cash incomes related to family size, age of family members and location. A survey of 1965 incomes indicated that a disproportionate share of the poor are nonwhites--32 percent versus 12 percent of the total population. The survey revealed that the poor are disproportionately located in rural areas--39 percent compared with 30 percent of the total population.

Although the proportion of rural poor is high, about 21,000,000 poor live in urban areas, with large concentrations in the big city slums. The more than 10,000,000 who in 1965 resided in the central city portions of the Nation's 221 Standard Metropolitan Statistical Areas suffer from a complex of acute problems affecting their employability. A series of late 1966 surveys in 10 selected slum neighborhoods showed unemployment, as traditionally measured, averaging about 10 percent, approximately three times that of the average for the rest of the country. From these surveys a "subemployment" concept and index was developed to include not only the unemployed but the part-time employed seeking full time work, those employed but with earnings below the poverty line, an allowance for the disproportionate number of males 20-64 years-of-age who were not in the labor force (on the presumption that they were discouraged by lack of success from further job-seeking), and a conservative estimate of the male "undercount" group. The subemployment rate for the 10 areas were 33.9 percent--one in three with a serious employment problem.

Clearly, there is a need for concerted action to assist hard-core unemployed disadvantaged individuals in urban and rural areas to become qualified for and obtain steady, suitable employment. It is recognized that this can be accomplished effectively only with greater involvement of private industry in the manpower development and training of the disadvantaged. Since the on-the-job training program has been popular with employers and highly successful in placing those who complete training, it is regarded as a good vehicle for obtaining greater cooperation from private industry in the training and employment of the disadvantaged. However, during the past several years as more emphasis in the on-the-job training program was placed on the disadvantaged, it became apparent that many employers were reluctant to participate because (1) most disadvantaged persons are not ready for employment and cannot benefit from on-the-job training without basic education and other supportive services;

and (2) payments to employers were insufficient to make it worthwhile to assume the extra risks and difficulty in hiring and training the most severely disadvantaged. To cope with these problems and make on-the-job training for the disadvantaged more acceptable to private employers, heavy emphasis in 1969 will be put on a strengthened on-the-job training program.

This on-the-job training will:

---direct a significant part of the on-the-job program to the most disadvantaged of the hard-core unemployed

---offer more attractive financial incentives to employers in order to increase the number of employers willing to take on a higher proportion of disadvantaged trainees

---involve contracting with private firms to train and hire a designated number of disadvantaged persons as permanent employees

---put the entire training job in the hands of the employer

---require each firm to provide a comprehensive program of supportive education, prevocational and on-the-job skill training to insure continued employment of the persons hired

---include counseling, testing, coaching, and follow-up appraisal

---set up contracts on a fixed unit cost basis, with provision for incentive awards for continuous employment of designated numbers of employee-trainees

---stipulate that the participating employer is expected to retain as permanent, full-time employees, those persons who successfully complete the training.

It is estimated that to provide the complete range of services required by the hard-core unemployed and disadvantaged, may require a cost of about $3,500 per trainee. Such services will include transportation assistance, special counseling, remedial education, individually tailored job-skill training, and adequate compensation to employers to offset the risks and difficulties involved in training and employing the severely disadvantaged. Plans for 1969 are to provide this intensified form of on-the-job training for 13,700 of the 102,700 trainees. An investment of this type by the Federal Government is warranted for a program which has great promise for the development of discouraged, hard-core unemployed, disadvantaged individuals into steadily employed, self-respecting, productive citizens, and which will induce private industry to play a much more active role in the rehabilitation and employment of the disadvantaged.

In 1969, 169,700 of the 274,700 training opportunities will be programed for disadvantaged trainees and the 105,000 remainder devoted to the alleviation of skill shortages. This is the same distribution as in 1968. The percentage of training slots to be programed for the disadvantaged in the major program components are institutional - 76 percent, on-the-job training--58 percent and part time and other 43 percent.

Manpower Development and Training Activities

Comparison of Estimated Program Design

Fiscal Years 1968 and 1969

	FY 1968			FY 1969		
	Trainees	Average Cost	Total Federal Training and Allowance Costs ($000)	Trainees	Average Cost	Total Federal Training and Allowance Costs ($000)
	1/		1/	1/		1/
MDTA TOTAL	275,000	$1,227	$337,500	274,700	$1,288	$353,782
Institutional	109,000	1,934	210,800	109,000	1,934	210,800
On-the-Job Training.	109,000	866	94,372	102,700	1,056	108,412
Regular On-The Job Training ..	62,500	537	33,540	62,500	537	33,540
On-The-Job Training Coupled	46,500	1,308	60,832	40,200	1,862	74,872
Part-Time and Other.	57,000	567	32,328	63,000	549	34,570

1/ Includes 13,700 redevelopment area trainees at an estimated $22,000,000; also includes an estimated 600 trainees and $1,000,000 for training in correctional institutions in 1968 and 1,800 trainees and an estimated $3,000,000 in 1969.

Note - Program design table is based on the appropriation for 1968 and the 1969 estimate. H.J. Res. 888 (P.L. 90-218) adjustments will create a postponement of some trainee approvals from 1968 into 1969, the number of which cannot be determined at this time.

Estimated Distribution of 1969 MDTA Funds to be Apportioned Among the States as Required by Section 301 of the Act and State Matching Funds as Required by Section 231 of the Act

State or Possession	1968 Apportionment Factor 1/	Federal Apportionment	State Matching Funds
TOTAL	100.00	$265,000,000	$8,900,000
Alabama	1.48	3,922,000	123,000
Alaska	.35	928,000	20,000
Arizona	.63	1,670,000	69,000
Arkansas	.87	2,305,000	79,000
California	15.25	40,412,000	1,339,000
Colorado	.97	2,571,000	88,000
Connecticut	1.42	3,763,000	127,000
Delaware	.25	663,000	20,000
Dist. of Col.	.43	1,140,000	39,000
Florida	1.70	4,505,000	158,000
Georgia	1.66	4,399,000	147,000
Guam	.02	53,000	2,000
Hawaii	.33	875,000	27,000
Idaho	.43	1,140,000	36,000
Illinois	5.30	14,045,000	461,000
Indiana	1.87	4,955,000	161,000
Iowa	1.50	3,975,000	113,000
Kansas	1.03	2,730,000	101,000
Kentucky	1.48	3,922,000	136,000
Louisiana	1.49	3,948,000	138,000
Maine	.41	1,087,000	32,000
Maryland	1.32	3,498,000	123,000
Massachusetts	3.59	9,513,000	324,000
Michigan	4.69	12,428,000	344,000
Minnesota	1.55	4,108,000	152,000
Mississippi	.94	2,491,000	85,000
Missouri	2.33	6,174,000	197,000
Montana	.34	901,000	31,000
Nebraska	.69	1,829,000	66,000
Nevada	.38	1,007,000	28,000
New Hampshire	.25	663,000	24,000
New Jersey	3.90	10,335,000	363,000
New Mexico	.39	1,034,000	36,000
New York	11.41	30,236,000	1,003,000
North Carolina	1.91	5,061,000	166,000
North Dakota	.49	1,298,000	40,000
Ohio	4.43	11,739,000	420,000
Oklahoma	.89	2,358,000	85,000
Oregon	1.11	2,941,000	92,000
Pennsylvania	4.88	12,932,000	471,000
Puerto Rico	1.59	4,213,000	120,000
Rhode Island	.47	1,246,000	38,000
South Carolina	1.11	2,941,000	99,000
South Dakota	.36	954,000	33,000
Tennessee	1.59	4,213,000	146,000
Texas	3.55	9,408,000	348,000
Utah	.56	1,484,000	56,000
Vermont	.22	583,000	20,000
Virginia	1.36	3,604,000	126,000
Virgin Islands	.02	53,000	2,000
Washington	1.47	3,896,000	150,000
West Virginia	.72	1,908,000	68,000
Wisconsin	2.44	6,466,000	212,000
Wyoming	.18	477,000	17,000

1/ Based on fiscal year 1968 apportionment factor, P.L. 87-415, Section 301 requires annual redetermination of State apportionment factors.

Activity 2. PROGRAM SERVICES (1968, $45,521,400, Pos. 25; 1969, $56,746,400, Pos. 25)

Narrative Description of Program

Occupational training under the Manpower Development and Training Act is predicated upon these basic requirements: (1) determination of occupations in which there is a need for workers; (2) outreach and identification of unemployed workers who require training in order to become employed; (3) intensive counseling and testing services for those selected and referred to training; (4) provisions of the kind and amount of training which fills the gap between a trainee's aptitudes and current occupational capabilities and his potential placement in the occupation for which he is receiving training; (5) reasonable expectation of placing the graduate trainees in a suitable job.

Training programs are closely identified with communities, and it is here in large degree that training programs are planned, developed and operated, providing training to local residents with 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 while the Secretary of Health, Education and Welfare is authorized to provide training directly through public and private institutions.

A number of programs designed to improve the employability of the Nation's manpower resources, such as basic education, work experience, skill training, have been enacted in recent years. These new and varied manpower and related programs, under dispersed administrative responsibilities, must be effectively coordinated in the communities and States where the manpower resources, the job openings, and the training facilities are located. Such coordination can only be achieved through comprehensive community and State manpower program planning.

Accordingly, six Executive Departments and two independent agencies, have joined in the Cooperative Area Manpower Planning System to provide interprogram coordination of local, State, regional and National program administration. The Secretary of Labor, as the principal Cabinet Officer responsible for manpower policy and programs, and under the general responsibilities of Section 201, Manpower Development and Training Act, as amended, provides leadership and administrative support for National and Regional Cooperative Area Manpower Planning System activities and secretariat support to State and local manpower coordinating committees.

Activity 2. (a) Employment Security Services (1968, $33,521,400, Pos. 25; 1969, $33,521,400, Pos. 25)

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 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. State Agency personnel will work in close cooperation with their counterpart State vocational education agencies in the promulgation, development and review of all institutional training projects, and with State apprenticeship agencies relative to on-the-job training projects, and, within their area of responsibility, recommend these training projects for Federal review and approval.

In 1967, accomplishments were supporting services for 284,965 of approved training opportunities.

In 1968, it is planned to provide supporting services for 275,000 training opportunities.

In 1969, it is planned to provide supporting services for 270,700 training opportunities. An estimated distribution of 1969 employment security funds by State is shown on page MDTA-38.

Changes for 1969

None

Basis for the Estimate

The concentrated employment concept assumes that the State Employment Service will be the prime source and deliverer of manpower support services at the local level. This concept visualizes the outstationing of Employment Service personnel in Concentrated Employment Program areas to provide a variety of manpower services.

These services will be made available to the disadvantaged in the target areas and will include the identification of outreach services to such groups, regardless of age, sex, race, religion or national origin referring them to the appropriate manpower facility for the assistance needed to resolve their employment problems. The Concentrated Employment Program concept will offer a wide variety of employment and training opportunities to the individual.

In developing an individual's employability plan for example the Employment Service counselor after reviewing an applicant's test results will now have the option of referring an individual to a regular Manpower Development and Training Activity institutional program for a portion of the day with the balance being devoted to practical work experience type training. The various work-training-on-the-job type mixture available under the concentrated employment concept is limited only by the imagination and resourcefulness of the local project director and supportive staff and the terms of the project agreement.

Intensive use will be made of the "job coach" concept coupled with new orientation and counseling techniques. The counselor workload will be kept to manageable proportions enabling the coach to take a personal interest in each trainee. Each coach will be responsible for the periodic updating of the individuals employability plan; insuring that the individual is regularly attending scheduled training classes and insuring that once the individual is placed on the job he remains employed. Employment Service personnel may be stationed at the project area site. This plan

will enable manpower supportive service activities such as testing, counseling and job development to be more responsive to local project needs. This program to integrate the Employment Services Human Resources Development program is expected to be utilized with the more comprehensive systems being structured under the Model Cities program.

Activity 2. (b) State Education Services (1968, $8,000,000, Pos. -0-; 1969, $8,000,000, Pos. -0-)

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 of this Act.

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 of Health, Education and Welfare 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, he may enter into agreements with these entities.

From information supplied by local public employment offices, the local education 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 education agency is responsible for administering training on a State-wide basis and for the participation in the development of State manpower plans through the Cooperative Area Manpower Planning System. 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 employment 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 Manpower Development and Training Act.

In 1967, accomplishments were supporting services for the 132,259 of approved institutional training opportunities and related instruction activities for about 51,000 trainees in coupled on-the-job training projects.

In 1968, it is planned to provide supporting services for 109,000 of institutional training opportunities plus related instruction activities for coupled on-the-job training projects.

In 1969, it is planned to provide supporting services for 109,000 of institutional training opportunities plus related instruction activities for coupled on-the-job training projects. An estimated distribution of 1969 education agency funds by State is shown on page MDTA-38.

Changes for 1969

None

Basis for the Estimate

In 1969 with part of the MDTA program flowing through the integrated delivery system -- the Concentrated Employment Program -- a significant additional workload factor will be incurred by the State educational agencies. The State employment service will play a major role in the implementation of the concentrated employment effort and is the presumed supplier of a major portion of manpower supportive service activities. Because of this input and the concentrated nature of the employment program itself the State vocational education agencies will be required to work in even closer coordination with the State employment service in order to develop new and varied institutional training programs to be responsive to the individual needs of locally developed projects. This will be achieved without any additional funds for 1969.

Activity 2. (c) On-the-Job Training Services (1968, $4,000,000, Pos. -0-; 1969, $4,000,000, Pos. -0-)

Section 204 of the Manpower Development and Training 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 Manpower Development and Training 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.

In 1967, 12 State apprenticeship agencies participated with the Department of Labor for the promotion, development and servicing of on-the-job training projects covering approximately 25,000 trainees. The States were Arizona, California, Colorado, Connecticut, District of Columbia, Florida, Hawaii, Louisiana, New York, Puerto Rico, Utah and Wisconsin.

In addition to agreements with State apprenticeship agencies, national contracts were made with various public and private organizations for the purpose of promoting, developing and servicing on-the-job training projects. Some examples of the on-the-job training programs developed follow:

-- The Food Service Industry Training Project, Inc., of Hartford, Connecticut, has a contract to develop on-the-job training projects for 600 cooks and chefs and 450 waitresses in the New England States, New York, New Jersey and Pennsylvania. The contractors recruit from among the disadvantaged minorities and seek to give status to service occupations. An additional 500 persons will be trained under the contract without additional cost to the Federal government.

-- Aircraft workers are being trained under contracts with Lockheed of California and Georgia, Douglas Aircraft, Northrop Norair, and Boeing Companies in Washington, Kansas and Louisiana. Occupations include electronic assemblers, general machinists of all types, instrument assemblers and airframe riveters.

-- More than 3,000 tool and die makers are being trained in 26 cities under an OJT contract with the National Tool, Die and Precision Machining Association. The apprentice-entry projects run for 52 weeks with related classroom instruction.

-- The Urban League, which sponsors programs in 44 cities and regions, has contracts to find employers who will hire and train nearly 17,000 ghetto dwellers for worthwhile jobs.

In 1968, agreements are being continued with State apprenticeship agencies for the promotion, development and servicing of on-the-job training projects. In addition to agreements with State apprenticeship agencies, contracts with public and private organizations for promoting, developing and servicing of on-the-job training projects are being utilized.

In 1969, it is planned to enter into agreements totaling $2,000,000 with up to 20 State apprenticeship agencies for the promotion, development and servicing on-the-job training programs. A listing by State of activity planned for 1969 is shown on page MDTA-38. It is also planned in 1969 to develop national on-the-job training contracts totaling $2,000,000 with private and public organizations.

Changes for 1969

None

Basis for the Estimate

The State apprenticeship agencies will cooperate with State and Federal manpower coordinating committees in the development of each State manpower development plan under the Cooperative Area Manpower Planning System. The agencies will participate in the

identification of major manpower problems of unemployment, poverty, skill shortages and plan the deployment of manpower resources to yield the greatest returns and to provide concentration of services in selected areas where needs are critical as determined by the concentrated employment effort.

Activity 2. (d) Comprehensive Manpower Program Planning
(1968, - 0 - , Pos. -0-;
1969, $11,225,000, Pos. -0-)

Section 201 of the Manpower Development and Training Act charges the Secretary of Labor with responsibility for (1) determining the skill requirements of the economy, (2) developing policies for the adequate occupational development and maximum utilization of the skills of the Nation's workers, (3) promoting the development of broad and diversified training programs, and (4) providing for combinations of programs under the Manpower Development and Training Act with programs under other Federal acts. The language provides a broad mandate for the assessment of manpower needs and the programming of resources available to meet them under a variety of Federal statutes. This mandate is carried out through the Cooperative Area Manpower Planning System.

The Cooperative Area Manpower Planning System is a nationwide, Federal, State, and local system through which the Departments of Labor, Health, Education and Welfare, Commerce, Agriculture, the Interior, and Housing and Urban Development, the Office of Economic Opportunity and the Civil Service Commission, together with affiliated State and local agencies and nongovernment organizations with which they maintain grant-in-aid or contractual relationships, cooperate in jointly planning and implementing their manpower and related programs. The Department of Labor provides leadership and administrative support at the National level to the Cooperative Manpower Planning System.

This sytem was initiated to jointly plan the 1968 comprehensive manpower programs. Statewide plans, covering a wide variety of manpower and related services, were developed in all States. About 70 area comprehensive manpower plans were also developed, covering the largest areas with the most urgent manpower problems. These plans, although a good beginning, were only marginally adequate, owing primarily to two limitations: (1) lack of support staff for the State and area manpower coordinating committees, and (2) lack of adequate projections of occupational requirements and other detailed manpower information on which to base comprehensive manpower programs.

Changes for 1969

Mandatory changes amount to ..... None

Program changes amount to ..... +$11,225,000

Positions ..... None

Basis for the Estimate

In 1969 the Cooperative Area Manpower Planning System will be extended to about 30 additional job market areas, bringing the number of areas preparing required comprehensive manpower plans to almost 100. Each State will also prepare comprehensive manpower program plans for the parts of the State not covered by area programs and an overall State summary plan.

To facilitate the development of comprehensive manpower program plans that will maximize the utilization of existing resources (federal and non-federal) staff support for State and local manpower coordinating committees is needed. Such support will be provided by the Secretary of Labor, as head of the principal manpower policy instrumentality of the Federal Government, through the making of planning grants to State agencies or other organizations satisfactory to the Secretary, designated by the governors, and to support local manpower programming activities. With the provision of staff support the manpower coordinating committees will be formed into truly effective bodies through which collective grassroots assessments of the size and urgency of manpower problems will be made and available resources will be allocated to priority needs. Through this process, agencies at all levels, administering manpower and related programs, will be enabled to participate cooperatively in the development of rational, agreed-upon manpower and related services programs to be carried out by the several program agencies.

$6,225,000 of the $11,225,000 requested for 1969 will permit minimum staffing of State and area manpower coordinating committees for comprehensive manpower planning through Cooperative Area Manpower Planning System machinery. The estimate would provide an average of about 7 positions per State and 2 positions per Cooperative Area Manpower Planning System area.

The remaining $5,000,000 will provide for the essential projections of occupational requirements and related manpower surveys to provide the factual basis for area and State program operating plans. The same data will also support local employment development and provide the detailed occupational job market information called for in the Vocational Education Act of 1963.

To meet the multiple requirements of the Cooperative Area Manpower Planning System and related programs, comprehensive job market information is needed, by State and local area, for detailed occupational groupings. Such information must encompass both current data on employment by occupation, as well as short-range and long-range manpower projections. Current resources of the Department of Labor and the affiliated State employment security agencies are adequate to finance about 20 such comprehensive occupational manpower surveys per year. The need is for at least 100 additional such surveys each year in order to achieve the full potential of the Cooperative Area Manpower Planning System multi-agency joint planning process and for the implementation of related activities.

Over two billion dollars is requested in the President's budget this year for training under the several manpower development programs. Additional funds will go into closely related efforts, such as the Vocational Education Act. The proposed expenditure in manpower information constitutes a small proportion of this total to insure that such training is responsive to changing job market conditions in each local area, and that there are useful employment prospects for graduates in occupations for which they have been trained.

The manpower shortages which are discernible throughout the United States are not universal in nature. In many areas, unfilled job openings exist side-by-side with unutilized or underutilized human resources. Unemployment in some areas still ranges from moderate to substantial, and is heavily concentrated in certain neighborhoods and in groups such as non-whites, youth, and older workers.

In addition, during the 1969-1973 period close to 3,000,000 new workers will be entering the labor force. Many millions of other workers will be making job changes because of the general growth in the economy and in response to automation and technological change. For these workers, improved occupational information is needed to provide appropriate guidance in making vocational choices, and to

answer the perennial question "what occupations to train for". This information is needed by specific occupation and individual local areas because the hiring of workers to fill jobs is done primarily in an occupational framework within a local economic area.

The requested funds will make it possible to provide the following items of information for the 100 Cooperative Area Manpower Planning System areas, economic regions within the State, and the 50 States on an annual basis:

a. A current inventory of employment by occupation, in occupations suitable for skill training and vocational education, for each of the Cooperative Area Manpower Planning System areas, economic districts and the 50 "States". At present, the most recent benchmark information is available for local areas only from the 1960 Decennial Census of Population.

b. An analysis of the current employment market situation for occupations suitable for training in these areas, districts and States.

c. Projections of local occupational requirements in these areas. These projections will provide information on both expansion and replacement requirements, and take account of both short-term and long-term (up to 5 years) needs.

d. Information on the characteristics of the local manpower resources. Manpower availability information will cover workers now in training in these occupations, as well as unemployed workers, young people entering the labor force, reentrants, and individuals hindered from looking for work and becoming self-supporting who can benefit from occupational training.

e. Systematically updating and correcting occupational projections to reflect significant change in job market developments as they occur.

An estimated distribution of funds by State is shown on page MDTA-37.

U. S. DEPARTMENT OF LABOR
MANPOWER ADMINISTRATION

Estimated Distribution of 1969
Comprehensive Manpower Program Planning Activities

State or Possession	Amount	Position Equivalents
TOTAL	$11,225,000	1,101
Alabama	194,200	19
.aska	115,000	11
'izona	153,000	15
'kansas	134,000	13
California	667,000	66
'lorado	164,600	16
nnecticut	232,200	23
'laware	134,000	13
Dist. of Col.	115,000	11
Florida	270,200	27
'orgia	232,200	23
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Hawaii	134,000	13
Idaho	115,000	11
'linois	410,000	40
'diana	243,800	24
owa	166,200	16
Kansas	164,600	16
Kentucky	194,200	19
'isiana	175,200	17
..aine	134,000	13
Maryland	192,100	19
Massachusetts	370,000	37
ichigan	384,200	38
innesota	194,200	19
Mississippi	164,600	16
Missouri	243,800	24
ntana	115,000	11
braska	134,000	13
vada	115,000	11
New Hampshire	134,000	13
w Jersey	373,600	37
w Mexico	134,000	13
w York	610,000	60
North Carolina	205,800	20
rth Dakota	115,000	11
hio	441,300	44
klahoma	153,000	15
Oregon	145,600	14
Pennsylvania	471,800	47
uerto Rico	175,200	17
hode Island	134,000	13
outh Carolina	163,600	16
South Dakota	115,000	11
Tennessee	241,300	24
exas	446,000	45
Utah	134,000	13
Vermont	134,000	13
Virginia	143,500	14
irgin Islands	23,200	2
ashington	194,300	19
West Virginia	134,000	13
Wisconsin	226,500	22
yoming	115,000	11

U. S. Department of Labor
Manpower Administration
Estimated Distribution of 1969
Manpower Development and Training Activities
State Agency Program Services Funds by State

State or Possession	Total Amount	Total Position Equivalents	Employment Security Agencies Amount	Employment Security Agencies Position Equivalents	Vocational Education Agencies Amount	Vocational Education Agencies Position Equivalent	Apprenticeship Agencies Amount	Apprenticeship Agencies Position Equivalents
TOTAL	$43,521,000	5,087	$33,521,000	3,808	$8,000,000	1,100	$2,000,000	179
Alabama	515,000	66	363,000	42	152,000	24		
Alaska	281,000	35	181,000	20	100,000	15		
Arizona	487,000	58	300,000	35	141,000	19	46,000	4
Arkansas	359,000	47	278,000	31	81,000	16		
California	5,539,000	619	4,152,000	474	593,000	84	794,000	61
Colorado	508,000	55	358,000	41	127,000	12	23,000	2
Connecticut	789,000	103	522,000	59	169,000	34	98,000	10
Delaware	155,000	14	100,000	11	55,000	3		
Dist. of Col.	303,000	33	200,000	25	69,000	5	34,000	3
Florida	834,000	98	642,000	74	157,000	21	35,000	3
Georgia	856,000	99	663,000	76	193,000	23		
Guam	57,000	7	32,000	3	25,000	4		
Hawaii	278,000	36	138,000	16	133,000	19	7,000	1
Idaho	184,000	23	149,000	17	35,000	6		
Illinois	2,291,000	309	1,924,000	224	367,000	85		
Indiana	742,000	87	602,000	68	140,000	19		
Iowa	396,000	46	309,000	35	87,000	11		
Kansas	581,000	64	369,000	42	212,000	22		
Kentucky	658,000	75	541,000	61	117,000	14		
Louisiana	891,000	95	644,000	72	131,000	14	116,000	9
Maine	343,000	34	249,000	27	94,000	7		
Maryland	562,000	60	449,000	51	113,000	9		
Massachusetts	1,701,000	218	1,437,000	168	222,000	50	42,000	6
Michigan	1,496,000	188	1,240,000	140	256,000	48		
Minnesota	950,000	109	649,000	75	301,000	34		
Mississippi	672,000	72	365,000	43	307,000	29		
Missouri	860,000	101	778,000	89	82,000	12		
Montana	172,000	18	110,000	13	46,000	3	16,000	2
Nebraska	302,000	35	246,000	28	56,000	7		
Nevada	213,000	21	149,000	17	64,000	4		
New Hampshire	156,000	18	119,000	14	37,000	4		
New Jersey	2,144,000	273	1,814,000	206	330,000	67		
New Mexico	195,000	22	107,000	13	78,000	8	10,000	1
New York	4,240,000	465	2,873,000	318	868,000	102	499,000	45
North Carolina	535,000	62	435,000	50	100,000	12		
North Dakota	225,000	23	169,000	19	56,000	4		
Ohio	1,717,000	208	1,571,000	177	146,000	31		
Oklahoma	367,000	40	256,000	29	111,000	11		
Oregon	570,000	61	413,000	47	130,000	11	27,000	3
Pennsylvania	2,661,000	345	2,289,000	258	372,000	87		
Puerto Rico	478,000	54	346,000	39	74,000	6	58,000	9
Rhode Island	299,000	35	229,000	26	70,000	9		
South Carolina	499,000	57	329,000	38	170,000	19		
South Dakota	170,000	18	142,000	16	28,000	2		
Tennessee	731,000	73	500,000	56	231,000	17		
Texas	1,250,000	143	1,100,000	125	150,000	18		
Utah	278,000	31	228,000	25	33,000	4	17,000	2
Vermont	178,000	20	119,000	14	38,000	4	21,000	2
Virginia	437,000	48	335,000	39	81,000	7	21,000	2
Virgin Islands	53,000	7	32,000	3	11,000	2	10,000	2
Washington	1,252,000	143	1,158,000	133	73,000	8	21,000	2
West Virginia	363,000	38	287,000	32	76,000	6		
Wisconsin	632,000	66	441,000	50	86,000	6	105,000	10
Wyoming	116,000	12	90,000	10	26,000	2		

Activity 3. FEDERAL INSTITUTIONAL TRAINING SERVICES

(1968, $2,475,600, Pos. 168;
1969, $2,567,600, Pos. 168)

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, Vocational, and Library Programs, 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, the Office of Economic Opportunity, the Department of Housing and Urban Development, and other activities of the Department of Health, Education, and Welfare. 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.

In 1967, accomplishments were to provide institutional training for 132,259 trainees.

In 1968, it is planned to provide institutional training for 109,000 trainees.

In 1969, it is planned to provide institutional training for 109,000 trainees.

CHANGES FOR 1969

Mandatory Changes amount to (Page MDTA-8)	+$92,000
Program Changes amount to	None
Positions	None

Basis for the Estimate

The role of the Department of Health, Education, and Welfare has been affected as a result of the responsibilities imposed by the redirection of Manpower Development and Training Activities. 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 1969 that the instructional services, the facilities and equipment, and the instructional staff developed at the local program operating level the first four 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, underemployed women, minority group members, just to mention a few.

The Department of Health, Education, and Welfare staff must assist local and State staffs to be increasingly effective in

satisfying the objectives of the redirected Manpower Development and Training program. Increased assistance must be provided the regional representatives in order that they 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 more careful cost estimates, course content, and length of training required.

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 reassignment of project funds must be practiced consistently throughout the fiscal year rather than on annual accounting.

On-the-job training National contracting requires staff 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 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.

The Department of Health, Education, and Welfare will continue to provide operational liaison with the President's Committee on Manpower for Health, Education, and Welfare, and some logistical support.

To bring about meaningful use of the Cooperative Area Manpower 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 not subject to State apportionment.

The amendment to Section 231 of the Manpower Development and Training Act 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. This amendment requires 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 educational 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 Department of Health, Education, and Welfare staff 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 four years. Department of Health, Education, and Welfare staff will be applying these findings to current program operation.

Effort to locate and acquire excess Government property and equipment for use in training programs will be intensified in 1969.

Emphasis on multiple-agency activities will require considerable additional staff time for coordination of plans and projects with other Federal agencies. However, no change is proposed in the total number of positions in 1969 as compared to 1968.

OFFICE OF MANPOWER ADMINISTRATOR
SALARIES AND EXPENSES

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate	$30,696,000	$29,422,000
Proposed transfer to other accounts for pay increases (P.L. 90-206 effective October 8, 1967) 1/	- 428,000	---
Appropriation available from prior year	215,194 2/	---
Appropriation or estimate, revised	30,483,194	29,422,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968 Pos.	Amount	Estimate, 1969 Pos.	Amount	1969 Change Pos.	Amount
1. Experimental, demonstration and research programs	---	$23,064,555	---	$19,800,000	---	-$3,264,555
2. Planning, research and evaluation	282	5,155,239	369	6,368,100	87	+ 1,212,861
3. Financial and management services	110	1,536,200	159	2,322,300	49	+ 786,100
4. Executive direction	40	727,200	50	931,600	10	+ 204,400
Total obligations	432	30,483,194	578	29,422,000	146	- 1,061,194

1/ Proposed transfer for pay increases to:

Bureau of Apprenticeship and Training	$ 142,000
Bureau of Employment Security	42,000
Labor-Management Services Administration	25,000
Wage and Hour Division	73,000
Women's Bureau	9,000
Bureau of Employees Compensation	17,000
Bureau of Labor Statistics	54,000
Office of the Solicitor	18,000
Office of the Secretary	45,000
Office of Federal Contract Compliance	3,000

2/ Allocated to activities as follows:

Activity 1	$198,555
Activity 2	16,639
	$215,194

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
Total number of permanent positions	432	578	+ 146
Positions other than permanent	4	4	---
Average number of all employees	408	533	+ 125
11 Personnel compensation.	$ 4,834,900	$ 6,270,400	+$ 1,435,500
12 Personnel benefits	359,700	466,400	+ 106,700
21 Travel and transportation of persons	277,100	340,100	+ 63,000
22 Transportation of things	18,600	33,600	+ 15,000
23 Rent, communications, and utilities	143,900	251,300	+ 107,400
24 Printing and reproduction	231,100	285,300	+ 54,200
25 Other services	1,423,439	1,737,000	+ 313,561
Services of other agencies	23,064,555	19,800,000	- 3,264,555
26 Supplies and materials.	73,500	107,300	+ 33,800
31 Equipment	56,400	130,600	+ 74,200
Total obligations	30,483,194	29,422,000	- 1,061,194
Working Capital Fund items included above	(322,000)	(471,000)	(149,000)

SUMMARY OF CHANGES

	Pos.	Amount
1968 Enacted Appropriation	432	$30,696,000
Appropriation available from prior year		215,194
Proposed transfer to other accounts for pay increases (P.L. 90-206 effective October 8, 1967)1/		- 428,000
1968 Estimated fund availability		30,483,194
1969 Estimate	578	29,422,000
Total Change	+ 146	- 1,061,194

Mandatory Items (page OMA-7)

Increases:

Net additional pay increase costs not completely funded in 1968	--	+ 114,300
Net additional cost of within-grade promotions effective for part year in 1968	--	+ 44,900
Net cost of within-grade promotions becoming effective in 1969	--	+ 54,300
To provide for one extra day of pay in 1969 for current year staff	--	+ 20,900
Sub-total, Mandatory Increases	--	+ 234,400

Decreases:

Authority to conduct Labor Mobility Demonstration Program expires in 1968 in accordance with the 1966 amendments to the Manpower Development and Training Act of 1962, as amended (P.L. 87-415)	--	- 3,866,000

	Pos.	Amount
Decreases (continued):		
Authority to conduct Placement Assistance (Bonding) Demonstration Program expires in 1968 in accordance with the 1966 amendments to the Manpower Development and Training Act of 1962, as amended (P.L. 87-415)	--	- 200,000
Non-recurring 1967 funds available for obligations in 1968	--	- 215,194
Sub-total, Mandatory Decreases	--	- 4,281,194
Sub-total, Mandatory Items	--	- 4,046,794
Financing Items:		
To provide for full cost of centralized services purchased from the Working Capital Fund	--	+ 31,000
Program Items:		
Increases:		
To provide for an increased level of manpower research to keep pace with the rapid expansion of manpower problems (page OMA-13)	--	+ 1,000,000
To more effectively administer the existing and expanded planning, evaluation and research activities (Personal Services $788,800; Non-Labor $268,700) (page OMA-33)	+ 87	+ 1,057,500
To provide more effective financial and management support to manpower programs (Personal Services $389,800; Non-Labor $330,100) (page OMA-54)	+ 49	+ 719,900
To strengthen support of Regional Manpower Administrators for the coordination of manpower programs at the State and local levels (Personal Services $132,200; Non-Labor $45,000) (page OMA-63)	+ 10	+ 177,200
Sub-total, Program Items	+ 146	+ 2,954,600
Total Change	+ 146	- 1,061,194

1/ Proposed transfer for pay increases to:

Bureau of Apprenticeship and Training	$ 142,000
Bureau of Employment Security	42,000
Labor-Management Services Administration	25,000
Wage and Hour Division	73,000
Women's Bureau	9,000
Bureau of Employee's Compensation	17,000
Bureau of Labor Statistics	54,000
Office of the Solicitor	18,000
Office of the Secretary	45,000
Office of Federal Contract Compliance	3,000

Activity 1. EXPERIMENTAL, DEMONSTRATION AND RESEARCH PROGRAMS (1968, $23,064,555, Pos. 0
1969, $19,800,000, 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. Program emphasis is directed to continued support of the Concentrated Employment Program. Research and Experimentation and Demonstration will be designed to provide guidance and direction to the operation of the broad manpower programs planned for fiscal year 1969. The need for further research into the basic manpower problems of poverty areas is great. Experimentation is necessary to move research findings into operational procedures. The Concentrated Employment Program and the strengthened on-the-job training program are still evolving concepts and much support is needed to bring them to their full potential.

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, 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 (1968, $3,800,000, Pos. 0
1969, $4,800,000, Pos. 0)

Narrative Description of Program

The program of contract and grant research administered by the Department of Labor emphasizes studies that can be applied directly to make manpower programs more effective or, with the approval of the Congress, in instituting new programs where need is demonstrated. Hence, the research encompasses both practical problems in current programs and emerging problems which require timely action to prevent them from becoming chronic. A longer-range objective is to obtain information that can guide our society in closing the gap between its aspirations and its achievements with respect to the utilization of manpower.

Priority is given to studies which appear to offer a superior chance for finding solutions to the most important problems. Key considerations in the research design are the balance between the immediate and the longer-range problems and the time lag between the initiation of research and the production of findings.

The current research design has evolved over the past several years. Thus, at the outset of the Manpower Development and Training Activities program 5 years ago, when the training efforts focused on workers who were unemployed because their skills were no longer in demand in the area where they lived or because they lacked marketable skills, the research concentrated on training needs, workers' attitudes toward training, their mobility, and the effects of automation and technological change on job content and employment.

As the Nation has assigned more urgent priorities to the alleviation of urban and rural poverty, this aspect of the research program has been emphasized. Currently, a variety of employment problems centered in urban slums, generated largely by migration from the farms to the cities, are a major research focus.

In 1967, accomplishments included the completion of thirty one research projects. A total of seventy research projects have been completed during the first five years of the program.

Some of the significant findings from two of these 1967 reports are given in this section to suggest the thrust of the underlying research.

1. Negro Participation in Apprenticeship Programs, by Drs. F. Ray Marshall and Vernon M. Briggs, Jr., of the University of Texas. Drs. Marshall and Briggs were asked to do an independent study of the approaches used to promote Negro participation in apprenticeship, to determine why some succeeded while others failed. They investigated apprenticeship programs in ten large cities, concentrating on trades in which few Negroes were employed.

While they found very few Negroes in most of the programs they studied and none in some, they concluded that the relative importance of racial discrimination has declined in recent years and that measures to recruit, train, and counsel qualified applicants currently are much more important. Accordingly, they suggested specific steps that might be taken by educators, employers, unions, civil rights groups, and various levels of government and as a result the Department of Labor and other Federal agencies have taken a number of actions along the recommended lines. The most significant of these came in February 1967, when the Labor Department contracted with the Workers Defense League and the A. Philip Randolph Educational Trust to extend the League's activities to recruit and prepare minority youth for apprenticeship in Buffalo, Cleveland, and Westchester County, N. Y., and to step up its program in New York City. The goal of this project is to place 375 disadvantaged youths in apprenticeship. Similar contracts have been signed with other groups, including the Urban League in Baltimore and Milwaukee and the Trade Union Leadership Conference in Detroit.

2. Restoration of Youth Through Training, by Wakoff Research Center, Staten Island Mental Health Society. Although the final report on this study was received in late June, preliminary findings figured in congressional approval last year of an experimental program for training inmates of correctional institutions. In this study of a training program for young men at Rikers Island jail in New York City, the finding that weighed most heavily was the fact that 48% of the trainees returned to jail during the year following their release, in comparison to 66% of a matched group of men who followed ordinary jail routine.

The study discloses impressive economic gains should elicit enthusiastic cooperation in the new program from correctional authorities and the communities which they serve. It costs New York City $4,360 a year to keep an inmate at Rikers Island,

including the cost of capital outlays, depreciation, and fringe benefits for operating personnel, and the average term is about 1 year. Since the training, placement, and supporting services cost only about $210 per trainee, the City of New York in effect saved some $4,150 for each youth who was helped by the training to stay out of jail in the year following his release. Moreover, a substantially larger proportion of trainees than of the controls held jobs paying over $60 a week -- enough to lift their families out of poverty.

As a result of this pioneering research program, many correctional institutions have introduced similar training programs as one of the tools for rehabilitating prisoners and improving their ability to secure jobs and become productive citizens.

During 1967, several books based on Manpower Administration contract research studies were published, and articles on other studies appeared in a number of periodicals. A brief listing of publications emanating from the Research programs include: (1) Farm Labor in the United States, edited by C. E. Bishop (New York, Columbia University Press), part of which was reprinted for use at an October 1967 conference on rural youth; (2) Manpower and the Public Employment Service in Europe -- A Study of Programs and Operations, by Alfred L. Green; (3) "Symposium on Manpower Theory," which constituted the Spring 1967 issue of the Journal of Human Resources; (4) The Negro and Apprenticeship, by F. Ray Marshall and Vernon M. Briggs, Jr. (Baltimore, The John Hopkins Press); (5) The Middle-Class Negro in the White Man's World, by Eli Ginzberg and others (New York, Columbia University Press), (6) Negro College Graduates' Attitudes, by Father Joseph H. Fichter (Washington, Government Printing Office, for the sponsors -- The National Institutes of Health, the National Science Foundation, and the Department of Labor); (7) Scientific and Managerial Manpower for Nuclear Industry, by James W. Kuhn, (New York, Columbia University Press); (8) Manpower and the Growth of Producer Services, by Harry I. Greenfield, (New York, Columbia University Press). (9) The Mobile Professor by Daniel J. Brown, American Council on Education.

Contracts. Among contracts funded in 1967, two-thirds of the total costs went for projects undertaken on the initiative of the Research Office, based on its priority design for the research program. The remainder was used for grants to individuals and institutions to conduct research in the Manpower area. A

brief description of some of the studies initiated by the Research Office follows.

A study conducted by Penn State University will investigate the effects of providing job seekers with supplementary labor market information.

The research office arranged with the Department of Defense to make a number of substantive changes in the semi-annual Defense survey, "Economic Impact of Defense Programs." The changes, in the June and December 1967 surveys, will provide "early warning" of the specific industries, occupations, and geographic areas that would be affected by defense expenditure levels.

The development in recent years of new approaches, such as operations research and systems analysis, to the solution of a wide variety of problems in both the physical and social sciences has prompted the Department together with the Office of Education, The National Science Foundation and the National Bureau of Standards to sponsor two projects. The purpose of these studies, using different approaches, is to explore the feasibility of applying these new analytic techniques in the development of various manpower models in order to better understand manpower adjustment processes in the United States.

The research office contracted with the University of California at Berkeley for a major study of the effects of various employer practices on the operation of the job market in the San Francisco Bay area. The study will cover recruitment, compensation, promotion and retirement policies, and other aspects of employer policy and programs that influence the employment opportunities of different groups of workers. Such information should support more effective policies and programs for matching workers and jobs.

The Vocational Education Act of 1963 directs the Employment Service to provide occupational and employment information to vocational educators so that the vocational education system will be more responsive to current and changing job market requirements. In order to assist the Employment Service to carry out its responsibilities under the Act, the Office of Manpower Research has asked the Wisconsin State Employment Service to develop a model information system for occupational and employment

data which can be used by vocational educators and Employment Service personnel throughout the country. Particular effort will be made to develop low-cost techniques and procedures for the effective exchange of information between the Employment Service and vocational education authorities at all levels of government.

Institutional Grants Program. In June, 1967, seven colleges and universities rounded out their first year of operation under 3-year institutional grants from the Labor Department. The purpose of these grants which average about $75,000 each annually, is to build research capabilities in these small institutions. The terms of the grants were purposely flexible, to encourage each school to develop a program suited to its capabilities and its region. During the first year, a number of research projects were undertaken, fellowships were awarded to graduate students, curriculums were expanded, and qualified faculty members were recruited for the manpower program.

About 50 research projects were in progress at the end of the year. Many of the projects bear upon local or regional problems and can be expected to contribute to their solution. For example, Virginia State College in Norfolk is exploring the manpower situation in Tidewater, Virginia, with special attention to underutilization of the labor force, and a pilot study is underway at Iowa State University to estimate health manpower requirements, changes in job content, and the adequacy of training facilities for health occupations in Iowa.

Twenty-one graduate students were awarded fellowships during the 1966-67 academic year, and 16 research positions were provided for graduate students. For the 12 students awarded Manpower Fellowships under its grant, Oklahoma State University has arranged various "internship" activities involving work or research projects during the academic year and special work situations during the summer.

Substantial changes have been made in curriculums in grantee schools. For example, the University of Maine has initiated a graduate seminar in Manpower Resources which covers the concept of work, labor force definitions and measures, trends in migration, and other basic manpower issues and Temple University began a new seminar in Manpower Outlook.

Because the support for manpower research has been limited, there is not a vast pool of college-level teachers who are experts in the field. Yet each school has put together an interdisciplinary staff, with representatives from economics, sociology, industrial relations, psychology, education, and other departments. At the end of the year, the total number of professors participating in the programs stood at 75.

Each of the manpower centers has taken the initiative in setting up extensive contacts with relevant organizations and individuals outside the university, including State and local governments, other research groups, and other universities. For example, Atlanta University has established an Inter-Community Advisory Council which will work to identify community needs that can be met by the manpower studies group and hopes to conduct a Regional Institute on Manpower for a group of high school and college teachers. Such cooperation can only serve to create the network of involvement in manpower problems which is essential for progress in the field.

Small Grants Program. Under this program, which was designed to encourage more researchers to devote their efforts to the manpower field, support was provided to 23 doctoral candidates for the research incident to their dissertations and to 20 established scholars for innovative research and the development of research designs on manpower problems.

Reports on grants completed during the year include; (1) a dissertation on the relationship between the employment of skilled workers and unemployment among unskilled workers; (2) a study of the development of a computer-based national information system for matching workers and jobs; (3) an exploration of the employability and the capability for self-support among recipients of Aid to the Families of Dependent Children; (4) a methodological study of ways of training personnel interviewers to put aside their prejudices and make realistic evaluations of the capabilities of disadvantaged job applicants; and (5) a survey of published research on the working poor. All five of these studies have been useful in one or another of the Department's programs.

New grants awarded during fiscal 1967 included: (1) a study of the adjustments in occupation, housing, and personal life made by families who move from depressed areas in eastern Kentucky to Kenton County, the nearest industrialized area; (2) a study of

the mobility and other experiences of southern Negroes in migrant labor camps in New York State; (3) a study of changing skill requirements for carpenters in the homebuilding industry; (4) a study in western Maryland of productivity and adjustments to economic and technological change on farms, off-farm employment, and the feasibility of mechanization of certain types of farm operations; (5) an evaluation of vocational training for American Indians through the Muskogee, Oklahoma, Area Office of Indian Affairs; (6) exploration of the extent and nature of manpower planning and forecasting in the firm, the techniques employed, and the corporate uses to which planning data are applied.

In 1968 and 1969, it is planned that several important studies will be completed. A few of those with exceptional promise are outlined below:

A Study of the Need for Educational and Training Adjustments in the Apprenticeship Programs for Selected Craft Occupations, by the Purdue Research Foundation. This study attempts to see how apprenticeship can be improved and modified to better serve current manpower training needs.

An Evaluation of the Training of Tool and Die Makers, by Northeastern University. In a preliminary report on this study, the authors present the findings of the first intensive investigation of the means by which workers in a highly skilled occupation (tool and die maker) achieve journeyman competence. They also attempt to assess the effectiveness of the different methods of the basis of performance ratings by the workers' foremen and the length of time required to reach journeyman status.

Decision Process and Determinants in Occupational Choice, by Stanford University Institute for the Study of Human Resources. This study, is an attempt to determine how students in a 2-year State college and in a 4-year university decide on their occupation and what factors affect the decision.

Occupational Adjustment of Recent Low-Income Southern Immigrants to Cleveland, by the Bureau of Social Science Research, Inc. The first aim of this three-phase study is to develop ways of identifying new arrivals in a slum area and of ascertaining what services they need to make a satisfactory occupational adjustment.

The Mexican-American Migrant Farmworker in Transition, by Rural Manpower Center, Michigan State University. In this study, Mexican American migrant farmworkers and community leaders will be interviewed to obtain information about the process by which the workers drop out of the migrant stream and adjust to new job requirements and opportunities in the northern communities where they settle. Factors which influence their stability in the new community will also be analyzed.

Study of the Transferability of Military Trained Medical Personnel, by Robert R. Nathan Associates, Inc. The objective of this study is to determine whether more of the 60,000 military personnel with specialized training in health occupations who are released from the service each year might be persuaded and prepared to enter civilian medical occupations.

New Research. New contracts and grants for research to be initiated during 1968-69 will continue to emphasize three major approaches to the solution of manpower problems: (1) improving the productive potential of our human resources; (2) making more effective the services, programs, and institutions concerned with manpower; and (3) assessing major economic and social influences on the work force.

Based on current knowledge, the complex manpower problems encompassed within these three research areas, and their relative urgency, are as follows:

Current Issues

1. Slum employment problems
2. The transition from school to work and the employment problems of youth
3. Racial discrimination in employment and advancement
4. Special employment problems:
    a. Employability of minority groups
    b. Older workers
    c. Women workers
    d. Persons with arrest or conviction records
    e. Welfare recipients
    f. Debt and garnishment
5. Rural to urban migration
6. Employment in low-wage industries
7. Agricultural employment
    a. The supply and demand for farm labor
    b. Problems of migrating farm workers
8. The problems of shortage occupations

Emerging or Expanding Issues

1. Improving job market processes and institutions
2. The distribution of jobs and incomes
3. Nonparticipation in the labor force
4. The manpower implications of labor-management agreements
5. The problems of "exit from work" and early retirement in light of greater life expectancy and rising productivity
6. Post-Viet Nam adjustment problems
7. Seasonal unemployment
8. Improving training and upgrading in industry
9. Transportation to work
10. Improvement of manpower projections and models

Continuing or Long-Range Issues

1. The location of job opportunities in rural areas
2. Implications of changes in rate of population growth
3. The career development process
4. The economic and social impact of military service
5. The quality and meaning of work
6. Emerging quasi-work activities
7. Problems of manpower data gathering and analysis techniques

Given the 25 issues on which research is currently needed, it is apparent that choices will have to be made. The major determinant of the research projects that can be undertaken is, of course, the amount of funds made available for the purpose. The Department is requesting $4.8 million for the research program in 1969, an increase of $1.0 million over 1968. The amounts for 1968 and 1969 would permit some research on all of the current issues and on some of the emerging issues.

The following table shows a comparison of the 1968 and 1969 programs:

Unit	1968	1969	Change
Contractual Research	$2,600,000	$3,100,000	+$ 500,000
Grants for Research Projects and Doctoral Dissertations	700,000	900,000	+ 200,000
Manpower Research Institutional Grants	500,000	800,000	+ 300,000
Total	$3,800,000	$4,800,000	+$1,000,000

Experimental and Demonstration Program (1968, $15,000,000, Pos.0
1969, $15,000,000, Pos.0)

Narrative Description of Program

The experimental and demonstration 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 focus on distinctive needs of the unemployed and underemployed who are not being aided effectively by established manpower service programs and try to meet such needs through new techniques and new types of organizational arrangements to "reach" and help make such workers trainable, provide them with employable skills, and 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. About three quarters of experimental and demonstration projects are operational activities, while the others are developmental (undertaken to plan and initiate specific efforts) or analytical assessments of project operations.

The impact of these projects, particularly those concentrating on disadvantaged youth, has been examined by several studies which trace in detail the contributions such projects have made to improving of manpower programs. For example, a recently completed study by the Human Interaction Research Institute, "Impact on Community Organizations and Institutions made by Manpower Development and Training Activities Experimental and Demonstration Projects for Disadvantaged Youth," reports that many techniques and methods first used in these projects have since been adopted and are being utilized widely by established agencies as new elements of their manpower service activities. Other studies of this programs accomplishments report specifically

on advances developed in outreach, conseling and testing, basic education, training, use of professionals, and job placement. The following paragraphs briefly summarize such major accomplishments.

In 1967, the following are notable examples of significant expanding practices which the experimental and demonstration projects clearly have stimulated and helped guide:

-- Outreach activities, including use of nonprofessional local residents, 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 (now reflected in the major Human Resources Development efforts of the Employment Service system and the neighborhood centers of community action programs).

-- 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 and providing of 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.

-- Use of nonprofessional, and "indigenous worker", staff, group counseling, 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 new occupations and wider employment of disadvantaged workers as subprofessional aides in human service fields (now embodied in the New Careers program provided by the Economic Opportunity Act).

-- Overcoming of barriers to entry by minority groups to skilled and professional occupations.

-- Development of on-the-job training on sizeable scale through use of private and civic organizations as administering agents.

-- Post-placement follow-up and assistance to assure continuing employment and upgrading. The idea of a "coach" to provide support to newly hired workers and their employers in the first few months after placement, to help overcome problems jeopardizing job retention, is an experimental and demonstration program concept gaining increasing attention.

New organizational approaches have also been developed significantly by the experimental and demonstration program. These projects have looked beyond established public agencies to involve or develop new types or combinations of private and public institutions for manpower development efforts; they have provided notable examples of effective use of community, minority, private employer, and academic groups to bring fresh capabilities and ingenuity to the tackling of manpower problems.

Self-help and community organizations fostered by these projects have been prototypes for wide reproduction. Perhpas the best-known example is the Opportunity Industrialization Center of Reverend Leon Sullivan in Philadelphia, first developed with this program's support and now serving as the model for Opportunity Industrialization Centers in dozens of other cities which similarly emphasize minority group (primarily Negro) leadership, self-help efforts, motivational training programs, and industry cooperation.

Guidance for legislative action has been provided by these projects which have probed beyond regular program's statutory bounds. Key 1966 amendments to the Manpower Development and Training Act, for example, were based on experience developed in the experimental and demonstration projects:

1. One amendment (Sec. 202k) authorized physical examinations and minor medical treatment for trainees who cannot afford to obtain it on their own. These 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.

2. Another amendment (Sec.202j) authorized 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 who, 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.

3. Another amendment (Sec. 251) authorized initiation of training in correctional institutions to prepare prisoners for employment after release.

Key objectives of the experimental and demonstration program are to stimulate innovation and to provide examples of new methods to guide improvement of established programs, rather than directly to provide services to the participants in these projects. However, the projects do in fact provide substantial needed manpower services to literally tens of thousands of disadvantaged workers.

The approximately 75 operating projects in action in July 1967 had during the preceding year directly provided distinctive and significant services to over 55,000 individuals, the great majority of whom would not otherwise have received such assistance through established manpower programs.

Of the total number of participants reached by these projects, some 80 percent were from minority groups: nearly 70 percent were Negro, about 10 percent were Spanish-background (Mexican-American and Puerto Rican), and some 2 percent were Indian or of oriental background.

Limited education is another common characteristic. Some 80 percent of the participants in this program did not complete high school, and nearly a third did not even complete elementary school.

In 1968, it is planned to invest the $15,000,000 available for the experimental and demonstration program in some 75 projects in the five general categories summarized below. Roughly about 40 percent of the funds will be used to carry forward about 30 projects initiated earlier, with 60 percent going for new projects.

(1) Employer Involvement. A principal emphasis during the year is on ways to stimulate private employer sponsorship and direct involvement to meet employment problems of the disadvantaged. Some 30 to 35 percent of the available funds have been allocated for such projects.

The largest such investment is in refinement and broadening of the JOBS NOW demonstration project conducted in Chicago by the YMCA and Illinois Employment Service in cooperation with major employers and community organizations.

A second employer-oriented program is pioneering employer development of intensive in-plant training to upgrade unskilled workers from traditionally dead-end jobs to higher-level jobs which the employer might not otherwise fill. The great potential of this demonstration program has already been shown by a pilot effort conducted in New York City in 1967 by Skill Advancement, Inc., a nonprofit organization sponsored by the Urban League, the Puerto Rican Forum, and Cornell University.

(2) Minority group self-help. A second major emphasis of the 1968 Experimental and Demonstration program is on direct involvement of minority groups to organize and direct training and employment programs. Over 25 percent of the funds are being allocated for such projects.

The great bulk of this investment is in a multi-city demonstration of the Opportunity Industrialization Center system. These projects emphasize minority group (primarily Negro, often clergymen) leadership and extensive use of volunteer and industry assistance to recruit unemployed workers to provide them with motivational and basic work preparation in a "feeder" center and occupational training in skill development centers, and to arrange placement with cooperating employers. Initial operation of these centers in 17 cities has resulted.

Spanish-American minority programs are being developed in the Southwest through Operation, which is directed by major Spanish-American organizations, most notably the League of Latin American Citizens and the American GI Forum.

Both of the above two projects are funded jointly with Manpower Development and Training Activity and Experimental and Demonstration funds and by the Office of Economic Opportunity.

Another notable experiment in "self-help" is the Pride, Inc. project initiated in Washington this summer. It relied on youth leaders to organize and conduct a large-scale program to employ jobless youth, nearly all nonwhite, in community cleanup and rat control activities.

(3) Other special techniques for specific groups. A third major category of projects is a variety of efforts to develop new approaches to meet stubborn problems barring employment of specific disadvantaged groups. Nearly 25 percent of the experimental and demonstration program funds are allocated for these projects. The principal examples of such varied projects are:

(a) Development of training and employment for arrested persons as an alternative to criminal prosecution and imprisonment, to be run by the Vera Institute of Justice.

(b) Basic occupational language training to equip Spanish-speaking workers with English necessary to perform specific jobs, to be conducted by the Puerto Rican Forum.

(c) "Work hardening" to enable emotionally and socially handicapped unemployed workers to prepare for steady employment.

(d) "Residential services" to youth whose unstable home and family environment prevent effective training or job retention, conducted by Yale University and the community action agency (Community Progress, Inc.) in New Haven.

(4) New opportunities in major occupations. Several projects will seek to redesign or develop new means of entry to occupations with large potential for substantial new employment opportunities for the disadvantaged. Some 10 percent of the funds are allocated for this purpose.

(5) Formal experimentation-analysis and other. Many of the projects cited earlier are designed to provide specific measurement of the impact of their experimental efforts. In addition, nearly 10 percent of these funds are being devoted to controlled measurement of regular manpower programs to determine effectiveness and relative value of alternative approaches and utilization efforts to stimulate wider awareness, understanding, and use of improved techniques developed by demonstration projects.

In 1969, it is planned that the $15,000,000 requested for experimental and demonstration projects will be invested in approximately 75 projects, of which some 50 will be new projects, with the remainder being refundings of new phases of current projects.

In 1969 this program will stress increasingly the measurement and analysis of effectiveness of manpower development techniques. At least two more experimental manpower laboratories will be developed. The program will also emphasize development of (1) new types of private industry manpower development programs, (2) improved minority group self-help efforts, (3) more effective ways of meeting job needs of rural migrants to urban areas, and (4) new ways of strengthening coordinated "concentrated employment programs". Each of these priority areas are outlined more fully below.

(1) Experimental manpower laboratories. The initial laboratory established in 1968, to measure effectiveness of specific manpower services on a systematic, controlled, long-term basis, will be expanded to at least three in 1969. An estimated 10 percent of the experimental and demonstration budget would be invested in these laboratories.

Such laboratories--facilities combining operating programs and action-research competence--are necessary to obtain continuity, scope and depth of formal experimentation which are often not attainable in ad hoc short-term demonstration efforts.

Prime candidates being considered for laboratories are (a) a mental health hospital and cooperating university which have conducted a notable demonstration project on employment problems of the mentally ill, (b) a prison system with an associated research foundation which have done outstanding work in preparing inmates for employment after release, (c) a community action agency which has operated a comprehensive urban manpower program and a university in the same city which has joined in measurement of the impact of that program, and (d) a private community service agency which has led multi-agency efforts to develop new ways to solve employment needs of problem youth and is developing research staff and studies in cooperation with other organizations.

(2) Private industry manpower programs. A series of demonstration projects will seek to develop with industry leaders effective examples of how employers (a) can train, hire, and employ effectively the "hardcore unemployed" and (b) meet skill shortages through upgrading programs to develop potential and provide upward mobility of employed workers customarily confirmed to low-level jobs.

Although still in their early stages, several such projects already initiated with experimental and demonstration funds 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, 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, and the Skill Advancement project, in which employers are training and promoting workers from unskilled jobs which formerly were dead-end jobs.

The proposed new direct-employer-involvement demonstrations 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.

(3) Improvement of minority group self-help. The experimental and demonstration program will continue to seek improved ways of gaining the benefits of participation by minority organizations in manpower programs directed to minority groups.

Particular attention will be given to devising more effective ways of meshing such organizations' activities with those of programs run directly by public agencies, so that they become, not competitive efforts, but complements to each others' strengths. This program will also explore more systematically the usefulness of a period of partial support, of gradual movement from demonstration funding to regular program funding, as a means of developing more effective movement from the demonstration phase into the continuing-service operations as part of regular program funding.

(4) Rural migrants to urban areas. A significant part of the unemployment problem in many cities is rooted in the lack of preparation of many newcomers from rural areas for life and work in the city. Several projects have been trying new ways to prepare rural people for urban employment. The expanded program will give more attention to methods of identifying and providing at strategic times and places the skill development, job-seeking, and urban orientation aid needed by many rural migrants to urban areas, both in out-migration and in-migration areas.

(5) Improvement of "Concentrated Employment Programs". As the concentrated employment programs initiated in major urban ghetto areas gain their first year's experience in linking together different manpower development tools in a comprehensive and coordinated program, they will provide rich opportunities (and needs) for further innovation.

The experimental and demonstration program will utilize the more effective programs as a base for special projects (a) to determine how better to meet apparent gaps and emerging shortcomings and (b) to do pilot probing of new approaches which such program directors believe are promising but which are beyond their current statutory authority. An estimated 10 percent of the budget would be devoted expressly to this purpose.

Labor Mobility Demonstration Program (1968, $3,866,000, Pos.0
1969, - 0 -, Pos.0)

Authority to conduct labor mobility demonstration program expires in 1968 in accordance with the 1966 amendments to the Manpower Development and Training Act of 1962, as amended (P.L. 87-415). It is anticipated that extension of this pilot program will be proposed as an amendment to the Manpower Development and Training Act.

Placement Assistance (Bonding) Demonstration Program (1968, $200,000, Pos. 0
1969, - 0 - , Pos. 0)

Authority to conduct Placement Assistance (Bonding) Demonstration Program expires in 1968 in accordance with the 1966 amendments to the Manpower Development and Training Act of 1962, as amended (P. L. 87-415). Extension of the pilot program will be proposed under amendments to the Manpower Development and Training Act.

Changes for 1969

Mandatory Changes Amount to (Page OMA-9)	-$4,264,555
Financing Changes Amount to (Page OMA-10)	NONE
Program Changes Amount to (Page OMA-13)	+ 1,000,000
Positions.....	NONE

The following is a summary of the changes requested in 1969:

	Appropriation, 1968	Request 1969	Change
Research Program	$ 3,800,000	$ 4,800,000	+$1,000,000
Experimental and Demonstration Program	15,000,000	15,000,000	- 0 -
Labor Mobility Demonstration Program	3,866,000	- 0 -	- 3,866,000
Trainee Bonding Program	200,000	- 0 -	- 200,000
Unobligated FY 1967 funds carries into 1968	198,555	- 0 -	- 198,555
Total.....	$23,064,555	$19,800,000	-$ 3,264,555

The change for 1969 reflects a net decrease of $3,264,555, made up of $1,000,000 program increase for Title I Research programs, offset by mandatory decreases due to the expiration in 1968 of authority to conduct labor mobility demonstration program ($3,866,000 revised amount available in 1968), and the bonding demonstration assistance program ($200,000) and a non-recurring decrease of $198,555.

Basis for the Estimate

The estimates of financial resources for the Manpower Development and Training Activities Title I Research and Experimental and Demonstration programs are based on the anticipated numbers and types of projects which should be initiated or maintained in fiscal year 1969. While costs of individual research and experimental and demonstration projects vary widely, the estimates are based on past experience with similar types of projects. The estimates identify the various areas in which research and experimental and demonstration are needed. Increased program levels are based on projects needed to give full support to the evolving manpower programs.

Activity 2. PLANNING, RESEARCH AND EVALUATION (1968, $5,155,239, Pos. 282
1969, $6,368,100, Pos. 369)

Narrative Description of Program

This program provides for the Federal administration costs of the policy planning, cost effectiveness, manpower data system, 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 research, 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 program 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 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.

Associate Manpower Administrator's Office

The Associate Manpower Administrator provides executive direction, coordination and guidance to the staff and program functions included in this activity. The office serves as the focal point through which the policy planning, research, experimental, demonstration and evaluation findings are integrated into a cohesive pattern and brought to bear on current manpower program issues. The office also organizes and disseminates technical manpower information and houses the Secretariat of the National Advisory Committee.

Planning and Policy Development

The planning and policy staff are concerned with the formulation and development of the basic policies and plans for the comprehensive nationwide manpower program. It provides staff support in synthesizing the results of research, experimentation and evaluation into the fabric of the national manpower program, in forging a coordinated Federal manpower development and utilization effort, in appraising the need for and effectiveness of the Federal manpower program efforts, and in developing the factual basis for management decisions covering the entire, broad spectrum of manpower program activities.

It is the principal planning and policy instrumentality of the Manpower Administration. It is charged with developing both short- and long-range plans and policies for a comprehensive manpower program through which to achieve the most efficient development, distribution, and utilization of the Nation's manpower resources. It (1) analyzes and identifies the socio-economic needs related to manpower; (2) defines and refines manpower program goals and objectives; (3) designs and articulates the overall array of Federally supported manpower programs, weighing and appraising programming alternatives for reaching established goals and analyzing the marginal contribution and cost effectiveness of resources applied in the various programs to maximize attainment of objectives; (4) formulates legislative proposals and coordinates legislative affairs; (5) develops policies for and plans specific program applications for new undertakings as well as modifications of existing activities; and (6) develops annual national manpower development planning guidance through which to steer operating programs.

In 1967, a wide range of activities were carried out. The Cooperative Area Manpower Planning System was invented, the details were worked out with and an agreement reached by four Executive Departments and one independent agency, and area and State comprehensive manpower planning was successfully initiated. A proposal to provide skill training to inmates of correctional institutions was completed and following enactment of Section 251, an amendment to the Manpower Development and Training Act, the program and administrative design for the pilot inmate training program was developed. The Department of Labor manpower program relationships with the Department of Housing and Urban Development Model Cities program was established and representation was provided on the Model Cities Task Force, the multi-agency Neighborhood Center Pilot Program, and other interagency planning coordination activities.

Considerable progress was made in initiating a comprehensive cost-benefit analysis program within the Manpower Administration, with the assistance of an outside contractor (Planning Research Corporation). A draft Cost-Benefit Analysis Handbook was prepared laying out three study methodologies appropriate for application to various kinds of manpower programs and varying prospective policy alternatives. Specific studies were undertaken using each of the methodologies; one was completed, one completed in draft, and one gotten well started. The completed study showed, within the limitations of available data, that both institutional type and on-the-job training under the Manpower Development and Training Act have very good benefit-to-cost characteristics. Institutional training returns in total $1.78 for each $1 of Federal investment during only the first year following training, while on-the-job training returns $3.28 per Federal investment dollar in a similar period. In neither case did the calculated returns include the increase in taxes which could be expected from the increased trainee earnings.

Manpower program and financial data required for cost-benefit analysis purposes were identified. The complexities and expenses of continually collecting all the detailed data needed, for the entire populations served, for such analytical purposes necessitates critical assessment of the extent to which sample surveys, or routine data collection on a sample of the program populations may suffice for Cost-Benefit Analysis.

The first nationwide interagency tele-conference on Federal manpower program plans and policies (Labor, Health, Education and Welfare, and Office of Economic Opportunity) was conducted. Staff focused activity on professional and technical aspects of testing the disadvantaged. The work of the Interagency Task Force on Counseling was concluded and a substantial part of the final report, with recommendations concerning strengthening of counseling services was completed. Guidelines for development and operation of the Concentrated Employment Program were prepared and Project Transition was planned in cooperation with Department of Defense.

Staff successfully completed work culminating in the 1966 Amendments to Manpower Development and Training Act, prepared the Manpower Administration's legislative program for the 90th Congress, 1st session, including specific legislative proposals and, various materials relating to proposed legislation under consideration by the Congress were prepared i.e. a recommendation for funding the

Veteran's Employment Service activities under the Cold War GI Bill. The office recommended disposition of approximately 10 Manpower Development and Training Act trainee appeals and led a work group on procedures for new programs delegated to the Department of Labor by the Office of Economic Opportunity.

The office provided overall staff leadership coordination and direction for the initiation of the Department of Labor system of planning and fund control for all Manpower Administration program categories---Manpower Development Assistance, Employment Assistance and Income Maintenance. The staff also provided guidance, consultation and technical assistance to all elements of the Manpower Administration in the installation of the system. The staff provided review of goals, objectives and production schedules for all components of Manpower Administration, modification of the system where necessary and development and monitoring of an overall Special Studies program. Another important phase of the departmental system of fund control is the quarterly review and analysis of all three Manpower Administration program categories.

In 1968, the Cooperative Area Manpower Planning System was broadened to include two more Executive departments and another independent agency. Cooperative Area Manpower Planning System provides for a continuous working relationship among several agencies in the coordinated planning and implementation of manpower and related programs. Agencies cooperating with the Manpower Administration and actively participating in Cooperative Area Manpower Planning System, include the Office of Education, and the Social and Rehabilitation Service of the Department of Health, Education and Welfare; the Economic Development Administration, Department of Commerce; the Department of Housing and Urban Development; Department of Agriculture; the Water Pollution Administration and the Bureau of Indian Affairs of the Department of Interior; the Office of Economic Opportunity and the Civil Service Commission. Further refinement and improvement of the system to achieve greater efficiency, program effectiveness and operating economies are well underway, broadening its scope to almost 100 job market areas as well as the 54 States and territories, and providing for more influential roles for governors and mayors.

As part of the continued cost-effectiveness-study program, an illustrative cost-goals study of the U.S. Employment service will be completed. In it are developed methodologies for estimating the benefits in terms of increases in gross national product which

would result from additional investment in Employment Service activities, and for assessing the differences in benefits which would result from putting the investment increments into one or another of the battery of services provided by the Employment Service System. An illustrative cost-constraint study on the unemployment insurance program, already partially completed, attempts to assess the increase in automatic anti-cyclical effects of extending Unemployment Insurance and increasing benefits, at an assumed constant total level of benefits.

Plans were completed for establishing a new Department of Labor advisory committee on counseling. This office will provide professional and technical assistance as needed, in the areas of counseling, testing, and supportive services, to components of the Manpower Administration. A position paper has been prepared on the stimulation of employment in urban slum areas.

Staff is preparing the Manpower Administration's legislative program for the 90th Congress, 2nd session, including development of specific legislative proposals and coordination of all proposals recommended by various constituent elements of the Manpower Administration. Recommendations are prepared on approximately 125 legislative proposals originating outside the Manpower Administration such as proposals to increase participation by the private sector in the Nation's manpower development and training efforts. Staff papers analyzing significant manpower implications of various legislative measures are underway. Policy recommendations for disposition of about 12 Manpower Development and Training Act trainee appeals will be made. Other activities planned include: Implementation of the health services provisions of the Manpower Development and Training Act; preparation of an inter-agency standard on fringe benefits for poverty program employees and writing a compendium of Manpower Administration criteria for development, review, and approval of these projects to be used at national, State, and local levels. In 1968, this office was assigned responsibility to oversee and coordinate within Manpower Administration referral of certain issuances to the Advisory Commission on Intergovernmental Relations.

Staff recommendations have been prepared for restructuring the Manpower Administration's top planning, programming operations, monitoring machinery, substituting a Management Committee for the earlier Planning Council. With the increasing size of the Manpower program, there will be further modification in program structures of the Manpower Administration system of planning and fund control, and other system design and installation work. As a result of new programs, quarterly review and analysis will be more complex.

In 1969, further development and improvements in the Cooperative Area Manpower Planning System will be introduced. Staffing will be made available on a grant or contract basis, to State and designated area Manpower Coordinating Committees; more detailed guidance and assistance will be provided for developing State and local manpower information on which to base operating plans.

More staff time will be devoted to conducting detailed aggregate and specific studies of particular manpower areas and problems, e.g., the universe of need, migrant workers, urban slum residents, welfare recipients, to support the conception and design of both the overall manpower program and specific program proposals. In order to have an adequate basis for program proposals, and the factual basis for identifying and eliminating programs which have low payoffs and/or have outlived their usefulness, it is essential that program studies of greater depth be undertaken on a much greater variety of subject matter areas.

Increased emphasis will be put on cost-effectiveness analysis of manpower programs including: (1) developing an overall plan for the undertaking of specific cost-benefit studies on a systematic basis, within a set of priorities which focuses the scarce analytical resources on the most urgent and fruitful studies; (2) developing methodologies and specifications (and data requirements) for increasingly sophisticated cost-benefit analysis; (3) guiding and monitoring contractors assisting the Manpower Administration in this field; (4) conducting cost-benefit studies; and (5) monitoring progress of the Manpower Administration cost-effectiveness analysis program and assuring that its outputs are built in to program planning documents, e.g., Program Memoranda.

The fiscal year 1969 increases are to provide the minimum capacity for conducting and guiding the bureaus in the conduct of cost-effectiveness studies on a meaningful, if still fairly small, scale. The increase will also permit a reasonable number of high priority studies to be undertaken. Chief among these will be studies of new programs and administrative arrangements, such as cost-effectiveness studies of the Work Incentive Program, the Concentrated Employment Program, and other interagency integrated operating activities in addition to the following major study areas: (1) Further investigation of on-the-job--institutional training comparisons, by type of trainee,

particularly the disadvantaged; (2) An in-depth survey and analysis of the United States Employment Service at the local level, both to explore the possibilities of better data and to develop a model analytical system with an adequate built-in information system; (3) Development of a simulation model to indicate how the Manpower Administration can determine the optimum investment in a particular individual, given his characteristics (age, sex, education, skills, attitudes, etc.); (4) Formulation of a consistent goal and subgoal structure for programs directed to the disadvantaged, devising a cost-goal study to explore the optimum mix of manpower services for the disadvantaged, and actually calculating the cost-goal curve insofar as data permit; (5) Attempt to devise a more meaningful cost-effectiveness analysis in the unemployment insurance area than was possible in the first illustrative study; (6) Interprogram comparisons to appraise the relative cost-effectiveness the various program components in the overall Federal manpower development effort.

Additionally, it is likely that as experience is gained in applying study methodologies, modifications and even basic revisions may be indicated. Some adaptations are almost certainly to be expected to accommodate study designs to data which can be developed reasonably economically, as contrasted with data "ideal" for cost-benefit purposes. Thus, a substantial undertaking in fiscal year 1969 will be the improvement and further elaboration of cost-effectiveness study methodologies and the development of ways to bring the whole range of systems analysis techniques to bear on manpower program planning.

Additional professional and technical assistance will be provided to the many and growing facets of Manpower Administration programs relating to the fields of counseling and related supportive services such as (a) counseling, assessment, and occupational information, and (b) the supply, demand, preparation and utilization of counselors and personnel in supportive services. In future staff must provide such assistance for all Manpower Administration programs, (previously limited merely to the Manpower Development and Training Act), and to meet the continuing interagency and intraorganizational liaison in this field.

An increasing amount of policy and standards development work is implicit in innovative manpower programs being earmarked. A continuing review of their effectiveness and adequacy is

necessary (a) in instituting new programs or undertaking substantial redirection of current programs, (b) to tie together all elements of manpower programs for consistency with total Manpower Administration objectives and to assure conformity with stated policy, (c) to incorporate experimental and research findings and results obtained from operational experience in the formulation of policy, (d) to develop innovative techniques for dealing with old problems and adjust, through issuance of orders and guidelines, manpower programs to meet changing conditions, and (e) to provide technical assistance in continuing review of new programs and approaches to achieve timely implementation. This requires constant liaison and viable working relations with technical experts in the fields of experimental research, program administrators and evaluators, members of inter-agency or special task forces, advisory committees and others involved in manpower activities. Staff will review all instructions issued by each organization element responsible for program operation for conformance with established policies and standards. Program operations will be reviewed regularly to assure that prescribed policy is adequate to achieve the desired results and that new policies are timely implemented.

Expiration of Title II of the Manpower Development and Training Act in fiscal year 1969 will require staff work to develop needed legislation for manpower development through extension and modification of the existing Act or by wholly new legislation. Drawing upon knowledge of requirements, and shifts in program needs, such as finding ways to secure greater involvement of the private sector in providing training at entry levels, poses a formidable task. Careful scrutiny of an increasing number of legislative proposals is required to keep the Manpower Administrator fully advised for decision making purposes, for participation in hearings, etc. To perform these staff functions adequately it will be necessary to establish a comprehensive source of reference material pertinent to the growing array of legislative considerations.

Administration of any program of the size and diversity of the Manpower Administration, requires the use of a management system through which decisions based on program requirements are made and communicated throughout the organization, and program performance is continually monitored. The existing system must be improved and adapted to the unique requirements of all manpower

program configurations and accepted as the primary tool of management at all levels of management in the Manpower Administration. Accordingly, there is an urgent necessity to build a staff arm capability for the Assistant Secretary for Manpower, commensurate with the magnitude of the manpower program. In fiscal year 1969, the systems cost of the manpower program will amount to almost $1.7 billion exclusive of benefits paid under State Unemployment Insurance laws from trust funds which may run another $2.5 billion. With the increasing size of the manpower program have come modifications in program concept and administrative structures, such as the adult work-training programs under the Economic Opportunity Act, and Concentrated Employment Program, the new Work Incentive Program for welfare recipients and other new program concepts and funding configurations, such as "maximum employer involvement in on-the-job training," and the President's new Job Opportunities in the Business Sector (JOBS) program.

It is necessary to involve State agencies, both employment security and apprenticeship, and emerging local manpower institutions in the departmental system of planning and fund control advance planning process. Preliminary work in this direction was initiated in fiscal year 1967, but it has been delayed because of lack of staff to develop it. Installation of a compatible management system in the State agency and local sectors of manpower program operations will require significant additional "systems design" work. It will also multiply the review/reconciliation of planning and programming documents work-load.

As greater control is gained over management of individual sectors of the overall manpower program, through continuing rationalization and better articulation of the program structures, opportunities will grow to achieve meaningful administrative direction of truly comprehensive community manpower programs. In fact, this can only be done through application of an integrated management system. Additional staff resources in fiscal year 1969 will facilitate closer scrutiny of planning and programming proposals, including budget submittals, with emphasis on building State and local participation into the planning-budgeting process.

Base:

Positions: 51 Estimated Cost: $762,700

Additional Costs:

Positions: 37 Estimated Cost: $458,600

Manpower Data Systems

Better organized reports on current progress and results of federal manpower programs-work, training and related education are essential for effective management. The serious inadequacies of manpower data systems were described in the report of a Task Force of the President's Committee on Manpower late in 1966. Although a number of improvements have been made in 1967, much remains to be done to organize truly comprehensive, coordinated data systems to fill gaps, to improve timeliness, to assure consistency and avoid duplication among various systems in use in the several agencies.

In 1967, five in-depth analytical studies of the Manpower Development and Training Activities program were prepared. A total of 540 special reports were completed in response to requests from the Secretary of Labor, the Manpower Administrator, other Department of Labor officials, Congress, and the general public. Some of these reports were relatively simple while others, such as the joint request from the Senate Subcommittee on Employment, Manpower and Poverty and the House Select Subcommittee on Labor were very complex and required substantial amounts of staff and computer time.

A monthly publication, Key Manpower Facts, was initiated to summarize the progress of the Manpower Development and Training Activities program. However, the basic data reporting system proved to be too cumbersome, and not sufficiently detailed or current for most effective program and fiscal management.

The need for a more comprehensive manpower information system to provide data on project status, trainee characteristics, by cities etc. became acute in the summer of 1967.

In 1968, a new data reporting system for management purposes was developed to provide prompt current information on the status of all ongoing projects by city, county and State, on an interim basis. At the same time, the regular reports are being maintained.

The new reports include: (I) Monthly status reports on all ongoing projects showing authorized funds and enrollments, enrollments to date, current enrollment, early terminations and positions still available. These include about 12,500 projects. Reports will be provided to State and local administrators of institutional and on-the-job training projects; (2) An interim reporting system for

the Concentrated Employment Program was developed and was in operation in 20 cities and two rural areas by October 1967. It is now being revised and will be extended to additional cities as the Concentrated Employment Program is expanded; (3) A new current report by quarters for calendar 1967 on the characteristics of Manpower Development and Training Activities enrollees, to identify the trends in enrolling the disadvantaged, is now in operation; (4) Summary reports by city, State and county on all Manpower Administration programs are being prepared for use in planning the new JOBS summer youth programs and for appraising the Cooperative Area Manpower Planning System programs; (5) Reporting systems and analyses are being organized on a preliminary basis for the new on-the-job programs (JOBS), and (6) Initial steps have been taken to organize inter-agency reports on manpower programs.

The extensive reorganization and redesign of the Department of Labor's own reporting system, together with the new inter-agency responsibility, will require additional supporting technical, professional and clerical staff in fiscal 1969. A total of 20 positions is requested, 10 in the professional area and 10 for clerical support.

The combination of expanded program responsibilities, recurring demands for new and unplanned informational data, and the constant need for improvement and refinement of data gathering as the Manpower Administration's program parameters become more extended make this increase in staff mandatory if responsibilities are to be adequately and properly fulfilled.

In 1969 plans include:

1. New reporting systems must be developed for the several new programs for the disadvantaged in the central cities - and coordinated among several agencies. Some of these reports - like the Department of Labor's Concentrated Employment Program, the Neighborhood Centers, etc., have already begun on an interim basis in fiscal 1968. As these programs are extended in fiscal 1969, automatic data processing will be required. At the same time, reports for the new Work Incentive Program, Model Cities, etc., now being designed, must be put into operation and merged with existing reports in such a way as to minimize the already heavy burden of reports on local agencies.

2. Design and initial operation of a comprehensive automated management data system for all manpower work and training programs of the Department of Labor. This will yield: (a) Current status reports on all projects by program - i.e., monthly within about a month - on total enrollment, completions, current enrollment, positions vacant; expenditures etc., to compare with authorized positions and funds. These data are already available for programs and are actually operating on an interim basis for the Manpower Development and Training Activities and the Concentrated Employment Program. These systems will be further improved and integrated in fiscal 1968 and 1969, and should be fully operational by the end of fiscal 1969; (b) City, county and State summaries of these data. These data, though available in the records, have not been regularly tabulated. Listings of individual projects will also be made available to management at Federal, State and local levels for better management and planning.

Base:

Positions: 33 Estimated Cost: $750,300

Additional Costs:

Positions: 20 Estimated Cost: $213,600

Evaluation of Manpower Programs

In 1967, a total of 15 evaluation studies were initiated (7 during the fourth quarter), and 9 studies were completed. In each study completed, the strengths and shortcomings, the problems and obstacles were pointed up and recommendations for improving the program were developed and submitted to Department of Labor officials for consideration and action.

In 1968, a comprehensive work program has been developed. The plans summarize evaluation activities currently in progress and describe proposed evaluation studies and other activities to be conducted during the fiscal year.

The following evaluation studies have been planned for fiscal year 1968:

A. Series of evaluation studies concerning the progress and effectiveness of the Concentrated Employment Program.

B. Evaluation studies of manpower programs in assisting members of special worker groups.

C. Evaluation studies of the program and effectiveness of the Work Incentive Program under Title IV of the Social Security Act.

D. A series of studies relating to the progress and effectiveness of the Manpower Development Training Activities institutional and on-the-job training program.

E. An evaluation of experimental and demonstration programs under Manpower Development Training Activities.

F. An evaluation of a pilot nationwide study of training of inmates in correctional institutions.

G. A series of evaluation activities concerning various anti-poverty programs administered by the Department of Labor.

H. An evaluation of the total manpower effort in selected cities.

I. Evaluation studies of other special programs including those interdepartmental in nature.

Already under way or completed since the beginning of fiscal year 1968 are evaluations of the Concentrated Employment Program; pilot studies of manpower programs assisting urban Negroes and mainstream Puerto Ricans; evaluation of service to older workers; evaluation of State and local advisory committee; evaluation of the use of consultants in Experimental and Demonstration projects; the study of the CBS TV program entitled, "Opportunity Line"; and an evaluation of a special project called Manpower Improvement Through Community Effort, in which there is considerable interest because of its unique nature.

The demand for evaluation services has been increasing at a very rapid pace because of the many new programs being installed and partly because of the mounting realization of the importance of evaluation.

In 1969, it is intended to move into a deeper more comprehensive kind of evaluation which would use all available indicators combined with special field studies to provide the basis for an overall assessment of the value of the programs. In addition to the kind of

evaluation studies we have been doing, we should be making determinations about which programs should be continued, modified, combined, or terminated. Some 22 evaluation studies are planned for 1969, an increase of seven more over the previous year.

The urgent necessity for evaluating thoroughly the Concentrated Employment Program, on which so much depends; the manpower components of the Model Cities program, and the new Work Incentive Program are the most recent examples of the demand.

In addition to new programs and new evaluation objectives, there is an increasing number of crises, critical situations, and requests for information from Congress, the White House, and the Secretary. These arise particularly from high priority anti-poverty programs, but may occur in any manpower area. They present a pressing need for quick evaluations and fast reporting. The need for this kind of evaluation is expected to rise in the future.

The rapidly increasing demand is put in perspective by the staff required for the 15 major evaluation studies now in process, divided about evenly between studies made by our own staff and contracted studies. A typical staff study involves visits to 20 locations and 200 man-days in planning, field work, and analysis of data, writing of the report, conferences with national office officials, and the clerical work incident to the whole process. A typical contracted study requires 70 man-days in planning, negotiating, correspondence, monitoring, analysis of results, and conferences with officials. Thus the present load of ongoing studies represents more than 2,000 man-days of work. Since the results of the studies are needed immediately, we attempt to have them performed expeditiously, if possible within six months of the initiation of active planning.

Meeting these growing needs for evaluation of program operations will require a minimum of 7 additional professional staff and one additional clerical person.

This office also has the responsibility under the departmental system of planning and fund control for the quarterly review and analysis, in which actual performance during each quarter is measured against planned activities, problems are identified, quality and quantity of performance are assessed and recommendations are made for program improvement. Although this staff has responsibility for conducting the quarterly review and analysis for

all three Manpower Administration program categories, no additional staff has been made available for this activity. Thus, it has been necessary to divert staff from other important functions in order to accomplish the quarterly review and analysis. Three additional positions are required for this purpose.

Base:

Positions: 23 Estimated Cost: $924,800

Additional Costs:

Positions: 11 Estimated Cost: $136,000

Research

This program 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 syntheses 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. 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.

The research staff is responsible for planning the external research program; for reviewing and negotiating contract and grant proposals, for monitoring, administering and evaluating research projects under grant and contract support, and for the utilization and translation of research findings into manpower policy and program terms for Departmental executives, the research community, manpower policymakers and administrators at all levels and the general public.

The program of internal staff research encompasses a variety of activities that include meeting informational and analytical needs of top level Department officials; identifying and defining research needed in specific areas and specific operating programs; translating research findings into policy and program recommendations; developing and publishing special reports on manpower problems of current interest; and carrying out primary responsibilities in the preparation of the Manpower Report of the President.

The research coordination function that is performed by the research staff is of critical importance in defining research needs, avoiding duplication and establishing research priorities in order that the research information and manpower data requirements necessary to make informed policy and program decisions associated with expanding operating programs and particularly the Concentrated Employment Program are met.

Insight into the nature of the organizational structure; the practices, procedures, operating programs and staffing patterns of both successful and unsuccessful sponsor organizations is urgently required to increase the effectiveness of these projects. Research studies must be conducted to discover optimum patterns and successful methods of integrating the various welfare training, education and social service activities of autonomous local and regional agencies and institutions. Information and feedback is needed on the client population before, during and after enrollment in Concentrated Employment Program projects that will permit the continuation of special services needed during the course of an individual's work career. Information is required that assesses net individual and social gains from this and other manpower programs employing a wide variety of techniques including cost-benefit analysis. New knowledge is needed about the motivation and attitudes of potential and actual enrollees as a basis for reaching, enrolling and assisting individuals through these services.

In 1967, accomplishments of the research staff included the completion of thirty-one research projects. Among contracts funded, two-thirds of the total costs went for projects undertaken on the initiative of the research staff. The remainder was used for grants to individuals and institutions to conduct research in the Manpower area. A detailed description of studies, publications and other research accomplishments is included in the Narative for Activity 1. (See pages OMA-13-19).

In 1968, it is planned that several important studies will be undertaken. The details of research activities planned for fiscal 1968 are described under Activity 1. (See pages OMA-19-21).

The present minimal staff levels have permitted the research staff to provide leadership and direction within the Department and to other agencies and organizations in the planning, evaluation, coordination and conduct of manpower research at the fiscal year 1968 contract and grants research program level.

In 1969, to meet the research and information needs of an expanded Concentrated Employment Program, as well as to provide the staff necessary to effectively conduct the contract and grants research program that would increase in size from $3.8 million in fiscal year 1968 to $4.8 million in fiscal year 1969, it is estimated that a total of 10 new positions will be required. A description of the functions of the additional staff follows.

Five additional positions in the internal research activity are required primarily to provide the substantive research services to an enlarged manpower research contract and grants program required to support a major Departmental programmatic expansion. The growth of external research program, the expanded wealth of information on manpower that it is expected to produce, and the program and policy implications stemming from it will have direct implications for internal research and will act to enlarge the scope of staff research. However, it is believed that the earlier organizational realignment of the research staff, by providing for specialized staff in specific research areas, will permit efficiencies sufficient to offset additional workload in such functions.

Research strategy must be developed and carefully keyed to present and emerging priority manpower problems and information requirements. This is particularly important to effectively utilize internal research capability and external contract and grant resource in order to provide urgently needed information on the Concentrated Employment Program and other operating programs to Department administrators. Research findings and recommendations must be quickly and effectively communicated to key Departmental decision-makers, other agencies, the research community and to manpower and program administrators at all levels so that utilization is made of new information as soon as it becomes available. An increase of two positions in fiscal year 1969 in the planning, evaluation and coordination activity and the clearinghouse and utilization function of the research office is needed to meet the expansion in the scope of these activities and to keep abreast of the flow of information.

The workload requirements of the contract program, calling for an increase in funds of $500,000 in 1969, will increase significantly as the carryover of multi-year projects from previous years will also require continuing staff support. Similarly the number of academic institutions requiring administration under the Manpower Research Institutional Grants Program will increase from the current 7 to about 9. The number of small grants in process will increase by 10 over the 64 initiated in 1968.

Administrative improvements will permit the accomplishment of these expansions in program workload with less than a proportionate increase in staff. Nevertheless, the effective accomplishment of these programs and the efficient use of funds for the contracts and grants activities require a minimum of 2 additional positions.

The contracts program, in more than 5 years of operation, has already effected many efficiencies. Present staff is minimal; the request for 1969 will permit only the same minimal administration of contract research as in 1968.

The increase for the research program is far less than proportionate to the growth in the program. Some of the difference may be realized, as it was in the earlier years of the contract program, through efficiencies resulting from administrative innovations and refinements and continued experience with the program. If these estimates prove to be too low, the degree of administrative effectiveness of both the contracts and grants programs may be reduced to less than desired levels.

In order to assure effective application of the departmental system of planning and fund control to research investment, which are expected to involve some $6 million during fiscal year 1969, the research staff will require one additional position to work with the planning group. This additional position will have the responsibility for the required planning, execution and monitoring of the research program in connection with the departmental system of planning and fund control.

Base:

Positions: 92 Estimated Cost: $1,352,500

Additional Costs:

Positions: 10 Estimated Cost: $ 134,000

Experimental and Demonstration Programs

The experimental and demonstration program seeks to develop new ideas and techniques to meet manpower problems more effectively--particularly the problems of disadvantaged groups. This program provides for staff services to carry out the planning, development, monitoring and utilization of findings of the program. The accomplishments in fiscal year 1967 are summarized under Activity 1 on pages OMA-23 to 25.

In 1968 it is planned that the staff will develop planning, monitoring and evaluations in connection with some 75 projects in five general categories--employer involvement, minority group self-help, other special techniques for specific groups, new opportunities in major occupations and formal experimentation-analysis. Details of the program plans for 1968 are summarized under Activity 1, pages OMA-25 to 27.

In 1969 major emphasis will be placed on improvement in the planning, development and monitoring of experimental and demonstration programs. Improvement in utilization of the findings of such programs will require an increase of 9 positions, 4 for the Division of Experimentation, 3 for the Division of Utilization and 2 for the Division of Demonstration. This additional staffing is vital for the following basic reasons: (a) Monitoring of experimental and demonstration projects has been too skimpy. Evaluators of such projects have stressed that additional time devoted to each project, particularly through visits to project sites, would increase severalfold the returns from such projects. Additional staff resources would enable the desired improvement in guidance of project personnel on experimental objectives and methods, solving of professional and administrative problems that cannot be met adequately by long-distance communication, and timeliness and reliability of judgments on need for revision, curtailment or expansion of projects or major components. (b) Newer areas of innovation require more exploratory and developmental effort. Capable staff must search out guides already available from experience, check on capability of potential sponsors and appropriateness of settings for initiating projects, and conduct other pre-project preparation particularly crucial in new fields of exploration. (c) Formal experimentation requires more staff time per project. As the experimental and demonstration program focuses more on formally structured specific measurement of the value of various

techniques, it needs to devote more time to design, pre-testing, monitoring, and analyses than in the case of the less sophisticated feasibility--demonstration efforts. (d) Successful demonstrations are increasing the demand for aid in utilizing demonstration project findings. As demonstration projects develop effective prototypes, the special program staff is called on to help in development of comparable efforts elsewhere, even though no further demonstration financial investment is sought. Additional personnel are necessary to meet such manpower agencies' requests for assistance in applying new techniques.

Base:

Positions: 43 Estimated Cost: $746,339

Additional Costs:

Positions: 9 Estimated Cost: $115,300

Changes for 1969

Mandatory changes amount to (page OMA- 9) +$ 135,661

Financing changes amount to (page OMA-10) +$ 19,700

Program changes amount to ..... +$1,057,500

Positions ..... +87

Summary Staffing Pattern

	1968	1969	Program Increases Positions	Amount
Associate Manpower Administrator's Office (page OMA-33)	40	40	---	---
Planning and Policy Development (page OMA-34)	51	88	+37	$ 458,600
Manpower Data Systems (page OMA-42)	33	53	+20	213,600

	1968	1969	Program Increases Positions	Amount
Evaluation and Reports (Page OMA-44)	23	34	+11	136,000
Research (Page OMA-47)	92	102	+10	134,000
Special Manpower Programs (Page OMA-51)	43	52	+ 9	115,300
Total	282	369	+87	+ 1,057,500

In summary, an increase of 87 positions as shown organizationally on the above table and $1,212,861 is requested for this activity over the 1968 base of 282 positions and $5,155,239. Of the increase $135,661 is a mandatory increase made up of $74,700 for net additional pay increase costs, $64,100 for within-grade increases and $13,500 for an extra day of pay in fiscal year 1969 offset by a decrease of $16,639 unobligated fiscal year 1967 funds. There is also a financing change of $19,700 for increased costs of the Departmental Working Capital Fund. The balance of $1,057,500 represents proposed program increases.

Basis for Estimate

Staff and financial resources for this Activity are based on past experience in providing planning, research and evaluation services to the Manpower Administration's programs, plus estimates of resources needed to implement the needed improvement to provide support to the expanding manpower programs with particular emphasis on the Cooperative Area Manpower Planning System and the Concentrated Employment Programs.

Activity 3. FINANCIAL AND MANAGEMENT SERVICES (1968, $1,536,200 Pos. 110; 1969, $2,322,300 Pos. 159)

Narrative Description of Program

This program 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 staff support services to the Office of the Manpower Administrator and the Office of the Associate Manpower Administrator in the budget, fiscal management, and administrative service areas, and provides centralized personnel services to all bureaus and offices of the Manpower Administration.

This program also provides for budget, accounting and financial management, contracting and administrative support services to the research, experimental and demonstration programs under Title I of the Manpower Development and Training Act, the training programs under Title II of the Act and the Concentrated Employment programs. Among these services are the negotiation and administration of contracts and grants, including the establishment of contracting policies and procedures, review of contract and grant proposals, establishing obligations and maintaining fiscal controls, and the audit, certification and processing of periodic payments to contractors. 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; (3) contracts and grants for experimental and demonstration projects; and, (4) contracts in connection with the Concentrated Employment program which includes various training components authorized under the Manpower Development and Training Act in one contract.

In addition to contracting services, also included are services to contractors in the location, acquisition, control and disposition of equipment provided to contractors from excess or surplus Federal property or purchase through the General Services Administration or other sources of such equipment. Technical financial assistance also is provided to contractors in the establishment and maintenance of appropriate accounting and financial management systems.

The 1967 actual and 1968 planned accomplishments are shown on the Workload Statistics table on page OMA-62.

Changes for 1969

Mandatory changes amount to (page OMA- 9) ..... +$54,900

Financing changes amount to (page OMA-10) ..... +$11,300

Program changes amount to ..... +$719,900

Positions ..... +49

In 1969, the full implementation of the Concentrated Employment Program will have a substantial impact on the workload of the Office of Financial and Management Services. The Program which was initiated in fiscal year 1967 with projects in some 20 cities and two rural areas will be expanded to approximately 146 geographic locations by the end of fiscal year 1969. The Office of Financial and Management Services, as the administrative staff arm of the Manpower Administrator, will be called upon to provide services in support of this greatly expanded program. A brief summary of the plans for fiscal year 1969, follows.

Contracting Services

A key characteristic of the Concentrated Employment Program is its bringing together resources from the several manpower programs thus providing the fullest range of services to the disadvantaged in the selected poverty areas. It accomplishes this by means of a single contract which is funded from several appropriations and as many as six allotments. This pulling together of formerly separate contractual actions has great merit from the program point of view but the negotiation and administration as well as the funding, reporting and control are far more complex than are similar actions relating to a single program funded from one source.

The Office of Financial and Management Services will be required to lend assistance to contractors participating in the program and to technical or program personnel of the Manpower Administration. In this program it is the responsibility of the

Office of Financial and Management Services to actually negotiate and prepare the contract documents and all supporting documentation for the contract. Once the contract is negotiated and signed it becomes the responsibility of the Office of Financial and Management Services to provide for its administration through to its final settlement including the processing of payments to the contractor under the terms of the contract.

The Job Opportunities in the Business Sector Program as outlined in the President's Manpower Message and in the respective Manpower Administration budget estimate will place a similar type workload increase on the contracting operations of the Office of Financial and Management Services.

Under this new program contracts will be negotiated with private employers for an intensive on-the-job training program for the disadvantaged. As outlined above for the Concentrated Employment Program, contracting for this type of program is a complex and time-consuming process. Funding for this program can also be made from several appropriations and allotments. Contracting under this program is even more complex however in that contracts are granted on the basis of competitive procurement among private firms rather than the local Community Action Agency or Employment Service office as in the Concentrated Employment Program.

Dealing with private firms also is more complex in that the contracting staff must work with the private firm to help it to meet the contracting requirements peculiar to this type of program. Contracts must be tailored to the individual situation requiring that contracting staff be cognizant of the project requirements so as to insure proper inclusion of such requirements in the contract itself. The contract likewise must be followed through to provide proper administration and payments.

The workload resulting from these new concepts in the Manpower programs of the Department are not clearly reflected in quantity workload measurements. Nevertheless, additional staff will be needed to meet these added requirements. For all these contracting activities, 11 additional positions will be required. (See Workload Statistics Table - page OMA-62).

Base:

Positions: 29 Estimated Cost: $341,600

Additional Costs:

Positions: +11 Estimated Cost: +$127,600

Finance and Accounting

In 1969, the expansion of the program in the accounting and financial management area will require additional resources to maintain accurate obligation and expenditure data for each project in total and in detail for each of the individual program and appropriation components of the over-all contract. Initial experience in the program also has demonstrated a need for providing technical assistance to sponsors concerning the development and installation of accounting and financial management reporting systems. These activities will require an additional 11 positions. (See Workload Statistics Table - page OMA-62).

In addition, an increase of $150,000 will be required for automatic data processing services to provide for the establishment of a cost-accounting system and the greater detail of financial data under the expanded program.

Base:

Positions: 16 Estimated Cost: $368,200

Additional Costs:

Positions: +11 Estimated Cost: +$277,600

Administrative Services

Another area of program support is that of providing assistance to sponsors in the acquisition and disposition of excess and surplus Federal government property. Space and property management specialists will work directly with Departmental program staff and sponsor staff to secure office space and to obtain equipment and other property for use in such

projects. To the extent that Federal equipment and property is used, the cost to the Federal government is thereby reduced. It is estimated that $2.5 million can be saved during fiscal year 1969 by utilizing such equipment. In 1969, one additional position will be required to provide adequate space and property services to sponsors of the expanded program. In addition, three added positions will also be required to provide administrative services to the added 414 Federal positions requested by the salaries and expenses budgets of the Manpower Administration. The implementation of new procedures and methods in the Administrative Services area is continuing and will result in more efficient operation. (See Workload Statistics Table - page OMA-62).

Base:

Positions: 11 Estimated Cost: $110,400

Additional Costs:

Positions: +4 Estimated Cost: +$40,300

Budget

In 1969, it is planned that the departmental system of planning and fund control will be fully implemented in the Manpower Administration. The Office of Financial and Management Services will play a major role in this area. The departmental system of planning is heavily dependent on budgetary support. The budget staff must provide assistance in all phases of the cycle from the five-year plans to the program accomplishment schedules, providing revisions at each stage of budget action. It translates program levels approved in the appropriations into operating budgets or production schedules. It collects the data needed for the quarterly review and analysis process and provides analysis of the financial data. No additional budget staff has ever been provided for this support and it has become clear that added staff is essential to effective operation of the program. Three additional positions are needed in fiscal year 1969 to provide necessary services. (See Workload Statistics Table - page OMA-62).

Base:

Positions: 13 Estimated Cost: $175,600

Additional Costs:

Positions: +3 Estimated Cost: $ 34,800

Management Analysis

In 1969, the broadened application of this system of planning and fund control in the Manpower Administration will also demand increased organization and management services. This is particularly true in the area of management improvement and cost reduction. As more and more emphasis is placed on cost benefit and cost reduction, program officials will require assistance in identifying and implementing projects in this area, two additional professional positions will be needed. (See Workload Statistics Table - page OMA-62).

Base:

Positions: 7 Estimated Cost: $111,500

Additional Costs:

Positions: +2 Estimated Cost: +$23,700

Personnel Management

The Office of Financial and Management Services provides personnel services to all operating bureaus and staff offices of the Manpower Administration. Over the past several years it has become increasingly apparent that the staff which has been provided for providing personnel services has been grossly inadequate to meet effectively the needs of the expanding manpower programs.

In 1969, in order to provide the resources necessary for a more adequate personnel program an increase of 18 positions is requested. This increase of 18 additional positions will increase the ratio of personnel staff to population served from 1:105 to 1:63.

In recent years, there have been a number of significant developments which have changed drastically the nature of personnel services to be provided within the Manpower Administration:

First, there has been a significant growth in the nature and scope of manpower programs themselves and in the number of employees necessary to implement them. The Manpower Development and Training programs, research and experimental programs have grown from initial pilot programs into significant operating programs and have been expanded into the Concentrated Employment Program which consolidates into a single contract all manpower services.

Second, the manpower programs have continued to be reshaped and reoriented in order to meet more adequately the pressing social and economic needs of the Nation. This has resulted in the redesigning of organizational arrangements within the Manpower Administration and the consequent revision and reclassification of position descriptions.

Third, there is an urgent need for the establishment of closer, continuing relationships between the professional staff of the personnel office and operating officials in both the national and regional offices for the purpose of establishing better supervisory and management techniques in the handling of complaints and grievances.

Fourth, there has been a substantial increase in time devoted to labor-management relations, with the institution of new grievance procedures, and the negotiation of two agreements with employer unions, one for national office employees and one for field employees.

In fiscal year 1968, 27 positions are authorized to provide personnel services to 2,850 employees in the Manpower Administration, excluding the Bureau of Work Programs since positions for providing personnel services for the Office of Economic Opportunity programs are provided by funds allocated by that agency to the Department. The present ratio provides for one personnel position to each 105 employees which is totally inadequate. Following a survey by a management consultant firm, the Department established criteria for the staffing of personnel offices. This criteria provides as a minimum a ratio of one personnel position to each 75 employees and as a maximum of one to 50.

While it would be desirable to provide enough positions for a ratio of one to 50, the Manpower Administration is requesting 18 additional positions at this time to provide for a ratio of one to each 63 employees. If this staff level continues to prove inadequate a request will be made in the 1970 budget to provide for a ratio of one to 50. (See Workload Statistics Table - page OMA-62).

Base:

Positions: 27 Estimated Cost: $325,400

Additional Costs:

Positions: +18 Estimated Cost: +$215,900

In summary, the Office of Financial and Management Services will require an estimated 49 additional positions and $786,100 in fiscal year 1969 over the base level of 110 positions and $1,536,200 for a total of 159 positions and $2,322,300. Of the increase $719,900 will be needed to finance the 49 position program increase; $54,900 is for mandatory increases including $25,100 for additional pay raise costs; $24,800 for within-grade increases; and $5,000 for an extra day of pay in 1969. In addition, $11,300 represents a financing change to meet increased costs of Working Capital Fund services.

Basis for the Estimate

The estimate for this activity is based on past experience in providing financial and management services to the Manpower Administration program. Increases are proposed for fiscal year 1969 in the Manpower Development and Training Act programs both under the Title I Research program and in Title II training programs which will increase administration workload by the greater degree of complexity of this program under the Concentrated Employment Program concept. In addition, the implementation of the Departmental system of planning and fund control and the improvement of personnel services give rise to needs for increased staff resources in this activity. The following table indicates past workload and projections for fiscal year 1969.

Unit	Workload Measure	1967 Actual	1968 Est.	1969 Est.
Contracting	Contracts Reviewed and Negotiated	1,624	1,800	2,000
	Desk Audits and Payments to Contractors	23,183	35,000	40,000
	Contract/Agreement Close-Out Actions Processed	472	3,900	5,000
Finance	Accounts Serviced	16,532	17,700	19,000
Budget	Budgets Prepared	18	20	20
Management Analysis	Organizational Analyses Performed	15	17	20
	Special Studies and Reports	51	60	70
Personnel	Personnel Actions Processed	5,234	5,500	6,000
Administrative Services	Contracts Serviced	11,090	13,000	14,000
	Equipment, Supply and Printing Requisitions Processed	2,020	2,300	2,500

Activity 4. EXECUTIVE DIRECTION (1968, $727,200, Pos. 40
1969, $931,600, Pos. 50)

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 Office of the Manpower Administrator is responsible for the supervision and direction of the Bureau of Employment Security, the Bureau of Apprenticeship and Training, and the Bureau of Work Training Programs which administers the Youth and Adult training programs authorized by the Economic Opportunity Act and which have been delegated by the Office of Economic Opportunity to the Department of Labor. Likewise, the 1967 Amendments to the Social Security Act placed the responsibility for administering the Work Incentive Program in the Manpower Administration.

In addition to the immediate direction, supervision, and coordination of the staff offices and operating bureaus with the Manpower Administration at the headquarters level, this activity also provides for the coordination of manpower programs at the State and local levels by Regional Manpower Administrators located in the field.

In fiscal year 1968, the Manpower Administration established Regional Manpower Administrators in eight regional locations. A total of 22 positions was authorized by the 1968 appropriation for these Regional Manpower Administrators and staff.

Changes for 1969

Mandatory changes amount to (Page OMA-9).....	+$ 27,200
Financing changes amount to (Page OMA-10)	+$ NONE
Program changes amount to	+$177,200
Positions	+10

In 1969, it is proposed that for these Regional Manpower Administrators to more effectively carry out their duties, four positions will be needed in each regional office: a Regional Manpower Administrator, a Manpower Officer and two secretaries. This would require a total of 32 positions in contrast to the 22 positions authorized by the 1968 appropriations.

Base:
Positions: 40 Estimated Cost: $727,200

Additional Costs:
Positions: 10 Estimated Cost: $177,200

In summary, an increase of 10 positions and $204,400 is requested for this activity over the 1968 base of 40 positions and $727,200. Of the increase $27,200 is a mandatory increase made up of $14,500 for net additional pay increase costs, $10,300 for within-grade increases and $2,400 for an extra day of pay in FY 1969. The balance of $177,200 represents program increases.

WEDNESDAY, FEBRUARY 21, 1968.

BUREAU OF APPRENTICESHIP AND TRAINING

WITNESSES

HUGH C. MURPHY, ADMINISTRATOR
GEORGE SABO, DEPUTY ADMINISTRATOR
RALPH E. FRENCH, DIRECTOR, OFFICE OF ADMINISTRATION
JOSEPH J. McNULTY, CHIEF, DIVISION OF BUDGET
STANLEY RUTTENBERG, ASSISTANT SECRETARY FOR MANPOWER
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	5,998	6,510	7,166
Other personnel compensation	30	40	41
Total personnel compensation	6,028	6,550	7,207
Personnel benefits	500	494	548
Travel and transportation of persons	574	588	605
Transportation of things	19	31	40
Rent, communications, and utilities	296	211	244
Printing and reproduction	124	129	147
Other services	425	299	345
Services of other agencies	122	12	12
Supplies and materials	49	62	69
Equipment	65	25	44
Total obligations	8,202	8,401	9,262

PERSONNEL SUMMARY

Total number of permanent positions	686	674	714
Average number of all employees	629	643	679
Average GS grade	9.3	9.4	9.4
Average GS salary	$9,801	$10,467	$10,671

PROGRAM AND FINANCING

[In thousands of dollars]

	1967 actual	1968 estimate	1969 estimate
Program by activities:			
1. Training promotion and service to industry	5,917	6,095	6,359
2. On-the-job training	1,701	1,888	2,468
3. Administration and management services	375	418	435
Total program costs, funded	7,993	8,401	9,262
Change in selected resources [1]	209		
Total obligations	8,202	8,401	9,262
Financing:			
Receipts and reimbursements from: Federal funds	−24		
Comparative transfer to other accounts	7		
Unobligated balance lapsing	71		
New obligational authority	8,256	8,401	9,262
New obligational authority:			
Appropriation	8,180	8,267	9,262
Transferred to other accounts	−3	−8	
Transferred from other accounts	79		
Appropriation (adjusted)	8,256	8,259	9,262
Proposed transfer from other accounts for pay increases		142	
Relation of obligations to expenditures:			
Total obligations	8,202	8,401	9,262
Receipts and other offsets (items 11-17)	−17		
Obligations affecting expenditures	8,184	8,401	9,262
Obligated balance, start of year	437	670	1,171
Obligated balance, end of year	−670	−1,171	−1,533
Adjustments in expired accounts	−37		
Expenditures	7,914	7,900	8,900
Expenditures are distributed as follows:			
Out of current authorizations	7,540	7,321	7,729
Out of prior authorizations	374	579	1,171

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $123,000 (1967 adjustments −$105,000); 1967, $227,000; 1968, $227,000; 1969, $227,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

HUGH C. MURPHY, ADMINISTRATOR, BUREAU OF APPRENTICESHIP AND TRAINING

Hugh C. Murphy was appointed Administrator of the Bureau of Apprenticeship and Training, U.S. Department of Labor on August 3, 1964.

He is a 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.

As Administrator, he directs a nationwide 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.

Before 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 the 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, Mr. 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.

Mr. Murphy and his wife, Grace, have three children, Laura, Hugh and Lawrence. They make their home in Arlington, Va.

Mr. FLOOD. We will proceed with the Department of Labor presentation. This is the Bureau of Apprenticeship and Training.

We have the pleasure of hearing Mr. Hugh C. Murphy, who is the Administrator.

Mr. MURPHY. Yes, Mr. Chairman.

GENERAL STATEMENT

Mr. FLOOD. I understand, Mr. Murphy, you have a statement that you want to present to us?

Mr. MURPHY. Yes, Mr. Chairman. I have a rather lengthy statement and I will submit it for the record and summarize it, if it meets with your approval.

Mr. FLOOD. That is up to you. We have read the statement.

(The statement follows:)

STATEMENT BY HUGH C. MURPHY

Mr. Chairman and members of the committee, as Administrator of the Bureau of Apprenticeship and Training, I appreciate this opportunity to present our 1969 appropriation request.

The total request for the three activities is $9,262,000 and 714 positions. These activities have two main thrusts toward the goal of training workers for jobs—the national apprenticeship and training program and on-the-job training program under the Manpower Development and Training Act. In each case the activities under this appropriation provide for the salaries and expenses for the staff necessary for the promotion and development of training projects. Heretofore the Bureau of Apprenticeship and Training has had responsibility for both programs. I would like to take this opportunity to underscore my support of the action taken by the Secretary to realine functions and responsibilities within the Manpower Administration.

The apprenticeship program in this country is a distinctively private program, offering one of the best—if not the best—approach to bridging the gap between school and a solid work career in the skilled trades. With the responsibility which we have had for the on-the-job training program in addition to the apprenticeship program, the apprenticeship program often took a back seat. This will no longer be the case.

The Bureau of Apprenticeship and Training can now devote full time to an apprenticeship program—and I am in agreement with the recent actions that make it possible for us to do that.

I would like to discuss first the request for activities 1 and 3 which provide for the national apprenticeship and training program. The total for these activities amount to $6,793,600 and 541 positions, $280,400 above the estimated revised 1968 appropriation, but the same number of positions. The increase is solely attributable to pay increases, extra day's pay, and centralized services.

President Johnson's 1967 manpower report stressed that the task of manpower development cannot be a Federal task alone and that as the demand increases for workers with special skills "we should take positive steps particularly to encourage private job training efforts." Apprenticeship is a major private industry training program for highly skilled occupations and serves as a key element in the foundation upon which a national manpower development program rests.

We plan to promote a greater number of new apprenticeship opportunities in private industry, particularly for the disadvantaged, with the 541 positions requested for the national apprenticeship and training program. The number of apprentices participating in Federal and State registered programs continues the upward trend of the past several years. From a total of 249,000 in fiscal 1966, we expect the 1968 total will be 294,000, while for 1969 we anticipate a further rise to 306,000.

The number of veterans separating from the armed services, 850,000 in 1969 according to a Department of Defense estimate, will create the need for more training opportunities especially under the GI bill. Approximately 86,000 apprentices will begin programs during 1969—many of them veterans using the training benefits under the GI bill.

The demand for highly skilled workers continues to grow, creating job opportunities. The stimulation of sustained economic growth; the needs of defense, space, and other vital industries; and an expanding workforce which includes a rapidly growing youth group, all combine to intensify the need for apprenticeship. The Bureau will strive to increase private industry's participation in apprenticeship in 50 States and at the national level by working directly with management and labor in reviewing manpower needs and designing programs to meet them. Industry and labor will be encouraged to employ apprenticeship administration staffs to help enlarge the total effort.

The apprenticeship information center program will double in 1969 as the 36 centers planned for 1968 grow to 72 centers. Centers serve as a source of applicants and extend career opportunities to additional youth, particularly disadvantaged minorities and others less likely to be reached through regular channels. In furthering the Federal equal employment opportunity standards for apprenticeship and training, specified under 29 CFR part 30, BAT staff will conduct a continuing compliance review of registered apprenticeship programs.

Critical to the success of Federal, State, and local community employment and training efforts in 1969 and the years ahead will be stronger coordination between agencies and programs. The Bureau will maintain effective liaison with the manpower agencies and programs, and with State apprenticeship agencies and vocational education, so that apprenticeship will serve as a vital and available component of such programs as concentrated employment, and model cities. We plan to bring apprenticeship much closer to the ghetto and ghetto residents especially in areas where high unemployment and skill shortages exist side by side.

An expanded apprenticeship program will require stronger joint management-labor committees and more of them. The volunteer activities of committee members constitute the backbone of private industry's role in apprenticeship promotion and maintenance and this activity will be further encouraged in 1969. Their cooperation, and commitment to equal opportunity, is a key to the wider involvement of minority youth in apprenticeship programs. This we will nurture in the year ahead.

As the Bureau has emphasized in the past, and reemphasizes today, completing apprentices fill only about one-fourth of journeyman job openings. Despite the growth in the national apprenticeship program, the supply-demand gap does not measurably narrow from year to year since the annual demand for skilled workers increases at about the same rate as employment generally. A more intensified apprenticeship promotion effort is necessary to meet the national need for craftsmen.

Since well over 50 percent of the Nation's high school graduates do not go to college, the vocational preparation of this large group is a problem that demands other than quick or easy solutions. As occupational requirements shift with changing technology, it is evident that employment growth will be concentrated at the upper end of the skill ladder where formal training is most important. Casual training is inadequate for such jobs.

Too often, a young person's choice between a white-collar job with a limited future and a skilled trade is based on a false concept of status which tends to slight the craftsman and artisan. This is highly unfortunate for the individual with technical aptitudes and for the Nation. We intend to strengthen that part of our program which explains and extols apprenticeship as the pathway to worthwhile skilled trades careers to parents, counselors, youth, industry, and communities.

To assist in the rehabilitation of individuals in prisons and correctional institutions, BAT provides technical assistance to the Amercan Correctional Association, the Federal Bureau of Prisons, and numerous State and Federal prisons and reformatories in developing training programs for inmates and providing liaison with industrial training activities. Occupational competency is vital to the prisoner who returns to society. BAT plans to sustain this activity in 1969.

Activity 2 of this appropriation is for the salaries and expenses of staff for the promotion and development of on-the-job training projects under the Man-

power Development and Training Act. This staff works directly with employers, management associations, labor unions, and other such organizations in the planning, development, and implementation of on-the-job training projects. The staff reviews and negotiates training contracts and monitors the projects for compliance with the terms of these contracts. In some cases, prime contracts are developed with national organizations which, in turn, contract with subordinate organizations or affiliate units to carry out the training. Agreements of this type with State apprenticeship agencies are utilized.

Our on-the-job training goal for 1968 is to provide 109,000 for such training opportunities. As of January 31, 1968, we had provided a total of 65,302 on-the-job training opportunities, which is 60 percent of our goal and running on schedule. These training projects are in a wide variety of occupations.

While we are reaching our goals in terms of numbers we have not unfortunately been able to reach them in terms of the types of persons served. That is, we haven't been able to involve the severely disadvantaged in on-the-job training projects to the extent that we should. This is apparent from the statistical data on the characteristics of on-the-job trainees. Thirty-five percent of the on-the-job trainees in the program through December of 1967 were already employed and of the unemployed 45 percent had been unemployed less than 5 weeks. Sixty-four percent had only one or no dependents. Only 7 percent were on unemployment insurance rolls, and only 3 percent were welfare recipients. Only 5 percent were handicapped.

In 1968, we are seeking ways to overcome this deficiency. We are participating in the several test programs which are aimed at reaching the hard-core disadvantaged persons whom, thus far, we have been unable to reach. Each of these programs has as its central effort the involvement of private industry in the training of hard-core disadvantaged. This, of course, is the basic goal of the OJT program. Its success is dependent on getting the private employer to accept the disadvantaged person as a trainee, train him, and then give him a job. This is what we have been unable to do. The test programs have demonstrated that the way to accomplish this is to provide enough funds to meet the employer's additional costs in training these individuals. We need to provide enough money to permit the employer to take the person who perhaps cannot read or write, who doesn't know how to hold a job, who, in other words, is unemployable, and train him not only to perform a specific job but also to train him in the ways of a good worker. This is the essence of the JOBS (job opportunities in the business sector) program that the President outlined in his manpower message to the Congress.

For 1969, $16,225,000 is being requested in the Manpower Development and Training Act budget to permit the OJT program to provide the financial resources needed to reach the disadvantaged through private employers.

We are also requesting in the Bureau of Apprenticeship and Training appropriation 40 additional positions which will cost $506,000. This staff increase will provide the intensified staff input into the OJT program to insure the effective utilization of the increased funds to carry out the objectives of getting disadvantaged persons jobs through on-the-job training.

The staffing objective will be to have representatives of the Manpower Administration serving the 50 major cities for which JOBS programs are planned for fiscal year 1969. The 40 positions we are requesting in this appropriation will be used in support of the objective.

This concludes my statement, Mr. Chairman. I would be happy to answer questions you or the committee may have on this appropriation request.

SUMMARY OF GENERAL STATEMENT

Mr. MURPHY. The total request for the Bureau is $9,262,000 to finance 714 positions. This is the entire cost of salaries and administrative costs for the operation of the Bureau. We have had the complete responsibility for the apprenticeship training program in the United States for the past 30 years.

Mr. FLOOD. How long have you been Chief?

Mr. MURPHY. I have been the Administrator since July 1964. We have had a realinement of the functions of the Manpower Adminis-

tration, and the Bureau has no longer the responsibility for the on-the-job training program.

Now we are going to concentrate our full and complete efforts on the apprenticeship system in the United States. So now that we have this change, we have reverted to $6,793,600 and 541 positions. This is on page 2 of my statement.

We have seen a continuous growth in the apprenticeship program for the last 6 years, and now in 1969 we anticipate that we will go to a fiscal year total of 306,000 apprentices. We are sincerely hopeful, and we are certainly going to make every effort to make certain that the returning veterans—and there will be a substantial number of these this year, and in the ensuing years—that these young men will look at the apprenticeship establishment as a way of life and as an opportunity to become productive and substantial citizens in this great land of ours. So we are hopeful that many of these young men coming back will look at this system and become apprentices in various occupations.

We are hopeful, too, Mr. Chairman, that the Apprentice Information Center program will grow.

We have at the present time 26 in operation, and 10 more are scheduled to open fairly soon.

We hope to double this in the next year or so. The number of skilled workers is still woefully in short supply.

With the fantastic growth of our economy, with the technological changes that have occurred, we in the apprenticeship program—I must sadly report to you—are not having the impact on the skill shortage occupations that we should.

I sincerely hope in the months and years ahead that we will, with the dint of our resources, and our imagination, do this.

PROGRAMS FOR PEOFLE OVER AGE 45

Mr. FLOOD. What are you doing for people over 45?

Mr. MURPHY. This would be in the older worker program.

Mr. FLOOD. Retraining?

Mr. MURPHY. This would be more part of the on-the-job training program. The apprenticeship system is geared to the younger people, male and female.

APPRENTICESHIP PROGRAMS FOR FEMALES

Mr. FLOOD. What about the female aspect of your program?

Mr. MURPHY. We are delighted to report to you that we have approximately 430 females in apprenticeable occupations. This is not an enormous number, I realize, but in occupations that were heretofore completely male oriented we have seen this very small growth in the number of females in apprenticeable occupations.

Mr. FLOOD. Have you ever been in Germany or Russia?

Mr. MURPHY. I had the good fortune in 1966 to spend one week in Germany observing the apprenticeship system there. I will say this, we will never duplicate what they have done. We are not geared that way. But when I see a country with something like over 50 million people—do you know how many apprentices they have?

Mr. FLOOD. I am talking about female.

Mr. MURPHY. I am sorry. I can tell you they have 1,300,000 apprentices in that nation and I cannot tell you the breakout on females, but it is substantial. The problem in this country of ours——

Mr. FLOOD. And Russia has many more—many more in Russia.

Mr. MURPHY. Yes, they are even in the construction trades in Russia. This is not the case in America.

Mr. FLOOD. About 70 percent of their general practitioners of medicine, family doctors, are female.

Mr. Murphy. The need for changing the image of apprenticeship is very much paramount in our thinking, and it is just unfortunate that this wonderful land of ours has developed a kind of repugnancy toward young people working with their hands. It is just about as simple as that. You talk to many young fellows today and they will tell you, that a trade is not for me. I am talking about a trade as a bricklayer or carpenter or machinist. They are more inclined toward the white collar occupations. Unfortunately, in my estimation I think they ought to take a look at these trades.

Mr. FLOOD. Of course, you are prejudiced on the side of bricklayers.

Mr. MURPHY. I guess slightly.

Mr. FLOOD. Why?

Mr. MURPHY. I served my apprenticeship as a bricklayer. I am a bricklayer by spirit. I should tell you I am a member of the Bricklayers International Union and have had membership for many years.

Mr. FLOOD. Isn't a member of your family known to be identified with the union?

Mr. MURPHY. Yes; my brother, Tom Murphy, is the president of the Bricklayers & Masons International Union here in Washington.

Mr. FLOOD. So I heard.

ON-THE-JOB TRAINING

Mr. MURPHY. The on-the-job training aspect of our program, activity 2, Mr. Chairman, and members of the committee, will utilize about 174 positions and $2,468,400 in our budget. The number of OJT programs have been running fairly current according to the goals established for 1968, and at the present time the number of OJT opportunities is 65,000 and it is about 60 percent of the goal of the program.

For 1969 the request being made of your committee is to add $16,200,000 to the OJT aspect of the MDTA appropriation, in order to concentrate on many of the programs that Mr. Ruttenberg was talking to your committee about yesterday, the JOBS program, and the necessity of increasing the activity of the Private Sector in the on-the-job training program. So in a nutshell, Mr. Chairman, this is my statement: We have submitted this for the record. I would be delighted to respond to any questions that you have.

Mr. FLOOD. Thank you. We do have some.

SUMMARY OF BUDGET REQUEST

Your budget for 1968 is $8,401,000. You are requesting $9,262,000. That is an increase of $861,000 and 40 jobs. You are asking for no increase in the larger part of your program, the old-time program, "Training, promotion, and service to industry." Are there any new, developments? Is there anything new in the old story?

Mr. MURPHY. This is the apprentice activity, yes. We have seen some of our national contracts or national organizations link up with the Job Corps and take some of these young people who have been given some training, preparatory training in the Job Corps centers, and are now embarked on a regular apprenticeship in the operating engineers field.

This has proven very, very successful.

Mr. FLOOD. I don't quite know what that means.

Mr. MURPHY. The Job Corps youngsters who are in Job Corps centers, operated under the poverty program, they have had this link-up, and the Operating Engineers International Union along with their employers have absorbed some of these young fellows and put them into regular on-going apprenticeship programs in various parts of the United States. This has been a very fine achievement. Many of these are minority youngsters and it is giving them an opportunity for the first time.

Mr. FLOOD. Minority?

Mr. MURPHY. Yes, they have now for the first time——

Mr. FLOOD. What do you mean by "minority"?

Mr. MURPHY. Negro, American Indians, some Spanish-speaking people.

ORGANIZATIONAL SHIFT OF ON-THE JOB TRAINING

Mr. FLOOD. Now we have a very peculiar situation here, at least I think so. About one-third of your justifications are devoted to on-the-job training yet you are not administering that program. Is the Chief of the Bureau of Work Training Programs here to testify? Why would you talk about this?

Mr. MURPHY. This just recently occurred. Unfortunately the budget submission had already been prepared and had been submitted to your committee. Then there was a change in the structure of the Manpower Administration by Secretary Wirtz. Perhaps Mr. Ruttenberg would like to speak to this.

Mr. FLOOD. More than one-third of the justification is devoted to on-the-job training, and you do not administer it. Who is the Chief of that Bureau?

Mr. RUTTENBERG. Mr. Chairman, the program comes under me as the Manpower Administrator. Mr. Mark Battle is the Chief of that Bureau.

There is, for the first time in the history, a meeting of all 50 State welfare administrators and 50 State employment security administrators at the Shoreham Hotel to talk about the new program under the Social Security Act, and the work incentive program.

Mr. FLOOD. Who is paying for that?

Mr. RUTTENBERG. It would come out of the grants program as far as the State employment security administrators are concerned.

Mr. FLOOD. Who is paying for it?

Mr. RUTTENBERG. It would be paid for out of the grants budget which is made available through this committee to the Bureau of Employment Security.

Mr. FLOOD. Every time I pick up a paper there is some meeting like this going on some place at some hotel here. I wonder who pays for these things.

Mr. RUTTENBERG. This program does not begin until April 1. We have been working now for the last 3 or 4 months developing standards and procedures and guidelines to run the new program, how you take people off of aid to families for dependent children and put them into work and training programs and move them on to a private job.

Mr. FLOOD. Of course, you know that this subcommittee is very interested in this program and we are not entirely happy about your reorganization. You know that. I am just wondering. He is otherwise engaged this morning. What is the name?

Mr. RUTTENBERG. Mark Battle, who is the Director of the Bureau of Work Training Programs and prior to that was the Deputy Director of the Bureau of Work Programs and worked in youth programs in New Jersey.

I am prepared to talk about the on-the-job training program. I am here for that purpose this morning.

Mr. FLOOD. I am sure you can. I would rather talk to him.

Mr. RUTTENBERG. We would be glad to have him be here.

MERITS OF OPERATING THE APPRENTICESHIP AND ON-THE-JOB TRAINING PROGRAMS IN ONE BUREAU

Mr. FLOOD. Weren't there some advantages to the apprenticeship program from having on-the-job training in the same Bureau? The subcommittee thought so.

Mr. MURPHY. We did see some assistance from the on-the-job training program.

Mr. FLOOD. Who are "we"?

Mr. MURPHY. I am talking about the Bureau and the Department, Mr. Chairman.

Mr. FLOOD. We agree with you.

Mr. MURPHY. Thank you, Mr. Chairman.

Mr. FLOOD. Now, Mr. Ruttenberg, what about that?

Mr. RUTTENBERG. There is not any doubt that the on-the-job training program has helped to increase the number of apprentices that are indentured. As a matter of fact, I think starting back in 1963 and 1964, only 3 or 4 percent of the on-the-job trainees were eventually indentured into apprenticeship. Now there are about 15 percent of the OJT trainees who are indentured as apprentices. We intend to work out an arrangement.

Mr. FLOOD. That is a bad word, "indenture." Isn't it medieval?

Mr. RUTTENBERG. It is the expression that is used in the apprenticeship field.

Mr. FLOOD. That is a bad term.

Mr. RUTTENBERG. It has some relationship to the yellow dog contract.

Mr. FLOOD. That's more recent.

Mr. RUTTENBERG. It has the wrong connotation. But the on-the-job training program, we have felt, has to be tied more closely into the other work and training programs administered in the Bureau of Work Training Programs. Under the authority of the Economic Opportunity Act, title I–B, there is regular OJT authorization for youth and adults, separate and distinct from the authorization that is in the Manpower Development and Training Act, section 231.

The Bureau of Work Training Programs was beginning to administer what they called work in industry programs, that were patterned exactly after the OJT program. We thought we had to pull these two units together and not operate separately. They could not very well transfer the on-the-job training program from the Bureau of Work Training Programs over to the Bureau of Apprenticeship and Training because that authority under title I–B of the OEO Act is tied so closely to regular youth and adult work programs.

Mr. FLOOD. He talks very well, doesn't he?

Mr. RUTTENBERG. Maybe I shouldn't talk at all.

REDIRECTION OF ON-THE-JOB TRAINING

Mr. FLOOD. Well, there are times. All this program increase in this part of the budget is—at least these are your words in the justifications—

to provide for a redirection in and enrichment of the on-the-job training program to enlist greater participation of private employers in manpower training and development of the disadvantaged.

Marvelous! O. Henry surely must have inspired it. It is beautiful language. Suppose you give us some details of what your plans are.

What would you be able to accomplish if you get this increase? Suppose you don't, what will you do?

Mr. MURPHY. I am in a rather difficult position, Mr. Chairman.

Mr. FLOOD. So am I.

Mr. MURPHY. The OJT responsibility has been transferred to our sister bureau.

Mr. FLOOD. What are you doing here this morning?

SHORTAGE OF SKILLED CRAFTSMEN

Mr. MURPHY. I am testifying for our regular apprenticeship program again and our responsibility will be solely for the apprenticeship ship and on-the-job training. Now we are reverting to a separate program again and our responsibility will be solely for the apprenticeship activity which encompasses the amount mentioned, $6,700,000 and a total of 541 positions. If I may expand on that, Mr. Chairman, I have a sincere desire to do something about this position that this country faces. The shortage of skilled craftsmen is becoming more and more acute.

Mr. FLOOD. Are you going to man the barricades this morning?

Mr. MURPHY. I hope to. We sincerely hope we can change the image. I would say it began in the depression years and then right after World War II, that parents really and truly just discouraged their children from going into skilled occupations. They felt that they were better off if they went into the white collar fields. As a result in these years now, the number has diminished. The work force of this Nation is in the 75-million category. The number of apprentices in training at the present time—at the conclusion of last year—ran about 225,000. This, in my opinion, and in the opinion of many other people——

Mr. FLOOD. You are a real enthusiast.

Mr. MURPHY. I feel we have to do something to instill within the youngsters a desire to become craftsmen and work with their hands.

To me there is nothing more satisfying than to see something that you personally have produced. You mentioned my past career as a bricklayer. I just recently had been to New York, my home, and I worked in New York for many years.

Mr. FLOOD. Where were you born?

Mr. MURPHY. I was born in what is known as Yorkville.

Mr. FLOOD. Dutch country. How did you get over here? Not many Irish in Yorkville.

Mr. MURPHY. A few. It was a neighborhood then, of building-trades people. Many of those were immigrants. They came to this country and had craft skills. My father was a bricklayer as one of my grandfathers was, and I became a bricklayer apprentice. I might be giving the committee the wrong impression——

Mr. FLOOD. Do you remember that the great former chairman of this subcommittee was a bricklayer, Mr. Fogarty of Rhode Island. Do you know he was laying bricks in Providence when the chief of police drove up in a car and said, "Mister, get in the car, you have been elected to Congress."

Mr. MURPHY. I did not know that. Isn't that wonderful?

I recall now just looking at some of the work in the city of New York—and a bricklayer's work is visible—I can recall working on an apartment hotel in New York City at Columbus Circle.

Mr. FLOOD. You laid bricks yourself?

Mr. MURPHY. I certainly did, Mr. Chairman. I can point to that building right now where there are some panels of intricate brickwork, not just run-of-the-mill brickwork and another bricklayer and I did those panels.

I do not want to sound egotistical but I will say it. I was a good bricklayer. The point of my story is that if we can instill this in more of our young people, I think it will be for the betterment of the country and for the young people.

EUROPEAN TECHNICAL SCHOOLS

Mr. FLOOD. What do you think about these 2-year gymnasium type of schools that they have in Russia, Germany, France, Italy?

Mr. MURPHY. Sweden.

Mr. FLOOD. Scandinavia. We are not talking about college degree people, but 2-year certificates for technicians of all kinds, not just bricklayers, but all sorts of people like that.

Mr. MURPHY. Splendid. I would like to see more of this being done in this country. I saw this in Sweden.

Mr. FLOOD. Would you have trouble with the unions if we tried that?

Mr. MURPHY. No, not in the least. I am positive they will welcome these young people who have had what we would term a prejob phase of the apprenticeship system. Then these young people could come into the workplace and with their prior experience gained in this situation——

Mr. FLOOD. If they want to get degrees at night school they can.

Mr. MURPHY. Yes, indeed. Some of this is occurring. It is not a vast program yet. But more and more of these 2-year institutes are being built in the Nation. We can see it in the electronic field especially——

REMOVING BARRIERS TO ON-THE-JOB PROGRAMS

Mr. FLOOD. I read from page 26 again. This is your language, "Additional efforts to remove barriers which discourage employers from participating in the on-the-job program." What are these barriers and what are you doing to remove them?

Mr. MURPHY. Maybe that is an unfortunate word. Reluctance perhaps would be a better one, Mr. Chairman, on the part of employers to take people who are marginal. It has been proven in the past several years—

Mr. FLOOD. He talks pretty well.

Mr. MURPHY. I follow my chief, Mr. Ruttenberg, who is, in your words, a master. He touched on that yesterday, the JOBS program.

Mr. FLOOD. What about this barrier? What is the barrier?

Mr. MURPHY. We have seen employers who, despite their need for people, will not lower their qualifications for employment or who are reluctant to take people in, who perhaps do not have all the attributes that they desire.

Mr. FLOOD. What about the carrot thing you and I talked about—the carrot and the stick?

Mr. RUTTENBERG. One of the ways we hope to encourage employers to remove the barriers that Mr. Murphy referred to is by enabling that employer to be reimbursed for the kinds of costs that would be incurred if he hired somebody with lesser education and lesser skills.

Mr. FLOOD. That is fair.

COOPERATIVE ARRANGEMENTS BETWEEN JOB CORPS AND WORK TRAINING PROGRAMS

On page 21, and I quote you again, "Arrangements are getting underway to permit linkages for the trainees' benefit with the Job Corps and various work-training programs." This is beautiful writing. Who in the world writes this stuff? It is very good, you know. Now suppose you give us a little detail.

What are these arrangements?

Mr. MURPHY. The cooperative arrangements with the sponsors of the Job Corps, the OEO, also the Department of Interior, and the Department of Agriculture. I touched upon it briefly, that the Operating Engineers have picked up some of these young people, again working with this group.

Mr. FLOOD. That is a tough union. Operating Engineers. They are worse than stagehands. Did you ever try to get in the stagehands union? You cannot do it. You have to be a son and a grandson. The Operating Engineers are tough, aren't they?

Mr. MURPHY. Mr. Chairman, changes occur in every walk of life. I can agree with you that this was the case many years ago, but I do not think it is that way now.

Mr. FLOOD. I do.

Mr. MURPHY. There may be some isolated places. I again come back to the shortage of skilled operators of this exotic equipment——

Mr. FLOOD. Exotic.

Mr. MURPHY. If you are like the average American——

Mr. FLOOD. Exotic steam rollers and so on?

Mr. MURPHY. The average American sidewalk superintendent looking at some of these excavations and construction that goes on, you will see some of the material and equipment.

Mr. FLOOD. I have heard about exotic fuels and so on.

Mr. MURPHY. They have these long booms that operate with almost the precision of a watch. The accomplishment of this machinery is fantastic. To give these young people an opportunity, the Job Corps is the training ground and then they go out into the community and actually become trainees on the worksite or the construction site itself. This is only one. There are many more varieties of this.

UNION ACCEPTANCE OF JOB CORPS APPLICANTS

Mr. FLOOD. What do the unions think about the Job Corps?

Mr. MURPHY. Complete cooperation, Mr. Chairman. In fact, they have just completed a film called "The Builder," which was a composite of the union, the Bureau of Apprenticeship Training, the Manpower Administration, the OEO, the Job Corps people.

Mr. FLOOD. You are saying that the unions like the Job Corps?

Mr. MURPHY. Yes, it is a training ground again for some young people who have never been exposed to such work.

Mr. FLOOD. How do you get into the union once you get out of the Job Corps?

Mr. MURPHY. Application is made to the Apprentice Committee in the community and they are processed and they are given a rating.

Mr. FLOOD. Did you ever hear it used to be tough?

Mr. MURPHY. Yes. They are absolutely wide open as far as their doors are concerned.

They have, as I say, changed.

Mr. FLOOD. You cannot get a job without a card, you know. You know what the contractor says. What can he do? These kids out of the Job Corps, can they get in?

Mr. MURPHY. Yes, indeed. If you like, I will try to get some material from the unions to submit for the record.

Mr. FLOOD. I wish you would.

Mr. MURPHY. I think they would be pleased to do this.

Mr. FLOOD. I would like to see what these great big, tough old-line unions do with these kids. They talk big in Washington, and they have delegates at all these commissions and so on, but did you ever try to get a card?

Mr. MURPHY. Not recently.

Mr. FLOOD. It is awful tough.

Mr. MURPHY. I didn't have too much difficulty. I had some assistance.

Mr. FLOOD. Of course, you would. Let us see maybe a half dozen responses from the unions.

Mr. MURPHY. I will, sir.

Mr. FLOOD. I am pretty generally on their side.

(The information follows:)

BRICKLAYERS, MASONS AND PLASTERERS,
INTERNATIONAL UNION OF AMERICA,
Washington, D.C., March 5, 1968.

Mr. HUGH C. MURPHY,
Administrator, Bureau of Apprenticeship and Training,
U.S. Department of Labor,
Washington, D.C.

DEAR MR. MURPHY: As President of the Bricklayers, Masons and Plasterers' International Union of America, I wish to convey to the House Appropriations Subcommittee on Labor, Health, Education and Welfare, under the chairmanship of the Honorable Dan Flood, Representative from Pennsylvania, both the interest and concern of this international union on behalf of the Job Corps graduates.

We encourage and welcome these young men to apply and to enter into apprenticeship with our local unions throughout this country. We sincerely recognize the potential of those persons who were deprived in earlier life, and are now attempting to demonstrate their capacity through opportunities provided under the Job Corps program.

We honestly believe that many of the graduates having gained some work experience within the Job Corps and having entered into apprenticeship within this industry will develop into skilled craftsmen and coordinately good citizens of their community.

Sincerely,

THOMAS F. MURPHY, *President.*

INTERNATIONAL UNION OF OPERATING ENGINEERS,
Washington, D.C., February 29, 1968.

Mr. HUGH C. MURPHY,
Administrator, Bureau of Apprenticeship and Training,
U.S. Department of Labor,
Washington, D.C.

DEAR MR. MURPHY: In reference to our conversation of yesterday, I am enclosing material relative to the work of our international union in equipping disadvantaged youth to enter the construction industry.

While the stories are, in general, self-explanatory, I might point out what I feel are the basic reasons for our activities in this area.

Pragmatically, our Nation does face a real problem in the continued existence of the hard-core, unemployable poor. The eruptions in our cities are only one result of this. The ever-increasing cost of third generation welfare recipients, both rural and urban, drains our economy and saps our economic and social progress.

On the other hand, we believe that youngsters who really want to apply themselves and learn how to stand on their own deserve assistance.

As a responsible labor organization, we have simply decided to do something about these problems. The existence of the Economic Opportunity Act and the Manpower, Development and Training Act have given us a vehicle with which we can act.

I hope the enclosed material is interesting and informative.

Sincerely yours,

HUNTER P. WHARTON,
General President.

INTERNATIONAL BROTHERHOOD OF
BOILERMAKERS, IRON SHIP BUILDERS,
BLACKSMITHS, FORGERS & HELPERS,
Kansas City, Kans., March 18, 1968.

Mr. HUGH C. MURPHY,
Administrator, Bureau of Apprenticeship and Training,
U.S. Department of Labor,
Washington, D.C.

DEAR MR. MURPHY: The International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers, AFL–CIO, is in full sympathy with efforts of the House Appropriations Subcommittee on Labor, Health, Education, and Welfare to assist Job Corps graduates to go on with the work experience available through the Job Corps and enter training programs which will make it possible for them to enter the productive labor market.

Our organization has, in cooperation with our various employer groups, developed an apprentice training program under which each of our local lodges is assigned a quota of apprentices they are to indenture. There are certain educational requirements, of course, for entrance into this program.

We have found that Job Corps experience has made it possible for participants to meet the educational requirements to pass the screening procedures, to qualify for acceptance into the apprentice program which otherwise might not have been possible.

There is a continuing growing need for qualified mechanics in our trade and every source for trainees must be tapped and we are appreciative of the efforts of Congressman Dan Flood and the members of his Committee, through the Job Corps program, to make available this area for recruitment of apprentices for our program and, ultimately, a source of qualified mechanics.

Sincerely,

RUSSELL K. BERG,
International President.

UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA,
Washington, D.C., March 19, 1968.

Mr. HUGH C. MURPHY,
Administrator, Bureau of Apprenticeship and Training,
U.S. Department of Labor,
Washington, D.C.

DEAR MR. MURPHY: This letter is in reference to your communication of March 6, 1968 to General President M. A. Hutcheson and our recent conversation relative to the interest in and efforts of the United Brotherhood of Carpenters and Joiners of America to prepare the underprivileged and underprepared youth to enter our craft.

The United Brotherhood entered into a manpower development contract with the Department of Labor in December 1966, under which we have to date recruited and prepared some 1,587 youth through preapprentice training to meet the minimum qualifications to enter as apprentices, of which we estimated some 18+ percent were from the minority group. Thus, making it possible for these young men to enter a skilled craft and remove them from the welfare rolls of their community and become active citizen workers.

The success of this program has led us to request another contract with the Department of Labor so that we may reach additional young men who are interested in becoming skilled craftsmen in carpentry.

In addition we are currently working with the Office of Economic Opportunity and the Department of Agriculture, Forestry Service Division on a proposal to take over the carpentry training program in 10 Forestry Conservation Centers and 4 Urban Centers.

Each of these Centers would have 60 trainees recruited through the Job Corps for a total of some 840 trainees of which 70–80 percent would be from the minority groups.

These programs combined with our regular apprentice activities afford an opportunity for those young men who are actually interested and have the courage to stand on their own to prepare themselves for entry into our craft.

We appreciate your interest and the cooperation we have received from the Bureau of Apprenticeship and Training Staff to make our Carpentry Apprenticeship program successful.

Sincerely yours,

FINLAY C. ALLAN,
First General Vice President.

INTERNATIONAL ASSOCIATION OF MARBLE,
SLATE AND STONE POLISHERS, RUBBERS AND SAWYERS,
TILE HELPERS AND FINISHERS, MARBLE SETTER HELPERS,
MARBLE, MOSAIC AND TERRAZZO WORKERS HELPERS,
Washington, D.C., March 7, 1968.

Mr. HUGH C. MURPHY,
Administrator, Bureau of Apprenticeship and Training, U.S. Department of Labor, Washington, D.C.

DEAR MR. MURPHY: As President of the International Association of Marble, Slate and Stone Polishers, and Tile, Marble and Terrazzo Helpers, I wish to advise you that our international union views with interest and concern the problem of job opportunities for the graduates of the Job Corps.

We are mindful that these young men must be provided with job opportunities which will enable them to earn a living wage and become self-sufficient.

We welcome these young men to apply for membership in our local unions throughout the country where probationary programs are in effect.

Sincerely yours,

WILLIAM PEITLER,
General President.

BROTHERHOOD OF PAINTERS, DECORATORS,
& PAPERHANGERS OF AMERICA, AFL–CIO,
Washington, D.C., March 20, 1968.

Mr. HUGH C. MURPHY,
Administrator, Bureau of Apprenticeship and Training,
U.S. Department of Labor, Washington, D.C.

DEAR MR. MURPHY: Regarding your correspondence of March 6, 1968, I am quite happy to express the feelings of myself and my international union on the Job Corps and also all other segments of the hard core unemployed in this country, in relation to our organization.

We have a drastic shortage of apprentices in our Brotherhood and have made every effort for many, many months to get together with the Department of Labor in an attempt to enlist their aid in setting up programs for gainful employment of this unemployed and disadvantaged group of young Americans. We are sure that many thousands can be eventually employed through our programs and trained to be the kind of craftsmen who become leaders and an inspiration to their fellows.

According to Department of Labor statistics (based mostly upon the relatively advanced average age of our members) the Painting and Decorating Industry will have more job slots to be filled by 1975 than any other of the crafts within the building trades, with the exception of the carpenter and the construction laborer.

We would like very much to be able to utilize the boys who come through the Job Corps and other Government sponsored programs, such as "Leap" and "Outreach" and if we could have the benefit of assistance by the Department of Labor in this effort, I am sure that you would see an extremely large group of these boys becoming the type of proud and gainfully employed young American that is needed to lead in the rebuilding of our country.

Hopeful that the delaying obstacles to our proposal may be overcome and that we will be allowed to place many of these boys, I remain,

Sincerely yours,

S. FRANK RAFTERY,
General President.

WOOD, WIRE & METAL LATHERS INTERNATIONAL UNION,
Takoma Park, Md., March 20, 1968.

MR. HUGH C. MURPHY,
Administrator, U.S. Department of Labor, Bureau of Apprenticeship and Training, Washington, D.C.

DEAR MR. MURPHY: This is in reference to your letter of March 6, 1968, in which you raise questions concerning this international union's attitude toward Job Corps graduates applying for apprenticeship training.

I have just recently notified my membership in my monthly report in the Journal concerning the policy adopted by the Building & Construction Trades Department relative to tying in opportunities for minority groups with the Model Cities Act, which has my wholehearted support. I am enclosing a copy of that report for your information.

To specifically deal with the matter of Job Corps graduates, I want to assure you that we would welcome these young men to make application to enter our apprenticeship program in our local unions throughout this country. It is our strong belief that many of these graduates would have gained some work experience within the Job Corps that would increase their suitability for our apprenticeship program and that given the opportunity, these men could develop into competent and qualified trained mechanics, as well as responsible citizens who will be a credit to their communities.

Sincerely yours,

SAL MASO, *General President.*

TRAINING FOR THE MENTALLY RETARDED

Mr. FLOOD. Here is something that is of great current interest nationwide, properly so, and belatedly so. What programs have you for training the mentally retarded?

Mr. MURPHY. We have a program.

Mr. FLOOD. You do realize how popular this area has become in the last 8 to 10 years.

Mr. MURPHY. Yes, Mr. Chairman. I have none of my immediate family affected by a tragic illness. I think it is a program of great importance.

Mr. FLOOD. You would be the first to agree there was the time when you had these people shackled to old iron beds in the attic and threw them crumbs. Thank God that has been changed and now it no longer a shame or a disgrace to have in your family somebody who is mentally retarded. What about training these people? I am on two committees back home.

Mr. MURPHY. In our activities we have worked with the National Association for Retarded Children and several others that have been quite effective in providing stimulation to industry to take these educable people who are regarded with an IQ anywhere from 50 to 70.

Mr. FLOOD. What about the workmen's compensation laws in the States and the insurance companies; do they get in your way?

Mr. MURPHY. No, sir. More and more companies are coming to the realization that these people can make a meaningful contribution to their work situation.

Mr. FLOOD. Can they pull their weight in the boat?

Mr. MURPHY. Yes, indeed. We can get you testimony by the reams if you are so inclined.

Mr. FLOOD. I would like to see some. I do not want reams.

Back in the small towns where most of us come from this has just caught on in the last 8 to 10 years. Recent progress no doubt results from the interest of the family of the late President Kennedy, and as you have suggested this morning, the interest of the family of Vice President Humphrey, especially Mrs. Humphrey, in this area. Sometimes we think the Congress is closer to the people than you are. We want to be sure you are aware.

OCCUPATIONS OPEN TO THE MENTALLY RETARDED

Mr. MURPHY. Mr. Chairman, if I may for the record, I would like to submit some of the occupations that these people are working in.

Mr. FLOOD. For 2 or 3 minutes, let us hear it.

Mr. MURPHY. They are working as assemblers in small work.

Mr. FLOOD. What is an assembler?

Mr. MURPHY. On an assembly line in, say, an electronics plant. A small repetitive type of operation. Also they are working as laboratory helpers and cleaners, laborer, packager, enameler, machine operators, stock clerk, porter, and warehouseman.

Mr. FLOOD. How are they accepted by the coworkers?

Mr. MURPHY. Extremely well. I think all of us have some compassion in our hearts.

Mr. FLOOD. Do they give them a break?

Mr. MURPHY. Yes, indeed. This is one of the programs I am so deeply interested in.

Mr. FLOOD. Why didn't you say so?

Mr. MURPHY. I have a feel for this. I think it is tragic. There are approximately 3 million people in the educable mentally retarded category in this land.

It is certainly tragic that these people would just sit around vegetating if we did not as a nation do something to give them an opportunity to become useful citizens. Employers will testify to their trustworthiness, to their punctuality, to their adherence to job conditions, so it is good and it is good for the people involved.

Mr. FLOOD. Do you have some evidence of this?

Mr. MURPHY. Yes. We can get you statements. I will read you quickly one here from the personnel department of Marriott Hot Shoppes: "We are delighted and pleased with the retardeds thus far."

Mr. FLOOD. This is the restaurant chain people.

Mr. MURPHY. Yes, Hot Shoppes. "We have found that the mentally retarded employee has an unswerving loyalty to the company. They need some special care and attention to begin with, but are eager to learn and eager to keep their jobs. The Marriott Hot Shoppes, Mid-Atlantic Division, looks forward to supplying work opportunities for retarded people." This is signed by the vice president, industrial relations, Marriott Hot Shoppes Corp.

That is just one of several, Mr. Chairman.

Mr. FLOOD. Thank you.

EXAMPLES OF ON-THE-JOB TRAINING PROJECTS
FOR THE MENTALLY RETARDED

If there is no objection, we would like maybe two or three more like that in the record.

Mr. MURPHY. We will comply.

(The information follows:)

MDTA—ON-THE-JOB TRAINING PROJECTS EMPLOYING MENTALLY RETARDED WORKERS

Mentally retarded are being trained in almost every State—in job occupations such as meatcutters (a skilled and hazardous occupation), meat wrappers, laboratory helper, enameler, nursery man-helper, polishing machine operator-helper, cook-helper, maids-hospital, and nursing homes. They are being trained in over 30 different occupations throughout industry.

LIST OF NATIONAL CONTRACTS

	Trainees authorized by	Started training	Completed	Now in training
Institute of Industrial Launderers, 1726 M St. NW., Washington, D.C.	800	423	215	71
Sky Chefs (American Airlines), 605 3d Ave., New York, N.Y.	100	50	7	28
Howard Johnsons, 9525 Queens Blvd., Rego Park, N.Y.	75	31	6	26
Marriott Hot Shoppes, 5161 River Rd., Washington, D.C.	75	36	6	23
Schraffts, 50 West 23d St., New York, N.Y.	75	21	4	14
National Association for Retarded Children (subcontracting provision); comparatively new contract), 910 17th St. NW., Washington, D.C.	1,000	108	23	41
Meat Cutters Local No. 657 and Dade County Association for Retarded Children, 395 West 1st St., Miami, Fla.	80	108	----------	65
North Dakota Association for Retarded Children, Fargo, N. Dak.	100	75	25	55
Kentucky Association for Retarded Children, 315 West Main St., Frankfort, Ky.	100	(1)	(1)	(1)
Total	2,405	852	286	323

[1] New contract.

Industry has been convinced by such type of training programs that the retarded is a very good source of manpower; he is conscientious, loyal, with high motivation, and a very low rate of absenteeism. Due to these and other factors, industry has reported that because of employment of the retarded their turnover rate in many instances has been greatly reduced. Another importance factor is that the retarded become taxpayers instead of tax burdens.

As an example of this, the Institute of Industrial Launderers received information from their companies on 272 mentally retarded trainees who went into training. Of the $43,050 in training fees paid by the Government, $39,475 has been repaid by the trainees in the form of income taxes. All mentally retarded trainees are paid the statutory minimum wage.

Employers have the highest praise for this type of manpower, as witnessed by the following testimonials:

"We are delighted and pleased with the retardates thus far. We have found that the mentally retarded employee has an unswerving loyalty to the company. They need some special care and attention to begin with, but are eager to learn and eager to keep their jobs. The Howard Johnson Co., Mid-Atlantic Division looks forward to supplying work opportunities for retarded people in the future."

T. J. EVERT,
Personnel Department, The Howard Johnson Co.

"We have been very pleased with the results of our program of employment of mentally retarded people. I can assure you that we intend to continue because it is of great value to the company."

PHILIP B. GIBSON,
Director of Management Training, Sky Chefs, Inc.

"We have participated in this program for approximately 10 months and have been extremely pleased with the results which we have obtained. The NARC . . . have been most helpful and most of the success which we have achieved has been through the strong interest and attention given to us. . . . We have been involved with many programs of this nature before, but this project has by far been the most beneficial to us."

FOSTER M. KUNZ,
Vice President, Industrial Relations, National Association for Retarded Children.

"The North Dakota Association for Retarded Children, its board and president wishes to thank the U.S. Department of Labor for their willingness to negotiate a contract to employ the mentally retarded through training here in North Dakota. The contract has meant so much to the 19,000 mentally retarded of our State that it is difficult to express our complete joy and our appreciation. The cooperating agencies with our program have benefited greatly through the placement of 55 mentally retarded during the past year.

"I must comment on the benefits gained by the mentally retarded themselves. Not only have we placed 55 mentally retarded under our first year's prime contract but we have also paved the way for many more placements through education of the employer as to the real ability of the mentally retarded to be a good employee after proper on-the-job training. The 19,000 mentally retarded of our State will directly benefit from this project in years to come because of the many eye-opening experiences of our State's employers on this excellent program."

VERN LINDSEY,
Executive Director, North Dakota Association for Retarded Children.

EFFECT OF REORGANIZATION ON PROGRAMS FOR THE MENTALLY RETARDED

Mr. FLOOD. What about this reorganization, Mr. Secretary, or Mr. Murphy. This reorganization, how will this affect the mentally retarded program?

Mr. RUTTENBERG. On-going programs will continue.

Mr. Murphy could have mentioned the National Institute of Industrial Launderers with whom we have an OJT contract for supplying the handicapped. Those programs will obviously continue.

Mr. Murphy has a list of some of the other programs. There are quite a few around. A lot of good work has been done. We have experimental and demonstration projects in this area.

Mr. FLOOD. You are an old pro. This can be done. This can work.

Mr. RUTTENBERG. We are convinced by the demonstrations that we have had that it not only can work, but it does work.

Mr. FLOOD. I wanted you to say so. If a man like you says so, we are impressed.

Mr. RUTTENBERG. Thank you, as a fellow Pennsylvanian and a fellow coal miner.

Mr. FLOOD. Your district is soft coal. I'm from hard coal country. Mr. Michel.

MINIMUM WAGE IMPACT ON SHELTERED WORKSHOPS

Mr. MICHEL. Thank you.

Let me follow up closely on the chairman's line of questioning with respect to the employment of the handicapped and the mentally retarded. Do you have any questions raised, for example, like sheltered workshops where the minimum wage legislation has caused problems?

We have one at home that is working on a very marginal scale, doing some little assembly kind of work, that bigger industry has given to them just as another one of those little bonanzas for them. But they know if they cannot get it at that price, they can get it elsewhere. I know that since the question was raised in the particular workshop at home, it has cropped up around the country for other similar workshops. Why don't they get an exemption?

Mr. MURPHY. I know this has created a problem right here in the District. I can report to you that these programs are willing to pay the minimum wage and have no difficulty in doing it.

Mr. MICHEL. Maybe some can. We are in a situation out there with the kind of work they are doing, it is such that they cannot. There has to be an economic factor there. Why do we buy from this sheltered workshop? Because we can get it at a competitive price. If it cannot be competitive, I have to answer to my stockholders, so it just becomes an economic fact of life. By the same token, if there were not some kind of concession here, these people would not be employable. They would not be doing anything and the minds and hands would not be working. I think those of you who are in positions of authority and rubbing shoulders and elbows with the labor unions and organizations have an obligation to kind of impress this thing on their mind.

PREFERENCE FOR WHITE-COLLAR JOBS

I was interested in your comment with respect to the apparent attitude of young people preferring the white collar jobs as against working with their hands. This is a point I have made to every high school group to which I have had an opportunity to speak, and pressed this point, that I have a respect for the fellow who can do a good job with his hands. There are many things I cannot do. The faucets in the house go on the fritz, and if I couldn't call a qualified fellow to fix it, the place would float away because I don't know a doggone thing about plumbing.

It distresses me when we have a manpower training program in Peoria of a class of 26 in auto repair work, only to find that after the class had graduated only about four or five of the class really stuck around and got started at $4.50 an hour and the auto repair people tell me they cannot hold them after 3 weeks. They find their hands and clothes are dirty at the end of the day. He says it is a sad commentary, and it really is, because here is a fellow that is starting out at $4.50 an hour and they will work up to $6 or $7 before long. How do we get this point across? Surely the wage scale ought to be an attractive thing.

If I look at our teenage kids, they prefer working on a construction job and the backbreaking job because, "Look, Dad, we can get $4.50 an hour and I don't want to work for a buck and a half or two on a soft pencil-pushing job." They know it is a short-term proposition. Maybe the fellow we are trying to get at here, thinks, "If this is what I am going to do the rest of my life, I do not know that I am enthusiastic," even though it pushes him up the economic ladder when he is making more money.

SKILLED OCCUPATIONS WITH SHORTAGES

What are the skilled jobs you speak about where we are in short supply? Can we have laid out in the record here, maybe in degrees of urgency, those areas where we can point to when we are out making a pitch someplace? Do you realize that if you were trained to be a tailor today—here is one that comes to mind—you have nobody in this country learning to be a tailor. Admittedly people like to pay cut-rate prices for suits. In this more and more affluent society there are those who like a little bit more nice things on occasion and will pay the price.

Mr. MURPHY. A tailor-made suit.

Mr. FLOOD. If the gentleman will yield, you know even under the new immigration laws tailors are in great demand in this country, and they can come in regardless of quota, I understand. If you are a tailor in Italy or Greece where the waiting lists are lengthy, if you are really a tailor, I am advised you can probably come in tomorrow morning.

Mr. MICHEL. Will you set this out in the record?

Mr. MURPHY. Yes.

My colleague, Bob Goodwin will supply a list of the shortage occupations for the record.

(The information follows:)

SKILLED OCCUPATIONS IN SHORT SUPPLY

With few exceptions, occupations requiring extensive training—the skilled occupations—are in short supply. The Bureau of Employment Security finds that in recent months the following skilled apprenticeable occupations appear most frequently on area shortage lists:

Aircraft electricians;
Aircraft and engine mechanics;
Automobile mechanics;
Draftsmen, electrical/electronics;
Draftsmen, mechanical;
Electrical repairmen;
Electricians;
Electronics mechanics;
Engineering and scientific technicians (electrical/electronics, mechanical industrial, chemical laboratory);
Machinists;
Pipefitters, ship;
Refrigeration and air-conditioning mechanics;
Sheetmetal workers;
Tailors and dressmakers;
Tool and diemakers; and
TV service and repairmen.

APPRENTICESHIP COURSES FOR HEAVY CONSTRUCTION

Mr. MICHEL. Let me ask a few basic questions on apprenticeship training.

We have big industry out our way. I mentioned in the record earlier the Caterpilar Tractor Co. that has both 2- and 4-year training courses and there are roughly 600 fellows in the program—I do not know that they have any women involved. Do we have broken down any place in the record, the duration of these apprenticeship training courses, for categories of heavy industry or construction?

Mr. MURPHY. We will be delighted to supply that for the record. (The information follows:)

The apprenticeship terms listed below have been established through industrial practice and collective bargaining. They have been recognized by the Federal Committee on Apprenticeship and Bureau of Apprenticeship and Training as representing the consensus of management and labor.

For complete listing see pages 17–27 of the "National Apprenticeship Program" U.S. Department of Labor, Bureau of Apprenticeship and Training, 1966 edition.

Terms of apprenticeship in construction and heavy industry

Trade	*Years*
Aircraft fabricator (aircraft manufacturing)	3 to 4.
Airlane mechanic (air transportation; aircraft manufacturing)	3 to 4.
Asbestos workers (construction)	4.
Blacksmith (any industry)	4.
Boilermaker (any industry)	4.
Bricklayer (construction)	3.
Cabinetmaker-millman (any industry)	3 to 4.
Carpenter (any industry)	4.
Cement mason (construction)	3.
Draftsman-designer (any industry)	3 to 5.
Electrical worker (any industry)	4 to 5.
Electroplater (any industry); Aircraft plater (aircraft manufacturing)	3 to 4.
Foundryman (foundry):	
Coremaker	4.
Melter	2 to 3.
Molder	4.
Iron worker (any industry)	4.
Lather (construction)	2 to 3.
Machinist (any industry)	4.
Maintenance mechanic-repairman (any industry); hydraulic-equipment mechanic (any industry)	3 to 4.
Instrument repairman	4.
Wind-tunnel-maintenance mechanic (aircraft manufacturing)	4.
Model maker (any industry)	4.
Mold loftsman (shipbuilding, aircraft manufacturing, boilermaker); operating engineer	3 to 4.
Painter-and-decorator (any industry)	3.
Patternmaker (foundry)	5.
Plumber-pipefitter (any industry)	4 to 5.
Sheet-metalworker (any industry)	3 to 4.
Tool-and-diemaker (any industry)	4 to 5.

Mr. MICHEL. What is the longest apprenticeship training course?

Mr. SABO. Six years, printers; 8 years, diesinkers, machinists, tool and diemakers and up the line.

Mr. MURPHY. There are not too many in these occupations.

Mr. FLOOD. These tool and diemakers are very skillful fellows.

Mr. MURPHY. That will run a 4-year apprenticeship. You mentioned Caterpillar, I know the director of training there. In fact, we were at a conference last June in Reading, Pa.

Mr. MICHEL. Here is a very big company with a long-established record of apprenticeship training, do you go to them for advice or do they come to you, or what service could you perform, or increase services on the strength of the increased appropriation we give you from year to year? What additional things do you do for that company that you didn't do 10 or 20 years ago?

Mr. MURPHY. We can supply them with much technical information that, despite the size of that company, they do not always have

access to. We have access to all of it, Mr. Congressman. At the conference I mentioned we had this swap table and we provided this group called, American Apprenticeship Round Table, and these are the leaders in industry, Caterpillar, IBM, Eastman-Kodak. They meet every year. The next conference is scheduled for Milwaukee. Allis-Chalmers is the sponsor.

PRIMARY MISSION OF APPRENTICESHIP PROGRAM

Mr. MICHEL. Your primary mission today would be to get more industry encouraged and involved in this kind of training, would it not?

Mr. MURPHY. You said it. I am delighted.

Mr. MICHEL. What can we point to in the past year? How many additional companies in the country have embarked upon an apprenticeship program that did not have one before?

Mr. MURPHY. We had a growth that ran last year about 3,000 additional new programs.

Mr. MICHEL. That would involve how many people?

Mr. MURPHY. It would run thousands. I will certainly try to provide that for the record.

Mr. MICHEL. Would you?

Mr. MURPHY. Yes.

(The information follows:)

A total of 2,916 newly developed apprenticeship programs were installed in industry during fiscal 1967 with the assistance of the Bureau of Apprenticeship and Training staff. Approximately 11,600 apprentices will participate in these new programs during the first 12 months of operation. With continued operation of these programs, additional apprentices will participate during future years.

Mr. MICHEL. It would seem to me if you could pull out of the air 3,000 firms, there must be something with all the paperwork to contend with, they were to train so many workers, and with a simple adding machine, you ought to be able to tell us how much better we did last year than the year before. What we have to tie to here in the face of increasing requests for money and personnel is that you have gotten some better results this year than last year. If you do not have any better result and more people trained, then we might as well take the other road and start cutting down.

Mr. FLOOD. That is an excellent question.

COST OF APPRENTICESHIP

Mr. MICHEL. What is the cost of training and apprenticeship, or how much will that vary?

Mr. MURPHY. This is a figure that can run all across the ballfield, Mr. Congressman. We point to the fact that initially, apprentice training does cost money. There is no doubt about it. It costs the employer, the sponsor some money. Let us take a 4 year apprenticeship. Again what it might cost the employer, it will vary according to industry and according to trade. Then as the young man or young woman progresses in the trade, they become adept, they acquire a knowledge that will pay off that initial cost many times.

DROPOUT RATE IN APPRENTICESHIP PROGRAMS

Mr. MICHEL. On that point, is the dropout rate in the apprenticeship courses commensurate with what it might be in college, a bigger rate at the freshman year and so forth?

Mr. MURPHY. Again, Mr. Congressman, you said it. The dropout rate in the first year of apprenticeship is almost identical with the college mortality rate. It runs 40 to 50 percent. Again you are dealing with a young man who has embarked on this sometimes without prior knowledge and consideration. That is why we feel in our program we have to get more and more to the young people, to parents, to counsel, advise and assist them and present to them what this program is so they do not embark on it without some thinking. We have embarked on a study of the cost of the training.

Mr. FRENCH. There is no current study that pinpoints it as we would like to.

Mr. MURPHY. I think it would be a good idea for us to look at this.

Mr. MICHEL. Some factory that does not have an apprenticeship course but is thinking of instituting one would want to come to you and say, "Look, we are thinking about this, but we cannot do it until we have some idea how much it will cost." You have to be in a position of furnishing them some kind of information upon which to make some preliminary judgments.

Mr. MURPHY. We have the basics of what their initial wage rate will be and the training period. Again, the category of the occupation determines where they start to become productive. With the forbearance of the chairman, I will resort to the bricklayer craft, this is pretty expensive those first weeks or months. The young man is taking up the time of the experienced man and there is a drop in productivity. So those few months are rather expensive. However, again, according to the individual, he becomes productive. He is only getting a first year apprentice wage. In some instances of course, a young man can be nearly as productive on a particular type of work as a journeyman. You see the varieties that can come into it. If he is laying a block wall—these are big units—if he is a good strong young man, he can produce as much as the journeyman, not as fully productive as a journeyman but fairly close to it and remember the employer is paying him a first-year wage rather than a journeyman's wage, which could be less than half. There are tremendous varieties of cost involved in this.

Again, I do know we did a study many years ago. Perhaps it is something that we should continue to look at.

Mr. MICHEL. What is the washout rate generally for the apprenticeship training course?

Mr. MURPHY. It is less than 20 percent. Some crafts have a higher retention rate. The electricians would. Tool and die makers are higher, patternmakers have a higher retention rate, plumbing and pipefitting report they have a higher retention rate.

Mr. FLOOD. What about welders, automobile mechanics, machine production people, especially welders and automobile mechanics, do you know anything about the washout rates in those areas?

Mr. MURPHY. I would say they would be about the same on the average.

DROPOUT RATE FOR ON-THE-JOB TRAINING PROGRAM

Mr. MICHEL. In this on-the-job training program, in some of those areas in which you are involved, isn't there about a 50-percent dropout rate? Where did I read that? What happened to the 13,000 enrollees in the on-the-job training program who completed training but were not placed in jobs? The difference between the 108,000 and 121,000 on page 19. On-the-job training enrollments, completions, placements, et cetera, et cetera. Another question would be, do you consider someone who goes into the service as a placement if he has gone through on-the-job training?

Mr. SABO. He would be a dropout.

Mr. MICHEL. An involuntary one.

Mr. RUTTENBERG. That is part of the problem with the dropout rate. A lot of people drop out and take jobs we don't know about. There are others who drop out because they cannot take the pace of the training. There is only a small percent of dropout from those who were placed in jobs. Conversely, 94 percent of those who complete actually are placed in employment. That other 6 percent becomes some of these hard cases we were talking about yesterday.

NEW POSITIONS REQUESTED

Mr. MICHEL. Tell me finally, what will these 40 new people be doing that you are asking for here in your shop?

Mr. MURPHY. They would be mostly involved, Mr. Michel, in the new JOBS program, the program announced by the President.

Mr. MICHEL. Rather than in the Bureau of Apprenticeship and Training?

Mr. MURPHY. Yes.

Mr. MICHEL. Are there any additional people specifically for the Bureau of Apprenticeship and Training additional this year?

Mr. MURPHY. No.

Mr. MICHEL. You are going to operate your shop with the same number of people?

Mr. MURPHY. Yes; 541 positions.

Mr. MICHEL. Is that a kind of unique situation from year to year? I have not gone back here.

Mr. MURPHY. No, we have stayed at about that rate for a few years.

REGISTRATION FOR APPRENTICESHIP PROGRAMS

Mr. MICHEL. Did I understand you to say earlier in response to the chairman to your knowledge there are only 400 women in apprenticeship training courses in the entire United States?

Mr. SABO. That is registered apprentices.

Mr. FLOOD. If the gentleman will yield, what does that mean?

Mr. MURPHY. These are registered with either our agency or with a separate State agency.

Mr. FLOOD. I never heard the phrase.

Mr. MURPHY. Mr. Ruttenberg asked me to give you an example of a nonregistered program. Eastman-Kodak is an example. They have one of the finest apprentice programs in the Nation and yet they have not registered with either Federal or State. They operate their program. It is just simply the old throw back to nongovernmental interference.

Certainly, again at the same conference I mentioned, we sit down with them, we work with them. In Rochester, N.Y., we provide them with assistance. Our staff works with Eastman-Kodak. Despite the fact they have a splendid apprentice program they have not registered with the Bureau or with the State agency.

Mr. FLOOD. If you will yield, do they have to?

Mr. MURPHY. No, sir; they do not have to.

Mr. FLOOD. Why do they?

Mr. MURPHY. Maybe we are being very gratuitous when we provide service for all whether they are registered or not. We do provide the service to Eastman-Kodak despite the fact that they do not register with us. We point out to them that they ought to. We try to persuade them to register either with the State or with our Bureau people in order that they become part of the statistical count of the Nation.

When I reported to you that we have about——

Mr. FLOOD. Should there be a law in Harrisburg or Washington requiring registration? Should there be a State law or national law?

Mr. MURPHY. Speaking off the top of my head, Mr. Chairman, I don't think that it is that important. They are doing a job and giving opportunities to people. Whether they are registered or not, they are giving American youngsters an opportunity.

JOBS

Mr. MICHEL. These 40 new people are going to put in the JOBS program.

Mr. RUTTENBERG. If you recall the discussion yesterday about the National Alliance of Businessmen, they will put a full-time businessman paid by the Corporation in each of the 50 largest cities.

Mr. MICHEL. Let me hear that again.

Mr. RUTTENBERG. The National Alliance of Businessmen, in order to promote the JOBS program, are going to place a full-time businessman, probably a vice president of one of the large corporations, full time on the company payroll working in each city. We have agreed in terms of running the JOBS program that we would have a manpower person as a counterpart to that businessman in each city.

Mr. MICHEL. That is one of your people.

Mr. RUTTENBERG. One of our people.

Mr. MICHEL. Does he work out of your regional office?

Mr. RUTTENBERG. He would work directly under the regional director, but would be working in that city with that businessman.

Mr. MICHEL. But he must touch base with your regional people.

Mr. RUTTENBERG. Yes, all the programs would flow through the regional office. He will be responsible to the Regional Administrator. In the meantime, hopefully, the National Alliance of Businessmen are out operating and they are going to bring all 50 of their people in town on Friday of this week. We are going to try to bring in 50 representatives from various cities. We are getting those on loan at the moment from the State employment security agencies.

It is very difficult to finance and to handle. We might not be successful in having that many people. We hope as a result of this appropriation to be able to counterbalance the business people and be able to run the program jointly.

Mr. MICHEL. Who is going to shoulder the burden of whatever secretarial help is required not only for this full-time businessman but one of these 40 men from the Manpower Administration? Can they do everything without any little Indians around to pick up the paperwork?

Mr. RUTTENBERG. It is hoped at this point in time that the businessmen will have a group of people also financed by the corporation as a local office. Our person would have to use the district office, and we have a series of district offices, or the regional office for secretarial help.

Mr. FLOOD. If the gentleman will yield, you are not going to take over the floor of some building in my hometown of Peoria, are you? No great big building.

Mr. RUTTENBERG. I hope it never gets that big, sir. If it does, we could not run it.

Mr. FLOOD. We worry about that. We see these things develop.

Mr. RUTTENBERG. I worry with you about it.

Mr. MICHEL. That is all.

Mr. FLOOD. Mr. Natcher.

APPRENTICESHIP PROGRAM FOR THE GHETTO AREAS

Mr. NATCHER. Mr. Murphy, explain to the committee how you plan to bring apprenticeship much closer to the ghetto especially in areas where high unemployment and skill shortages exist side by side. At the same time, if you will, tell us what you are doing as far as Appalachia is concerned.

Mr. MURPHY. The first question, we have contracts with the various groups. One group that has gotten widespread publicity is known as the Workers Defense League. They, with our help and technical assistance, go right into the community where the minority youngster is. This is a real fine source of recruitment. They speak the language to this young man.

Mr. FLOOD. Workers Defense League.

I never heard of it. What is that?

Mr. MURPHY. It is an old line organization that has been in existence for 30 or 35 years. It began at the very bottom of the depression years to assist people, legal aid and everything.

They began in New York and that is where their headquarters are.

We have this group plus other groups such as the Urban League, and our own staff, getting to the minority youngster. This person has had limited exposure to what apprenticeship is. He has not in many instances had a father who has had some experience with this. So we are trying to reach these people. We have contracts in various cities. The building trades have cooperated. You perhaps saw the exchange of letters between Secretary Wirtz and Mr. Haggerty, the president of the building and construction trades department, where they have extended their all-out support to recruit qualified minorities to bring them into the apprenticeship program.

Mr. FLOOD. Building trades.

Mr. MURPHY. Yes, sir. We have contracts at the present time in about 20 big cities and are working on an additional group of cities, Congressman Natcher.

APPRENTICESHIP PROGRAMS FOR APPALACHIA

On your question about Appalachia, we have had a fine program under the leadership of Miles Stanley working in Appalachia trying to work with the people I have just talked about, reach them and provide them with job training to give them a boost up.

Mr. NATCHER. What type of contract? You say a contract with Miles Stanley.

Mr. MURPHY. It is promotional and provides for development of a total of 3,000 trainees.

Mr. NATCHER. It applies just in Appalachia?

Mr. MURPHY. In Appalachia, purely and simply. It covers your State.

Mr. NATCHER. Tell us a little more about that contract as to the type of work they are performing.

Mr. MURPHY. They are providing training opportunities on a variety of occupations in the community according to the needs of the community. One of the things they are doing is working on the road building program. I just had the very good experience of a couple of weeks of going to—not your State, sir, but I have a boy going to school in south West Virginia, and we took a ride over into West Virginia, on only a small section of Interstate 64, and if they do that through the rest of Appalachia, you are made.

Mr. NATCHER. Do you really believe that, Mr. Murphy?

Mr. MURPHY. I sincerely do.

ROADBUILDING PROGRAM IN APPALACHIA

Mr. NATCHER. I hope you are right because the people in Appalachia generally have their doubts about the benefits to be derived from interstate highways and new roads. They say we do not want anything but jobs and assistance that will stay here after that road is completed. It is going to bring people in, and they are hoping it will bring in industry, and I am glad to hear you say that.

Mr. MURPHY. Mr. Natcher, the section I was on, it is only about 20 miles now——

Mr. NATCHER. I travel that way coming back and forth.

Mr. MURPHY (continuing). It is beautiful. I have never been to the Alps, but this is comparable, I would believe.

Mr. NATCHER. It is one of the most beautiful parts of the world. I agree with you. Other than the beauty, what are we doing down there now? That is the thing that bothers me. Tell me a little about where we are going.

Mr. MURPHY. I can only point to the success that other highways of this nature have been. Boston, Route 128, circumferential highway in Boston——

Mr. NATCHER. That is Boston, Mr. Murphy. Let us talk about Corbin. I can understand what you say about Boston.

Mr. MURPHY. Maryland 70–S out here, a State highway. You just look along that highway; there is IBM, there is Fairchild Hiller, there is Eastman Kodak, substantial industries that provide good jobs and well-paid jobs.

Mr. NATCHER. How far from Washington?

Mr. MURPHY. About 20 to 40 miles.

Mr. NATCHER. Let us go back to Appalachia. When you talk about Boston and Washington, I agree with you. But let us go back to Appalachia just a minute.

Mr. MURPHY. Roadbuilding is not the sole salvation of Appalachia. There has to be other innovative things done. I can agree with you 100 percent, Mr. Congressman. Certainly the people there are just splendid people. We had the nice experience of going to a movie Saturday night in a small town in West Virginia, and see the people with little kids. I had not had that experience in a long time.

Mr. FLOOD. Are you being patronizing?

Mr. MURPHY. No; of course not. To see families Saturday night in a small town in West Virginia. To me this was America.

Mr. FLOOD. I was raised in a coal mining town, Mister. Don't look down your nose at me.

Mr. MURPHY. I absolutely do not.

Mr. MICHEL. Are you concerned that, with all this beautiful country that admittedly is in your home bailiwick and these fine highways that are going through, do you foresee the time when that is all well and good but the people are just using the highway and the beautiful drive to get to different places other than building their factories and providing the employment in that area for people?

Mr. NATCHER. That is right, Mr. Michel. That is the part that concerns me the most. I say that to you frankly. As you well know, Mr. Michel the Appalachian program originally provided about $1,200,000,000, with $842 million of that amount for highways. That is the part that bothered me, Mr. Murphy.

I voted for the Appalachian program. I am for this program. But the fact that they had three-fourths of it in for highways bothered me. Where is Miles Stanley located?

Mr. MURPHY. Mr. Stanley has his headquarters in Charleston, W. Va.

Mr. SABO. We have a full-time representative from the Kentucky Federation of Labor who is assigned to the State of Kentucky to do nothing but promote job opportunities in the Appalachian territory.

MANPOWER PROGRAMS IN APPALACHIA

Mr. NATCHER. Do you feel good about the success of the program that you have under way in Appalachia now as far as apprenticeship is concerned?

Mr. MURPHY. Yes, sir.

Mr. NATCHER. Do you feel you are moving along?

Mr. MURPHY. Yes, sir.

Mr. NATCHER. You and the members of your staff in your section of the Department can do more in Appalachia and the 49 counties in Kentucky than all of that road money. I say that to you frankly.

Mr. MURPHY. We will do our best.

Mr. NATCHER. This program can do a lot more than those highways that I travel over when I go down 25 and go through Somerset and London and Corbin and Pineville and through that section.

Mr. Chairman, thank you, sir.

Mr. FLOOD. That was an excellent contribution.

I embrace that by all means. As sponsor of the bill, I say that was an excellent statement. The only thing wrong with it was that I did not make it.

Mr. MURPHY. Thank you very much, Mr. Natcher.

Mr. FLOOD. Mr. Hull.

SYSTEM FOR FOLLOWING-UP ON DROPOUTS

Mr. HULL. I have just one question, Mr. Chairman.

What system do you use to keep track of the dropouts that you have?

Mr. MURPHY. We have a reporting system.

Congressman Hull, we have a reporting system. In fact, that is one of the functions of our staff also, to endeavor to see if it is not an irrevocable dropout. In other words, to see if we can counsel with the fellow. There is a big transition in going from a world of school into work, and I guess all of us can report instances in our own families of our youngsters of the things that have happened to them. I can report my own family. But the young people are subject to the world we live in.

Mr. HULL. I am not talking about Appalachia particularly. I am talking about the general program, because I have heard a lot of criticism about it that these fellows leave and you don't know where they have gone.

Mr. MURPHY. Some of them will stay in a like job in the industry that they are in.

Sometimes they get some smattering of knowledge. There are auxiliary type of jobs that they can move into and sometimes move up to better paying jobs.

Mr. HULL. I have been told it would cost 100-some-odd dollars a person to try to run them down. The unions lost track of them as well. I just wondered what kind of a reporting system you have.

Mr. MURPHY. We have no formal program to track them down at this time.

Mr. HULL. I believe that is all.

Mr. FLOOD. Thank you very much.

Mr. MURPHY. Thank you very much, Mr. Chairman.

JUSTIFICATION MATERIAL

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate	$8,267,000	$9,262,000
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increases (P.L. 90-206 effective October 8, 1967)	+ 142,000	—
Non-recurring rental costs transferred to GSA	- 7,700	—
Appropriation or estimate, revised	8,401,300	9,262,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968 Pos.	Appropriation Revised, 1968 Amount	Estimate, 1969 Pos.	Estimate, 1969 Amount	1969 Change Pos.	1969 Change Amount
1. Training promotion and service to industry	512	$6,094,700	512	$6,358,500	—	+$263,800
2. On-the-job training	133	1,888,100	173	2,468,400	+40	+ 580,300
3. Administration and management services	29	418,500	29	435,100	—	+ 16,600
Total obligations	674	$8,401,300	714	$9,262,000	+40	+$860,700

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
Total number of permanent positions	674	714	+ 40
Average number of all employees	643	679	+ 36
11 Personnel compensation	$6,550,300	$7,207,300	+$657,000
12 Personnel benefits	494,500	548,000	+ 53,500
21 Travel and transportation of persons	588,400	605,200	+ 16,800
22 Transportation of things	30,900	39,600	+ 8,700
23 Rent, communications, and utilities	210,600	244,400	+ 33,800
24 Printing and reproduction	128,800	147,000	+ 18,200
25 Other services	298,700	343,800	+ 45,100
Services of other agencies	12,500	13,300	+ 800
26 Supplies and materials	61,500	69,300	+ 7,800
31 Equipment	25,100	44,100	+ 19,000
Total obligations	8,401,300	9,262,000	+ 860,700
Working Capital Fund items included above	(274,500)	(337,800)	(+ 63,300)

SUMMARY OF CHANGES

	Pos.	Amount
1968 Enacted Appropriation	674	$8,267,000
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increases (P.L. 90-206 effective October 8, 1967)	—	+142,000
Non-recurring rental costs transferred to GSA	—	- 7,700
1968 Appropriation, revised	674	8,401,300
1969 Estimate	714	9,262,000
Total Change	+40	+860,700
Mandatory Items (page BAT-8)		
Increases:		
Net additional pay increase costs not completely funded in 1968		+173,900
Net additional cost of within-grade promotions effective for part year in 1968		+ 49,100
Net cost of within-grade promotions becoming effective in 1969		+ 45,900
To provide for one extra day of pay in 1969 for current year staff		+ 29,500
To provide for a net increase in contributions to the Federal Employees' Conpensation Fund		+ 7,700
Total, Mandatory Items		+306,100
Financing Items:		
To provide for full cost of centralized services purchased from the Working Capital Fund	--	+ 48,000

Program Item:	Pos.	Amount
Increase:		
To provide for a redirection in and enrichment of the on-the job training program to enlist greater participation of private employers in manpower training and development of the disadvantaged ($407,500 personal services; $99,100 non-labor) (pages BAT-23,24).....	+40	+$506,600
Total Change.....	+40	+ 860,700

Activity 1. TRAINING PROMOTION AND SERVICE TO INDUSTRY (1968, $6,094,700, Pos. 512)
(1969, $6,358,500, Pos. 512)

Narrative Description of Program

Private enterprise is encouraged and assisted in the development, expansion and improvement of apprenticeship and other forms of training in industry. Assistance is given to management and unions in identification of need for apprenticeship and in development of programs tailored to meet skill requirements. Technical information on training methods, public training facilities, and successful systems are made available to companies throughout all industries. Guidance is also provided on establishing in-plant training organizations, staffs and budgets. Advisory services on solving problems of apprenticeship administration are also provided. Where collective bargaining is practiced, management and unions are brought together jointly to install and sponsor skill development.

The National Apprenticeship Program is advanced primarily by direct contact at the local level with employers, management and trade associations, and local unions. This is achieved through a network of 174 field offices, located in each of the 50 States. This local effort is supported by promotion with national organizations of management or labor. Nationally adopted apprenticeship standards and policy statements foster programs among affiliated local chapters, member employers and local unions.

Technical assistance is provided community planning groups to plan skill development as an essential element of over-all community economic planning. In selected metropolitan areas Apprenticeship Information Centers are promoted as a source of applicants and extend apprenticeship career opportunities to additional youth, particularly minorities and others less likely to be reached through normal recruitment channels. Also, field compliance reviews are conducted to determine conformity with Federal equal employment opportunity standards for apprenticeship and training - Title 29, Code of Federal Regulations, Part 30 (29 CFR Part 30).

This Activity also includes research into the nature and extent of training within industry. Studies are made in selected industries and occupations as to trends and changing training methodology. Reviews and advisory services are provided industry and State Apprenticeship Agencies on basic principles applicable to training in the apprenticeship occupations; promotional aids are developed; and a supporting information program is conducted.

It long has been clear that the private corporation is among the Nation's best equipped vocational educators. However, experience shows that without encouragement and technical assistance, too many employers fail to conduct necessary job training programs; this neglect results in production bottlenecks, skill shortages and denial of career opportunities to the many millions who need such training. The Bureau of Apprenticeship and Training strives to increase private industry's participation in a program that meets the job needs of people and the skill needs of industry. In 1967 one American firm recruited 50 skilled machinists from England. Eighty percent of the 8,500 foreign workers recently certified by the Department of Labor for entry into the United States are in the higher skilled classifications. An effective answer to American industry's skilled needs is formal apprenticeship.

Industry's annual demand for mechanics and repairmen, building trades craftsmen, and foremen increase at about the same rate as employment generally. Completions from Federal and State recognized apprenticeship programs will produce less than one-fourth of the needed new craftsmen if current year program levels are continued.

In working with industry and labor, the Bureau will promote the concept that in the rehabilitation of slum areas there will be thousands of job learning opportunities for slum residents in the construction trades. Efforts will be made to design apprenticeship programs around that concept. This will assist in the success of other programs such as those aimed at housing needs, the establishment of new industries and job opportunities in ghetto areas and the Model Cities projects.

Apprenticeship and skill improvement programs are developed in cooperation with the American Correctional Association, the Federal Bureau of Prisons, and numerous State and Federal prisons and reformatories.

Bureau staff will continue this work through programs such as those, for example, at the following prisons: San Quentin, Soledad, McNeil Island and Draper.

In 1967, 2,900 new apprenticeship programs were initiated by the Bureau field staff, while in programs registered by Federal and State agencies 82,000 new apprentices were registered, 28,000 apprentices completed training and there were 278,000 participants, representing a rise of 29,000 over the previous year. These accomplishments reflect a continuation of the 6-year upward swing in the national apprenticeship program. However, the needs for highly skilled craftsmen in a wide variety of essential industries such as construction, aerospace and metal manufacturing and for good jobs, particularly for disadvantaged youth, were only partially met by the year's activities. About 18,000 journeymen and other workers received skill improvement training as a result of Bureau efforts.

Increased understanding of apprenticeship and its requirements was developed through the growing number of Apprenticeship Information Centers established in 26 cities by the end of 1967. This activity, in cooperation with State employment service agencies, made it possible for 3,222 aspiring applicants, including many minority persons, to enter apprenticeship. Over 22,000 persons registered in the Centers during the year for information and assistance.

The Bureau served 13,000 accounts during 1967 which conduct apprenticeship programs and 900 accounts conducting skill improvement programs. An account is defined as a training facility within a representatives assigned jurisdiction which is conducting or developing one or more training projects under the terms of a given Bureau program area and which is serviceable by that representative.

The Bureau has primary responsibility for administering the equal employment opportunity provisions of 29 CFR Part 30 issued by the Secretary of Labor. The Bureau has emphasized through policy statements, issuance of guidelines, instructions, and compliance reporting requirements, as well as during staff conferences, the need for positive and immediate action of compliance with the Secretary's regulation.

The Bureau maintains the position that the field representative who established or who is servicing the program is the best person to secure compliance with the regulation and open the door for minorities in apprenticeship.

A concerted effort by each field representative is required, employing all powers of persuasion not to open doors to minority groups but to convince program sponsors to reach out through active recruitment to gain the actual as well as formal compliance. The Bureau must lead the way in making certain that program sponsors implement the selection procedures they have adopted.

Bureau recognition is to be withdrawn from those programs which do not adopt acceptable standards or do not demonstrate evidence of nondiscrimination.

To speed up field compliance reviews by the field staff the Bureau re-emphasizes its policy that apprenticeship programs with 5 or more apprentices and all Joint Apprenticeship programs be reviewed on a priority basis.

In 1968, the Bureau plans to promote a greater participation of disadvantaged unemployed and underemployed in registered apprenticeship and skill improvement programs. An expansion of apprenticeship to assist in meeting the national need for highly skilled craftsmen will be promoted

with an estimated 3,000 new programs initiated. Completions will total about 32,000 in line with the upward trend in apprenticeship as the demand for skilled workers is intensified throughout the economy. Critical defense industry occupational demands will receive special promotional attention. An estimated 294,000 apprentices will participate in Federal and State registered programs throughout the year. The Bureau will develop and install 385 new skill improvement programs.

At the beginning of fiscal year 1968, 22 contracts under the Concentrated Employment Program had already been developed, with 54 more planned during the year. The Bureau will provide technical assistance and perform contract administration for the pre-apprenticeship components of all contracts under this program in the major cities.

Ten new Apprenticeship Information Centers are scheduled for opening during 1968 as follows:

Columbus, Ohio	Omaha, Nebraska
Des Moines, Iowa	San Antonio, Texas
Gary, Indiana	Topeka, Kansas
Memphis, Tenn.	Phoenix, Arizona
New Orleans, La.	Wichita, Kansas

Apprenticeship training representatives and industrial training advisors will provide technical assistance to a total of 36 Centers in 1968 in a strong effort to make available to minorities, especially ghetto residents, more apprenticeship opportunities through positive recruitment.

Approximately 6,286 apprenticeship accounts will undergo compliance reviews under the equal opportunity provisions of 29 CFR Part 30.

To maintain and improve the quality of ongoing and newly developed apprenticeship programs, field representatives will serve 9,300 accounts and in addition 965 skill improvement accounts.

The Bureau will respond to increasing requests from private industry for technical assistance on the apprenticeship and job training provisions of the revised Veterans' Pension and Readjustment Assistance Act of 1967 (P. L. 90-77).

As a significant part of its information program, the Bureau will issue two new apprenticeship films during 1968, "Bridge to Skills" and "Skills for Tomorrow." The aim of these films will be to gain greater

participation of minorities in apprenticeship programs. "Bridge to Skills" is aimed at minority youngsters in and out of school, showing the requirements and opportunities inherent in such programs. "Skills for Tomorrow" is aimed at employers, showing the benefits of an apprenticeship program and underlining the "good business" aspect of hiring apprentices without racial or other discriminatory considerations.

"Bridge to Skills" is being reproduced with a Spanish-speaking narrator and Spanish voices to help apprise Mexican-Americans, Puerto Ricans and other Spanish-speaking Americans of the availability and benefits of apprenticeship training.

In 1969, the Bureau's program will place the greatest thrust and emphasis on the promotion of a greater number of new apprenticeship opportunities in private industry, particularly for the disadvantaged. Apprenticeship operations will implement and enhance the Concentrated Employment Programs and other major manpower programs in the communities with the greatest needs and problems. Private employers, especially those in or near ghetto areas, will be encouraged to take more of the underprivileged into their training programs.

The Bureau field representatives will be responsible for maintaining effective liaison with related manpower programs and agencies in their areas to being about maximum benefit to the individuals served and in the most economical manner consistent with need. Direct regular contact and coordinative activities with State and local government and other manpower agencies and community groups, including, for example, the "Neighborhood Service Centers" supported by four Federal agencies, will provide improved Bureau services.

Bureau field representatives will be assigned to areas where needs are greatest and most urgent, and where a higher potential for the development of apprenticeship programs - and consequently jobs - exists for ghetto residents. The Bureau will locate several branch offices in locations more convenient to the ghetto communities in slected large cities with co-existing high unemployment and skill shortages.

An estimated 306,000 apprentices will participate in Federal and State registered programs in 1969 and 32,000 will reach completion during the period. New apprentices entering programs will number 86,000, many of them using the training benefits available to veterans under the Veterans' Pension and Readjustment Assistance Act of 1967 (P.L. 90-77). The Department of Defense estimates that 830,000 veterans will be separated from the armed services in 1968 and 850,000 in 1969 with an average age of 22.3 years. The Bureau plans to make available to the veterans knowledge about apprenticeship training opportunities. Industry will require more technical assistance from Bureau staff with regard to the Veterans' Pension and Readjustment Assistance Act of 1967 (P.L. 90-77) with hundreds of small firms requesting developmental services.

An enlarged Apprenticeship Information Center program will almost double the 36 Centers existing in 1968 with a resultant increase in the number of skilled craft training opportunities for youth.

It is anticipated that with the recent reaffirmation in amendments to Selective Service regulations in 1967 of the principle that occupational training for certain high level skills is subject to military service deferment, new apprenticeship programs will be stimulated.

Bureau services will be provided to 9,300 apprenticeship accounts and 965 skill improvement accounts. Improved communication with joint apprenticeship committees and private industry will be emphasized to reach the type of potential applicant likely to be overlooked in normal recruitment practice.

Field reviews of 6,250 apprenticeship programs will be accomplished to check compliance with 29 CFR Part 30, the Secretary of Labor's regulations prohibiting discrimination in selection practices and operation of apprentice programs. Intensive efforts will be directed to working with employers, unions and joint apprenticeship councils to correct conditions which keep minorities from an equal chance to succeed in skilled jobs.

A major program emphasis in fiscal year 1969 will be to strengthen our local committees on apprenticeship. The Bureau works with about 10,000 joint labor-management committees at the local level and these should be expanded to promote the apprenticeship potential in additional communities where the need already exists. These committees are the frontline troops of our efforts to expand apprenticeship opportunities for youth and minorities. Surveys have shown that where effective committees exists, apprenticeship programs grow and increase dramatically.

Workload Statistics

In Thousands

	Actual			Estimate	
	1965	1966	1967	1968	1969
New apprenticeship programs installed	1.3	1.4	2.9	3.0	3.0
Apprentice participants	227.0	250.1	278.0	294.0	306.0
Apprentice accessions	59.9	77.0	82.0	83.0	86.0
Apprentice completions	26.1	25.0	28.0	32.0	32.0
Apprentices in training end of year	173.1	196.0	211.0	220.0	230.0
Skill improvement programs installed	0.7	0.8	1.0	0.4	1.0
Skill improvement trainees	14.0	15.0	18.0	20.0	28.0

Changes for 1969

Mandatory changes amount to (Page BAT-7)..... +$228,300

Financing changes amount to (Page BAT-7)..... +$ 35,500

Program changes..... None

Activity 2. ON-THE-JOB TRAINING (1968, $1,888,100, Pos. 133)
(1969, $2,468,400, Pos. 173)

Narrative Description of Program

The Manpower Development and Training Act On-the-Job Training program is 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 others hard to train and place; and to help relieve shortages in occupations particularly critical to defense and the economy. Department of Labor representatives work directly with employers, management associations, labor unions, and groups such as community agencies to prepare training plans, evaluate training facilities, and install training programs. Programs are incorporated in contracts to reimburse employer training costs. Contract proposals are reviewed and negotiated; training in operation is monitored for compliance with training standards and contract terms.

A similar program is conducted to develop prime contracts with national organizations of management, labor and multiple-plant corporations for training projects in their affiliate units. Arrangements are made for State Apprenticeship Agencies to participate in the program under cost reimbursement agreements. This Activity also includes supporting services of research and statistics, planning and evaluating, budget and fiscal services and information.

The following tables give highlights of the program from its inception through December 31, 1967:

Manpower Development and Training Act
On-the-Job Training

Number and Characteristics of Trainees
Fiscal Years 1963 - 1968

Table 1. Number of Trainees Approved for On-the-Job Training Projects

Fiscal Year	Trainees
1968 1/	58,500
1967	152,700
1966	122,500
1965	64,800
1964	13,300
1963	2,300
Total Trainees	414,100

1/ July 1,1967 through December 31, 1967

Table 2. On-the-Job Training Enrollments, Completions, Placements
Cumulative August 1962 - December 1967

Category	Number
Number of trainees enrolled in projects	237,900
Number of enrollees who completed training	121,200
Number of completers placed in jobs	108,100
Percent of those completers employed who are in training related jobs	94

Table 3. Percent Distribution of Characteristics of Trainees Enrolled Under the On-the-Job Training Program

Cumulative August 1962 - December 1967

Characteristic	Percentage 1/
Labor force status prior to enrollment:	
Unemployed	62
Family farm worker	- 2/
Re-entrant to labor force	3
Underemployed	35
Duration of unemployment:	
Less than 5 weeks	45
5-14 weeks	22
15-26 weeks	11
27-52 weeks	7
Over 52 weeks	14
Family status:	
Head of household	50
Other	50

1/ Detail may not add to 100 percent total due to rounding.

2/ Less than 1.5 percent.

Number of dependents:	
0	46
1	18
2	14
3	10
4	6
5 and over	7
U. I. Claimant:	
Yes	7
No	94
Public assistance recipient:	
Yes	3
No	97
Handicapped:	
Yes	5
No	96

In 1967, new and creative developments were accomplished in the on-the-job training program. The original 1967 trainee goal of 125,000 was expanded to a final figure of 153,000 opportunities by year's end with a total allocation of $94 million in Manpower Development and Training Activities appropriation. Average cost per trainee was $614. Thousands of workers entered training in vitally needed occupations in the aircraft industry in several States. Under a wide variety of sponsors, mainly the American Hospital Association and the Association of Rehabilitation Centers, training was initiated and stepped-up to help ease the critical shortages of workers in health care occupations in hospitals, nursing homes, and rehabilitation centers. During the first six months of 1967, health care trainees represented 16% of all on-the-job training opportunities. Outstanding among the national contracts negotiated are those with the Food Service Industry Training Project Inc., for training 1,050 cooks, chefs, and waitresses; National Machine Tool Builders Association for 1,400 tool-die makers, machine repairmen and setup men; United Automobile Workers AFL-CIO, for 2,000 trainees, in 20 firms as machine operators, die setters, casting technicians, polishers, grinders and inspectors with pre-job instruction for the severely disadvantaged; United Brotherhood of Carpenters and Joiners of America, for 3,000 trainees to enter carpenter trade or wood industry jobs, and to upgrade journeymen to keep pace with new industry developments; and the National Association for Retarded Children, 2,000 retarded to be trained in health, food service and retail occupations in 45 States.

A variety of programs were created to enhance opportunities for the disadvantaged to enter highly skilled career occupations through formal apprenticeship. The Urban League and AFL-CIO construction trades unions started cooperative programs in Baltimore and Dayton to recruit disadvantaged applicants for apprenticeship, to acquaint them with the trades and prepare them for entrance tests. The Trade Union Leadership Council, Inc., Detroit, and the Workers Defense League, New York, are engaged in similar programs. Other Federal and local agencies as well as civil rights organizations are assisting.

Over 3,600 Mexican-Americans living in States on the border between the United States and Mexico will have received training and job opportunities through programs developed during 1967. Additional opportunities are available to them in other on-the-job training programs in communities throughout California, Arizona and Texas. Over 1,200 American Indians are in training or will enter shortly in a variety of programs in nine States.

In 1968, it is planned to stress greater program monitoring, cooperation with an involvement in Concentrated Employment Program operations and objectives, and a target of 109,000 training opportunities---62,500 regular on-the-job training and 46,500 coupled with institutional training. Projects involving coupling activities will account for 43% of total on-the-job training opportunities. Prime contractors with subcontracting authority have been given responsibility for executing and monitoring subcontracts. Arrangements are getting underway to permit linkages for the trainees' benefit with the Job Corps and various work-training programs.

The following progress reports on three on-the-job training programs illustrate the concentration on ghetto unemployment and underemployment. The programs are in skilled trades and show heavy minority and disadvantaged enrollment:

Contract #34-7-3008-000. 90 trainees - Skilled Trade: Dental Lab Technician. Of the 90 trainees in this program, 76 completed and are employed as Dental Lab Technician apprentices. 48 of the 76 are from disadvantaged minorities.

Contract #34-7-3001-000. 345 trainees - Trade: Furrier. As of the last OJT-4 report, 217 trainees started, 82 have completed and 81 of the 82 are employed after training. There are at present 22 Negro apprentices and 71 Spanish-speaking apprentices gainfully employed under the program.

Contract #NY-J-498-500. Trade: Meat Cutter. Funded for 350 trainees, of which 313 have started. At present there are 104 in training and 128 completions have occurred with 127 employed after training. 65% of these trainees have been identified as slum dwellers and are now in decently paid jobs offering some hope for the future.

A major step forward in coupled on-the-job training was achieved in fiscal year 1967 and is being continued in fiscal year 1968. This program is designed to provide hard-core unemployed, disadvantaged persons with basic education and prevocational and on-the-job training, through contracts with private firms and non-profit educational training agencies. Diagnostic, supportive, and remedial services designed to lead the way to steady, suitable employment are provided, including counseling, testing, training, placement, and follow-up. Projects are contracted on a cost reimbursement basis for an 18-month period, with number of enrollees ranging from 300 to 800 in each city. The program is progressing under contracts that have been signed with six companies and one public school system for projects in Atlanta, Baltimore, Chicago, Detroit, Houston, Kansas City (Missouri), Los Angeles, Philadelphia, Pittsburgh, and Washington, D.C. The total cost funded from the Manpower Development and Training Activities appropriation is about $14 million from some 6,200 trainees at an average unit cost of about $2,300.

Further efforts are being made to cope with hard-core unemployment during fiscal year 1968. A program to provide employment and training and supportive services for the disadvantaged in Boston, Chicago, Los Angeles, San Antonio, and Washington, D.C. encourages industry to operate plants in and employ the residents of slum areas by offering Federal aid to companies to offset the risks involved. Forward-looking employers realize that such programs are advantageous to themselves, as well as to the communities involved and the Nation as a whole, because (1) the likehood of increasing shortages of workers makes it essential to develop fully and utilize all manpower resources, and (2) among the disadvantaged there are many individuals who can make a real contribution to a company's production if given the encouragement, training and opportunity.

Another innovative approach to obtaining increased participation of private industry in assisting the disadvantaged is being initiated to contract with private firms to hire and train a designated number of persons, categorized as "hard-core" disadvantaged, as permanent employees. Each firm undertakes to provide a comprehensive program of supportive education, prevocational and on-the-job training to insure its continued employment of the persons hired. Each project entails the hiring, counseling, testing, training, and follow-up appraisal of from 50 to 800 hard-core unemployed, disadvantaged persons. The program is to be carried out in the cities of Boston, Chicago, Los Angeles, San Antonio, and Washington, D.C. The private firms will coordinate closely with the Concentrated Employment Program, with the State Employment Service expected to be the primary source of recruitment. Contracts are to run for 21 months on a fixed unit cost basis with an incentive award provision. To qualify for an incentive award, a contractor must have all employee-trainees hired and in employment status no later than the end of the ninth month of the contract. The award is granted only for each employee-trainee who is employed for a full year. A key feature of the program is that the participating employer is expected to retain as permanent, full-time employees,

those individuals who successfully complete the training.

Changes for 1969

Mandatory changes amount to (Page BAT-7).....	+$ 64,600
Financing changes amount to (Page BAT-7).....	+$ 9,100
Program changes amount to.....	+$506,600
Positions.....	+40

Proposal:

To increase the involvement of private industry in manpower training and development of the disadvantaged through on-the-job training programs.

The Need:

The new approach to on-the-job training and related programs will require increased promotional, development, coordination, monitoring and follow-up activities. The increased staff will be needed primarily to help industry design the incomparably complex motivational, remedial, training, and work adjustment sequences on which the success of this new effort depends. Extra staff efforts will be expended in acquainting industry with the objectives of the program, its importance in the public interest, and its advantages to the employer. Success of the program will be dependent upon assuring that prospective contractors have a full understanding of the methods for proposing, developing and executing projects and of the respnsibilities to be fulfilled. The comprehensiveness of the program, which encompasses the full range of diagnostic, remedial and supportive services in conjunction with on-the-job training leading to subsequent permanent employment, makes it imperative that adequate field staff be available for all phases of project development, execution and follow-up.

The Program:

Field offices

The proposed increase will permit the assignment of field representatives to those areas where needs are greatest and where a higher protential for development of programs and job opportunities for slum and ghetto residents exists.

The field representatives will assist in contacting, motivating and effecting the placement of ghetto residents with employers as on-the-job trainees in the numerous cities, and areas within cities, where the need for projects exists.

The field staff will assist prospective sponsors in drafting training proposals; negotiating cost items and training content with contractors; obtaining clearances with appropriate coordinating committees; assisting contractors in ititiating training; conducting on-site reviews and evaluations of training projects and contract compliance. Field representatives will be responsible for maintaining necessary liaison between the on-the-job training component of programs and other supporting manpower components.

Base:

Positions:	97	Estimated cost:	$1,341,400

Additional Cost:

Positions:	33	Estimated cost:	$ 410,400

Departmental offices

The proposed increase will strengthen functions of inter-agency manpower development cooperation, and special analytical studies for planning-programming-budgeting.

Manpower Development Staff

Two technical positions and two clerical positions are requested to carry out special activities involving joint task forces, liaison, coordination and cooperation with other government agencies having responsibilities in manpower and related areas. Effective manpower and employment programs are made up of many separate elements requiring multi-agency participation in their planning, development, funding and execution. Outreach, pre-job orientation, pre-apprenticeship, remedial education, related instruction, counseling, health services, vocational rehabilitation, equal employment efforts, apprenticeship, on-the-job training, institutional training, work experience and job placement, for example, as components, singly or combined, form a manpower program.

Meshing of Federal, State and local resources to focus on rural and urban poverty areas through well-designed and coordinated programs requires intensive, continual relationships between responsible manpower and related agencies. Inter and intra-agency committees, standing and ad hoc, are one major instrument by which the agencies effect liaison and working relationships at the Federal level. Policies and procedures cutting across agency lines are developed and implemented by such groups. Inter-agency understanding of the programs and operational methods of other agencies is achieved through the utilization of methods of other agencies. This results in the elimination of duplication

of efforts and the development of more effective service to the economically, socially and culturally disadvantaged. Responsible participation in this vital activity will be enhanced by the additional staff proposed.

Special Analytical Studies

Two technical positions and one clerical position will be used to perform special analytical studies concerning reaching the disadvantaged through on-the-job training, obtaining increased involvement of employers in training the disadvantaged, and other aspects of the on-the-job training program.

Base:

Positions:	36	Estimated cost:	$546,700

Additional cost:

Positions:	7	Estimated cost:	$ 96,200

The major thrust in fiscal year 1969 will be the intensification of systematic efforts to increase the involvement of private industry in manpower training and development of the disadvantaged. The on-the-job training program has provided the chief avenue of private industry involvement in training. As the program placed more emphasis on assisting the disadvantaged, it was recognized that many employers have been reluctant to participate because:

most disadvantaged persons are not ready for employment and cannot benefit from on-the-job training without basic education and other supportive services;

the payment to the employer is not enough to make it worth his while to assume the extra risks and difficulty in hiring and training the most severely disadvantaged;

of government red tape, auditors, procedures, monitors, inspectors, etc.

Awareness of these factors led to undertaking of programs in which employers are more nearly compensated for the risks and difficulties involved in providing employment and training for the disadvantaged. These efforts to enlist greater participation of private employers in manpower training and development of the disadvantaged will be furthered during fiscal year 1969 through a "full cost on-the-job training program." The full cost on-the-job training program will be carried out through fixed unit cost and incentives contracts with private employers and will place continued emphasis on the "hire-train-retain" approach.

The full range of supportive and remedial services will be provided, including, counseling, testing, basic education, acculturation, employment orientation and coaching in conjunction with on-the-job training. It is estimated that fully compensating private industry for the extra costs of providing the full range of services will require about $3,500 per disadvantaged trainee worker. Plans for fiscal year 1969 provide for full cost on-the-job training for 13,700 of the 40,200 coupled on-the-job training trainees, at a cost of about $48 million in Manpower Development and Training Activities funds.

Of extreme importance is that this program will move us forward in putting manpower training where it can be done most effectively--with the employer who has the jobs and needs the workers. Highest priority will be the poor unemployed, those at or below recognized poverty income levels. The program will be closely coordinated with the Concentrated Employment Program.

Additional efforts to remove barriers which discourage employers from participating in the on-the-job training program will be the development of a readily understood procedure for calculating training costs and reimbursing on-the-job training sponsors by means of a flat unit cost reimbursement formula for all projects, and a general streamlining of the contracting system in favor of a simple agreement form. Somewhat more attractive financial incentives will be made generally available to employers willing to take on higher proportions of disadvantaged trainees.

Multi-occupational contracts with community organizations have proven highly suitable in serving those with only marginal attachment to the labor force. Usually supplemented by various types of related or remedial instruction and allowances, they reach a higher proportion of minorities and other disadvantaged. Consequently, during 1969, community organization contracts will be increased to about one-third of the total on-the-job training program level. To focus upon and meet the needs of ghetto residents, through Concentrated Employment Program and regular activities, more ghetto-based organizations will be contacted to reach, motivate, prepare and bring about the placement of ghetto residents with employers as on-the-job trainees. Opportunities Industrialization Centers, Inc., now functioning in many major cities, furnishes an outstanding example of the type of community organization with which more on-the-job training contracts will be promoted. Funding of part-time "outreach" workers, hired directly from target neighborhoods as project staff, under an on-the-job training contract has uncovered a successful method for developing interest in training and jobs among ghetto residents. This staff also reaches small ghetto employers and promotes the employment and training of neighborhood unemployed. On-the-job training contracts with this "outreach" feature will be emphasized in the Concentrated Employment Program effort.

Financial incentives will also be used increasingly in fiscal year 1969 to encourage more pre-apprentice and apprentice-entry training

projects in skilled shortage occupations. About 25% of contract funds are expected to be used in support of long-term skill occupational training in 1969, including pre-apprenticeship. Pre-apprenticeship or apprentice-entry training programs will be promoted and assisted in ten major trades in Concentrated Employment Progam areas. Many minority youth will benefit from this activity.

To improve the efficiency and quality of training under on-the-job training contracts, field staff will devote much of their time to contract administration, evaluation and review of programs. The relationship of trainee enrollments to training opportunities developed will be examined and compliance with training standards assured. Coupled programs, highly effective in terms of quality, timeliness and economy and designed to prepare disadvantaged persons for employment will involve about 66% of the total on-the-job trainees in 1969.

Basis for the Estimate

A program level of 102,700 training opportunities is planned for fiscal year 1969 providing an estimated 62,500 training opportunities in regular on-the-job training activities while 40,200 opportunities will be for coupled projects. During 1969 on-the-job training activities will be promoted and made available to a larger number of disadvantaged and slum area residents with approximately 58% of the total on-the-job training program effort directed to this objective.

The program design for fiscal year 1969 was developed to enable a reasonable balance between attention to the disadvantaged and the alleviation of skill shortages within the limitations of available resources.

Activity 3. ADMINISTRATION AND MANAGEMENT SERVICES (1968, $418,500, Pos. 29)
(1969, $435,100, Pos. 29)

Narrative Description of Program

This Activity performs the over-all planning, direction, coordination and evaluation of Bureau policies and programs. Also included are the development and implementation of administrative and management plans, policies and procedures in the areas of budget and fiscal administration, organization management, management analysis, and office services.

Changes for 1969

Mandatory changes amount to (Page BAT-7).....	$ 13,200
Financing changes amount to (Page BAT-7).....	$ 3,400
Program changes.....	None

WEDNESDAY, FEBRUARY 21, 1968.

BUREAU OF EMPLOYMENT SECURITY

WITNESSES

ROBERT C. GOODWIN, ADMINISTRATOR
W. R. CURTIS, DEPUTY ADMINISTRATOR
THERON J. WILLIAMS, EXECUTIVE ASSISTANT
CHARLES E. ODELL, DIRECTOR, U.S. EMPLOYMENT SERVICE
FOREST L. MILLER, ACTING DIRECTOR, UNEMPLOYMENT INSURANCE SERVICE
JACK S. DONNACHIE, DEPUTY DIRECTOR, OFFICE OF FARM LABOR SERVICE
EDWARD L. OMOHUNDRO, CHIEF, VETERANS EMPLOYMENT SERVICE
PHILIP T. LAWLOR, DIRECTOR, OFFICE OF BUDGET ORGANIZATION AND MANAGEMENT
STANLEY H. RUTTENBERG, ASSISTANT SECRETARY FOR MANPOWER
MICHAEL J. NASTICK, CHIEF, DIVISION OF APPROPRIATIONS AND FEDERAL FISCAL ACTIVITIES
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

Limitation on Grants to States for Unemployment Compensation and Employment Service Administration

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	2,040	2,262	2,350
Positions other than permanent	73	79	81
Other personnel compensation	22	25	25
Total personnel compensation	2,135	2,366	2,456
Personnel benefits	158	177	184
Travel and transportation of persons	23	26	26
Rent, communications, and utilities	255	262	262
Printing and reproduction	18	25	25
Other services	28	58	58
Services of other agencies	173	184	184
Supplies and materials	19	25	25
Equipment	4	5	5
Grants, subsidies, and contributions	517,714	553,897	613,360
Subtotal	520,527	557,025	616,585
Administrative expenses included in schedule for fund as a whole	−520,527	−557,025	−616,585
Total obligations			

PERSONNEL SUMMARY

Total number of permanent positions	290	290	290
Full-time equivalent of other positions	9	10	10
Average number of all employees	264	278	278
Average GS grade	8.0	8.0	8.0
Average GS salary	$7,792	$8,187	$8,479

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Unemployment insurance service	232,332	237,898	264,757
2. Employment service	264,468	284,285	315,211
3. Administration and management	23,727	22,842	24,617
4. Contingency fund		12,000	12,000
Total obligations	520,527	557,025	616,585
Financing:			
Receipts and reimbursements from: Federal funds:			
Emergency preparedness functions	−175		
Current employment and labor turnover statistics program	−12	−12	−12
Unobligated balance lapsing	3,660		
Limitation	524,000	556,932	616,573
Proposed increase on limitation due to pay increases		81	

Unemployment Compensation for Federal Employees and Ex-Serviceman

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Program by activities:			
1. Payments to Federal employees	39,465	31,073	40,700
2. Payments to ex-servicemen	38,769	30,111	51,500
Total program costs, funded—obligations (object class 13.0)	78,234	61,184	92,200
Financing:			
Comparative transfers to other accounts	1,980	1,400	
Recovery of prior year obligations	−1,331		
Appropriation available from subsequent year	−2,416		
Appropriation available in prior year		2,416	
New obligational authority	76,467	65,000	92,200
New obligational authority:			
Appropriation	90,000	65,000	92,200
Transferred to other accounts	−13,533		
Appropriation (adjusted)	76,467	65,000	92,200
Relation of obligations to expenditures:			
Total obligations	78,234	61,184	92,200
Receipts and other offsets (items 11–17)	649	1,400	
Obligations affecting expenditures	78,883	62,584	92,200
Obligated balance, start of year	1,240	20	20
Obligated balance, end of year	−20	−20	−20
Adjustment in expired accounts	−1,097		
Expenditures	79,006	62,584	92,200
Expenditures are distributed as follows:			
Out of current authorizations	78,862	62,564	[1] 92,180
Out of prior authorizations	144	20	20

Trade Adjustment Activities

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Program by activities:			
1. Trade adjustment allowances	1,889	1,200	1,200
2. Trade adjustment activities, State administration	101	200	100
Total program costs, funded	1,990	1,400	1,300
Change in selected resources [1]	−10		
Total program costs, funded—obligations (object class 41.0)	1,980	1,400	1,300
Financing:			
Comparative transfers from other accounts	−1,980	−1,400	
New obligational authority (appropriation)			1,300
Relation of obligations to expenditures:			
Total obligations	1,980	1,400	1,300
Receipts and other offsets (items 11–17)	−1,980	−1,400	
Obligations affecting expenditures			1,300
Obligated balance, start of year	10		
Adjustment in expired accounts	−169		
Expenditures	−160		1,300
Expenditures are distributed as follows:			
Out of current authorizations			1,300
Out of prior authorizations	−160		

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders 1966, $10 thousand; 1967, $0; 1968, $0. 1969, $0.

Bureau of Employment Security

Salaries and Expenses

OBJECT CLASSIFICATION

[In thousands of dollars]

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	15,121	16,050	18,172
Positions other than permanent	79	4	4
Other personnel compensation	81	127	127
Total personnel compensation	15,281	16,181	18,303
Personnel benefits	1,136	1,223	1,371
Travel and transportation of persons	1,015	1,136	1,230
Transportation of things	42	53	58
Rent, communications, and utilities	683	454	564
Printing and reproduction	478	294	378
Other services	918	784	898
Services of other agencies	795	853	957
Supplies and materials	236	112	134
Equipment	51	61	93
Grants, subsidies, and contributions	86	100	100
Insurance claims and indemnities	1		
Total obligations	20,722	21,251	24,086

PERSONNEL SUMMARY

Total number of permanent positions	1,597	1,572	1,730
Full time equivalent of other positions	4	1	1
Average number of all employees	1,505	1,456	1,599
Average GS grade	9.7	9.7	9.7
Average GS salary	$10,565	$10,726	$10,845

PROGRAM AND FINANCING

[In thousands of dollars]

Program by activities:			
1. Unemployment Insurance Service	3,841	4,137	4,603
2. U.S. Employment Service	10,914	11,143	12,456
3. Administration and Management Service	1,258	1,332	1,986
4. Manpower development and training activities	2,518	2,645	2,998
5. Farm labor contractor registration activities	226	240	243
6. Admission and employment in agriculture of nonimmigrant aliens	930	1,007	1,031
7. Admission and employment of immigrant aliens	699	747	769
Total program costs, funded	20,386	21,251	24,086
Change in selected resources [1]	336		
Total obligations	20,722	21,251	24,086
Financing:			
Receipts and reimbursements from:			
Federal funds	−178	−113	−113
Trust funds	−18,167	−17,990	−20,947
Proposed increase due to civilian pay act increases		−476	
Comparative transfers to other accounts	271		
Unobligated balance lapsing	78		
New obligational authority	2,726	2,672	3,026
New obligational authority:			
Appropriation	2,750	2,630	3,026
Transferred to other accounts	−24		
Appropriation (adjusted)	2,726	2,630	3,026
Proposed transfer from other accounts for pay increases		42	
Relation of obligations to expenditures:			
10 Total obligations	20,722	21,251	24,086
70 Receipts and other offsets (items 11-17)	−18,074	−18,579	−21,060

Bureau of Employment Security—Continued

Salaries and Expenses—Continued

PROGRAM AND FINANCING—Continued

[In thousand of dollars]

		1967 actual	1968 estimate	1969 estimate
	Relation of obligations to expenditures—Continued			
71	Obligations affecting expenditures	2,648	2,672	3,026
72	Obligated balance, start of year	1,141	1,470	92
74	Obligated balance, end of year	−1,470	−92	−41
77	Adjustments in expired accounts	−44		
90	Expenditures	2,275	4,050	3,077
	Expenditures are distributed as follows:			
01	Out of current authorizations	1,300	2,580	2,985
02	Out of prior authorizations	975	1,470	92

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $360,000; 1967, $696,000; 1968, $696,000; 1969, $696,000.

REVOLVING FUND FOR ADVANCES TO EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT, UNEMPLOYMENT TRUST FUND

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1967, actual	1968 estimate	1969 estimate
Program by activities: Loans to Employment Security Administration account (costs, obligations) (object class 33.0)	278,742	306,457	355,541
Financing:			
Receipts and reimbursements from—			
Loans repaid	−278,742	−306,457	−355,541
Revenue	−3,545	−3,900	−4,000
Unobligated balance available, start of year	−305,096	−308,641	−312,541
Unobligated balance available, end of year	308,641	312,541	359,541
New obligational authority (appropriation)			43,000
Relation of obligations to expenditures:			
Total obligations	278,742	306,457	355,541
Receipts and other offsets (items 11–17)	−282,287	−310,357	−359,541
Obligations affecting expenditures	−3,545	−3,900	−4,000
Expenditures	−3,545	−3,900	−4,000
Expenditures are distributed as follows: Out of prior authorizations	−3,545	−3,900	−4,000
Cash transactions:			
Gross expenditures	278,742	306,457	355,541
Applicable receipts	−282,287	−310,357	−359,541

BIOGRAPHICAL SKETCHES OF PRINCIPAL WITNESSES

Robert C. Goodwin

Robert C. Goodwin has served since 1949 as Administrator of the U.S. Department of Labor's Bureau of Employment Security.

In this capacity, he is responsible for planning, directing, and supervising the employment security programs administered through Federal and State Government cooperation—as well as the conducting of the foreign farm labor program. The Bureau provides guidance and assistance to the States in a number of areas concerning these programs. Other major responsibilities of the Bureau include maintenance of a Veterans' Employment Service, Youth Opportunity Centers, and Human Resources Development Centers.

For 20 years prior to his present appointment, Mr. Goodwin held executive positions in the field of employment and social security.

Born in Payette, Idaho, on June 8, 1906, he graduated from Whitman College in Walla Walla, Wash., in 1929; LL.D., 1954. After graduation, he did postgraduate work in public administration at the University of Cincinnati. In 1930, he became supervisor of the Cincinnati Public Employment Service.

The same year he was appointed as director of the Cincinnati and Hamilton County, Ohio, work relief program. From 1935 to 1937 he was director of the Hamilton County Department of Public Welfare.

Mr. Goodwin joined the Social Security Board in 1937 as regional representative of its Bureau of Public Assistance in San Antonio, Tex., and Cleveland, Ohio. In 1939, he was promoted to Regional Director of the Social Security Board for the States of Ohio, Michigan, and Kentucky.

He was named in 1942 regional director for the War Manpower Commission for the same territory, and in February 1945 was promoted to Executive Director of the Commission with headquarters in Washington. For this service, he received the Medal of Merit—the highest Presidential civilian citation.

Since 1942, Mr. Goodwin has worked closely with State employment service and unemployment insurance officials.

In 1948, the U.S. Employment Service was merged with the Unemployment Insurance Bureau to become the Bureau of Employment Security, and Mr. Goodwin was appointed as its Director.

Mr. Goodwin received the Federal Club Award in 1957 for initiating and establishing the program for unemployment compensation for Federal employees. In 1962, the International Association of Personnel in Employment Security honored Mr. Goodwin with its highest award, the Citation of Merit.

Mr. Goodwin and his wife, the former Marion Schmadel, live at 5304 Broad Branch Road, NW., Washington, D.C. They have five children, Patricia, Frederick, Clifford, Robert, Jr., and James.

Charles E. Odell

Charles E. Odell became Director of the U.S. Employment Service on September 1, 1967.

The Service and its affiliated State employment agencies touch the lives of most American jobseekers and lend their services to a wide range of strategic manpower programs.

Mr. Odell, as Director, plans and supervises Employment Service activities aimed at increasing the employability of American workers.

Immediately prior to his present assignment, he had served as Special Assistant to the USES Director since April 1966, playing a key role in shaping the new human resources development program.

Before joining the Department of Labor in 1966, Mr. Odell was director of the United Auto Workers Older and Retired Workers Department from 1957 to 1966. During that period he served as chairman of the Michigan Commission on Aging and as president of the Michigan Society of Gerontology.

He developed the UAW program for more than 200,000 living retired members, including multiservice centers in 80 communities in the United States and Canada, preretirement education programs and intensive efforts to increase job opportunities for middle-aged and older workers. He organized the first major jointly sponsored and conducted preretirement programs for the UAW in the Chrysler Corp., and the Scovill Manufacturing Co., of Waterbury, Conn.

From 1955 to 1957, Mr. Odell was Special Assistant to the Under Secretary of Labor, directing the Labor Department's older worker program and studies of research and demonstration projects. He represented the Department on the Federal Council on Aging.

He was Chief of the Employment Counseling, Selective Placement, and Testing Division of the USES from 1947 to 1955.

During World War II, Mr. Odell served in the Navy as a classification officer and as Acting Manpower Director for the War Manpower Commission in Newark, N.J. (1943).

Before the war, he held several positions with the USES, dating back to 1937. In 1940, he developed the first comprehensive nationwide employment counseling manuals for the Service.

Mr. Odell is a past president and member of the board of trustees of the National Vocational Guidance Association; a past member of the executive council of the American Personnel and Guidance Association; and a board member and past vice president of the National Council on the Aging.

He holds an A.B. degree from the University of Syracuse, graduating magna cum laude and Phi Beta Kappa in 1937. He has also done graduate work in personnel administration, psychology, social insurance, and guidance at American University.

Mr. Odell and his wife, Louise, live in Kensington, Md. They have two children, Sally and Charles E., Jr.

Mr. FLOOD. Now we are pleased, as always, to have with us again Mr. Robert Goodwin, Administrator of the Bureau of Employment Security of the Department of Labor.

Mr. Goodwin is an old friend and one of the senior bureaucrats of Government and a good one literally and figuratively.

Mr. GOODWIN. Thank you very much.

GENERAL STATEMENT, GRANTS TO STATES

Mr. FLOOD. We will place your prepared statement in the record at this point.

(The statement follows:)

STATEMENT BY ROBERT C. GOODWIN

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 the employment security system in the States is $616,573,000 for fiscal year 1969. This estimate is financed entirely from trust fund revenues. The increase of $45,346,000 over last year's limitation provides a net amount of $36,764,000 for mandatory costs, primarily salary increases for State personnel, $98,000 for the full-year cost of an expanded veterans program for which a supplemental is being sought for the remainder of fiscal year 1968, and $8,484,000 to make certain improvements in the management of State operations. This amount will partially fund the implementation of the administrative studies discussed with you last year.

Before I discuss the 1969 increases in detail I would like to make a brief statement on the economic conditions which influence the estimate and to describe the general status of the employment security program.

Budget assumptions

The kinds and volumes of services required of State employment security agencies are determined, to a substantial extent, by the Nation's economic conditions. Budget requests for fiscal year 1969 are based on anticipated economic and labor force conditions during that period.

We assume that the steady growth that has characterized the economy in recent years will continue through fiscal year 1969. The anticipated rate of growth, even with rising productivity, will result in an increase in total employment which will more than offset the expected growth in the work force. The volume of total unemployment is expected to edge down to an average of 3.1 million (the fiscal year 1968 average is now assumed at 3.2 million).

The economic outlook is based upon the assumption that the international situation will not change enough, in either direction, through fiscal year 1969 to alter either the volume of defense expenditures or the size of the Armed Forces. In the event that the international situation does change significantly, the basic economic assumption upon which this budget is based will need a thorough review.

Much of the assumed growth in employment will occur in establishments covered by State unemployment insurance laws. Covered employment, therefore, is expected to grow substantially for this reason. Changes in State laws designed to extend coverage will also add to the number of workers covered by State unemployment insurance.

The average weekly volume of insured unemployment per month (seasonally adjusted) in the first 6 months of fiscal year 1968 varied between 1.1 million and 1.4 million. The insured jobless rate averaged 2.5 percent. We assume that insured unemployment for fiscal year 1969 will average 1.1 million per week, which is the experience of the two most recent months, November and December 1967. The rate of insured unemployment assumed for fiscal year 1969 is 2.2 percent.

The economic and employment growth assumed for the Nation as a whole will not be fully shared by all industries and all areas. Continued shifts in population and areas of demand, continuing technological changes, and changes in defense outlays may result in increased unemployment in some industries and in some areas. At the same time, other industries and areas may experience shortages of qualified workers to meet employer needs.

The employment security system will be called upon to meet many problems associated with uneven growth in economic activity and changing labor demand-supply relationships. They will be met through an intensification of recruitment to meet labor shortages, and a wide variety of activities designed to develop human resources in both urban and rural poverty areas.

Mr. Chairman, I would like to turn now to the operating components of the employment security system and bring the committee up to date on the status of the various programs.

Unemployment insurance

The committee is familiar with the operation of the unemployment insurance program and its primary function of providing wage loss compensation during an individual's unemployment. I should like to report that during fiscal year 1967 this account provided administrative funds to enable the States to collect over $2,900 million in unemployment insurance taxes from 2,500,000 employers; to pay State benefits totaling almost $2 billion to approximately 4,500,000 beneficiaries; and, to pay $77,900,000 in benefits to 162,000 unemployed Federal employees and ex-servicemen.

The enacted appropriation for fiscal year 1968 provided funds and positions for the State unemployment insurance system to process a weekly average of 1 million unemployed workers and to act as agents for the Federal Government in processing a weekly average of 28,000 payments to unemployed Federal employees and ex-servicemen. A pending supplemental appropriation for 1968 will provide necessary contingency funds to administer the increase in workload to an average weekly level of 1.2 million in State insured unemployment and to about 39,500 weekly payments to beneficiaries under the Federal unemployment insurance programs.

It is anticipated that the States will process claims for a weekly average of 1.1 million unemployed workers during fiscal year 1969, a decrease from the 1.2 million level we now estimate for fiscal year 1968 but an increase over the level provided for in the original 1968 appropriation. Due to the continued growth of the covered work force, the 1.1 million level for fiscal year 1969 results in an insured unemployment rate of 2.2 percent.

It is also anticipated that the number of payments to Federal employees and ex-servicemen in 1969 will be at the same level that is now estimated for fiscal year 1968.

The tables and charts appearing in the budget graphically illustrate the rate of change in the workloads of the four principal claims activities from the levels in fiscal year 1963 through the current estimate for 1969. Since 1963, initial claims have declined 29 percent, continued claims 40 percent, contested claims 29 percent, and appeals 27 percent. The staff required to handle these workloads has been reduced from a yearly average in 1963 of 17,825 to 11,949 estimated in 1969, representing a reduction of 33 percent. Thus, staff productivity in the claims functions has been maintained overall and in some functions improved, in spite of a sharp decline in workloads.

In the area of tax operations there has been an increase in workloads between fiscal year 1963 and the estimate for 1969 of 11 percent in the number of subject employers and 35 percent in the number of wage records of covered workers. However, through the extended use of automatic data processing equipment and improved methodology staff increases have been held to 1 percent and 15 percent respectively.

Employment service

For the past several years the Federal-State Employment Service has focused on services for the hard-core unemployed, underemployed, and those on the periphery of the work force. During fiscal year 1969, this effort will be intensified, with a significant portion of employment service resources dedicated to establishing jobless and non-job-ready citizens in competitive positions in the job market. This critical need arises from the fact that today, and for the next several years, the hard-core unemployed and underemployed will continue to be handicapped in finding gainful employment by reason of race, age, lack of education and marketable skills.

At the same time critical shortages in hard-to-find skills present production problems to the Nation's industries. Employability assistance leading to better utilization of the Nation's available and potential work force will help those who are now not competitive in the job market, and will assist in filling many currently existing job vacancies.

In addition to the continuing redirection of efforts within the basic employment service program to meet changing manpower needs, the State employment services are carrying on the manpower aspects of a variety of the newer economic programs. A number of functions are performed under other appropriations. The Employment Service finds and refers people to be trained under the Manpower Development and Training Act. They select and refer applicants to receive Job Corps training. They make determinations of eligibility of areas for assistance under the Public Works and Economic Development Act. They offer special assistance to workers affected by imports allowed under the Automotive Trade Products Act. They will have a major manpower role in the new Work Incentive Program authorized by the Social Security Amendments of 1967. They are extending individualized services to Veterans including those who served in Vietnam. While it is true that some additional financing and positions are provided for carrying on the activities, the central nucleus and resources of the Nation's total manpower effort is the 31,306 employment service people financed by the grants-to-States appropriation in 1969. These are the trained manpower experts of every local community. Here is where the basic employment skills reside. Were it not for the knowledge and skills which reside in the personnel of the basic employment service system, it would not be possible to undertake these expanded manpower programs in an efficient manner.

The Employment Service must be prepared to meet the job problems of these unemployed and underemployed workers and to help fill job vacancies of employers. The traditional "matching of men and jobs" will no longer serve effectively to resolve these needs. Additional thorough assistance must be provided to the underemployed, new entrants and the hard-core unemployed to help them qualify for and find meaningful and dignified employment. This can be done through greater utilization of the Nation's available and potential manpower resources which will require; modifying hiring specifications; restructuring jobs, and upgrading present employees for the hard-to-fill vacancies. This in turn will create new openings at lower and intermediate levels for which many of today's hard-core unemployed can qualify with employability assistance provided through the Federal-State employment service system.

Included in the 11 million jobseekers who are expected to seek assistance from the public employment service are some 1.7 million older workers (45 years of age and over), 3.8 million youth under 22 years of age and over 600,000 physically or mentally handicapped workers. The majority of these require special attention and efforts before they can be absorbed in the productive sector of our society. I have already mentioned the large numbers of workers and potential labor force participants who have been denied the benefits of our Nation's affluence for a variety of reasons, such as obsolescence of skills, limited education and training, isolation from job opportunities because they live in deteriorating areas (both rural and in the inner areas of our cities), discrimination on the basis of race or ethnic origin and apathy on their part resulting from past discouragement and denial when they attempted to improve their lot. Each of these groups represents man-years of potential productive effort which must not be wasted. In addition, they are extremely costly in terms of welfare payments and loss of potential tax revenue. We intend to turn our energies to the full development of these human resources.

To achieve this goal, virtually all employment service resources will be directed to four major activities:

(*a*) Employability development services;
(*b*) Employer relations, job development, and placement;
(*c*) Manpower and employment information; and
(*d*) Administrative and technical support.

Employability development services provide specialized services to help individuals prepare for and find employment which will enable them to achieve a more productive, better paying and more satisfying role in the work force. These services include reaching out to individuals, especially those disadvantaged for the reasons noted earlier, who are unaware of the availability of these services. It means providing them with, or referring them to, necessary orientation, counseling, testing, education and vocational training, and other supportive services which will enable them to obtain and hold jobs which best fit their abilities and needs and permit them to become self-supporting contributors to society. Full use will be made of resources available through other public and private agencies and organizations to assure a comprehensive and coordinated base of services.

Employer relations, job-development, and placement services consist of activities which will assist jobseekers in finding employment and employers in obtaining the work force they require. It involves obtaining greater employer participation in the employment process, particularly to hiring and training the hard core Business and industry continue to provide the major share of job opportunities. To an increasing extent the public employment service is called on by these groups for assistance and advice on hiring policies, job specifications, training programs and a variety of occupational and industrial analysis services. These services assist employers to meet their work force needs by reducing turnover, enable them to fill job openings expeditiously and increase job opportunities, especially for the hard-core unemployed, to which employment service applicants can be referred. An increasingly greater proportion of the unemployed work force are not able to meet qualifications traditionally required by employers. This intensifies the need for assisting and encouraging employers to modify hiring requirements, restructure jobs to fit the qualifications of available applicants and increase opportunities for on-the-job training that will improve the capabilities of new employees as well as those already on their payrolls. In addition, the employment service must conduct an enlarged job development program which coordinates and channels the efforts of many public and private organizations in such a way as to create job opportunities and assist the employer who offers his cooperation.

The manpower and employment information support area serves industry, workers, and agencies at all levels of government both directly and indirectly. Primarily, it is concerned with the development and presentation of job market information and also provides employment service offices with data needed to plan and manage operations. To fulfill these requirements the employment service must continue to provide information on current and anticipated job opportunities, especially for those workers with minimum skills; develop and improve techniques for measuring and estimating unemployment and underemployment, with special reference to inner city slum areas, and provide employment information in forms readily usable. Special occupational analysis studies are also needed to identify, restructure, and expand job opportunities for the hard to place; to analyze emerging occupations and changing job duties; and to group job skills and knowledge required for use in developing vocational training and education curriculum.

Effective performance of these complex functions requires high level administrative and technical support A major goal during the period ahead will be to modernize the management of the employment service system while providing the necessary support to ongoing activities. This will involve developing, testing, and installing a new integrated budgeting and reporting and evaluation system based on more concise management information and improved automatic data processing capability. More flexible fiscal and management policies will be introduced to facilitate decentralization of responsibility to States while providing the Bureau with the basic information needed to sustain and improve Federal-State relationships. These efforts are discussed in greater detail later in my statement. Revised criteria for establishment and operation of local offices will be prepared. New guidelines for organizing State administrative offices to accommodate growing responsibilities will be developed and implemented. Particular emphasis will be given to improving staff recruitment and training to develop staff capability for coping with changes in program emphasis.

Services to veterans

The public employment service is committeed to providing all veterans "the maximum of job opportunity in the field of gainful employment." During fiscal year 1968 we propose to expand services to veterans and a supplemental estimate is now pending. The expansion will be in two directions—a personal followup program to contact all returning veterans and participation in the Veterans Assistance Centers program to be established by the Veterans Administration. These activities will, of course, be continued in 1969.

Farm labor service

Mr. Chairman, I should like now to turn to farm labor operations. Fiscal year 1967 was another year of significant accomplishment in spite of many problems. Widespread, extremely adverse weather early in 1966 caused a tremendous amount of replanting. This in turn created late harvesting of these crops, in many cases causing them to overlap with the harvesting of other crops not so affected by the weather.

As a result, a deluge of demands were made on the Federal-State employment system to meet the double challenge of overlapping peak labor needs. Mr. Chairman, I would like to pay special tribute to State employment agencies for their creditable role in helping overcome a very grave situation. It was a period of great trial to many thousands of growers and to great numbers of workers who earlier had lost much employment because of the protracted rains. To my knowledge, no crops were lost through lack of labor at any time in the fiscal year.

Moreover, fewer foreign workers were used. In all, 27,537 were admitted in fiscal 1967 compared with 37,824 in the previous year.

You may recall that in the spring of 1967 much of the country experienced a recurrence of the 1966 weather conditions. Again, the State agencies rose to the occasion, even transcending their achievements of 1966. As in that year, no crop losses due to labor shortages were reported, and in that period—the fall of 1967—roughly 3,000 fewer foreign workers than in 1966 were utilized. This is a far cry from the 200,000 foreign workers used in 1964, and a marked improvement over the 35,000 used in 1965.

Mr. Chairman, I have recounted these activities with a purpose. They bring into focus the extremely important role performed annually by the Federal-State employment system in meeting the Nation's seasonal agricultural labor needs.

Recruiting seasonal workers is only part of the farm activity. The problem of locating year-round farmworkers equipped with the skills demanded in modern farming operations continued. As the farms become fewer but larger, they require workers with greater competency in the use of modern machinery and technological practices. To help meet this need for increased skills, the Bureau and the States are developing worker training courses. In fiscal year 1967, under the Manpower Development and Training Act, 111 courses covering 2,575 farmworkers were conducted with very satisfying results. To date, this puts the total number of trainees in agricultural occupations close to 30,000. It is our purpose to continue and expand these training courses. I might add that a good number of the trainees in 1967 were migratory workers who may now enjoy the benefits of permanent employment in fixed locations.

Another and more recent activity shows promise of inestimable benefits to both employers and workers. We propose to improve the worker-employer relationship through a better understanding of one anothers problems. This consists of separately conducted farm foreman training programs and worker prejob orientation sessions. Both activities are heavily directed toward better stabilization of the seasonal farm work force. Already there is evidence of improved employer and worker relationships, reduced turnover, and better working conditions. Foreman institutes have been held in California, Arizona, Virginia, and one is now planned for Florida. We propose to stimulate strongly these foreman and worker programs in all States.

Recognizing the many problems of unemployment and underemployment in rural areas, the Bureau moved during the past year to obtain an objective study of manpower services in such areas. In July 1967 the Bureau recommended and the Secretary appointed a three-man task force to "* * * make a comprehensive analysis of manpower problems in rural areas, and examine programs of the Department of Labor's Bureau of Employment Security which serve rural manpower needs."

The task force made an extensive study of all aspects of the rural manpower programs and developed recommendations for action.

The task force found a need for the consolidation and coordination of existing programs into a comprehensive rural manpower program which would include the entire range of human resources development. The task force recommended an extensive cooperative effort on the part of all Government and private agencies concerned to bring a manpower dimension into the social, economic, and political fabric of our rural communities. It recommended also an expansion of education and training, and a greater development of job opportunities and job placement, in both the agricultural and nonagricultural segments of the rural economy.

On December 19, 1967, the Secretary of Labor directed the consolidation of Employment Service and Farm Labor Service activities within the Bureau of Employment Security. The report of the task force has been accepted as the basis for implementing the Secretary's decision. A special work group has been established to work out the details for carrying out both the task force recommendations and the Secretary's decision. Our objective is so to organize our resources as to provide the most effective manpower services possible to the rural areas of our Nation. We expect these actions to broaden the opportunity

for full employment in both farm and nonfarm work in rural areas. No additional resources are being requested at this time for this expanded rural manpower program.

Mandatory increases for fiscal year 1969

The net increase for mandatory items is $36,764,000. Increases in State salaries and personnel benefits will require $41,094,000 and $1,500,000 will be needed to meet increased postage costs resulting from the recently enacted higher postal rates. Unemployment insurance related items amount to $8,170,000. The estimate reflects a decrease of $14,000,000 for the contingency fund. This same amount is pending as a supplemental for 1968 but will not be budgeted for the contingency fund for 1969.

The mandatory increases relating to unemployment insurance are of two types. The first 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. The continued growth in the economy in fiscal year 1969 will result in an increase of 40,000 employers subject to the unemployment insurance laws and 1,500,000 employees covered by such laws. This will bring the total of subject employers to 2,610,000 and the total covered employment to 51,300,000. The increase in subject employers will require $1,170,000 for additional tax collection activities related to this growth. The increased use of automatic data processing will enable State agencies to absorb the increased volume of wage records resulting from the growth in number of covered workers.

The second mandatory increase related to unemployment insurance is $7 million to administer the increase in State insured unemployment from the 1 million level appropriated to 1.1 million per week and to provide for an increase in the number of weekly payments to unemployed Federal employees and ex-servicemen. In fiscal year 1968 we now expect insured unemployment to average 1.2 million per week and have proposed a supplemental estimate to increase the contingency fund by $14 million. As noted earlier the contingency fund estimate for 1969 has been reduced by the $14 million so that the net effect of the change in workloads is a reduction of $7 million. This means that claims processing will cost $7 million less than in the adjusted level for 1968.

Program increases for fiscal year 1969

Last year in my budget presentation to this committee I mentioned two studies which had been made for the Bureau by management consulting firms. Both of these studies were requested for the purpose of obtaining advice from nationally recognized consultants on improvements which could be introduced in the management and operation of employment security programs. In addition, late in fiscal year 1967, the Department contracted to develop and implement a cost accounting system. A program increase of 758 positions and $8,484,000 is included in the budget estimate to implement these studies.

We expect, Mr. Chairman, that significant improvements in operation of the employment security system will result from these three programs. I would like to discuss each of them with you, but before doing so, I need to explain that we have already made a beginning toward the implementation of all three studies. In fact, we have already diverted 519 positions into these areas, and by the end of fiscal year 1969 we shall have diverted another 193 positions for a total of $7,516,000, which will provide 1,470 positions and $16 million when added to the proposed program increase.

The first of these studies, made by Cresap, McCormick & Paget, recommended some rather substantial modifications in administrative management procedures in State employment security agencies, as well as in the Bureau itself. Following Federal and State acceptance of the recommendations "in principle" the Bureau has undertaken a variety of activities directed toward implementing certain of the recommendations.

We have, for example, developed jointly with the States and issued a policy statement setting forth the basic principles for program planning, operation, evaluation, and administrative financing in the Federal-State employment security system. Using the policy statement as guiding principles, we have introduced plans of service as a vehicle for expressing local and State needs in program planning and budget requests. These plans of service are also used as a basis for subsequent measurement of accomplishments.

In further implementation of the recommendations, the Bureau has developed tentative evaluation programs in cooperation with State employment security

agencies. The tentative programs envisage self-appraisal reviews at the local and State levels, using predesigned techniques and tools. To assure the accuracy and effectiveness of these self-appraisals, the Bureau will monitor the State agencies' evaluation efforts.

Also in accord with the recommendations, a comprehensive management information system is under development. The study pointed out the need for timely and accurate information so that Federal and State program managers can make program plans based on factual data, have information which will enhance their ability to appraise accomplishments, and, with better information to guide their decision, modify and change plans to achieve more desirable results. The development of the management information system will not be an easy task because it must meet the needs of program managers at the local, area, State, regional, and national levels. Additional problems arise because of rapid changes in programs, with new informational requirements.

When these varied efforts are fully accomplished there will be operative throughout the employment security agencies (*a*) a comprehensive management information program to serve as a tool for determining program needs, evaluating and measuring accomplishments, and modifying plans when conditions warrant, (*b*) plans of service at each operating level to serve as blueprints for local action, tools for budget management, and bases for evaluation, and (*c*) a systematic evaluation program which will enable the identification of less efficient and more costly operations.

In fiscal year 1969, 580 new and 521 diverted positions would be made available for program planning, evaluation, and control. The additional resources will enable State agencies to establish or strengthen organizational units concerned with program planning, internal audit, management analysis, program accomplishment, and financial management.

The second study I mentioned in last year's testimony focused on the need for effective use of automatic data processing technology in the employment security system. The initial study was made by Auerbach Corp., with followup studies by the same contractor on related aspects of the problem. In cooperation with State employment security agencies, we are working down several avenues toward the ultimate objective of realizing maximum value from computer technology.

Activities planned during the current and coming fiscal year include:

Development and installation in all State agencies of an automated reporting system.

Development and implementation of prototype data systems in Florida, Michigan, and Utah, designed to automate operations to the maximum feasible extent.

Development and implementation of an area manpower data system that will automate employment service operations and provide information to all manpower support agencies in the New York City area, including contiguous communities in New Jersey and Connecticut.

Development of a long-range transition plan for the conversion to automated systems.

Improvement of the mechanized system of selecting best qualified individuals for specific job openings which has been under development in California.

Presently, only the groundwork has been accomplished on this important undertaking. In fiscal year 1969, we propose to use 176 positions, of which 97 are new, for this effort. These positions will be allocated to model States participating in the developmental projects, and to States needing supplemental resources to set up the data banks and processing procedures for the automated reporting system.

Increased effectiveness and efficiency are expected from the joint Federal-State efforts to automate employment security operations. From studies made with contractor's assistance, as well as from preliminary systems analyses initiated by the studies, it became apparent that heretofore only the surface has been scratched in use made of automatic data processing technology by State employment agencies. Moreover, lacking an overall national plan, individual States had been expanding their own systems on a piecemeal basis. With a comprehensive conceptual plan to serve as a blueprint for future development, and with the Bureau exercising a strong leadership role in guiding State efforts, there is now underway a unified, coordinated approach to the goal of attaining maximum use of automation in employment security operations. While claims are not made that this program will effect either immediate or substantial savings—

although future economies appear hopeful—successful development of automated methods will not only tend to hold down future costs, but will improve services to the public.

The House Committee on Government Operations and the General Accounting Office have been making a concerted effort to bring all Federal agencies into compliance with the Budget and Accounting Procedures Act of 1950, which requires that all Federal agencies establish an accrual accounting and a cost-based budgeting system.

Subsequent to my presentation on last year's budget request, the Department entered into a contract with Touche, Ross, Bailey, & Smart, for the development of an accounting system. As part of this effort, the contract calls for the development of a system covering Federal funds allocated through the Bureau of Employment Security.

The contract provides for the development of an accounting system which is to be designed by June 30, and to be installed in three States by December 30, 1968. Manuals and training material developed by the contractor will then be used to install the system in the balance of the State agencies. Since the system will have been designed and available in fiscal year 1969, we are requesting funds for an additional 81 State employees over the 112 we will divert so that we can take advantage of the contractor's effort.

Additional employees are needed because of the added requirements of the new system. For instance, a whole new system is being installed to collect costs on an accrual basis and to identify costs of operating functions and responsibilities. It will also include a property accountability system which is not now a part of the States' operation.

It should be emphasized that this system is being developed as an aid to State and Federal program managers. The system will collect expense data in a disciplined manner so that program decisions can be made with a consciousness of the costs involved. The new system will provide a close coupling between the approved budgets and reports on the actual use of resources. This will provide managers with the tools to determine the effectiveness of their organization by measuring actual performance against planned performance, and to determine efficiency by relating resources consumed to work accomplished. The new system should also make it easier to estimate budget requirements, and to justify these requirements.

Program managers will have available cost data which will better enable them to compare relative costs of service in many ways. The system will identify costs by programs, by geographical area, by characteristic of the clientele served, and by the activity performed. Because common cost ingredients will be used throughout the State agencies program managers can look at their costs with assurance that the data are comparable.

The final objective of all these management techniques and improvements is to better utilize resources and provide more effective individualized service to workers. Through improved management we can accurately assess our achievements in providing service to those needing training and jobs, pinpoint the extent and location of worker needs, and assign available resources to meet these needs.

The remaining program increase of $98,000, as I noted earlier, is to place the fiscal year 1968 veterans program supplemental on a full year basis.

Mr. Chairman, this concludes my statement on the estimate for grants to States for unemployment compensation and employment service administration.

SUMMARY OF GENERAL STATEMENT ON GRANTS TO STATES APPROPRIATION

Mr. FLOOD. Now, we would like to hear what you have to say. You are one witness the committee especially respects.

Mr. GOODWIN. Thank you.

As you and the committee know, the needs of this program depend to a substantial extent on the economic situation. I want to cover briefly the basic economic assumptions on which our request is based this year.

The economic outlook is based on the assumption that the international situation will not change substantially.

Mr. FLOOD. What was that?

Mr. GOODWIN. That the international situation will not change enough in either direction through fiscal year 1969 to alter the general economic picture. We assume a steady growth in the economy and a further increase in total employment.

Mr. FLOOD. What is your unemployment rate now, 3.5?

Mr. GOODWIN. About that.

Mr. FLOOD. As of when: last month?

Mr. GOODWIN. The latest report was last month. The volume of total unemployment is expected to edge down to an average of 3.1 million in 1969.

The fiscal year 1968 average is assumed at 3.2 million.

ACCEPTABLE UNEMPLOYMENT RATES

Mr. FLOOD. Mr. Michel would you repeat what you said yesterday about the acceptable level of unemployment?

Mr. MICHEL. President Truman made the point several times when there were some dips in the economy that 5 percent was an accepted level of unemployment.

There were those who were criticizing the rate.

Mr. FLOOD. You used the term "acceptable"; 5 percent was "acceptable." What do you think, Mr. Goodwin, about 5 percent of unemployment being acceptable?

Mr. GOODWIN. I do not think it would any longer be considered as acceptable, if it were then. I think we have made a great deal of progress in managing the problems that are connected with the economy. I think we stand a good chance of never going back to those days.

As I said, the volume of total unemployment is expected to reach 3.1 million in 1969. This compares with a fiscal 1968 average of 3.2 million. We are expecting it to be about 100,000 less. The seasonally adjusted insured unemployment rate in the first 6 months of fiscal year 1968 was 2½ percent. This estimate is based upon the assumption that the insured unemployment rate for fiscal year 1969 will be 2.2 percent. This will result in the filing of a million one hundred thousand claims per week.

Much of the growth that we expect in employment will occur in establishments that are covered by the unemployment insurance system. Therefore, we expect covered employment to grow substantially during the year. Changes in State laws will increase the number of workers covered by State unemployment insurance. State laws are being changed each year to extend coverage and to bring additional people under the program. That trend can be expected to go on. The economic and employment growth assumed for the Nation as a whole will not be uniform. There will be shifts in population, technological changes, and other factors. As a result we will have a substantial amount of short-term unemployment, the thing we were talking about the other day.

DURATION OF TRANSITIONAL UNEMPLOYMENT FOR VETERANS RETURNING TO CIVILIAN LIFE

Mr. FLOOD. Let me ask you this: Somebody told me, I think it was Secretary Wirtz, that these fellows coming back from service pretty generally across the board get a job in 6 weeks.

Mr. GOODWIN. I gave that figure the other day; 5.1 weeks.

Mr. FLOOD. Why doesn't the public know that? Why don't you issue a statement? This is very important.

Mr. GOODWIN. You suggested the other day that we get that information out and we have developed a press release.

Mr. FLOOD. My constituents do not know that and I do not think the constituents of other members of the committee are aware of it. The House doesn't know this.

Mr. GOODWIN. Perhaps we have been negligent along that line. It is a very short period of time. Since we had that discussion I have checked the average figure on State unemployment insurance duration. It is not much higher. Our problem as far as unemployment insurance is concerned next year is going to be largely in dealing with short-term unemployment, and also the problem cases discussed here yesterday, the people who represent the marginal group in the labor force and who need additional help.

TRAINING PROGRAMS FOR FEMALES

Mr. FLOOD. Let me ask you about this: I do not want you to misunderstand me, but I am very much interested in the females. Nobody talks about training females. For instance, we developed here just a short time ago with Mr. Murphy under the apprenticeship program, 400 registered females in all the registered apprenticeship programs. What about training the females? All over Western Europe they are very important in the labor market.

Mr. GOODWIN. They are a very important part of this unemployment group.

Mr. MILLER. Females represent about 40 percent of the insured unemployed.

Mr. GOODWIN. So they do represent a very important part of the group we are serving. The group that we will be dealing with in connection with the welfare program will have even a larger percentage of women.

ADMINISTRATIVE COSTS FOR EMPLOYMENT SECURITY SYSTEM IN THE STATES

The estimate of administrative cost to operate the employment security system in the States is $616,573,000 for fiscal year 1969. This appropriation is financed entirely from trust fund revenues. None of it comes from the general funds of the Treasury. The increase of $45,346,000 over last year's limitation provides net amounts of $36,764,000 for mandatory costs, $98,000 for the full-year cost of an expanded veterans program for which a supplemental is being sought for the remainder of fiscal year 1968, and——

Mr. FLOOD. What do you mean by an expanded veterans program?

Mr. GOODWIN. It has two parts to it. First, to participate in the veterans assistance centers that the President announced a few weeks ago. Second, to carry out the personal contact program that was also announced by the President.

Mr. FLOOD. This is the one-stop center where you get everything at one place instead of running around all over the lot?

Mr. GOODWIN. Yes, sir.

Mr. FLOOD. That is important.

Mr. GOODWIN. The personal contact is to be made by the local office of the Employment Service for all returning veterans. We are proposing a supplemental for 1968 to help carry out those two parts of the program, and the item in our 1969 request is the full-year cost.

Mr. FLOOD. Of course, you know we are aware the supplemental the House passed yesterday that included compensation for ex-servicemen is not going to be enough. You are going to borrow money from the 1969 budget and put it in 1968. Then you will come back again with one or two more supplementals in 1969. You are short about $15 million right now for fiscal year 1968.

Mr. GOODWIN. I am afraid we are short part of that amount, yes.

Mr. FLOOD. So are we.

Mr. GOODWIN. The remaining program increase will provide $8,484,000 to enable us to improve the management of State employment security operations. All of these items are discussed fully in the formal statement and in the budget estimate before you.

SHORTAGE OF QUALIFIED PERSONNEL IN THE STATES

Mr. FLOOD. What about personnel; that is, qualified trained personnel to do this job in the States. I do not know how you trapped these guys you have here, but imagine the poor people back in the State capitals trying to get people like this.

Where are they going to get them?

Mr. GOODWIN. It is very difficult.

Mr. FLOOD. You probably shanghaied half of these able assistants you have here and you are probably paying them pretty well. The States cannot do that.

Mr. GOODWIN. We got these in the most effective way of recruiting personnel and that is getting them young and raising them.

Mr. FLOOD. The States cannot afford to do that. What are they going to do?

Mr. GOODWIN. They have been doing a lot of their basic recruiting out of the colleges. They do get people from other kinds of activity. They recruit from other State agencies. They get people where promotions are involved. It is extremely difficult to recruit from industry, because usually the salary differential runs the other way.

Mr. FLOOD. That is what you call piracy.

Mr. GOODWIN. Promotion is another way to look at it. It does represent an extremely difficult problem. We have been working on this for some time now. One thing we have been trying to do is to get a little more flexibility in the merit system in order that we are not delayed too long and lose people merely because of it.

The merit system problem is a State problem, and we are working with them trying to get more flexibility in how it operates. What it adds up to, Mr. Chairman, is that we can recruit but it takes a little longer than it did a few years ago. But it is possible to recruit them and it is possible to recruit good people. If you start far enough back and put enough effort into it, it can be done.

Mr. FLOOD. I am certainly glad to hear that from you because we were worrying about it.

MANDATORY INCREASES

Mr. GOODWIN. Briefly, the mandatory increases provide $41,094,000 to meet increases in State salaries and fringe benefits; $1,500,000 for increased postage costs because of the recently enacted postal rate bill; $1,170,000 for the growth in the number of workers and employers covered by State unemployment insurance laws; and $7 million to finance an increase of 100,000 in the average weekly level of insured unemployment. The budget includes a mandatory decrease of $14 million in the contingency fund.

The increase in State insured unemployment is from the 1 million level appropriated in 1968 to 1,100,000 per week in 1969. In fiscal 1968 we now expect insured unemployment to average 1,200,000 per week, and have proposed a supplemental estimate to increase the contingency fund by $14 million. As noted earlier, the contingency fund estimate for 1969 has been reduced by $14 million, so that the net effect of the change in workload is a reduction of $7 million. This means that claims processing will cost $7 million less than in the adjusted level for 1968.

PROGRAM INCREASES FOR VETERANS' PROGRAM

Mr. Chairman, we are requesting a total of $8,582,000 for program increases. As I mentioned earlier, $98,000 is for the full year cost of the proposed 1968 veterans program supplemental for expanded services to veterans in two directions—a personal follow-up program to contact and offer job assistance to all returning veterans, and participation in the veterans assistance centers which are currently being established by the Veterans' Administration.

Mr. FLOOD. How many?

Mr. GOODWIN. Twenty.

Mr. FLOOD. You are going to start with 20?

MANAGEMENT IMPROVEMENTS

Mr. GOODWIN. Twenty-one.

The balance of the program increases, $8,484,000 and 758 positions, is for a purpose I would like to discuss a little more fully.

Last year in my budget presentation to this committee, I mentioned two studies which had been made for the Bureau by management consulting firms. Both studies were requested for the purpose of obtaining advice from nationally recognized consultants on improvement which could be introduced in the management and operation of the employment security program.

In addition, late in fiscal year 1967, the Department contracted for the development and installation of a cost acounting system.

Mr. FLOOD. You have been talking to Mr. McNamara lately.

Mr. GOODWIN. A program increase of 758 positions and $8,484,000 is included in the budget estimate to implement these studies. We have already made a beginning toward the implementation of all three studies. In fact, we are already using some 519 positions for this work this year and propose to assign another 193 positions next year.

Mr. FLOOD. Are these all in-house transfers and promotions?

Mr. GOODWIN. They are all in-house transfers; yes, sir. It would give us a total of 712 positions for this effort. With the request we are making to the committee, 1,470 positions and $16 million will be available for this purpose.

Mr. FLOOD. This is in face of House Resolution 888, with the reduction formula of 2 percent on personnel and 10 percent across the board on other parts of the budget for controllable programs?

Mr. GOODWIN. I am not sure whether it fits into that or not. This represents a saving in certain areas.

Mr. FLOOD. The staff advises me that the resolution did not apply to trust funds.

Mr. GOODWIN. That is correct. I would like to mention a few of the things that are involved in this. First, there is the development of plans of service at each operating level to serve as blueprints for local action, tools for budget management, and bases for evalaution of what has been accomplished in the local offices.

Other improvements we expect to achieve are the development of a systematic evaluation program which will enable the identification of less efficient and more costly operations; the development and installation in all State agencies of an automated reporting system; the development and implementation of prototype data systems in Florida, Michigan, and Utah, which are designed to automate operations to the maximum feasible extent; and the development and implementation of an automated manpower data system for a large multi-State job market, New York City, with emphasis on locating training and job opportunities for the severely disadvantaged. The system will also provide information to all manpower support agencies in the New York City area, including contiguous communities in New Jersey and Connecticut.

Mr. FLOOD. That is the megalopolis idea.

Mr. GOODWIN. Yes; in a sense.

Mr. FLOOD. An area concept.

Mr. GOODWIN. They are all in one area.

We are now experimenting with the use of automatic data processing machinery to make jobs available on a broader basis than just between State lines.

Mr. FLOOD. It is the area concept.

Mr. GOODWIN. Yes, sir.

We are undertaking this experimentation with the full cooperation of the three States that are involved. The costs of the program will be shared by those three States when we go ahead with it.

We are also experimenting in Wisconsin with the use of worker traits, the characteristics of workers such as aptitudes, temperament, training, and so on, as a basis for screening by the computer of job applicants against job openings. We are also working with the system we have had in California on the selection of workers in highly skilled occupations. We are trying to work that into this total system.

The improvements include the development of an accrual cost accounting system to be installed in three model States by December 30 of this year. We must develop manuals and training materials for all of the new programs and install them in the States. Some of it will be done this year and some will not be installed until next year.

Mr. HULL. What States are involved in that?

Mr. GOODWIN. All States will be involved in the total improvement.

Mr. HULL. I thought you said there were three States.

Mr. GOODWIN. We are experimenting in certain model States, plus the New York area.

Mr. HULL. Which States are they?

Mr. GOODWIN. With respect to prototype data systems the three States are Florida, Michigan, and Utah. With respect to cost accounting system they are Pennsylvania, Oregon, and Rhode Island. Then we are experimenting in the New York metropolitan area, we have this limited experiment going on in Wisconsin, and some work going on in California. The model State approach results from the tremendous amount of money involved in equipment for automatic data processing. Before we go ahead with the program in all of the States, we want to make sure we have the system worked out properly. We want to make sure we have the bugs out of it and that we do not waste money in terms of purchase of equipment or in getting a program started which would not deliver what we want. That is the purpose in having a limited number of States the first year.

FARM SERVICE PROGRAM

I would now like to add a bit on the farm program, Mr. Chairman. The farm program this past year has made further progress in the recruitment of domestic workers and some further decrease in the use of foreign workers.

Mr. FLOOD. Did you say foreign workers?

Mr. GOODWIN. Yes, sir.

Mr. FLOOD. Do you mean Mexican workers?

Mr. GOODWIN. We are still using a few Mexican workers and workers from the British West Indies.

Mr. FLOOD. In Florida; in the citrus area.

Mr. GOODWIN. Yes, sir. We used some British West Indians and some Canadians on the east coast in the harvest of apples this past year.

Mr. FLOOD. These are migratory or seasonal people.

Mr. GOODWIN. The ones I am talking about are the foreign workers that were brought in on a temporary basis. Most of the crop all over the United States is harvested with domestic workers, our own people, a good many of whom are migrant workers. However, we still found it necessary this past year for a small importation of foreign workers.

There is one development I would like to mention in connection with the farm program. We have felt that the farm program was not getting far enough into the problem of serving the disadvantaged. Although many of the people they placed are in that group, they were not working on the employment improvement of the group as much as we felt the need required.

This past year we had a consultant group make a study for us on this problem and they have recommended some changes in the direction of the farm program. They suggested that we make it more a rural manpower service, putting more emphasis on working in the area of job improvement of the people who normally take this kind of employment. They also recommended that the service be consolidated with the U.S. Employment Service and become a part of it. These recommendations are now being put into effect.

Mr. FLOOD. Do you have any questions, Mr. Hull?

CRITERIA FOR DISADVANTAGED PERSON

Mr. HULL. I would like to ask him what his criteria is on a disadvantaged person.

Mr. GOODWIN. It is the criteria that Mr. Ruttenberg gave yesterday. They must be unemployed, they must be poor, and they must have one of four or five characteristics. A person must be over 45 or under 21, or must be a member of a minority group, disabled or a school dropout.

FARM RELOCATION PROGRAM

Mr. HULL. I might say for your information that it is impossible to get somebody to work on a farm in my section of the country, irrespective of what we pay them.

Mr. GOODWIN. I know it is extremely difficult.

Mr. HULL. I think that is true over the Midwest, Mr. Michel.

Mr. MICHEL. Absolutely. You cannot get them.

Mr. GOODWIN. One of the things that we have done in the last year that has helped in a small way at least is a relocation program. This is still on an experimental basis.

Mr. HULL. Where have you relocated these people; not out in the Midwest.

Mr. GOODWIN. Yes; some have been in the Midwest. There was a project in Iowa. People have been brought into training programs as part of this and then they have been relocated, principally from the South. One project is to recruit people from Mississippi.

Mr. MICHEL. If I might make the observation, with regard to the draft boards and the prospective drafting of a farm boy, where normally the draft board would take the position it is his turn to go and get somebody else to do the job, you just cannot find anyone to fill the spot.

Mr. GOODWIN. You are talking principally about permanent positions, people you need on a year-round basis.

Mr. HULL. Or even on part time. In my area we have quite an apple industry. We also have a tobacco industry.

Mr. GOODWIN. On this relocation program, my recollection is that in the past year some 350 were successfully transferred and took jobs in these hard to fill occupations. The authority for that particular program expires June 30 of this year. There is a request for renewal but I do not know whether it will be renewed. There are many people in certain sections of the South who could be moved in this kind of a program, and who could be trained. Many need training even though they come off farms. We are hopeful that we can do more of this to meet the kind of problem you are talking about.

Mr. HULL. By the very nature of the problem, people that used to farm 200 acres now are farming 2,500.

Mr. GOODWIN. You need people that can run machinery.

Mr. HULL. It is quite a problem.

Mr. GOODWIN. Yes.

Mr. FLOOD. The committee will recess until 2 o'clock.

SUMMARY OF APPROPRIATION FOR GRANTS TO STATES

Mr. FLOOD. On the "Grants to States," the appropriation for 1968 is $556,932,000. The request for 1969 is $616,573,000. That is an increase

of $59,641,000. Even in American dollars that is a lot of money. However, you estimated a supplemental.

Mr. GOODWIN. Yes, sir.

Mr. FLOOD. The supplemental would be $14,295,000 for 1968.

Mr. GOODWIN. That is right.

Mr. FLOOD. This has nothing to do with the action we took yesterday on a supplemental for your Department?

Mr. GOODWIN. This supplemental is for different purposes.

Mr. FLOOD. If this were enacted, this on-coming supplemental, the increase for 1969 over 1968 would be reduced to $45,346,000?

Mr. GOODWIN. Yes, sir.

Mr. FLOOD. How awful bad would it be if you didn't get this supplemental?

Mr. GOODWIN. We would be short.

Mr. FLOOD. I know that. You know the current budget situation.

Mr. GOODWIN. Yes; I know it is serious and very tight. In this case the supplemental is related partly to the increase in the insured unemployment rate. It is $200,000 higher than we thought it was going to be.

Mr. FLOOD. Why? Because of an increase in population? That is not a good enough answer anymore.

Mr. GOODWIN. No; the improvement in the economy was not quite as good as we thought it was going to be.

UNEMPLOYMENT RATE

Mr. FLOOD. You are at 3.5 percent unemployment now. That would determine your caseload. That is very, very good.

Mr. GOODWIN. Yes; that is correct.

Mr. FLOOD. The increase in population is no longer a sufficient answer. It won't do anymore. Give me seven other reasons.

Mr. GOODWIN. That is an average figure on total unemployment.

Mr. FLOOD. I understand.

Mr. GOODWIN. There is a lot of turnover within the year, and a good many of those who lost their jobs during the year claim unemployment insurance even though it is for a short time. The point we were making and the point you so very well made with respect to unemployment compensation for ex-servicemen also applies to the regular State unemployment. It is for a short time. It is not quite as short as that for ex-servicemen. The average spell of unemployment for an ex-serviceman is 5.1 weeks.

Mr. FLOOD. The Congress and the public does not know this.

Mr. GOODWIN. We are taking steps to get this out publicly. Perhaps this would be a point you could make in the discussion on the floor. This is not the kind of unemployment we had in the depression. This is of much shorter duration, but these people are entitled to compensation under the State laws.

Mr. FLOOD. Let me ask you this: We are supposed to be in the throes of or on the fringe of inflation. So these people say. Is that going to produce unemployment and raise this caseload?

Mr. GOODWIN. I would not expect inflation to create additional unemployment.

Mr. FLOOD. You would not?

Mr. GOODWIN. No. As the aftermath of an inflationary period you might get unemployment. But I do not think you get a reduction in employment and an increase in unemployment because of inflation.

Mr. FLOOD. I had questions asked of me yesterday during House consideration of your supplemental and on the dramatic increase in the public assistance payments. The question was flatly asked me, vis-a-vis inflation: Is that a contributory factor in the increased caseload? Of course, it was not in the caseload of aid to the dependent children. But what about unemployment insurance programs?

Mr. GOODWIN. I guess I misunderstood the point you were making. On that point we are not predicting any great increase in the amount of money being paid in unemployment insurance.

The amount last year for unemployment insurance payments was a little less than $2 billion.

Mr. FLOOD. You have to give me this information because somebody is going to ask me this in May during consideration of our annual bill.

Mr. GOODWIN. We are not predicting any increase in the sum total of unemployment insurance benefits. That will remain about the same.

EFFECT OF DISALLOWING SUPPLEMENTAL REQUEST

Mr. FLOOD. Since you are exhibit A of the absolutely correct bureaucrat, I know I can expect a candid answer to this very difficult and trying question. And, I might add, there are not many in your class, Mister.

Mr. GOODWIN. Thank you.

Mr. FLOOD. You know the subcommittee. Suppose we say, "All right, you don't get the supplemental." What happens then?

Mr. GOODWIN. It would mean we would have to make a retrenchment.

Mr. FLOOD. Retrenchment of what?

Mr. GOODWIN. Of the administrative cost of the State employment security agencies.

Mr. FLOOD. What does that mean?

Mr. GOODWIN. That means we would have to make arbitrary cuts.

Mr. FLOOD. Where?

Mr. GOODWIN. This means that employment security services would have to be cut back.

Mr. FLOOD. At the State level?

Mr. GOODWIN. Yes, sir, at the State level. This is what this appropriation is for. It is all for the administrative costs of State agencies. We would have to cut them back. You can look at this in terms of percentage of the total and in that way it looks fairly small. But we probably would not have the final word on this supplemental until we had less than 3 or 4 months left of the fiscal year. Whatever the cut, we would have to compress it into a comparatively short period of time. The Bureau of the Budget has authorized us to proceed on the basis of a spending rate which takes into account the addition of this $14 million.

Mr. FLOOD. You better tell me that again. What was that, "spending rate"?

Mr. GOODWIN. We are spending at a rate which is $14 million more than was appropriated in 1968. This was authorized by the Bureau of

the Budget. If it develops that we can save part of this, and perhaps we can, we will advise the committee just as soon as we know it.

Mr. FLOOD. I hope we won't be as surprised as we were with the supplemental request for unemployment insurance for Federal employees and ex-servicemen.

UNEMPLOYMENT INSURANCE WORKLOADS

Mr. FLOOD. Now you have an increase of $7 million for, and I quote, "Higher unemployment insurance workload." Why is this workload predicted?

Mr. GOODWIN. What we are referring to here, Mr. Chairman, is what took place last fall. There was, you will remember, at that time, reference to some softening in the economy.

MAJOR PROGRAM INCREASE

Mr. FLOOD. It appears to us, Mr. Goodwin, from reading your justifications that you are not proposing any significant, basic changes in the employment service activities other than this management improvement part that we talked about.

Mr. GOODWIN. We are requesting a small amount to annualize the veterans program.

Mr. FLOOD. I think the answer is "No."

Mr. GOODWIN. That is right. Management improvement is the major increase.

AUTHORIZED STAFF FOR STATE EMPLOYMENT SECURITY OPERATIONS

Mr. FLOOD. Will you place in the record a table showing the employment under the appropriation for each of the years 1961 through the estimates for 1968 and 1969.

Mr. GOODWIN. This is total employment.

Mr. FLOOD. Put that in the record, please.

Mr. GOODWIN. Yes, sir.

(The information follows:)

Total authorized staff, State employment security operations

1961	56,934
1962	61,198
1963	59,538
1964	57,522
1965	56,327
1966	57,506
1967	56,675
1968	[1] 58,490
1969 (estimate)	[1] 60,259

[1] Includes 50 positions pending in proposed supplemental.

Mr. FLOOD. Mr. Michel, I am sure you have some questions.

Mr. MICHEL. Yes.

UNEMPLOYMENT OF EX-FEDERAL EMPLOYEES

Mr. Goodwin, on page 4 you make mention of 162,000 unemployed Federal employees and ex-servicemen. At first I thought this figure applied just to Federal employees, which seemed to me to be a tre-

mendously high figure. I suspect that most of that is ex-servicemen. What is the breakdown between Federal employees and ex-servicemen in the 162,000 figure where you are relating the number of payments and the amounts of the payments?

Mr. FLOOD. Is that unemployment compensation?

Mr. GOODWIN. This is the breakdown between the number of ex-servicemen and Federal employees who drew unemployment benefits in fiscal 1967.

Mr. MICHEL. That seems like a very high figure unless it is mostly ex-servicemen.

Mr. F. MILLER. About 69,000 were Federal employees.

Mr. MICHEL. Sixty-nine thousand?

Mr. F. MILLER. Yes.

Mr. MICHEL. Federal employees unemployed last year.

Mr. F. MILLER. This is for a certain number of weeks over a period of a year's time and not any given week.

Mr. MICHEL. It seems to me to be very high. In what areas would that be?

Mr. F. MILLER. That is the total number of people who drew benefits sometime during the year.

Mr. MICHEL. That would be people drawing several times during the course of a year.

Mr. F. MILLER. It could be one or more spells of unemployment.

Mr. MICHEL. Isn't that abnormal?

Mr. GOODWIN. No. You understand most of the Federal employees who draw under this program are the people who work on various defense programs and seasonal activities such as national parks. Many work in isolated communities. There is a good deal of turnover.

Mr. MICHEL. It is not an abnormally high figure, then.

Mr. GOODWIN. No, it is not. As a matter of fact, this is lower than some years ago

DECREASE IN CLAIMS WORKLOAD

Mr. MICHEL. Please explain, if you will, on page 5 of your testimony in which you say, "Since 1963 initial claims have declined 29 percent." I do not understand the other three figures. Does that mean that continued claims declined 40 percent and contested claims declined 29 percent?

Mr. GOODWIN. Yes, sir. There are different kinds of claims and they represent different kinds of workload.

The initial claim is really what it says. When a person loses his job and first comes into the local office and makes application for a claim, he may drop out at that point for a number of reasons, one being that he finds he is not eligible. If he is found eligible and is put on the rolls, from then on until he is dropped the claim is known as a continued claim and is paid each week until he uses up all his entitlement or until he is dropped for some reason.

Mr. MICHEL. Tell me what is the significance of the phrase in that sentence, "since 1963 continued claims 40 percent."

Mr. GOODWIN. This means we have had a larger decline in the number of continued claims than in initial claims. This is to some extent a reflection of higher employment and lower unemployment.

In other words, job opportunities are more plentiful and you have a greater reduction in continued claims under these circumstances than you would if there were more unemployment.

Mr. MICHEL. On the next one, contested claims, 29 percent. Are you saying since 1963 contested claims have declined 29 percent?

Mr. GOODWIN. That is correct.

Mr. MICHEL. You say initial claims have declined, continued claims have declined, contested claims have declined, and appeals have declined since 1963 and every year there has been an increase of money to handle declining caseload, it would appear.

Mr. GOODWIN. Not in this category, sir. The following sentence in the text makes the point that the staff required to handle these workloads has been reduced from a yearly average in 1963 of 17,825 to an estimate of 11,949 in 1969.

Mr. MICHEL. So actually the point you make here really is in your favor.

Mr. GOODWIN. This is a 33-percent reduction. There are some charts in the budget which illustrate this.

The charts make it clear that the staff has decreased about the same amount as the workload has decreased.

PHYSICALLY OR MENTALLY HANDICAPPED WORKERS

Mr. MICHEL. On page 7 you make mention that included in the 11 million jobseekers, 600,000 are physically or mentally handicapped workers.

Mr. FLOOD. What was that?

Mr. MICHEL. Included in 11 million jobseekers who are expected to seek assistance from the public employment service, there are 600,000 physically or mentally handicapped workers. This seems an awfully high number.

Mr. GOODWIN. It is.

Mr. MICHEL. In that figure would be someone who has been physically or mentally handicapped for 5 years and that person has continued to be carried on the rolls as one of those you are trying to get employed.

Mr. GOODWIN. This relates to the employment service effort, that is correct. The proportion of the physically and mentally handicapped has been increasing as we move in the direction of greater emphasis on serving the disadvantaged. Mr. Odell might want to comment on this figure in terms of the question that has been raised.

Mr. MICHEL. While we are on that, do we assume from this that these people are employable, and they are not physically or mentally handicapped to the extent that they cannot be employed?

Mr. GOODWIN. That is right.

Mr. ODELL. By our definition these are people who have significant problems in getting or holding a job because of either physical disability or some kind of mental retardation or social handicap which is related to their employability. Our workloads in this area have been increasing. For example, in terms of calendar years, 476,000 new applications in this area in 1966, and 531,000 in 1967. What we are really saying here is that as we dig deeper into the problem which is described variously as structural or hard-core unemployment, one of the

major obstacles to bringing these people into the work force and making them employable is the problem of disability, whether it is physical or social or mental, related to their ability to work. This really projects that workload into an effort to dig deeper into the hard-core employment problem.

Mr. MICHEL. The fact that the figure continues to rise at least in the years which you cite would suggest to me that it is always going to be a rising figure. You say we are only making it succeed or doing our job if we get that curve to hump out and go down.

Mr. ODELL. I am not sure we will ever get the curve to hump out and go down because of what we are dealing with here. For example, in an aging population, I would guess a third of the people we are talking about are people who are suffering from some kind of chronic disability such as heart, arthritis, and other diseases commonly associated with the aging process. As we dig into the hard core we are running into people who really need and have never had meaningful preventive health services. As you surface these kind of people, you run into another whole complex of disability problems. One of the real problems with our efforts to work in Houston, Chicago, and other areas, was with this group. One of the problems with welfare recipients is that it is very difficult to bring to bear the supportive health and remedial services that are necessary to keep these people in the job market or to get them into the job market.

NEW POSITIONS FOR MODEL STATE DEVELOPMENTAL PROJECTS

Mr. MICHEL. On page 20 you speak, Mr. Goodwin, of the 176 positions of which 97 are new for this effort, and you make mention of these model States participating in the developmental projects. What are those model States? Could we have those set out in the record?

Mr. GOODWIN. They are on the preceding page of the statement. Florida, Michigan, and Utah are the three model States. Then in addition we have the New York City area, and the work in Wisconsin and California.

Mr. ODELL. The New York thing involves both New Jersey and Connecticut.

Mr. FLOOD. Another one of these regional concepts.

Mr. GOODWIN. Yes.

The New York experiment is definitely a regional concept because that is really only one labor market covering three different States.

Mr. FLOOD. I do not quarrel with that.

Mr. GOODWIN. The States that are involved realize that they cannot solve their problem alone and they can only do it by working with the other States.

ADDITIONAL BUREAU PERSONNEL

Mr. MICHEL. These new people that you are asking for, are they all going to be out in the field?

Mr. GOODWIN. The ones we are asking for here, yes. These will all be on the rolls of the State agencies. We are requesting 120 positions for this purpose in the Bureau.

Mr. MICHEL. This is for the data processing?

Mr. GOODWIN. It is for all three of these efforts that are being made: data processing; cost accounting; and basic management information.

Mr. MICHEL. Of those 120 new positions, would they all be here?

Mr. CURTIS. Fifty-six are in the field in our regional offices. The remainder are here in Washington.

Mr. MICHEL. Does it have to be this way to be effective in these three areas? Half of the people in the new positions employed here at the Federal level and half out in the field.

Mr. GOODWIN. We think it does at this stage. It may be possible to decentralize more of it.

Mr. MICHEL. If you only got half of those that you asked for, would they be split proportionately between Federal and out in the field?

Mr. GOODWIN. The 120 are all Federal. We would still have to have some in the Washington office. The ratio might change some. I am not sure. Would you have any view on that, Mr. Curtis?

Mr. CURTIS. I think we would have to keep our computer and cost accounting staff pretty well as we had planned it because these are developmental efforts which we have to really service on a nationwide basis. We would never get the competence in each of the regional offices to do it. It might be a little larger proportionately for Washington staff because of the necessity to have the technical staff associated with computers and cost accounting.

Mr. MICHEL. I would be glad to defer at this time, Mr. Chairman.

Mr. FLOOD. Mr. Natcher.

INTENSIFIED EFFORT TO REACH THE HARD CORE

Mr. NATCHER. Mr. Goodwin, in that portion of your statement pertaining to employment services you state that during fiscal year 1969 efforts will be intensified from the standpoint of establishing jobless and nonjob-ready citizens in competitive positions in the job market. What more will you do in the fiscal year 1969 than you have underway at this time? What additional efforts would you make?

Mr. GOODWIN. Mr. Natcher, we are changing the emphasis. This is what Secretary Wirtz was talking over with the Committee, and what Mr. Ruttenberg discussed with the Committee—the commitment on the part of the Government to do more. I would say in a more direct answer to your question that we have been doing a good deal of this sort of thing. We are proposing to do even more, and particularly to get further into the really hard core group. For instance, the employment service will have a very important role in connection with the project that the Secretary and Mr. Ruttenberg talked to you about, JOBS, the tie-up with the industrial group. The employment service will have a role there in picking people for employment under that program. We are saying that we are going to be doing more and it is going to go further into the really hard core group.

Mr. NATCHER. Thank you, Mr. Chairman.

(See page 338 for justification material on grants to States for administration.)

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. FLOOD. Now, Mr. Goodwin, put on your other hat which I am sure you wear just as capably as the one you just took off.

GENERAL STATEMENT

You have a statement, I am advised on "Unemployment Compensation for Federal Employees and Ex-Servicemen." I think you should probably place that statement in the record, but what do you want to do?

Mr. GOODWIN. I would suggest that we place that statement in the record, Mr. Chairman, and then I might point up a few of the facts in connection with it.

(The statement follows:)

STATEMENT BY ROBERT C. GOODWIN

BUREAU OF EMPLOYMENT SECURITY, UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. Chairman and members of the committee, 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 (now title V of the United States Code). Federal civilian workers, likewise, have been afforded this protection since 1955.

Generally, the benefits provided 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 Federal civilian employees is similar to the protection against the risks of involuntary unemployment that is available to workers in private industry.

For fiscal year 1969 our estimate assumes that the cost of benefits that will be paid to ex-servicemen and former Federal civilian employees will amount to $92,200,000. Of this total, $40,700,000 will be expended for the former Federal civilian employees' program and $51,500,000 for the ex-servicemen's program. In fiscal year 1969 the total $92,200,000 estimate for the two programs is $3,016,000 greater than the amount now requested for fiscal year 1968. This increase is not to finance any greater number of payments. It is needed because the average weekly benefit amount continues to rise as States liberalize State unemployment insurance laws and as pay increases for the Federal workers and servicemen become fully effective. The request envisions that the number of payments will not change from 1968 as we expect the number of military and civilian separations to remain at the current level during fiscal 1969.

To insure that payments will not be interrupted if the appropriation proves insufficient, language should again be included to permit funds from the subsequent fiscal year to be used, if needed, after March 31, 1969, in the event that time will not permit obtaining a supplemental appropriation from Congress. This provision constitutes a major improvement in the financing of these programs and proved to be a major factor in preventing a suspension of benefit payments to claimants during the last 2 weeks of fiscal year 1967 when appropriated funds were $2.4 million less than the actual benefit payment expenditures. We earnestly request that the same language be included for the 1969 appropriation. As you know, these benefits are mandatory under title V of the United States Code and moneys appropriated by the Congress for this purpose cannot be used for any other activity.

Following the intent of Congress as expressed in the Senate report on last year's estimate, funds for trade adjustment activities are not included within this appropriation but are budgeted for separately.

Mr. Chairman, this concludes my statement on the request for unemployment compensation for Federal employees and ex-servicemen.

SUMMARY OF GENERAL STATEMENT ON UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

Mr. GOODWIN. Last week we talked about the 1968 supplemental which the House passed yesterday. It was for $28,800,000. This request

is for fiscal 1969. For fiscal year 1969 the request is $92,200,000. Of this total $51,500,000 will be required for the ex-servicemen's program, and $40,700,000 would be required for the former Federal civilian employee's program. In fiscal 1969 the total $92,200,000 estimate for the two programs is $3,016,000 greater than the amount now being requested for fiscal 1968. This increase does not assume a greater number of payments. It is needed because of the continued rise of the average weekly benefit as States liberalize State unemployment insurance laws, and as pay increases for Federal workers and servicemen become fully effective.

The number of payments is not assumed to change from 1968, as we expect the number of military and civilian separations to remain at the current level during fiscal 1969.

SUFFICIENCY OF BUDGET ESTIMATE

Mr. FLOOD. The appropriation for 1968 is $93,800,000, including the supplemental, and the request for 1969 is $92,200,000. That is a decrease of $1,600,000. To anticipate the gentleman from Wisconsin, Mr. Laird, let me observe that these figures do not mean much. The original budget for 1968 was low when it was submitted. We knew it and you knew it. You told us that. I cannot be fairer than that.

The supplemental request of $28,800,000 that was sent to us on February 8 was still short $13 or $14 million. You did not tell us that until we asked you.

But our hearings developed that as a matter of record. Now you are asking for $92,200,000 to cover the costs of this program until June 30, 1969. What are the facts of life on that estimate?

Mr. GOODWIN. We think we will need in the neighborhood of $27 million more for 1969. This, in part, is based upon paying the $13 to $14 million that we will be short for this fical year out of next year's money.

PROPOSED CHANGE IN APPROPRIATION LANGUAGE

Mr. FLOOD. Let me ask you this: Suppose we change the date in the first paragraph of the bill language from March 31 to June 15. Do you think that would result in more realistic budgeting?

Mr. GOODWIN. I do not know what the effect of that would be.

Mr. FLOOD. I do.

Mr. GOODWIN. It might very well bring on a crisis as far as this program is concerned. If you are talking about something that would be effective this fiscal year, it would mean that we would not be able to meet the payments.

Mr. FLOOD. You sound like somebody in the Department of Defense, a crisis.

Mr. GOODWIN. It would be a crisis for people who did not get paid. Of course, I have always felt that this particular appropriation ought to be an open-end appropriation. I say that because the Congress really has no control over the amounts that eventually are spent.

Mr. FLOOD. That is correct.

Mr. GOODWIN. It has always seemed to me that this particular type of program would operate much better as an open-end appropriation as I believe you have authorized for the public assistance appropriation.

Mr. FLOOD. That certainly is not open end. We appropriate for that one exactly as we do for the one we're discussing now.

Mr. GOODWIN. It is like this program only in the sense that you cannot control it. The advance provision in the language has helped us manage the program and is a very important addition.

Mr. FLOOD. Oh, yes, but you prostituted it. You have taken that language, and it is like drawing molasses candy when I was a kid, what you have done with that language.

The fact remains that these are bills and we have to pay them. That is the end of that argument. It would certainly make things an awful lot easier for these people sitting on your jury over here on this side of the table if these official documents that come up here would reflect the best estimates. And they haven't.

Mr. GOODWIN. I understand that, Mr. Chairman, and we will make every effort to make a more realistic estimate in the future. I am not sure we can promise you success, but we will try harder.

Mr. FLOOD. Are there questions?

Very well, we will proceed to the next appropriation.

Note: See page 391 for justification material on Unemployment Compensation for Federal Employees and Ex-Servicemen.

TRADE ADJUSTMENT ACTIVITIES

Mr. GOODWIN. This is on trade adjustment activity. Last year this was part of the unemployment compensation for Federal workers and ex-servicemen appropriation and it was suggested in the Senate that it be handled as a separate appropriation so we are presenting it as a separate item this year.

GENERAL STATEMENT

With your permission, I'd like to submit the former statement in the record and say just a few things about it.

(The statements follow:)

STATEMENT OF ROBERT C. GOODWIN

BUREAU OF EMPLOYMENT SECURITY, TRADE ADJUSTMENT ACTIVITIES

Mr. Chairman and members of the committee, under title III of the Automotive Products Trade Act of 1965, and under title III of the Trade Expansion Act of 1962, the Federal Government has provided the protection of unemployment insurance in the form of adjustment allowances to eligible dislocated workers. These allowances are paid by the State employment security agencies under agreement with the Secretary of Labor.

The temporary protection provided to the dislocated workers is similar to the protection that is available to workers in private industry against the risks of involuntary unemployment. In fiscal year 1967, a total of 1,339 workers with an average duration of 20.6 weeks of unemployment were paid $1,879,800 in adjustment allowances.

Since no new petitions can be accepted after June 30, 1968, under existing legislation, the funds requested for 1969 are required to pay allowances only to those eligible workers who will carry over entitlement from fiscal year 1968. For 1969 we estimate that the cost of adjustment allowances to be paid dislocated workers will amount to $1,200,000, while the administrative expenses of State employment security agencies to make these allowance payments will amount to $100,000. The total estimate of $1,300,000 is $900,000 less than the amount now estimated to be paid in fiscal year 1968. These allowance payments are manda-

tory under current legislation and monies appropriated by the Congress for this purpose cannot be used for any other activity.

In fiscal year 1968, this program was funded from the appropriation Unemployment compensation for Federal employees and ex-servicemen. For fiscal year 1969, following the intent of Congress as expressed in Senate report 469 a separate appropriation request has been submitted.

Mr. Chairman, this concludes my statement on the estimate for funds for trade adjustment activities.

Mr. GOODWIN. This comes under title III of the Automotive Products Trade Act of 1965 and title III of the Trade Expansion Act of 1962. The Federal Government, in both cases, has provided the protection of unemployment insurance in the form of adjustment allowances to eligible dislocated workers. These allowances are paid by the State employment security agencies under agreement with the Secretary of Labor.

For 1969 we estimate that the cost of adjustment allowances to be paid dislocated workers will amount to $1,200,000 while the administrative expense of State employment security agencies to make these allowance payments will amount to $100,000. The total estimate of $1,300,000 is $900,000 less than the amount now estimated to be paid in fiscal year 1968. This decline is based on current legislation which provides that no new petitions can be accepted after June 30, 1968. These allowances are mandatory under current legislation and moneys appropriated by the Congress for this purpose cannot be used for any other activity.

SUMMARY OF BUDGET ESTIMATE

Mr. FLOOD. The $1,300,000 requested for 1969 is a reduction of $900,000 from the estimate of 1968. The main reason for the reduction is that no new petitions can be accepted after June 30, 1968, under the existing law. Does it appear there is any likelihood of this act being amended to extend that day?

Mr. GOODWIN. It is under consideration by the Congress now.

Mr. FLOOD. I am asking you. What do you think? Even money?

Mr. GOODWIN. I have checked with the people in the Department who keep in touch with legislation and they thought it probably would be extended.

Mr. FLOOD. Now, this estimate was prepared months ago. Should it be adjusted one way or the other from what we know at 3 o'clock this afternoon?

Mr. GOODWIN. I checked on this last week, and we believe this is still a good estimate.

Mr. FLOOD. Are there questions? If not, we'll move along to your next appropriation.

(See page 400 for justification material on trade adjustment activities.)

SALARIES AND EXPENSES, BUREAU OF EMPLOYMENT SECURITY

Mr. FLOOD. Proceed.

General Statement

Mr. GOODWIN. I would like to turn now to Bureau of Employment Security, salaries and expenses, and insert the formal statement in the record.

(The information follows:)

STATEMENT BY ROBERT C. GOODWIN, ADMINISTRATOR, BUREAU OF EMPLOYMENT SECURITY

BUREAU OF EMPLOYMENT SECURITY, SALARIES AND EXPENSES

Mr. Chairman and members of the committee, the fiscal year 1969 estimate for operation of the Bureau of Employment Security is $23,973,000. This is an increase of $2,573,000 over the adjusted appropriation for fiscal 1968. This increase will provide $715,000 for mandatory items, $34,000 for a financing change, and program increases totaling $1,824,000.

Mandatory items include within-grade increases for base staff, pay increases to put the added costs resulting from Public Law 90-206 on a full-year basis and an extra work day in 1969, offset by a small reduction in the Bureau's payment to the Federal Employees Compensation Fund. The financing change relates to increased charges for centralized services.

Two of the program increases are required to put fiscal year 1968 supplementals now pending on a full-year basis. The Bureau will require $74,000 and $12,000 for the exemplary rehabilitation and expanded veterans program, respectively. We are also requesting an increase of 25 positions and $238,000 to expand our manpower development and training activities. The remaining program increase, 120 positions and $1,500,000, provides for the coordination and direction of comprehensive manageemnt improvements throughout the employment security system. In general, these efforts will result in the establishment of an automated reporting system, the installation of plans of service geared to the needs of local communities, the implementation of a cost accounting system in a number of States, and the further development of the application of automatic data processing technology to employment security operations.

All of these efforts will result in a more efficient and effective employment security system to better serve the Nation's workers and employers. The plans of service to be developed at the local and State level will contain evaluations of manpower needs, proposals of actions to be taken, and a program for the greatest level of accomplishment to be achieved with available resources. An automated management information system will provide the information necessary for decisionmaking at all levels of the employment security system on a more timely and consistent basis. It will enable program managers to assess all aspects of administration and management, program achievement, and resource utilization, and to take timely action to assure that resources are used most effectively. Compatible systems of financial management and reporting of planned utilization and actual expenditure of funds will insure proper accountability and management. The system being developed will incorporate the ability to accumulate the cost data necessary to identify elements of cost with specific program objectives and evaluate the cost-benefit relationship of employment security programs. In general, the system will provide the basis for both effective planning and control by providing the means to project anticipated activities by appropriation, organizational unit, activity, and program, coupled with quantitative and qualitative controls to compare actual results to planned objectives.

Mr. Chairman, my statement in support of the estimate for grants to States and the budget estimate itself describe in detail the planned implementation of the recommendations and results of the studies undertaken to improve the management of the employment security system. I will not repeat that information here but I should point out its relevance to the work program and resource needs of the Bureau.

Perhaps the best way to begin is with the observation that a considerable amount of Bureau effort is required before State employment security agencies become heavily involved in many new programs, and additional effort by the Bureau is usually required to assure the active and effective participation of all State agencies in program execution. In total we are requesting 120 new positions, of which 78 will be devoted to management improvement, 36 to direct automation programs, and six to coordinate the installation of a cost accounting system.

To apply these observations to the variety of recommendations made in the Cresap, McCormick, & Pagat study is a logical way to justify the 78 additional positions requested for management improvement efforts in the Bureau.

You may recall that the recommendations of the management consulting firm proposed new methods of program planning, with drastically different methods

of evaluation, supported by a greatly modified management information reporting system. The implementation of these recommendations has required a considerable amount of developmental work to be done in the Bureau, which had to be accomplished at the expense of activities which could be postponed temporarily. The developmental work produced the concepts for plans of service, rough techniques and tools for evaluation programs, and an overview of the kind of management information system which was needed. While this preliminary work is necessary and useful, it should be realized that the products resulting were imperfect. Concentrated effort will be required to refine and test techniques and tools in joint efforts with State employment security agencies. When these have been made as sound as possible, they have to be introduced and installed in every State. This requires training of regional office, as well as national office staff members. And, the installation of the programs must be followed up to assure that procedures are operating as planned, with the results desired.

In the several projects involving the automation of employment security operations, the Bureau must take a leadership role. That role requires Bureau staff to maintain continuous liaison with the consulting firm, with the Federal agencies having an interest in the overall project, with the State employment security agencies, and particularly with the State agencies serving as models and participating in special developmental efforts. Staff is needed to meet the requests of State agencies for technical assistance in conduct of feasibility studies for site planning, equipment selection, conversion procedures, and the like. Still undetermined are the most efficient applications of electronic technology to current operations, although great strides have been made in identifying operations where automation will effect economies. Still undone is the difficult job of preparing standards, selecting data elements, defining and coding elements, and constructing a common vocabulary.

For the essential work by the Bureau in the automation programs described in the State grants request, 36 additional positions are needed.

Finally, mention was made in my discussion of the grants-to-States estimate of the conditions which resulted in the Department's award of a contract for the design of an accounting system which meets the requirements of the Budget and Accounting Procedures Act of 1950 and the criteria of the Comptroller General. As I indicated, the contractor's work is finished when he has designed the system and has it installed in three model States. At that point it becomes the Bureau's responsibility to take the system into the remaining 55 affiliated agencies and assure that it is set up and made operative. This responsibility involves the adaptation of the system designed by the contractor to meet any special or unusual requirements of State governments, while maintaining uniformity required to preserve comparability of cost products. In addition, State agency staff must be trained in the mechanics of the system; the operation of the system must be monitored; and the system must be maintained and refined as experience dictates.

The Bureau does not have this kind of an accounting program at the present time, nor does it have the technical staff required to introduce the system into the States and monitor its operation. Therefore, six additional positions are requested the Bureau's supportive effort to the cost accounting project.

Mr. Chairman, I have described to you the planned use of the increased resources requested in the budget estimate. Please rest assured that the Bureau will continue to bend every effort to give imaginative leadership and overall direction to the States in meeting the manpower needs of the Nation.

The major thrust of the Unemployment Insurance Service is to provide economic stability in times of unemployment. The redirection of staff effort begun in fiscal 1967 will be maintained toward the objective of modernizing the system, to find ways to accelerate the claimant's return to gainful employment, and to provide national guidelines and coordinated approaches to the problems of contested claims, research, organizational patterns, etc.

The Nation has come to recognize the need for an 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 4 years the Congress has given increasing recognition to the problems of human resource development and has enacted legislation in which there are specific provisions relating to the complex of these problems. In each of these the implementation directly involves the U.S. Employment Service and it serves as the overall manpower agency to provide leadership, direction, and coordination of the operations of public employment service offices. This includes developing policies, procedures, tools and techniques,

and guidelines to the States and local offices to carry out the programs of employability development, employer relations and placement, manpower and employment information, and administrative and technical support. These programs 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.

In the agricultural sector, the Bureau's Farm Labor Service will concentrate its main effort on our objective of self-sufficiency in meeting seasonal labor needs. This work involves numerous program evaluations in different locations, all with the purpose of improving services to the agricultural public. Even though the year was plagued with the effects of adverse weather conditions in the spring months, fiscal year 1967 was a successful year by all measurements. No crops were reported lost because of insufficient labor, and 10,000 fewer foreign workers were admitted to work on the crops. Additionally, the Bureau's farm staff will continue to expand its program of helping improve worker-employer relationships in fiscal 1969 through foreman training and worker prejob orientation. This program is meeting with a gratifying response from farm management.

In respect to rural manpower programs, in July 1967 a task force was appointed to make a comprehensive analysis of manpower problems in rural areas, and examine present programs of the Department of Labor's Bureau of Employment Security which serve rural manpower needs. On December 19, 1967, the Secretary of Labor directed the consolidation of Employment Service and Farm Labor Service activities within the Bureau of Employment Security. The report of the task force has been accepted as the basis for implementing the Secretary's decision. A special work group has been established to work out the details for carrying out both the task force recommendations and the Secretary's decision. Our objective is so to organize our resources as to provide the most effective manpower services possible to the rural areas of our Nation. We expect these actions to broaden the opportunity for full employment in both farm and nonfarm work in rural areas. No additional resources are being requested at this time for this expanded rural manpower program.

Fiscal year 1969 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.

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.

SUMMARY OF GENERAL STATEMET

Mr. GOODWIN. The fiscal year 1969 estimate for operations of the Bureau of Employment Security is $23,973,000. This is an increase of $2,573,000 over the adjusted appropriation for fiscal year 1968. This increase will provide $715,000 for mandatory items, $34,000 for a financing change, and program increases totaling $1,824,000. The mandatory items include, in addition to the within-grade increases for base staff, added costs resulting from Public Law 90–206 on a full-year basis, and an extra workday in 1969, offset by a small reduction in the Bureau's payments to the Federal Employees Compensation Fund. The financing change relates to increased charges for centralized services provided by the Department.

Two of the program increases are required to put fiscal year 1968 supplementals now pending on a full-year basis. The Bureau will require $74,000 and $12,000 for the exemplary rehabilitation and expanded veterans program respectively. We are also requesting an increase of 25 positions and $238,000 to expand our manpower development and training activities. The remaining program increase, 120 positions and $1,500,000, provides for the coordination and direction of comprehensive management improvement throughout the em-

ployment security system. These efforts will result in the establishment of an automated reporting system, as I told you earlier, installation of plans of service geared to the needs of the local community, the implementation of a cost accounting system in a number of States and the further development of the application of automatic data processing technology to employment security operations.

The statement I made with respect to grants to States and the budget estimate cover, in some detail, the objectives we hope to achieve. I am sure you don't want me to go into all that detail here, but if there are questions, we will try to answer them.

Mr. FLOOD. Very well.

Mr. GOODWIN. Implementation of the studies involved in the improvement of the employment security operations is an extremely important undertaking. It has many implications in the long run. The Bureau must take a leadership role and it is extremely important that we get these additional resources in order for us to be able to do that. We have to refine the preparatory work that has already been accomplished. We have the job of getting this introduced and installed in the States. We have a big training job to do.

Mr. FLOOD. A big training job to do where, in the States?

Mr. GOODWIN. We have a training job to do for our own people and then a training job to do in the States, yes.

Mr. FLOOD. Who do you train in the States?

Mr. GOODWIN. We develop the training materials and then we work with the States, sometimes on a regional basis, sometimes on a national basis, we bring them into a central location, and conduct a training program. It is less expensive this way.

Mr. FLOOD. How many females do you use in this business? Why don't you use more? They are pretty good.

Mr. GOODWIN. Yes, they are. They are very good.

Mr. FLOOD. Why is this a masculine prerogative?

Mr. GOODWIN. Do you mean why don't we have any women with us today?

Mr. FLOOD. Yes.

Mr. GOODWIN. We have them. They just happen to work in other parts of the Bureau's operations and we don't have any with us today.

GENERAL STATEMENT ON VETERANS EMPLOYMENT SERVICE

Mr. FLOOD. Mr. Omohundro, you are chief of the Veterans Employment Service?

Mr. OMOHUNDRO. Yes, that is correct, sir.

I have prepared a formal statement and if you have no objections, I would like to submit it for the record and make a few remarks.

(The statement follows:)

STATEMENT BY EDWARD L. OMOHUNDRO

BUREAU OF EMPLOYMENT SECURITY, SALARIES AND EXPENSES

Mr. Chairman and members of the committee, I am very glad to have the opportunity of appearing before this committee again. As you may know, the Veterans' Readjustment Benefits Act of 1966, as amended, has had a great effect on the veteran workload of the local public employment offices. The public employment service is making every effort to continue to provide the mandated "maximum of job opportunity in the field of gainful employment."

During fiscal year 1967, 1,762,900 veterans applied for employment assistance at the local public employment offices. This is a 50-percent increase over the previous year. These veterans were placed in 1,182,200 jobs. Some 157,000 of them needed and received extensive employment counseling concerning such important matters as choice of an occupation, need for job training, and applicability of military skills to civilian occupations. All of these figures represent substantial increases over the previous year.

In addition to referral to jobs, the local offices also refer veterans to job training courses established under the Manpower Development and Training Act. During the period September 1, 1962 (when the Manpower Development and Training Act program began), through October 31, 1967, 117,900 veterans have received classroom training. Veterans represent a third of all the men enrolled. While their former occupations usually are those for which there is little demand, veterans completing this training have been prepared for short-supply occupations.

The Veterans Employment Service and the State employment service provide specialized assistance to career military retirees. These men have served their country on active military duty at least 20 years. Their average age is 45 years. Employers report that military retirees become valuable employees in civilian jobs. However, many of the approximately 60,000 career military retirees who reenter civilian life each year need assistance to make a smooth transition to civilian employment. The employment service military retiree program consists of employment briefings on the military installations, followed by individualized assistance in the local public employment offices. In 1967, there were 489 of these employment briefings held on 300 military installations. The briefings were attended by 29,750 career military men scheduled for separation.

During 1967, more than 600,000 young post-Korean conflict veterans returned to civilian life. An estimated 830,000 service personnel will become veterans in 1968. On August 14, 1967, the President announced a new program of personalized employment assistance for all returning veterans. Between the President's announcement on August 14, 1967, and January 12, 1968, more than 225,000 recently separated veterans were contacted through this program.

In addition to services provided by the State employment service, about 10,500 veterans visited our State veterans employment representatives, who comprise the field staff of the Veterans Employment Service, to seek employment and related assistance. The Veterans Employment Service field staff also made about 35,000 contacts with employers, veterans organizations, and other agencies to promote employment and job training of veterans. In addition, they made 4,388 local office visits and 1,383 formal evaluations of services to veterans in the local public employment offices.

There currently are about 25.8 million veterans in the population of the United States, approximately 4.5 million of whom are post-Korean conflict veterans. Veterans, members of their families, and surviving dependents make up a total of some 92.3 million individuals.

Mr. Chairman, I am pleased to report again that the American Legion, American Veterans of World War II and Korea, the Disabled American Veterans, the Veterans of Foreign Wars, Jewish War Veterans, and other veterans' organizations have expressed their confidence in, and appreciation for, the work of the Veterans Employment Service, the Bureau of Employment Security, and the State employment service agencies by passing resolutions at their last national conventions, endorsing the principle of preferential employment assistance for veterans and urging that the appropriate units of the State employment service and the Department of Labor be adequately staffed for this purpose.

Mr. Chairman, this concludes my statement on the estimate for the Veterans Employment Service.

Mr. OMOHUNDRO. We believe the local public employment offices are doing everything within their resources to help the young veterans returning to civilian life in such great numbers.

Mr. FLOOD. I have been amazed to hear from your Secretary, Mr. Wirtz, and from Mr. Ruttenberg, that the average returning veteran is employed in less than 6 weeks. This is wonderful, but almost nobody knows this.

Mr. OMOHUNDRO. The first and initial step in the local office, of interviewers or counselors who are working with the new veteran for the first time is to try and encourage him to take full advantage of the educational and training opportunities that are available to him, primarily the GI bill. I understand that two out of three of the returning veterans are taking advantage of the educational and training provisions of the GI bill.

Mr. FLOOD. You understand? Don't you know?

Mr. OMOHUNDRO. These are the figures we received from the Veterans' Administration, Mr. Chairman. About 65 percent of the returning veterans are taking advantage——

LIAISON WITH VETERANS ADMINISTRATION

Mr. FLOOD. Is there good liaison between you and the Veterans' Administration people?

Mr. OMOHUNDRO. Yes, sir. We are working closely with them and with the people in the Department of Defense.

We are receiving wonderful cooperation in helping these men in the transition back to civilian life. As you well know, the big four veterans' organizations, the American Legion, the VFW, the DAV, and the AMVETS, are cooperating with and supporting us wholeheartedly.

COOPERATION FROM ORGANIZED LABOR

Mr. FLOOD. How about organized labor?

Mr. OMOHUNDRO. They are encouraging the young men to go into apprenticeship training programs.

The organized veterans' groups are cooperating not only on the national level, but they are supporting us at the State level and down to the grassroots, the posts and chapters in assisting us in getting the message across to the men of the opportunities that are available to them today.

Mr. FLOOD. It is their business?

Mr. OMOHUNDRO. Yes, sir; it is.

Mr. FLOOD. Are they doing it?

Mr. OMOHUNDRO. They certainly are, sir.

Mr. FLOOD. Is there anything else?

Mr. OMOHUNDRO. I believe that is all I have to offer right now, sir. I appreciate the opportunity of making these few remarks.

SUMMARY OF BUDGET ESTIMATE

Mr. FLOOD. Including the estimated supplementals your 1968 budget is $21,400,000. You are requesting $23,973,000 for 1969. That is an increase of $2,573,000, and 145 jobs. What about that?

COMPREHENSIVE MANAGEMENT IMPROVEMENT PROGRAM

Mr. GOODWIN. 120 of the jobs are for the effort to install all these various management improvements in the employment security system.

Mr. FLOOD. That is this item of $1,500,000 and 120 positions for the comprehensive management improvement program. I am sure you never thought of that title?

Mr. GOODWIN. No, I didn't.

Mr. FLOOD. We have discussed it already during these hearings in connection with the grants to States estimate. Why is it necessary to have this increase on top of the increase of $8,500,000 in the grants to States trust fund limitation. Did you ever drink Irish coffee with the whipped cream on the top?

Mr. GOODWIN. Yes.

Mr. FLOOD. This is an increase on top of the increase.

Mr. GOODWIN. This program operates at both the Federal level and the State level and will be in operation throughout the system.

One of the things that we are trying to do is to get systems in each State which are compatible with the total. This is why we need the involvement of a Federal group in connection with putting this into effect. Compatability means that the figures we get in Pennsylvania will be on the same kind of a basis as the figures we get in New Jersey. We can add them up and have something that means the same thing day by day. This means we must have an involvement in the Federal end of it to work this whole thing out on a coordinated, nationwide basis. The States accept this objective completely.

Mr. FLOOD. There is no question about this, but let's go back to where I started. Even you can't talk me out of this. This is a layer cake. Why have one layer on top of the other?

Mr. GOODWIN. I say there is a job here that has to be done by the Federal Government and there is a job here that has to be done by each State. We are asking for the $8 million for the States. Our total effort will give us an average of between 25 and 30 jobs for each State. In order to oversee this entire effort—

Mr. FLOOD. Then you come back with 120 additional jobs?

Mr. GOODWIN. 120 jobs for Federal staff.

PROPOSED PROGRAM FOR VIETNAM VETERANS

Mr. FLOOD. What is this proposal for a supplemental of $262,000 and 13 more jobs?

Mr. ODELL. We are talking about a total of three jobs for the Veterans' Employment Service. This is directly related to their capabality to respond to this one-to-one relationship we are trying to establish with the Vietnam veterans.

Mr. FLOOD. What is that?

Mr. ODELL. This is the program the President announced last August, which says in effect we should attempt to establish personal contact——

Mr. FLOOD. Who should?

Mr. ODELL. The State employment services.

Mr. FLOOD. You should attempt to what?

Mr. ODELL. To establish personal contact with each veteran, whether or not he comes to the service for help, and to determine that he is getting the full range of benefits, services, and entitlements that are available to him.

Mr. FLOOD. How do you do that?

Mr. ODELL. We are trying to do it through the system of notification which goes from the separation center to the State agency——

Mr. FLOOD. Before the guy is discharged?

Mr. ODELL. No, this is at the point of discharge.

Mr. FLOOD. What do you mean, "at the point of discharge?"
Mr. ODELL. At the point of separation.
Mr. FLOOD. After he is out?
Mr. ODELL. No, this is at the point where he is being separated.
Mr. FLOOD. At the separation center?
Mr. ODELL. Yes.
Mr. FLOOD. That is what I said. He is still in uniform and he sits in the room. Who does what?
Mr. ODELL. The Military Establishment at the separation centers give him a basic record which he completes and which indicates what his plans are.
Mr. FLOOD. What's that got to do with this budget?
Mr. ODELL. These records then are circulated. They go from Defense to the Bureau of Veterans' Reemployment Rights, and from there to the State employment service agency, and from there to the local office——
Mr. FLOOD. Oh, no. This is a shortcut?
Mr. ODELL. And from there the local offices are expected to establish personal contacts——
Mr. FLOOD. What local offices?
Mr. ODELL. The local office of the employment service——
Mr. FLOOD. This is your job?
Mr. ODELL. No; this is at the local level. We are talking about a very small staff here to, in effect, coordinate and facilitate this operation from the Federal viewpoint. The positions we are talking about will direct the State veterans' employment representatives who are on the Federal payroll. We are simply augmenting that staff.
Mr. FLOOD. State people on a Federal payroll.
Mr. ODELL. They are called State veterans' employment representatives, but they are actually Federal employees. They belong to the Veterans' Employment Service and they are field representatives.
Mr. FLOOD. I didn't know that. That is quite an admission for me to say I didn't know that. That is going pretty far.

EFFECT ON 1969 BUDGET IF SUPPLEMENTAL IS DISALLOWED

Suppose Congress doesn't give you the $262,000 supplemental? How is that going to affect your budget in 1969?
Mr. ODELL. We will have to absorb this kind of responsibility as we absorbed the personal contact program in August when the President said, "We are going to go ahead and do this; this is the way we are going to deal with the returning serviceman." Our State agencies and our Federal people who are attempting to administer this phase of the program are really hard pressed in terms of fulfilling a national commitment——
Mr. FLOOD. Yes; I know, but this subcommittee is not necessarily impressed by a Presidential message, you know.
Mr. ODELL. The point I am making is, the responsibility—the order has been given and if we don't get the staff it simply means we will have to drop something else in order to fulfill it.
Mr. GOODWIN. May I say a word?
Mr. FLOOD. Go ahead.

Mr. GOODWIN. We are all very much committed to the proposition that the returning veterans ought to know what the job opportunities are——

Mr. FLOOD. Yes, sir.

Mr. GOODWIN. And they ought to get as much help as we can possibly give them.

Mr. FLOOD. You know, I received a form for this purpose about 20 pages long from a center in World War II. It was a mess, and it didn't work. Now you tell me it works, thank God.

Mr. GOODWIN. It works, but it is not working as well as it should work.

Mr. FLOOD. This is something good. It can't work too well.

Mr. GOODWIN. We were talking about getting these lists down to the local office. There have been some problems in connection with that. There have been some delays in the lists getting down. Sometimes they haven't gotten there until much too long a period has passed and this is why we need a few additional employees to make this thing work better.

Mr. FLOOD. I am convinced this effort is for a good cause.

COMPREHENSIVE MANAGEMENT IMPROVEMENT

Now, let's go back to this comprehensive management improvement program. How many private firms have you hired on this and what is each one doing?

Mr. GOODWIN. There have been three involved in this.

Mr. FLOOD. Who?

Mr. GOODWIN. Cresap, McCormick & Paget was the initial contractor.

Mr. FLOOD. Where are they based?

Mr. GOODWIN. They are based in New York.

Mr. FLOOD. What is their business?

Mr. GOODWIN. They are management consultants.

We have also contracted with the Auerbach Corp.

Mr. FLOOD. Who are they?

Mr. GOODWIN. They are based in Philadelphia.

Mr. FLOOD. What do they do?

Mr. GOODWIN. They are also management consultants, but they specialize in the computer field.

Mr. FLOOD. Then the third one is who?

Mr. GOODWIN. The third one is Touche, Ross, Bailey & Smart, of New York.

Mr. FLOOD. I want to know who they are and what they are doing.

Mr. GOODWIN. They are developing and installing a system of cost accounting——

Mr. FLOOD. Where? For you?

Mr. GOODWIN. Yes, as part of a broader program that they are doing for the Department of Labor.

Mr. FLOOD. You have three firms doing the same thing, or what? You can't have three systems.

Mr. GOODWIN. They are working on different parts of the total concept. The Auerbach Corp. is working on the automatic data processing problem; the Touche, Ross, Bailey & Smart firm is working on

the cost accounting system, the Cresap, McCormick & Paget firm is working on plans of service, and the evaluation program. It is an overall improvement in administrative management.

COST OF COMPREHENSIVE MANAGEMENT IMPROVEMENT SYSTEM

Mr. FLOOD. I wish you would place in the record a comprehensive statement on the cost of this comprehensive management improvement program.

Mr. GOODWIN. We will be glad to.

Mr. FLOOD. I want that for 1967 and 1968, and the estimates for 1969: the cost of the contracts for each of these three firms we just mentioned that are involved; the expenditures from the grants to States item, and then the expenditures under the salaries and expenses appropriation, and any other costs that are involved.

(The information follows:)

COSTS OF CONTRACTS WITH CONSULTING FIRMS FOR ASSISTANCE IN THE DEVELOPMENT OF A COMPREHENSIVE MANAGEMENT IMPROVEMENT PROGRAM FOR THE EMPLOYMENT SECURITY SYSTEM

Consulting firm	Fiscal year 1967, actual	Fiscal year 1968, estimate	Fiscal year 1969, estimate
Cresap, McCormick & Paget (management improvement)	$65,000	----------	----------
Auerbach Corp. (automation of employment security operations)	3,284,000	----------	----------
Touche, Ross, Bailey & Smart (cost accounting) [1]	1,016,000	$50,000	----------

[1] Total cost to the Department of Labor.

RESOURCES DEVOTED TO THE COMPREHENSIVE MANAGEMENT IMPROVEMENT PROGRAM FOR THE EMPLOYMENT SECURITY SYSTEM, EXCLUSIVE OF CONTRACTOR COSTS

[Dollar amounts in thousands]

	Fiscal year 1967 resources assigned [1]		Fiscal year 1968 additional resources assigned [1]		Fiscal year 1969 additional resources assigned		Total resources assigned		Fiscal year 1969 program increase		Fiscal year 1969 total program	
	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount	Positions	Amount
Salaries and expenses:												
Management improvement	10	$134	4	$54			14	$188	78	$956	92	$1,144
Automation	1	18	12	190			13	208	36	467	49	675
Cost accounting			6	80			6	80	6	77	12	157
Total	11	152	22	324			33	476	120	1,500	153	1,976
Grants:												
Management improvement			430	3,584	91	$758	521	4,342	580	6,486	1,101	10,828
Automation	26	217	53	2,023			79	2,240	97	1,082	176	3,322
Cost accounting			10	85	102	849	112	934	81	916	193	1,850
Total	26	217	493	5,692	193	1,607	712	7,516	758	8,484	1,470	16,000

[1] Priced at the 1969 annual rate.

Mr. FLOOD. When do you think this project will be finished?

Mr. GOODWIN. It will begin to be operative——

Mr. FLOOD. I didn't ask you that.

Mr. GOODWIN (continuing). In the next fiscal year, but it won't be finally completed for about 3 to 4 years, total.

Mr. FLOOD. Is that good time?

Mr. CURTIS. Yes, it is especially for the computer phase.

Mr. GOODWIN. It is hard to telescope it into any shorter period.

NEW POSITIONS FOR MANPOWER DEVELOPMENT TRAINING ACTIVITIES

Mr. FLOOD. I don't like to nit-pick. Coming from the Defense Committee we talk about figures like this for elevator operators, but you do have another program increase of $238,000 and 25 jobs, "To provide for the expanded scope of the Manpower Development Training activity."

How do you divide work on this program between you and the office of the Manpower Administrator? After you tell me that, then discuss the reasons for the increase.

Mr. GOODWIN. Mr. Ruttenberg has the overall direction of the Manpower Administration, including our program. The 25 positions that we are requesting are for the Employment Service in connection with the manpower development and training programs. Mr. Odell might speak specifically to this.

Mr. ODELL. It is my understanding 20 of these jobs are to be routed into our regional offices in order to beef-up the——

Mr. FLOOD. How many regional offices do you have?

Mr. ODELL. We now have 11. We are in the process of contracting to eight regional offices.

Mr. FLOOD. Wait until you hear from the Colorado delegation.

Mr. ODELL. We are trying to increase the effectiveness of the MDTA institutional training program as it relates to shortening the time lag between the commitment of funds and the delivery of trained people. We want to eliminate gaps and delays in getting programs both funded and operative with a maximum level of enrollment.

This has been a real problem in the operation of the MDTA program, primarily because, in order to initiate these projects we work on a cooperative basis with the vocational education people. When we try to move into new areas or new fields of training where facilities and instructors and whatnot are not available, or where we try to move into multioccupational projects of one kind or another, we have had difficulty in getting programs in place quickly and getting people into training quickly. The bulk of these positions is intended to be used in closer monitoring and facilitation of the greater use of MDTA resources in the State.

Mr. FLOOD. Does that explain the money?

We are not a legislative committee. We don't write law in this subcommittee.

Mr. ODELL. Yes, sir. The money implications of this are to make sure we get a maximum return on the money we are investing in MDTA institutional training. The five national office positions are really to beef-up that capability in Washington. We now are attempting to establish a project-by-project system of accounting for how many people are enrolled, what the allocation of funds will be, what problems they

are running into in terms of enrollment and so forth. These positions are designed to make sure we stay on top of that responsibility at both the national level and the regional level and in the States.

DIVISION BETWEEN HEW AND LABOR ON MDTA

Mr. FLOOD. On page 39 of the MDTA justifications they say—this quotation business is my idea. I am an old prosecutor. This is what you said:

> The Secretary of Health, Education, and Welfare is responsible for providing institutional training and retraining.

Now, there must be an overlap between what you do and what that says, isn't there?

Mr. GOODWIN. No, I don't think so. They are responsible for the educational aspects of the program and we are responsible for the manpower aspects of it, which means the selection, counseling, and testing of the people who take the training, and placement of the people who take the training. The program is divided along those lines.

Mr. FLOOD. Are there questions from other members?

(The justification material on salaries and expenses may be found beginning on page 409.)

REVOLVING FUND FOR ADVANCES TO EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT, UNEMPLOYMENT TRUST FUND

Mr. FLOOD. I want you new men who were introduced today by Mr. Goodwin to understand and fully appreciate the unusually high regard and respect that we have for Mr. Goodwin in his capacity. We consider him exhibit A to show what a public servant in a bureaucracy should be. And for the esprit de corps of our outfit, you should hear me say that.

Mr. GOODWIN. I appreciate that very much.

Mr. FLOOD. Go ahead.

GENERAL STATEMENT

Mr. GOODWIN. I have a prepared statement on this account which I will insert in the record.

(The statement follows:)

STATEMENT BY ROBERT C. GOODWIN, BUREAU OF EMPLOYMENT SECURITY, REVOLVING FUND FOR ADVANCES TO EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT, UNEMPLOYMENT TRUST FUND

Mr. Chairman and members of the committee, this estimate provides $43 million to be appropriated from the general fund of the Treasury to the revolving fund established by the Employment Security Act of 1960. This fund makes repayable advances to the Employment Security Administration account in the Unemployment Trust Fund. The purpose of the revolving fund is to finance the Federal and State administrative costs of the employment security programs on a repayable basis from the beginning of the fiscal year until the Federal unemployment tax receipts become available in February of the same fiscal year. Thus, for the first 7 months of the year the programs will be operating on funds borrowed from the revolving fund and will repay the fund in February along with interest.

This appropriation is a financing device and does not represent any additional moneys to be granted to the States or otherwise expended for administration of the employment security program. It is, however, necessary to provide for continuance of the program until fiscal year 1969 tax collections are realized in February of 1969.

With the exception of its first 2 years of operation the revolving fund has had a balance adequate to cover needs. Our anticipated net requirements for the first 7 months of fiscal year 1969 total $355,541,000. The actual balance in the fund, including interest, at the end of fiscal year 1967, was $308,641,000. Adding the estimated interest accrual of $3,900,000 in 1968 makes $312,541,000 available for 1969. The remaining $43 million is requested for appropriation.

Mr. Chairman, this concludes my statement on the estimate for Revolving Fund for Advances to Employment Security Administration account, Unemployment Trust Fund.

SUMMARY OF GENERAL STATEMENT

Mr. GOODWIN. This estimate provides $43 million to be appropriated from the general fund of the Treasury to the revolving fund established by the Employment Security Act of 1960. This fund makes repayable advances to the Employment Security Administration account. The problem here arises from the fact that the taxes which finance the employment security program are collected for the most part in February. It is necessary, therefore, to advance funds for the first 7 months of operation of the program. The fund currently does not have a large enough amount in it to meet those first 7 months' needs. Therefore, we are requesting that the Congress appropriate an additional $43 million to this fund.

This doesn't mean any additional money for the Employment Security program. It is a repayable advance. The reason this is needed is because the program has been expanding, the appropriations have increased while the balance in the revolving fund has been relatively stable because the only additions that have gone into it have been the amounts earned from interest. It is no longer adequate to meet the needs for 7 months of operation. That is why we are requesting $43 million to be appropriated to the revolving fund.

DESCRIPTION OF REVOLVING FUND

Mr. FLOOD. We have no CPA's on this subcommittee. For the record, we must have some detail that is understandable to a layman and not this gobbledegook you fellows use down there.

First, we need something understandable to Messrs. Natcher and Flood and the rest of us on what has happened to require this appropriation. Also, you can supply a description of what would happen if you didn't get it. This is the thing I want you to put in the record. I have to have an answer for this. Somebody will probably ask me this.

(The information follows:)

EMPLOYMENT SECURITY REVOLVING FUND

The Social Security Amendments of 1960 shifted Employment Security financing from general funds of the Treasury to the Unemployment Trust Fund. Fourtenths of 1 percent of Federal Unemployment Tax Act collections are made available to administer title III of the Social Security Act. These administrative expenses are made up of the Grants to States for Unemployment Compensation and Employment Service Administration, Bureau of Employment Security Salaries and Expenses and other related Federal activities expenses such as Treasury and interest costs.

Approximately 10 percent of FUTA taxes are collected by February 1, but

some 58 percent of Employment Security administrative costs must be paid by that date. To finance Employment Security costs until taxes are collected, the revolving fund was established by the Employment Security Act of 1960. Moneys are transferred from the revolving fund to the Employment Security account to operate the Employment Security program for the 7 month period, July to February, when the FUTA taxes were collected. The revolving fund is repaid in February. Interest is paid for the funds borrowed from the revolving fund which is added to the amount available.

In fiscal year 1961, $250 million was appropriated to the revolving fund. In fiscal years 1961 and 1962, it was necessary to obtain additions to the revolving fund in the amounts of $18 and $20 million, respectively, thereby increasing the fund to $288 million. Interest paid to the revolving fund has increased the amount available to an estimated $312,451,000 for fiscal year 1969. These funds are strictly for borrowing purposes to operate the program for the first 7 months of the fiscal year and do not represent any additional moneys to be granted to the States or otherwise expended for administration of the employment security program.

In fiscal year 1968 it became apparent that there were not sufficient funds in the revolving fund to finance Bureau operations for the 7 month period—$308,641,000. The Employment Security account contained an excess, on June 28, 1967, of approximately $30 million which would be transferred to the State loan account, FUA, after June 30. A total of $23,772,000 of this amount was advanced to the States for administration of the program in 1968. This did not alter the appropriation requested in 1968 as the advance only reduced the amount required from the revolving fund.

The use of an advance only temporarily postpones the reversion of excess tax collections into the State loan account; it does not mean the money is permanently lost to the loan account. The money will revert in a future year when advance is not necessary.

Fiscal year 1969 requirements make it necessary to apply the same procedure again. Seven month needs amount to $380,106,000 while revolving fund availability is only $312,541,000. Added to $312,541,000, $24,565,000 will be used from excess funds in the Employment Security Administration account, providing $337,106,000 of the $380,106,000 requirement. The increase of $43, million to the revolving fund will supply the necessary funds to finance Bureau operations for the first 7 months of fiscal year 1969.

Without the requested $43 million increase in the revolving fund, the Bureau would be forced to make drastic reductions in its programs for the first 7 months of the year. The grants to States program would be reduced by approximately $42,500,000 and the other $500,000 would be a reduction in the interest requirement paid to the revolving fund. The 1969 Grants to States program requirement of $359,462,000 for 7 months' operation would be decreased to $316,962,000. A reduction in funds of this magnitude would call for curtailment of program activities that could only be accomplished by a reduction in staff. In addition, travel would be severely restricted for the 7 months' period and all other nonlabor services would be reduced. It would be difficult to carry out program goals in the States even after February when funds would be available.

EFFECT OF A CUT IN TRUST FUND APPROPRIATIONS

Mr. FLOOD. If Congress cuts the requested appropriations from the trust fund by $43 million, would that make it unnecessary to make this appropriation to the trust fund?

Mr. GOODWIN. That would be related to the annual amount and our need here is a need for the first 7 months.

I don't know just where it would come out in the actual arithmetic but this is estimated on total needs. The $43 million is needed to meet the first 7 months of obligation.

Mr. FLOOD. This is a tough budget year.

Mr. GOODWIN. Yes, but we would need that amount in order to be able to meet the bill for the first 7 months on the basis of the total request before you. We made this request and recommendation so that the fund would then be in a position to permit administration of the employment security program at the estimated level in 1969.

POSSIBILITY OF BORROWING THE FUNDS

Mr. FLOOD. What would be wrong with making this a loan? I am a banker, now, fourth generation; I have been on this committee for 20 years and all that kind of thing. What is the matter with making this a loan from the Treasury?

Mr. CURTIS. The appropriation is in the nature of a loan. This revolving fund is never spent; it is simply advanced, and repaid within the same year.

AUTHORIZATION FOR REVOLVING FUND APPROPRIATION

Mr. FLOOD. Do you have the citation from the law which authorizes this requested appropriation?

You can put that in the record.

(The information requested follows:)

AUTHORIZATION FOR REVOLVING FUND APPROPRIATION

Legal authority for appropriation of funds to the revolving fund is contained in Public Law 86-778, the Employment Security Administration Act of 1960 (42 U.S.C. 1101(e)(1)).

Mr. FLOOD. Thank you, gentlemen.

(See page 467 for justification material on the trust fund.)

JUSTIFICATION MATERIAL

GRANTS TO STATES FOR UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION

Unemployment Trust Fund Availability - FY 1969

	Total
Federal Unemployment Tax Act Collections	$652,000,000
Needs for Federal Activities:	
Bureau Salaries and Expenses	20,947,000
Treasury, Office of the Solicitor, Office of the Secretary, Office of Federal Contract Compliance	10,462,000
Interest	4,000,000
Grants program (95 percent of receipts, $619,400,000)	616,573,000
Total	651,982,000
Surplus/deficit	+ 18,000

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Limitation or estimate	$556,932,000	$616,573,000
Estimated program supplemental	14,295,000	--
Limitation or estimate, revised	571,227,000	616,573,000

OBLIGATIONS BY ACTIVITY

Description	Limitation Revised, 1968 Amount	Estimate, 1969 Amount	1969 Change Amount
1. Unemployment Insurance Service:			
a. State Unemployment Insurance Service	$216,684,000	$240,449,000	+$ 23,765,000
b. Federal Unemployment Insurance Service	5,482,000	7,256,000	+ 1,774,000
c. Administration and Management	15,732,000	17,052,000	+ 1,320,000
2. Employment Service:			
a. Youth services	68,888,000	73,523,000	+ 4,635,000
b. Farm	19,105,000	20,542,000	+ 1,437,000
c. Other	174,199,000	194,502,000	+ 20,303,000
d. Administration and Management	22,295,000	26,632,000	+ 4,337,000
3. Administration and Management	22,842,000	24,617,000	+ 1,775,000
4. Contingency	26,000,000	12,000,000	- 14,000,000
Total obligations	571,227,000	616,573,000	+ 45,346,000

POSITIONS BY ACTIVITY

Description	Limitation Revised, 1968 Pos.	Estimate, 1969 Pos.	1969 Change Pos.
1. Unemployment Insurance Service:			
a. State Unemployment Insurance Service....	23,258	24,063	+ 805
b. Federal Unemployment Insurance Service....	549	755	+ 206
c. Administration and Management.....	1,688	1,688	--
2. Employment Service:			
a. Youth Services.....	6,616	6,616	--
b. Farm.....	2,051	2,051	--
c. Other.....	19,489	20,069	+ 580
d. Administration and Management.....	2,392	2,570	+ 178
3. Administration and Management.....	2,447	2,447	--
Total Positions.....	58,490	60,259	+1,769

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
District of Columbia Employment Service			
Total number of permanent positions....	290	290	--
Positions other than permanent.....	10	10	--
Average number of all employees.....	278	278	--
11 Personnel compensation.....	$2,366,200	$2,455,900	+$ 89,700
12 Personnel benefits.....	176,400	184,000	+ 7,600
21 Travel and transportation of persons.....	26,000	26,000	--
23 Rent, communications, and utilities.....	262,400	262,100	- 300
24 Printing and reproduction.....	24,600	24,600	--
25 Other services.....	58,000	58,000	--
Services of other agencies.....	184,000	184,000	--
26 Supplies and materials.....	25,400	25,400	--
31 Equipment.....	5,000	5,000	--
Other States			
41 Grants, subsidies and contributions.	568,099,000	613,348,000	+45,249,000
Total obligations.....	571,227,000	616,573,000	+45,346,000

SUMMARY OF CHANGES

	Pos.	Amount
1968 Enacted Limitation	290	$556,932,000
Estimated program supplemental	--	14,295,000
1968 Limitation, revised	290	571,227,000
1969 Estimate	290	616,573,000
Total change	--	45,346,000

Mandatory Items (page 11)

Increases:

To provide funds needed to finance the increase in personal services costs resulting from Statewide compensation plan changes effective in fiscal year 1968 and increments to be paid in 1969	+$	35,529,000
To provide funds needed 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	+	5,565,000
Increase due to growth in unemployment insurance program coverage	+	1,170,000
Tax workload is expected to increase because of an estimated growth in the number of subject employers from 2,570,000 in 1968 to 2,610,000 in 1969.		
Increase due to higher unemployment insurance workloads	+	7,000,000
To provide for growth above the 1968 base appropriation in unemployment insurance workload due to an increase in State insured unemployment to 1.1 million in 1969 and an increase in number of benefit payments made		

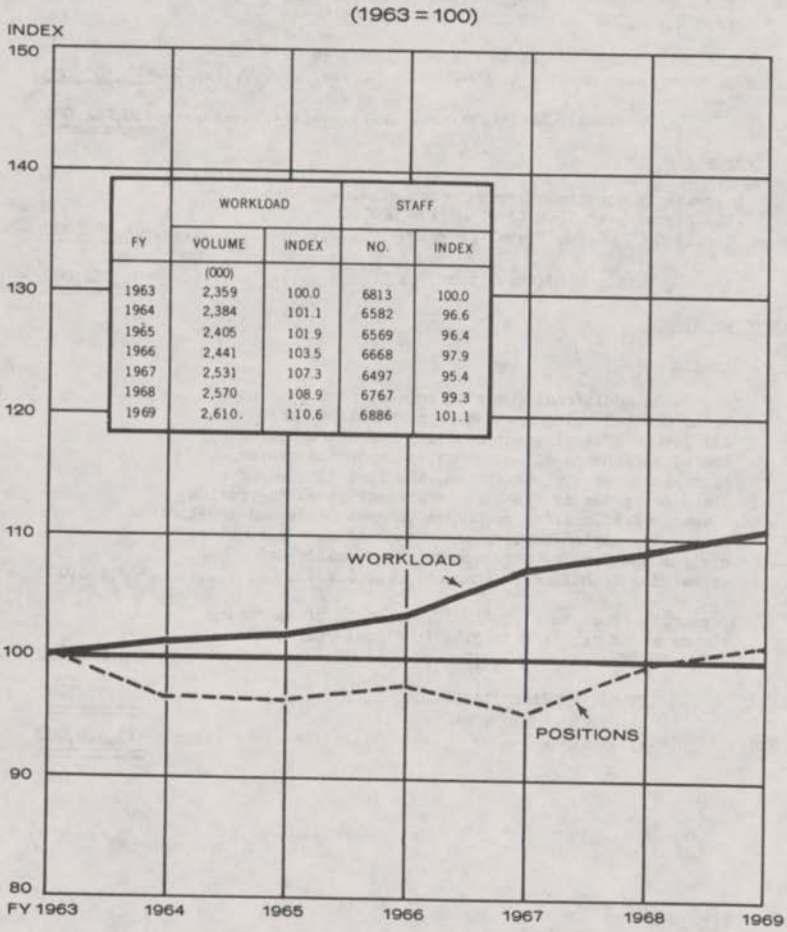
	Amount
for former Federal employees and ex-servicemen from 1,466,000 in 1968 to 2,056,5000 in 1969	
To provide funds needed to finance increased postage costs under P.L. 90-206	+ 1,500,000
Sub-total, increases	+50,764,000
Decrease:	
Decrease in contingency requirements below the fiscal year 1968 level of $26,000,000 to $12,000,000 for fiscal year 1969	-14,000,000
Total, Mandatory Items	+36,764,000
Program Items:	
Increases:	
To provide additional funds to augment resources now being devoted to management improvements to serve all levels of employment security operations through the establishment of an automated reporting system, a State-based evaluation system, the installation of a planning system at the State and local level to provide a means of allocating resources to meet State and local needs; the implementation of an accrual cost accounting system; and further development of automatic data processing techniques. (page 53)	+ 8,484,000
To provide funds to cover full year costs of operating the expanded veterans program in fiscal year 1969 (page-44)	+ 98,000
Total, Program Items	+ 8,582,000
Total Change	+45,346,000

SUBJECT EMPLOYERS

Index of Workload & Positions

(1963 = 100)

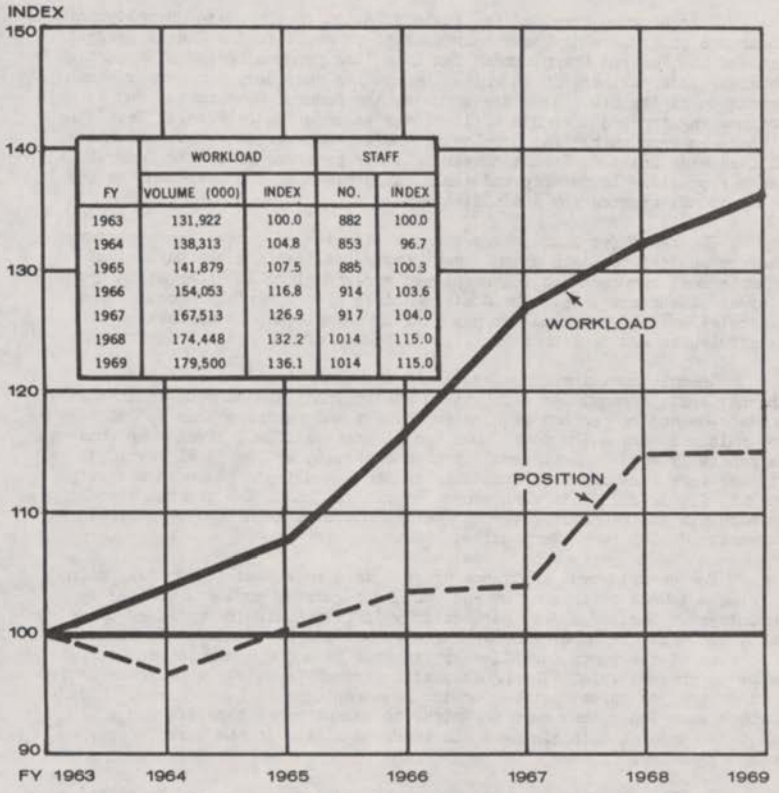
FY	WORKLOAD		STAFF	
	VOLUME	INDEX	NO.	INDEX
	(000)			
1963	2,359	100.0	6813	100.0
1964	2,384	101.1	6582	96.6
1965	2,405	101.9	6569	96.4
1966	2,441	103.5	6668	97.9
1967	2,531	107.3	6497	95.4
1968	2,570	108.9	6767	99.3
1969	2,610.	110.6	6886	101.1



WAGE ITEMS

Index of Workload and Positions

(1963=100)



FY	WORKLOAD		STAFF	
	VOLUME (000)	INDEX	NO.	INDEX
1963	131,922	100.0	882	100.0
1964	138,313	104.8	853	96.7
1965	141,879	107.5	885	100.3
1966	154,053	116.8	914	103.6
1967	167,513	126.9	917	104.0
1968	174,448	132.2	1014	115.0
1969	179,500	136.1	1014	115.0

Activity 1. UNEMPLOYMENT INSURANCE SERVICE (1968 $237,898,000; 1969 $264,757,000)

Narrative Description of Program

This program provides for administration of the State unemployment insurance programs which have been enacted pursuant to the Social Security Act and the Federal Unemployment 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 eligible 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 former civilian employees of the Federal Government.

Unemployment insurance serves as a counter-cyclical mechanism in the national economy. As such, it builds up funds and dampens inflationary tendencies during periods of high employment and releases them to bolster and maintain purchasing power then unemployment strikes. Even when business is generally good, unemployment insurance serves, at the local level, to restore wage loss due to disruptions in the community's business activity such as floods and factory shutdowns or relocations. The program thus helps to maintain the economic well-being of both the workers and the business community during such emergencies.

The unemployment insurance program is directly at temporarily maintaining a source of income for individuals regularly employed who become unemployed. Loss of a job, particularly if it results in prolonged unemployment, can mean the impoverishment of a worker and his family. By restoring a portion of the wages curtailed by the loss of a job, unemployment insurance helps to prevent this. The program adds support to existing programs designed to increase job opportunities for the disadvantaged in our society. Since, through such jobs, they earn the right to unemployment benefits and a greater chance of maintaining their improved status in the work force when unemployment occurs.

In 1967, the direct operating staff required to handle claims processing workloads, the major function of the Unemployment Insurance Service, continued to decrease. Since fiscal year 1963, the number of such positions has declined by 33 percent. In this decrease is reflected the relative rates of change in the four major workloads resulting from unemployment claims which do not all vary in the same proportion to each other (page 21). Since fiscal year 1963 initial claims, which are filed at the beginning of a period of unemployment, have decreased by 27 percent; continued claims, which are filed for each week of unemployment, have decreased by 38 percent;

contested claims, which represent those when the claimant's eligibility is subject to question on the basis of the reason for his unemployment, decreased by 27 percent; and appeals, which represents formal hearings on issues of claimant's eligibility, decreased by 25 percent.

The charts appearing on pages 22 through 25 reflect indices of the relative changes in workloads and in the number of positions required for each of the major processes for the period fiscal year 1963 through 1969. Despite the normal expectation of higher unit costs at lower output volumes, the reduction in staff has been nearly proportionate to the declines in workload.

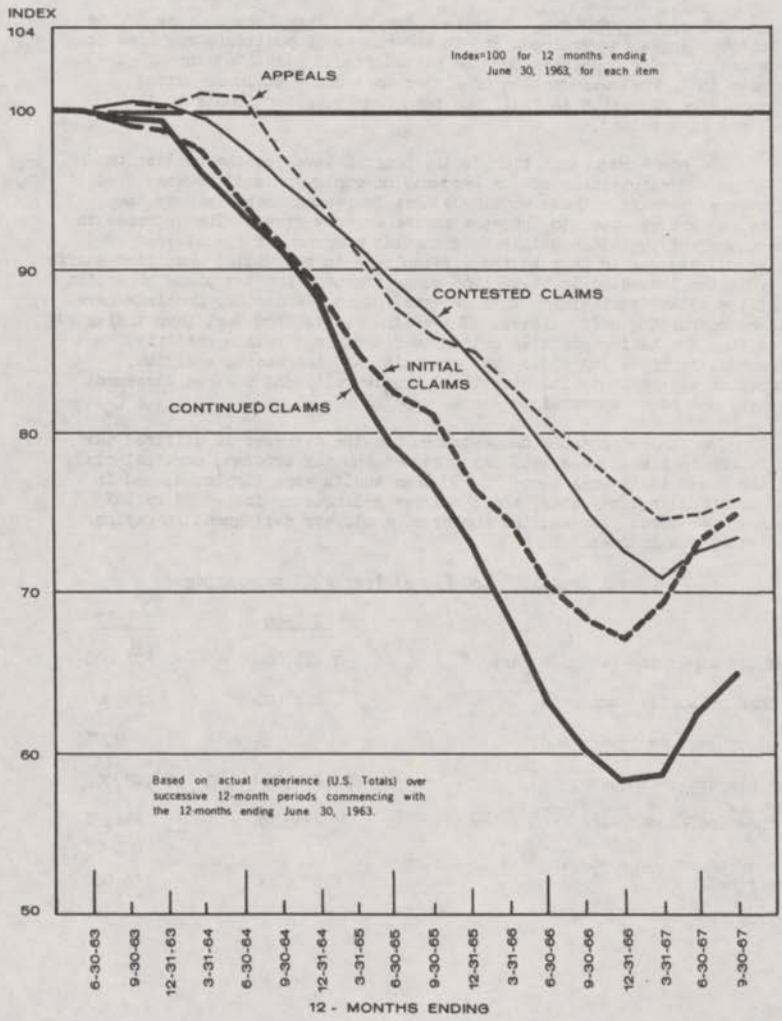
The other major function in the program involves the collection of taxes and maintaining of tax accounts of employers and the wage credit of covered workers. These workloads have increased steadily over the years and are expected to increase as the economy grows. The decrease in the number of positions utilized in the tax program for fiscal year 1967 (page-16) was due in part to the difficulties in recruiting qualified staff. Many States indicated in their 1968 budget request and tax plans of action that low salary competition with private industry and other problems have caused recruiting difficulties. These same states, however, have indicated that they are taking positive action to recruit and retain qualified personnel by upgrading field auditor positions, increasing salaries, competing with private industry through university and college placement centers and other appropriate steps.

The following table demonstrates how the decrease in utilized tax positions in fiscal year 1967 has affected the tax program, particularly in the field audit area where 22,000 less audits were completed; and in the money delinquency area, where net new delinquency increased by 15% from the previous year and the number of employers delinquent in paying contributions increased by 6,000.

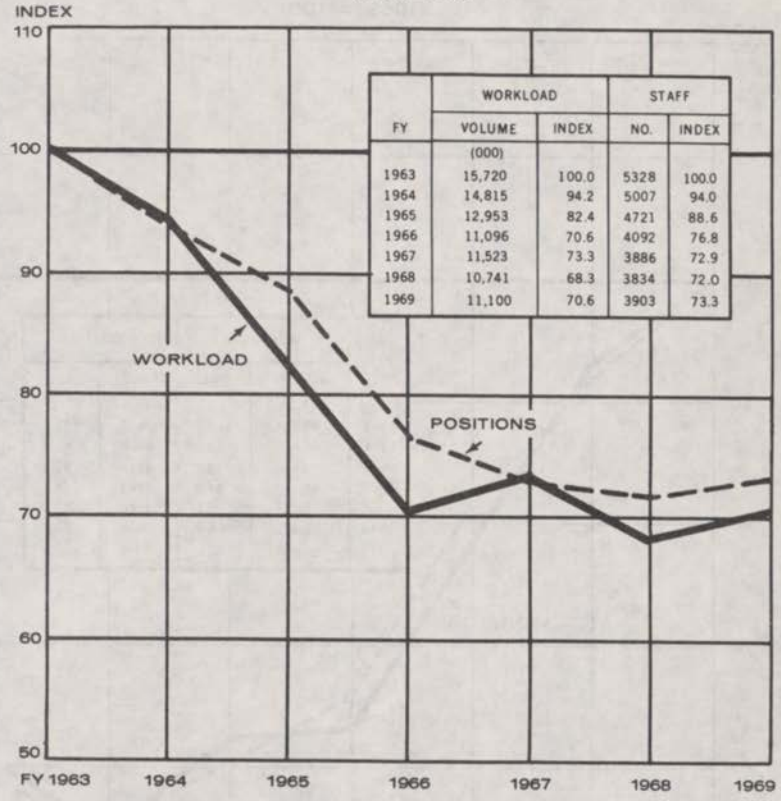
Fiscal Year 1966 and Fiscal Year 1967 Experience

	FY 1966	FY 1967
Subject employers (at mid-year)	2,441,000	2,531,000
Number of audits completed	251,000	229,000
% of subject employers audited	10.3%	9.0%
Net new tax delinquency	$8,042,000	$9,448,000
% Increase or decrease from prior year	-13.2%	+14.9%
Number of employers delinquent in paying contributions	180,000	186,000

INDEX OF UNEMPLOYMENT INSURANCE OPERATIONS
CLAIMS PROCESSING WORKLOADS



INITIAL CLAIMS
Index of Workload and Positions
(1963=100)

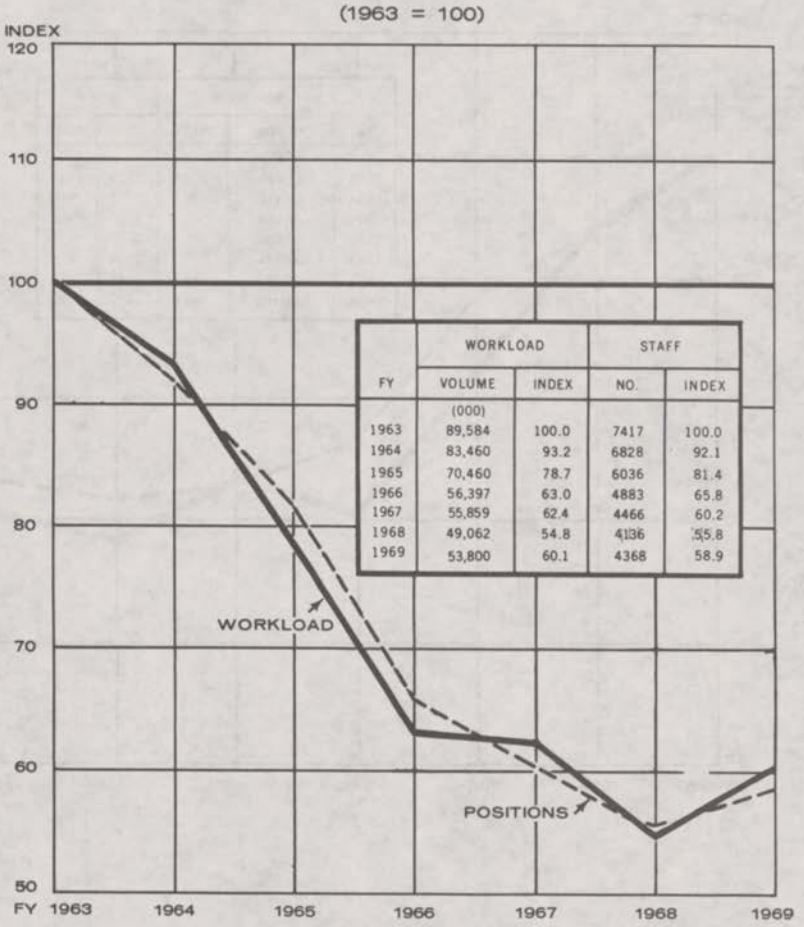


FY	WORKLOAD		STAFF	
	VOLUME (000)	INDEX	NO.	INDEX
1963	15,720	100.0	5328	100.0
1964	14,815	94.2	5007	94.0
1965	12,953	82.4	4721	88.6
1966	11,096	70.6	4092	76.8
1967	11,523	73.3	3886	72.9
1968	10,741	68.3	3834	72.0
1969	11,100	70.6	3903	73.3

CONTINUED CLAIMS

Index of Workload & Positions

(1963 = 100)

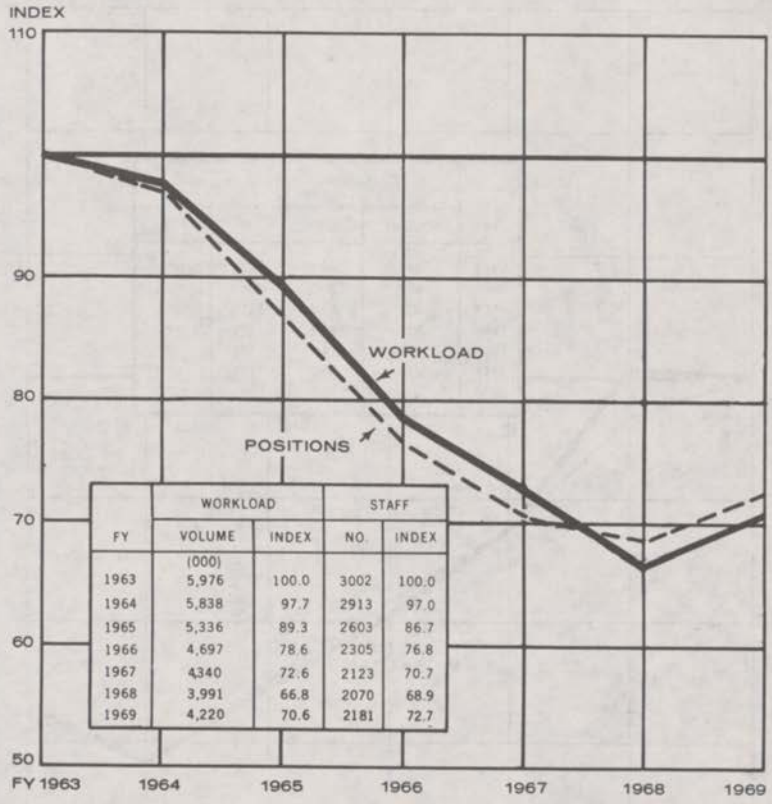


FY	WORKLOAD		STAFF	
	VOLUME (000)	INDEX	NO.	INDEX
1963	89,584	100.0	7417	100.0
1964	83,460	93.2	6828	92.1
1965	70,460	78.7	6036	81.4
1966	56,397	63.0	4883	65.8
1967	55,859	62.4	4466	60.2
1968	49,062	54.8	4136	55.8
1969	53,800	60.1	4368	58.9

CONTESTED CLAIMS

Index of Workload and Positions

(1963=100)

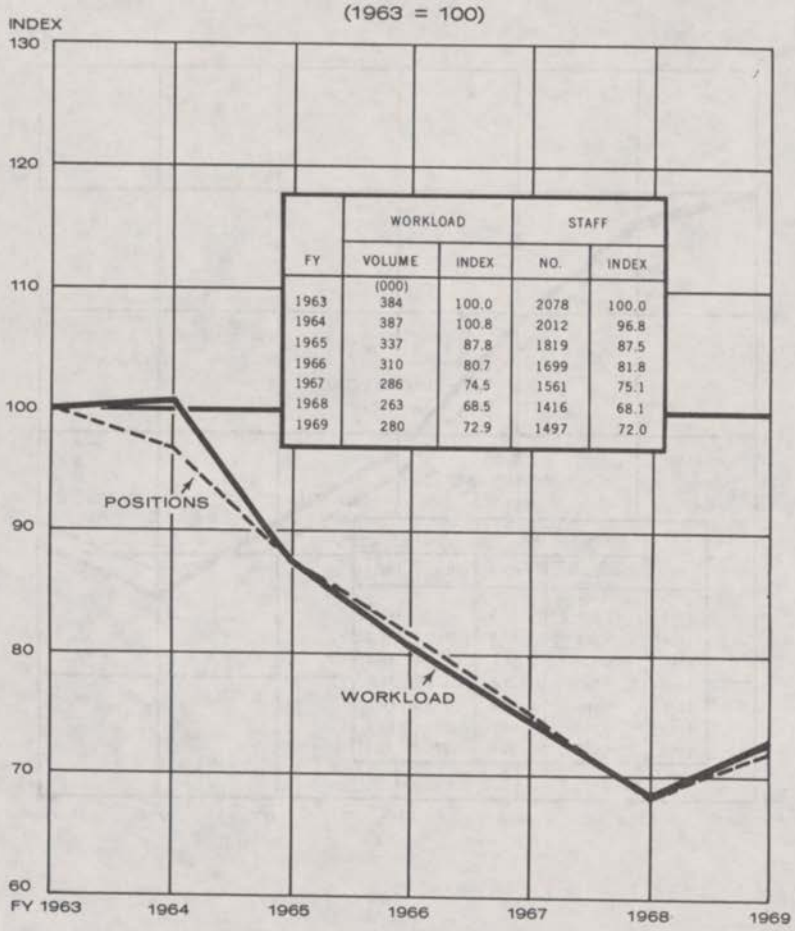


FY	WORKLOAD		STAFF	
	VOLUME	INDEX	NO.	INDEX
	(000)			
1963	5,976	100.0	3002	100.0
1964	5,838	97.7	2913	97.0
1965	5,336	89.3	2603	86.7
1966	4,697	78.6	2305	76.8
1967	4,340	72.6	2123	70.7
1968	3,991	66.8	2070	68.9
1969	4,220	70.6	2181	72.7

APPEALS

Index of Workload & Positions

(1963 = 100)



FY	WORKLOAD		STAFF	
	VOLUME (000)	INDEX	NO.	INDEX
1963	384	100.0	2078	100.0
1964	387	100.8	2012	96.8
1965	337	87.8	1819	87.5
1966	310	80.7	1699	81.8
1967	286	74.5	1561	75.1
1968	263	68.5	1416	68.1
1969	280	72.9	1497	72.0

In 1968, it is planned to make greater use of the claims control center concept and the employment of intermittent personnel. The claims control center concept involves direct-line supervision of the claims function in the local offices and will result in more effective management, improved service to the public, and more economical deployment of limited professional staff. The greater use of intermittent employment will result in trained staff more responsive to changes in workload. This is extremely important since the program processes claims workloads over which it has little control.

Accompanying the above will be efforts to improve the quality of the program by the introduction of quality control techniques and methods and increasing the competence of personnel through continued intensive training. This training complements and bolsters the in-service training regularly received by agency personnel. Plans are to continue and emphasize the out-service and in-service training in 1968.

Problems have recently been encountered in maintaining a tax enforcement staff commensurate with recent and anticipated growth in the number of subject employers. The major difficulty has been a shortage of accounting personnel from which to recruit. Efforts will be made to fill vacancies and the additional positions required due to growth through more intensive recruitment, up-grading of field auditor positions, and increasing salaries. These efforts have been given emphasis and direction by means of the tax plans of actions for 1968 recently submitted by each State to the national office for review and approval.

During 1968, a great deal of time will also be devoted to establishing a management system and an automated reporting system, and designing and installing a uniform accrued cost accounting system. Toward these ends, 332 unemployment insurance positions and $2,777,000 will be diverted in 1968.

This is explained in detail under the Administration and Management Service justification (page 51).

Changes for 1969

Mandatory changes amount to (page 10)..... +$26,722,000

Positions..... + 1,011

Program changes amount to..... $ 137,000

In 1969, it is planned to increase efforts in the areas of management system automated reporting, and cost-accounting system. In addition to the 332 positions diverted in 1968, an additional 193 unemployment insurance positions and $1,923,000 will be diverted to this effort in 1969. A program increase of $137,000 will also be used in these areas to finance equipment costs for an automated reporting system. The diversions and program increases are explained in detail under the Administration and Management Service justification (page 53).

The total effort to be put forth by the unemployment insurance service on the implementation of integrated management systems, automated reporting, and an accrual cost accounting system is shown in the following table.

Source	Positions	Estimated Cost
Provided from base:		
In 1968	332	$2,777,000
In 1969	193	2,060,000
Total from Base	525	4,837,000
Provided by program increase:		
In 1969	--	137,000
Total from all sources	525	4,974,000

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 assumptions. Workload estimates are translated into position requirements by use of productivity factors (workload per position) derived from a time distribution system. The few functions which do not lend themselves to straight-line correlation with workloads, such as fraud investigation and rate of conversion to automatic data processing are budgeted through program analysis.

The charts appearing on page 21 through page 25 show the positions used and estimated for selected unemployment insurance activities, fiscal year 1963 through fiscal year 1969, and the index for the related workload.

Unemployment Insurance Service Workloads
(In thousands - except for number of positions)

	1966 Actual	1967 Actual	1968 Appro-priation	1968 Appro. & Pend-ing Supple.	1969 Estimate
Initial claims	11,096	11,523	10,741	11,620	11,100
Continued claims	56,397	55,859	49,062	58,800	53,800
Contested claims	4,697	4,340	3,991	4,700	4,220
Appeals	310	286	263	320	280
Weeks compensated-State	50,578	49,931	43,730	52,600	48,320
Weeks compensated-Federal	2,353	1,860	1,466	2,056	2,056
Positions related to workloads	13,857	12,768	12,005	13,687	12,704

Activity 2. EMPLOYMENT SERVICE (1968, $284,487,000, Pos. 290;
1969, $315,199,000, Pos. 290)

Narrative Description of Program

This program provides for the system which comprises the nationwide network of about 2,100 local public employment service 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 competitive 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 users of such information.

Major emphasis is placed on providing specialized services to those applicants who encounter serious difficulties in the job market. This group comprises the disadvantaged, the long-term unemployed and underemployed, the young and the old, those who are inhibited by lack of education, by lack of experience or skill, by lack of opportunity. It includes those who are discriminated against because of color or race, and those who are hampered by any of a variety of mental, physical or other handicaps.

The services provided to these applicants include reaching out to make contact with those who do not on their own initiative seek employment service assistance; intensive and personalized counseling and testing to determine interests, aptitudes and needs; referral to educational and occupational training programs and other supportive services; individualized job development efforts; referral to jobs; and subsequent follow-up to aid in their adjustment to the world of work.

Special attention also is given to the employment problems of veterans as well as to those who are not accepted either as volunteers for military service or by the Selective Service system.

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 employ- 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, development, 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 vocational schools, vocational rehabilitation, antipoverty and other agencies.

In addition, the system of local employment offices provides a special complete placement service to workers and employers in the agricultural and woods industries. Specifically, the local offices: (1) recruit and place year-round farm and woods workers; (2) help farmers meet critical, seasonal labor needs by organizing "day-haul" programs for those normally not in the farm work force, including college and high school youth, Reservation Indians and Puerto Ricans; (3) recruit and arrange the movement of migratory farm workers from "supply" to "demand" areas and to specific jobs; (4) help migratory farm workers increase their annual, gainful employment by the orderly scheduling of worker groups to successive seasonal farm jobs in different locations; (5) determine the need for training in farm and woods skills, recruit potential trainees and place them on graduation. In addition to the foregoing activities, local offices also cooperate with State and community organizations in programs seeking to improve the welfare of migrant farm workers and their families.

Employment Service (1968, $265,382,000; 1969, $294,657,000)

In 1967, accomplishments were major shifts in program direction and emphasis, directed primarily toward improving services to the severely disadvantaged, with the ultimate objective of insuring maximum utilization of the Nation's manpower resources.

These changes, which are incorporated in the human resources development concept, made it necessary to regroup and simplify the manner in which allocations are made and utilization of those resources recorded and reported.

A revised budget structure was developed and is based on these two principles:

1. That each State shall prepare a Plan of Service. This plan is to describe the manner, including distribution of resources among program areas and activities, in which the State proposes to meet overall State needs and the needs of areas within the State.

   The Plan of Service presents the manner in which the State proposes to use all the resources allocated for employment service activities and the results it expects to achieve. The plan includes a background statement on the economic situation in the State and appraises the total needs which must be met to achieve optimum use of human resources.

It takes into consideration urban and rural economic development, transportation facilities, housing, health facilities, the groups requiring manpower services, the kinds of services required and resources available from other agencies or groups which can assist in alleviating manpower problems.

2. That the Plan of Service cover four program areas, with a limited number of activities in each, among which all Employment Service resources are distributed. The four areas consist of two basic programs, a third basic and supporting program and an area of administrative activities necessary to support the first three. These are:

   a. Employability Development

   b. Employer Relations and Placement

   c. Manpower and Employment Information

   d. Administrative and Technical Support

   The above eliminates fragmented allocations for a wide variety of special purposes, including those for services to special applicant groups such as youth, older workers, and the handicapped. Services to such groups will continue to be emphasized. However, they will be reported statistically.

Employability Development:

This basic program area is comprised of all the activities and programs related to identifying and reaching out to the disadvantaged, who are not readily employable for a number of reasons, and providing the kinds of assistance, including intensive counseling, testing, referral to training and other support services necessary for them to become productive members of the workforce and of society. 6,219 positions were devoted to this program area during fiscal year 1967.

Significant among the accomplishments by the Employment Service in the area of Employability Development was the provision of services, including referral to jobs, for an estimated 3.5 million disadvantaged individuals through its own programs and operations or in concert with cooperating agencies. Of this total an estimated 1,765,000 individuals were placed. Also an estimated 40 percent total placements were members of minority groups.

Employer Relations and Placement:

This program area is comprised of all activities related to meeting the employment needs of job-ready individuals and the manpower needs of employers.

Our Nation's manpower 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. The ultimate objective in the human resources development concept is a job for the unemployed, the disadvantaged and the handicapped.

Business and industry provide the major share of the job opportunities. Job development for people not having the training and/or experience needed for maximum job performance is not easy. Employers must be persuaded to reverse past policy and hire the hard-to-employ. One concrete example of this kind of cooperation is the Plans for Progress organization made up of about 382 major industrial firms. Another encour-

The Federal-State Employment Service offers guidance and advice on hiring policies and job development and training programs for dealing with those inadequately educated or prepared for employment to an increasing number of employers, both large and small. Local Employment Service offices continue to report increasing employer, union, and community cooperation in the restructuring of jobs and elimination of unrealistic hiring practices.

The number of employers served by the Employment Service has been growing each year. In fiscal year 1967, 851,400 visits to employers were made. In addition 1,161,000 telephone contacts were made.

Placements (nonag.) totalled 6,331,000, job referrals 13,165,000, and application interviews and reinterviews 14,000,000. Among the services received by individuals were 2.1 million counseling interviews and nearly 2.1 million tests administered.

Another responsibility of the Employment Service, created by 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 usable skills. The number of immigration certifications processed (nonagricultural) in fiscal year 1967 was 107,111. During fiscal year 1967, 13,300 positions were devoted to the Employer Relations and Placement program area.

Manpower and Employment Information:

A cornerstone of the Manpower and Employment Information program is the development of labor area information. During fiscal year 1967 data on more than 150 major labor areas and 600 smaller areas were developed and will be reported on a continuous basis. This means that nearly 4,000 complex economic reports were analyzed for this program.

In order to strengthen labor area reporting, program emphasis has been given to training regional staff to provide technical assistance for this work to State agencies. Regional meetings have been held for training State employees.

Cooperation with regional planning groups for systematic analysis of regional labor force data in connection with the Appalachian Regional Development Act was encouraged. Economic data for States and areas within the Cumberland Plateau Regional of Appalachia were provided for the Interagency Coordinating Team of the President's Committee on Manpower. In addition, data on States and areas were provided to the Office of Regional Development and Planning and to the Appalachian Regional Development commission.

The development of occupational information for States and areas has been one of the major areas of emphasis for the Manpower and Employment Information program in the last year. Employment market information relating to occupational shortages and surpluses has been provided quarterly to the Secretary of Labor and has been issued through press releases.

As part of the program to develop occupational data, State agencies conducted 37 area skill surveys.

During fiscal year 1967 it became increasingly evident that the kind of information developed in area skill surveys can be produced in a more efficient and less costly way by the development and use of occupational projection techniques for States and areas. At present, work is underway to develop an interim occupational projection methodology to be published during fiscal year 1968. It is expected that this interim methodology will eliminate some of the shortcomings of the current Area Skill Survey. Work will then be undertaken on a more refined version of the projection technique.

Development of special industry studies was undertaken in the Manpower and Employment Information program to provide basic data needed for local manpower action programs. Eight industries were surveyed as a result of the interest in them for program planning purposes.

During the past fiscal year staff members of the Employment Service have monitored every substantial dislocation of workers resulting from changes in employment in Department of Defense and Atomic Energy Commission installations. Employment Service staff members using available information and data have helped local community groups define manpower problems so that the community itself can encourage new industry to enter the area or take other appropriate measures.

In addition, the Employment Service has provided information from a special analysis of 216 areas on the impact of defense related activities on the economies of the areas to the Department of Defense for planning purposes.

During fiscal year 1967, 1,675 positions were assigned to this program and support area.

Administrative and Technical Support:

This support area comprises those activities that insure effective planning, direction and execution of programs to achieve Employment Service goals. These activities include management and supervision, staff services of program specialists, career development and training and miscellaneous office services.

A redirection of State employment security agency personnel accomplished important objectives in fiscal year 1967:

Revised Budget Structure and Time Distribution System

During the past fiscal year a complete revision was made of the budget structure and time distribution system for State Employment Service agencies. The principles of the new structure are outlined in the introduction to this section. The States' budget requests, budget allocations and subsequent time distribution reports will be in the same format.

Management System

Developmental work on an integrated management system was initiated in fiscal year 1967 and will continue in fiscal year 1968 to determine the data requirements for such a system and to develop methods for obtaining the data. The system is being designed to provide data on staff utilization, cost of services to various employer and worker groups, and the degree to which program goals and objectives are realized, and to obtain information on alternative methods of rendering services.

Plans of Service:

The development and use of State Plans of Service already have been described. During fiscal year 1967, work to improve the management of State and local offices was extended and accelerated. This effort, which is being stressed in fiscal year 1968, involves the continuing participation of State agency management specialists, both 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) maintaining a program of evaluations of local and State administrative offices, including follow through on recommendations for improvements.

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 services for 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.

During fiscal year 1967, a pilot installation of a plans of service was made in a local office in each of the 11 regions. State agencies participated in these installations for training purposes.

During fiscal year 1967, 4,178 positions were devoted to this management support area.

In 1968, it is planned to continue the redirection started in 1967. These plans are described below by Employment Service program area. Also, a start will be made toward implementing improved information, accounting, budgeting and reporting systems. This will be accomplished through the diversion of 187 positions and $998,200. This is explained in detail under the Administration and Management Service justification (page 51).

Employability Development:

The charts on pages 36 and 37 show the shifts among the four employment service categories between fiscal years 1967 and 1968.

For fiscal year 1968 it is planned to:

(1) Help jobseekers, most of whom are disadvantaged and have serious employability problems, in preparing themselves for jobs.

(2) Provide specialized services to minorities, youth, older workers, and handicapped persons.

(3) Provide employment services to residents of smaller communities and rural areas.

(4) Develop occupational tests and related techniques which will provide the information needed to improve employability development and placement services for disadvantaged jobseekers.

(5) Work more closely with community and other local groups in an effort to provide as coordinated and broad a base of services as possible to those in need of help.

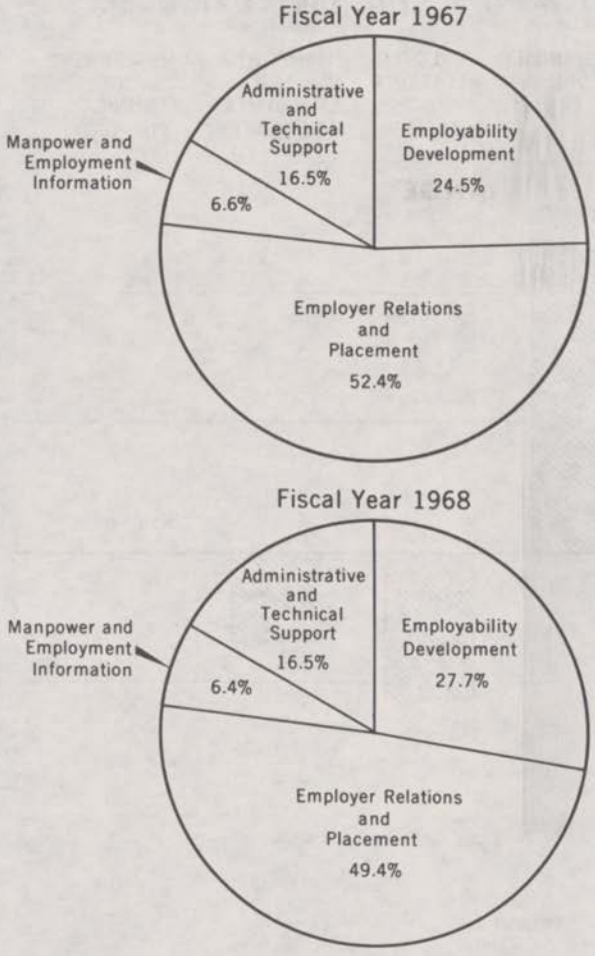
In youth activities emphasis will be placed on reaching and serving actual or potential school dropouts and military rejectees. The older worker program will stress improvements in the intensive service units now operating in about 20 areas.

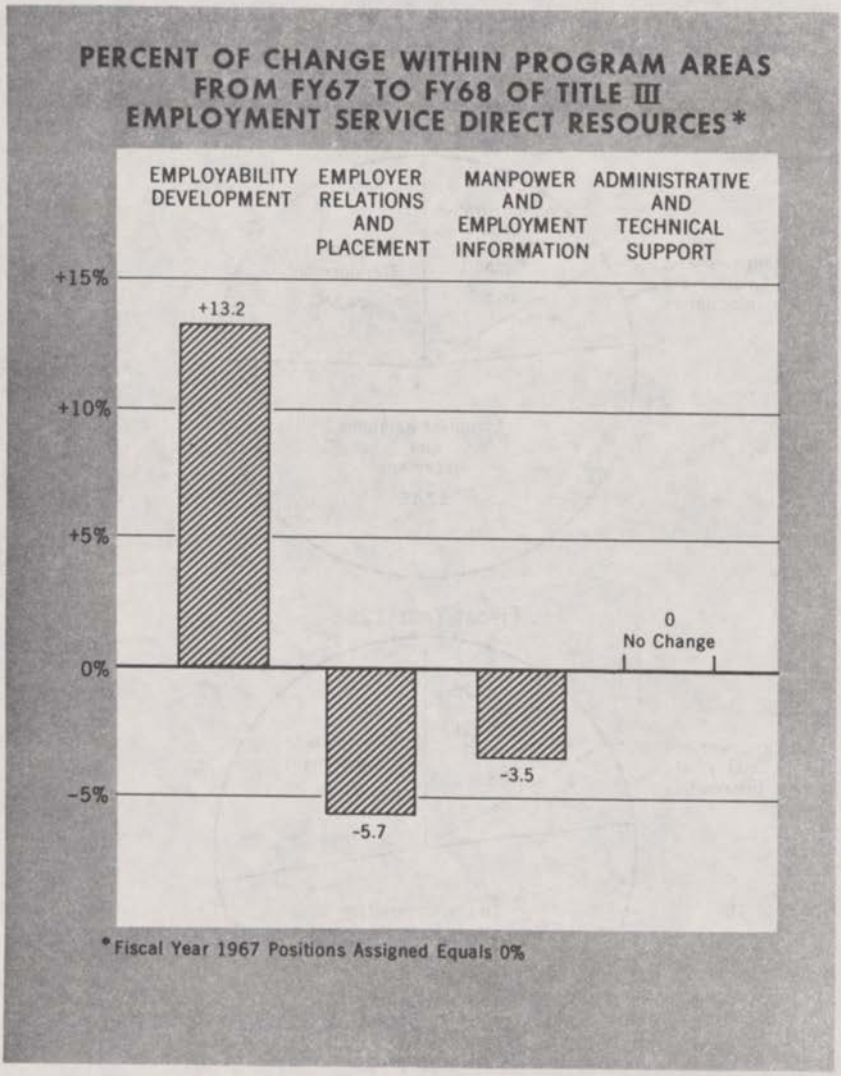
During fiscal year 1968 the number of Apprenticeship Information Centers will be increased from 26 to 36 (see map page 38). These centers are designed to assist youth, particularly minority youth, to gain entry into the skilled trades.

There will be an estimated 7,038 positions assigned to this program area in fiscal year 1968.

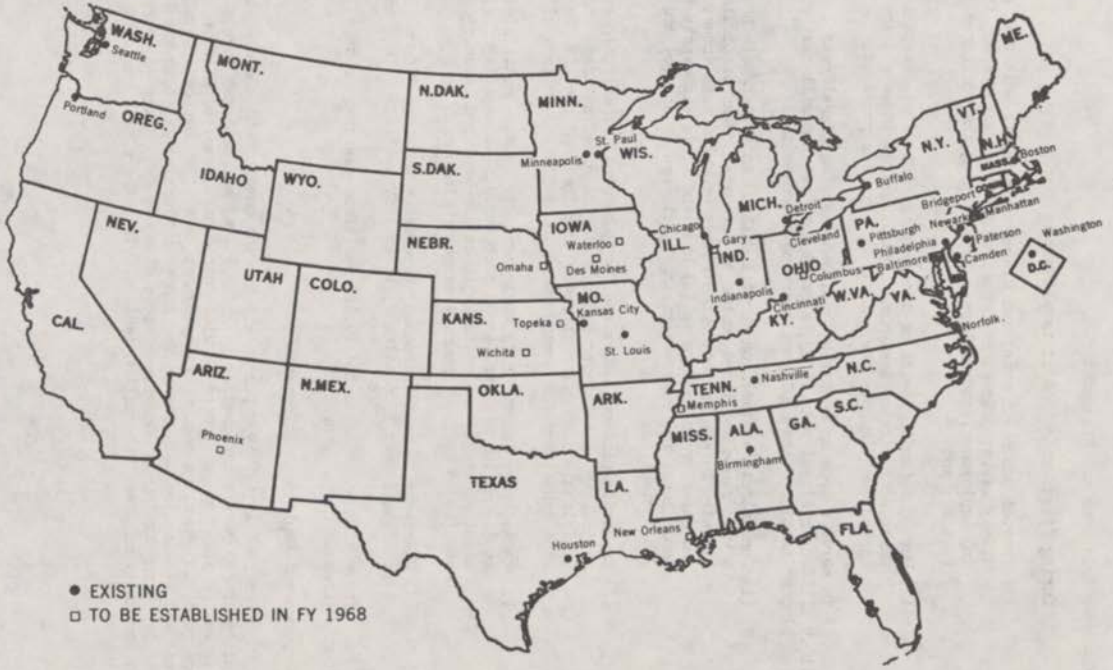
PERCENTAGE DISTRIBUTION OF TITLE III EMPLOYMENT SERVICE DIRECT RESOURCES TO PROGRAM AREAS

FISCAL YEARS 1967 AND 1968




PERCENT OF CHANGE WITHIN PROGRAM AREAS FROM FY67 TO FY68 OF TITLE III EMPLOYMENT SERVICE DIRECT RESOURCES*
EMPLOYABILITY DEVELOPMENT
EMPLOYER RELATIONS AND PLACEMENT
MANPOWER AND EMPLOYMENT INFORMATION
ADMINISTRATIVE AND TECHNICAL SUPPORT
+15%
+10%
+5%
0%
-5%
+13.2
-5.7
-3.5
0
No Change
*Fiscal Year 1967 Positions Assigned Equals 0%

LOCATION OF APPRENTICESHIP INFORMATION CENTERS



Employer Relations and Placement:

During fiscal year 1968 it is planned to:

(1) Provide job development and placement services that will effectively assist jobseekers, especially the disadvantaged, in finding employment, and employers in obtaining the workforce they require; and

(2) Meet job-finding needs of the growing numbers of veterans seeking employment service assistance, particularly those who are handicapped, and improve the quality of services provided.

To serve a growing number of applicants during fiscal year 1968 (10.9 million in fiscal year 1968), a great many of whom will have special job finding problems, the Employment Service proposes to:

(1) Concentrate contacts on about 1 million establishments having a wide range and large number of potential jobs, particularly at entry levels; promote cooperative programs with industry and other organizations to (a) hire and train disadvantaged jobseekers, (b) reassess hiring requirements, and (c) modify job content.

(2) Emphasize placement services for jobseekers experiencing difficulty in obtaining employment, the disadvantaged, and individuals completing manpower training, and provide placement assistance for unemployment insurance and welfare clients.

(3) Participate in community employment development activities to (a) minimize unemployment problems due to mass layoffs, plant closings, and cutbacks in defense-related industries, and (b) to assist community manpower planning.

(4) Undertake to meet increased immigration workloads (from 28,000 in fiscal year 1966 and 107,111 in 1967 to 114,000 in 1968).

There will be an estimated 12,540 positions assigned to this program area in fiscal year 1968.

Manpower and Employment Information:

For fiscal year 1968 plans call for the development and dissemination of job market information at local, State, and national levels for use in planning employment service operations, developing training programs, implementing community employment, and other manpower development and utilization activities; for manpower planning by employers; and for providing Employment Service offices with the data needed to serve as community manpower information centers. To achieve this goal, it is planned to:

(1) Continue a program to provide information on current and anticipated job opportunities.

(2) Stress the development of techniques for measuring unemployment and underemployment in small areas and rural poverty districts and improve techniques for estimating unemployment in States, labor areas, cities and counties.

(3) Provide local employment information in forms readily usable by individuals at all educational levels.

(4) Within available resources undertake special research in Occupational Analysis to develop techniques and information needed to identify, restructure and expand job opportunities for persons with limited education and experience; to identify and analyze emerging occupations, changing job duties and employer specifications; and to identify and group job skills and knowledge required for use in developing vocational training and education curricula.

An estimated 1,616 positions will be assigned to this program and support area in fiscal year 1968.

Administrative and Technical Support:

In brief, the overriding goal is to modernize management of the Employment Service system. This involves designing, testing and installing a new integrated system for planning and measuring program and office achievement, based upon adequate management information, automatic data processing capability, fiscal management, and evaluation; and, development of management policies which will facilitate decentralization of responsibility. To increase staff capability and reduce costs of turnover, particular emphasis will be given to improving staff recruitment, training and retention.

Specific actions planned include:

(1) Installation of plans of service in all local offices.

(2) Preparation of revised criteria for the establishment and operation of local offices and the development and implementation of new guidelines for organizing State administrative offices to accomodate employment service responsibilities.

(3) Increased evaluation by State agencies of local office operations.

(4) Continued assessment of staff training needs and development of programs to increase staff capability, particularly for those engaged in human resources development activities.

There will be an estimated 4,178 positions assigned to this support area in fiscal year 1968.

Farm Labor Service (1968 $19,105,000;
1969 $20,542,000)

In 1967, accomplishments included agricultural placements of 4,145,000, youth placements in seasonal farm activities of 1,064,720, and the employment in seasonal agriculture of an additional 2,063,000.

The number of agricultural placements represents a drop of 192,000 below the 1966 level. While 20 States increased their placement services substantially over 1966 levels, the gains were offset by unavoidable losses in other States. In most of these latter States, seasonal employment opportunities were sharply reduced by the effects of widespread, extremely adverse weather conditions in the first and last quarters of the fiscal year. Seasonal job opportunity was further reduced by a 6 per cent decline in planted cotton acreage. In these two periods of the fiscal year (July-September 1966 and April-June 1967) there were 433,000 fewer man-months of available agricultural employment than in same periods of fiscal 1966, mainly because of the foregoing reasons.

There were strong reasons for believing that had it not been for the effects of adverse weather - and regardless of the cut in cotton acreage - the placement goal would have been met. Agencies had strengthened and expanded all recruitment techniques, particularly those directed towards maximum utilization of high school and college youth, and were well organized for a year of significantly improved service to workers and employers. (It is noted that in July 1967, with more favorable employment conditions, placement service increased 7 per cent over July 1966.)

In fiscal year 1967, youth placements in seasonal farm activities numbered 1,064,720 and accounted for 25.7 per cent of all agricultural placements. These activities constituted a major segment of the Bureau's program in the farm area, and were participated in by all States. Summer earnings in the farm youth program were known to contribute significantly toward high school and college expenses, thus making it possible for many to continue their education. In other instances there was evidence of summer employment being strongly motivated by impoverished family circumstances and the need to "help out."

All others employed in seasonal activities, roughly some 2,063,000 adults, were almost wholly from low or extremely low income groups. These included 1,621,000 locally unemployed and underemployed; 351,000 domestic migratory workers, recruited mostly from southeastern and southwestern States, the Ozarks and Appalachian areas; 70,000 Reservation Indians principally Oklahoma, Navajo, Papago and Sioux tribes; and 21,021 Puerto Ricans. It is estimated that about 60 per cent of all seasonal workers were recruited on programs initiated by the Bureau. Total agricultural placements in fiscal year 1967 with all groups numbered 4,145,000.

In several instances State agencies cooperated with State mental institutions in arranging farm employment programs for indigent patients capable of working. These actions followed Bureau suggestions for "special assistance programs." While small in terms of worker volume, the projects' were highly successful in achieving their objective -- providing employment and income not attainable from any other source.

In 1968, it is planned to recruit and place seasonal and year-round employees, expand services to all rural areas and extend support services.

All States will work closely with the Bureau in its new approach to resolving the increasing needs for year-round workers highly skilled or trained in modern agricultural methods and practices.

Action in 1968 will deal with entire metropolitan milk-shed areas, then extending to major geographic areas specializing in different categories of food and fiber production, including pulpwood.

In the area of seasonal farm employment, all States will continue to strengthen and expand local day-haul operations, particularly as they relate to the employment of high school and college youth during summer months.

State agencies will continue to emphasize the expansion of services to all rural areas, in close coordination with other related manpower and out-reach programs sponsored by other public and private organizations. Demonstration and experimental projects relating to expansion of the Annual Worker Plan (which provides for continuity of employment for migratory workers), now in field test, will provide (a) home-based plans for both intrastate and interstate workers, and (b) annual plans of work which will involve both farm and non-farm employment.

As defined in their plans of service, State agencies will extend all forms of support services commensurate with their respective needs. These include prevailing wage surveys for intrastate and interstate recruitment use, inspection of worker housing for the same purpose, community services for migratory families, and follow-up retention services directed toward stabilizing the seasonal work force.

In 1969, it is planned to continue those activities undertaken in 1968. For fiscal year 1969, each State will submit a plan of service tailored to the needs of agricultural workers and employers. In developing these plans agencies will consider the Bureau's statement of "Program Emphasis" for fiscal 1968. Without exception the major activity of all States will be recruitment and placement relating to both year-round and seasonal employment, which will consume roughly 65 per cent of the grant allocations in the farm area. With favorable weather conditions, it is expected that placement services will move up to the 5 million mark in 1969.

Veterans Employment Service

Generally, there is at least on Veterans Employment Representative per local employment service office.

In 1967, accomplishments included the taking of applications for employment assistance from 1,762,900 veterans (50.4 per cent more than in 1966); increasing the number of placements from 974,200 in 1966 to 1,182,200 in 1967, an increase of 21.4 per cent, and increasing the number of initial counseling interviews from 106,100 in 1966 to 157,000 in 1967,

an increase of 48 per cent. These increases are due primarily to the Veterans' Readjustment Benefits Act of 1966, which includes provision for job finding assistance for post-Korean Conflict veterans.

In 1968, it is planned to provide services to post-Korean veterans covered under the Veterans' Readjustment Benefits Act of 1966, to begin implementing the personal contact program announced by the President, and provide increased services to all veterans.

As noted above, the Veterans' Readjustment Benefits Act of 1966 resulted in a greatly increased veteran workload. At the time this law was signed (March 1966) a backlog of 3.8 million post-Korean Conflict ex-servicemen already in civilian life became veterans by law. In addition, the Armed Forces are making an increasing number of separations. During fiscal year 1968 the estimate is 830,000.

Under the program announced by the President on August 14, 1967, every veteran separated from the Armed Services is contacted personally (telephone or visit) by the public employment office nearest his home address. The local office representative, although primarily providing information about jobs and job training, also will inform the veteran about other types of available benefits and refers him when necessary to other governmental agencies.

About 75 per cent of the returning veterans live in urban areas. Substantial numbers are returning to city slums. The personalized contact ordered by the President is particularly important for these individuals, in order to minimize the period of unemployment for those who seek jobs, as well as to help these veterans in their choice of the most promising of other alternatives.

Concurrently with the increased volume of younger veterans, the residual problems of the older Korean Conflict and World War II veterans are becoming more serious. The some 15 million World War II veterans now have an average of 47.8 years, while the average age of the 6 million veterans of the Korean Conflict is now 38 years. Because of the "older worker barrier," war veterans who become unemployed usually experience difficulty in locating jobs. This means that the job placement and counseling efforts of the local office staff often must be of greater duration than would be necessary for more employable applicants.

Changes for 1969

Mandatory changes amount to (page 10)	+$22,267,000
Program changes amount to	+$ 8,445,000
Positions	+ 758

Employment Service

This program increase will provide $8,347,000 and 758 positions to continue the installation of a management information system, an accrual accounting and cost-based budgeting system and an automated employment

security reporting system extending from the local offices through the States to the Bureau. This program increase is explained in detail under the Administration and Management Service justification (page 53). The program increase will be in addition to efforts included in the basic program. The total effort is illustrated below.

Source	Positions	Estimated Cost
Provided from base:		
In 1968.....	187	$ 998,000
In 1969.....	--	1,681,000
Provided by program increase		
In 1969.....	758	8,347,000
Total from all sources.....	945	11,026,000

Veterans Employment Service

This program increase will provide $98,000 to finance the full year 1969 cost of the 1968 supplemental appropriation for the Veterans Employment Service which finances the cost for only a part year. This program increase will allow the Veterans Employment Service to provide full year services to veterans on an individual contact basis and allow for the operation of the newly established United States Veterans Assistance Centers, as provided for in the 1968 supplemental.

Basis for the Estimate

The increasing population and labor force growth, especially among youth, the dislocations of mature workers resulting from changing technologies and plant relocations, together with pressure for in-depth services to the disadvantaged, will result in an increased demand for public employment office services in fiscal 1969. About 10.9 million jobseekers are expected to register with the Employment Service in fiscal 1969. This estimate includes over 1.7 million jobseekers age 45 and over, about 3.8 million youth under age 22, and .5 million handicapped workers.

To maintain service needs within present authorizations, the Employment Service is continuing to review assignments in terms of relative priorities, and is redirecting programs and reassigning resources to areas where the need is greatest.

In round numbers the poor are estimated by the Office of Economic Opportunity at more than 32 million based on a sliding scale of cash incomes related to family size, age of family members and location. A survey of 1965 incomes indicated that non-white people make up a disproportionate share of the poor, 32 per cent versus 12 per cent of the total

population. The survey revealed that the poor are disproportionately located in rural areas -- 39 per cent, compared with 30 per cent of the total population. Clearly, an aggressive and comprehensive action program is required.

There are nearly 3 million employers in areas served by Employment Service local offices. To find the job opportunities with which workers can 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 qualification of jobseekers currently available or who can be trained, and assist in the modification of job specifications to permit use of their skills or potential. 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 its 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 jobseekers residing in the central city ghetto areas.

The basis for the estimate of required Employment Service resources is as broad as the entire national scope of manpower problems. The potential workload cited in this document, the many and varied types of services which can be offered, and the commitment of the Federal-State system to an active manpower policy combine to form a set of circumstances which cannot be reduced to purely quantitative terms. Estimates of resources become a question of alternatives and depend on the level and type of services to be provided.

Employment Service Workloads
(in thousands)

Basic Workload	1966 Actual	1967 Actual	% Change from 1966	1968 Estimate	1969 Estimate
New applications	10,442	10,604	+ 1.6	10,900	10,900
Counseling interviews	1,969	2,114	+ 7.4	2,200	2,200
Individuals tested	2,330	2,073	-11.0	2,200	2,200
Placements, Nonagric.	6,804	6,331	- 7.0	6,500	6,500
Placements, agric.	4,337	4,145	- 4.5	5,000	5,000

Cost elements for Farm Labor Service activities are heavily affected by the kinds and extent of recruitment actions taken each year to help provide the Nation's hired farm labor force of roughly 2 million workers. The situation is entirely opposite to that in the non-farm area where the cost structure is affected by the number and types of applicants seeking work.

In the agricultural area, 80 per cent of the hired farm work force is of seasonal character, and each year this army of workers must be recruited anew.

In many States and areas having high labor-using crops, unemployment rates during harvesting months often run from 2 to 3.5 per cent, indicating tight labor-market conditions. Yet, field labor must be found or crops would go unharvested with obvious loss to the growers.

Cultural and harvesting practices that have been mechanized in some "processing" crops, such as tomatoes and green beans, have resulted in some reductions in the total man-weeks per acre. This movement continues strongly. In some cases, however, e.g., tomatoes, the mechanized process merely shortens the duration of labor need, but has not been accompanied by a reduction in the number of workers. In many crops, mechanization has reduced or even eliminated the need for field labor.

While mechanization is a factor of significance, its effects are often offset by the labor needs of new acreage. In 1968, for example, it is expected that 75,000 additional acres will be put into productivity in the Snake River area of Idaho. Special studies on irrigation and land development have shown that for every 100 acres of land developed, there is created a need for one permanent farm hand. If the land is planted in high labor-using crops such as sugar beets, there is additional need for large amounts of seasonal labor.

Extremes in weather and crop conditions - such as those experienced early in 1966 and early in 1967 - have disruptive impacts on harvesting operations and labor needs, hence, on Farm Labor Service activities. As in 1967, replantings occasioned by adverse weather means late harvesting, and this then conflicts with other harvesting labor needs, causing intensive emergency recruitment.

In helping assemble the annual seasonal work force, a wide variety of techniques and methods are used, but all have a common denominator - workers have to be found . . . locally, intrastate, interstate, and if absolutely necessary, imported from other countries. While recruitment is the wellspring for successful harvesting activities, interwoven are a number of correlated responsibilities. Migrant farm housing must be inspected, prevailing wage surveys made to satisfy the needs of interstate recruitment, and arrangements made for the extension of community services to migratory workers and their families.

Although work in the agricultural area is the first-line responsibility of all members of the Farm Labor Service, they must be constantly on the alert to assist farm workers, particularly seasonal workers, into more meaningful, gainful employment. The need for occupational counseling must be recognized. In all such instances - and many occur in rural areas - the farm staff must arrange for the appropriate services to be given.

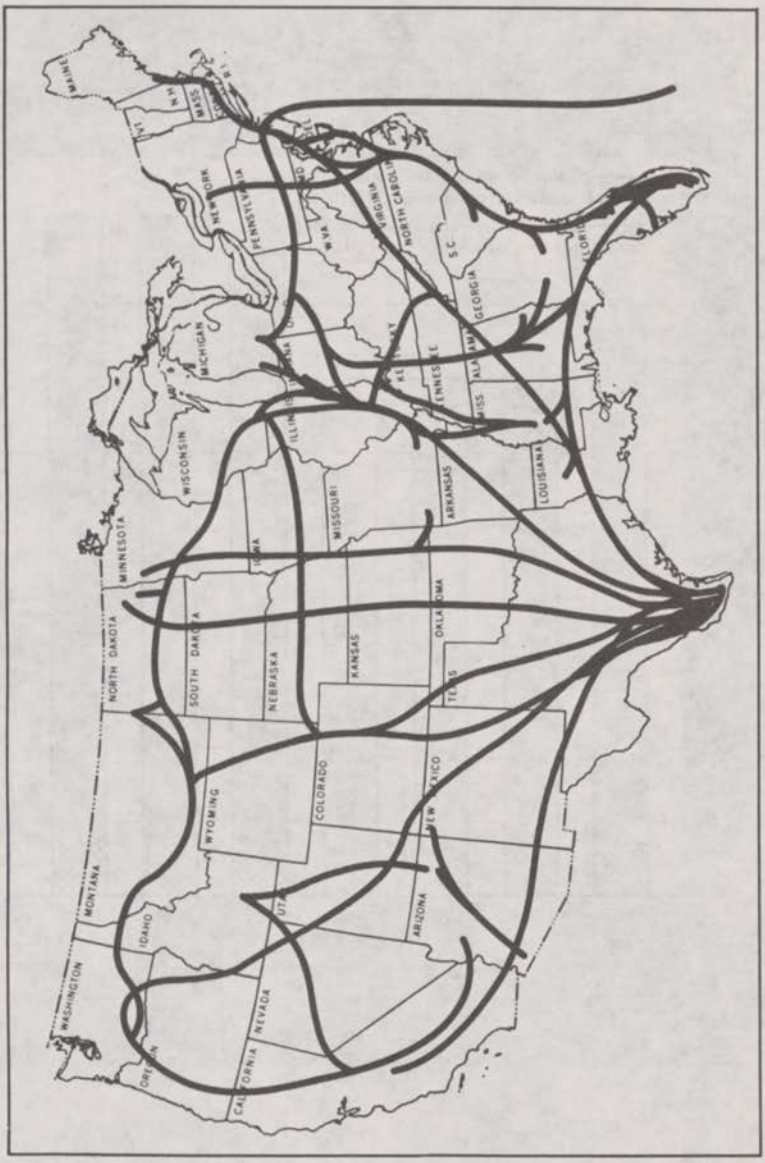
The map on page 48 shows the major directions of the northward migratory movement of domestic agricultural workers.

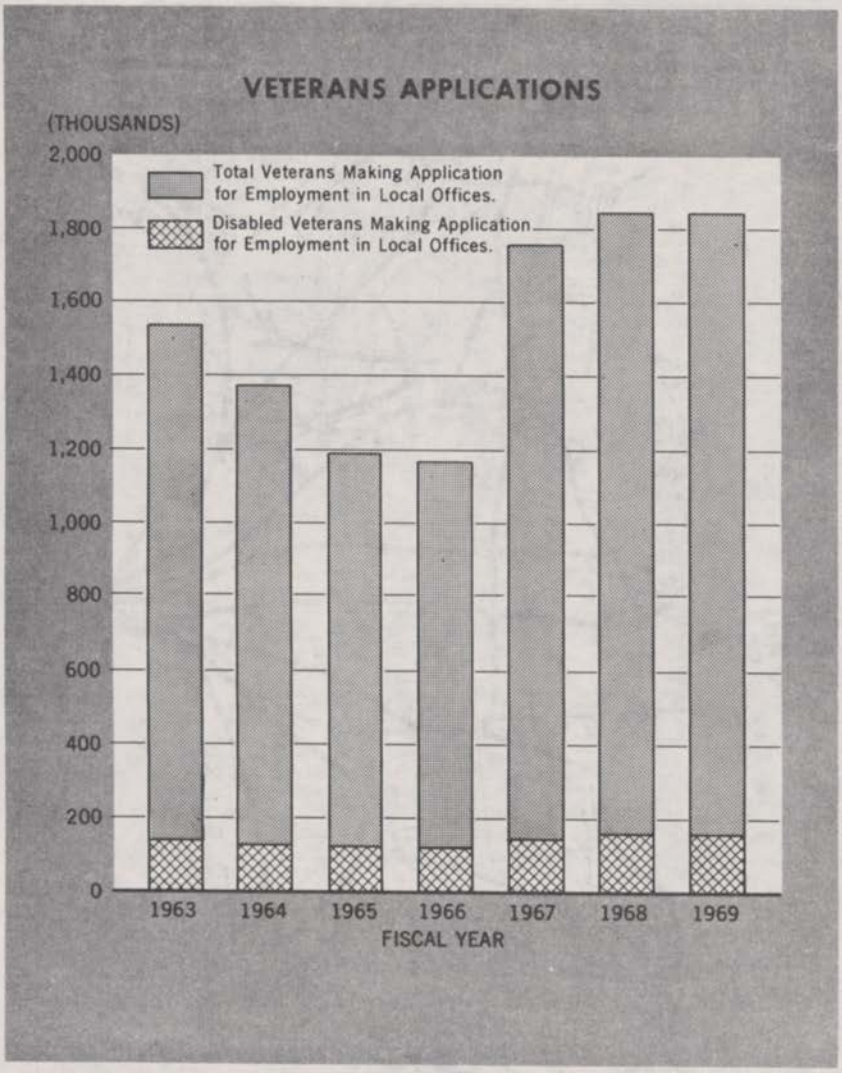
The responsibilities of the Veterans Employment Service are continually expanding. The number of veterans who qualify for employment services increases yearly. More than 800,000 veterans are separated annually from the armed services. The "new GI Bill" provided immediate coverage for 3.8 million post-Korean veterans.

The chart on page-49 shows total veterans applications for employment, and the number of disabled veterans applying for employment in local offices, fiscal years 1963 through 1969.

In addition to increasing workload, the types of services being provided veterans is expanding. The President has announced a new program for individual contact of each returning veteran by the nearest public employment office. The establishment of Veterans Assistance Centers in twenty large cities to coordinate the activities of Federal, State, and other agencies, at the local level, is another new type of service offered to veterans.

MIGRATORY FARM WORKER ROUTE PATTERNS




VETERANS APPLICATIONS
(THOUSANDS)
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
Total Veterans Making Application for Employment in Local Offices.
Disabled Veterans Making Application for Employment in Local Offices.
1963
1964
1965
1966
1967
1968
1969
FISCAL YEAR

Activity 3. ADMINISTRATION AND MANAGEMENT (1968, $22,842,000; 1969, $24,617,000)

Narrative Description of Program

This program provides the executive leadership and administrative support services for the manpower and income maintenance programs carried out by State agencies. It develops, coordinates, and promulgates plans, policies, and procedures necessary to attain national and State program objectives; executes and administers agreements to carry out Federal programs; prepares and submits budget requests supported by Plans of Service and other appropriate justification; directs and supervises the execution of the approved budget and related programs; identifies the need for legislative authority and develops appropriate proposals; and allocates resources within the agency. It also 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; maintains relationships with other State agencies, labor, management, and the public; and provides centralized services in such activities as personnel administration, administrative and business management, staff training, and automatic data processing.

In 1967, accomplishments by State employment security agencies in the administration and management functions were varied. An assortment of legislative proposals were developed and introduced in State Legislatures; organizational structures in a number of States were modified; up-to-date management techniques were applied to improve operating systems; a record number of employees received out-service training; and special studies were made to identify needs and operating problems.

Increased attention was given to programs aimed at the most effective recruitment, development, and retention of employees. State agencies maintained a wide range of on-the-job training programs and offered opportunities for formal instruction at educational institutions to employees needing new or renewed skills.

Federal-State cooperative training programs were emphasized in fiscal year 1967. These programs took such forms as: the Experimental Training Center established at Michigan State University for the development of agency personnel; management training courses; human relations training for Bureau and State agency personnel at the Illinois agency's "Jobs Now" project; and numerous seminars and institutes conducted by leading educational institutions.

To broaden public understanding of employment security programs, State agencies embarked upon new communication programs designed to acquaint the general public with the varied manpower programs and policies which they administer.

The activities of State legislatures during the fiscal year required an outlay of administrative and management time on research, legislative drafting, and legislative review. There were scattered incidents where State legislatures introduced legislation which was not compatible with employment security objectives, or which raised potential conformity questions. In these cases, cooperation between the Bureau and the State agency involved was required to develop constructive alternatives to questionable legislation.

In cooperation with the Bureau, State agencies devoted time to task forces and special efforts to develop new concepts and procedures for evaluating administration and operations, financial management procedures, personnel management practices, automatic data processing programs, and other administrative management functions. Particularly noteworthy during the past fiscal year were the improvements made by State agencies in management capability, made possible by increased allocations of positions for such functions. Considerable progress was made in this vital management area through the establishment of appropriate position classifications, the recruitment of technicians, and the development of internal auditing programs. Bureau sponsored training of management staff was started during the fiscal year, with plans to extend and increase training opportunities in the future.

Fiscal year 1967 also marked the recognition of the need for concentrated effort in three major areas: development and implementation of a management information system, automation of the employment security reporting system and operations, and the installation of a uniform accounting system. Contractors were at work on the management information system and automatic data processing projects during 1967.

In 1968, it is planned that State agencies engage in efforts to strengthen administration and management functions by extending the plan of service concept as a part of a management system. Its use is as a management tool to provide (a) systematic planning for the effective use of resources to achieve agency goals, (b) an improved basis for estimating needs and allocating resources, (c) a more rational basis for evaluating State and local office performance and (d) maximum flexibility in the management of resources and efforts in light of changing priorities and objectives. As part of the development and maintenance of an effective information system, States are assisting the Bureau in the testing, application and refinement of a time distribution reporting system as a means of determining personal service costs and as a tool for management. States are beginning internal audit and self-evaluation programs, using predesigned evaluation outlines, tools, techniques and approaches. These were developed as an outgrowth of the advice of a private contractor whose study recommended the exploration and development of an information system as well as the installation of an interim management information system.

Also in fiscal year 1968, a contractor hired to study employment security operations and to submit a plan for applying computer technology to improve program planning, evaluation and administration, finished his work. A plan was delivered by the contractor in April 1967 for automating employment security operations and reporting systems. Later this year the contract was amended to provide for technical assistance through June 1969 in the development and implementation of automated data processing systems.

In addition, the contract provides for the inclusion of automated data processing requirements in the States and the Bureau that are generated as a result of studies made to develop management information and cost acccounting systems.

All work performed by the contractor within the several employment security organizations is closely monitored by a joint Federal-State steering committee and four functional task forces to assure that it is effectively coordinated and directed. Provisions exist in the contract for periodic reviews of the contractor's work to assure that it is in accord with employment security plans and objectives. Periodic reviews are scheduled which aim at achieving automatic systems compatibility throughout the Federal-State employment security system and avoiding any duplication of effort.

The House Committee on Government Operations and the General Accounting Office have been making a concerted effort to get all Federal agencies to comply with the Budgeting and Accounting Procedures Act of 1950 which requires that all Federal agencies establish an accrual accounting and a cost-based budgeting system. During 1968, a contract was awarded for the design and implementation of such a system in the Department of Labor and the State employment security agencies. The system which the contractor is developing will comply with the law and is expected to result in substantially improved fiscal accounting. It will also be designed to provide for each individual State's requirements and the needs of State agency managers.

The contract requires that the system be developed and that it be installed by the contractor in three State agencies. These three agencies are Oregon, Pennsylvania and Rhode Island. The contractor completed the first phase of the contract on November 10, 1967. This phase included collection and organization of data and evaluation of current systems and legal requirements. This evaluation was made at the Federal level and in the three model States. The contractor is now working on the second phase, the design of the system, which is to be completed by June 30, 1968.

The accounting system which is being designed represents a considerable change for the State agencies. It will constitute a common accounting system for all States with formalized methods which will

provide for more correct and uniform cost figures. The contract also requires that the system should provide for the maximum use of data processing and/or electrical accounting machines. This will require specific systems analysis and programming. The cost accounting system will provide measures of performance and controls which State agency managers do not now have. The reporting and analysis of this material will require additional resources, but will provide both State and Federal administrators with suitable financial data for effective management of resources and operations.

Also in 1968, this activity was responsible for directing and coordinating the efforts of 519 Employment Service and Unemployment Insurance Service employees who worked for eight months of the year on installation of an interim management information system, the automation of the employment security reporting system, and the design of a uniform accrual cost accounting system. These efforts will be expanded in 1969 and are explained in detail in the section below on plans for 1969.

Changes for 1969

Mandatory changes amount to (page 10)..... +$1,775,000

Program changes amount to.....(+$8,484,000)

Positions..... + (758)

The program changes appear under this activity because it is from here that they will be directed and coordinated. The amounts and positions appear here as "non-add" items purely for informational purposes. They appear as change items in Activity 1, Unemployment Insurance (page 26), and Activity 2, Employment Service (page 43).

Proposal: To direct continued effort toward the implementation of (1) a comprehensive management information system; (2) an automated employment security reporting system in all State agencies and the Bureau as well as prototype data systems in three "model" State agencies; and (3) a uniform accrual accounting and cost-based budgeting system in State agencies and the Bureau so that State agencies can do a more efficient job of utilizing resources to the maximum degree.

The Need: The growth of and the demand for employment services in the past few years have affected substantially the workload, procedures, organizational alignment, skill requirements, and other administrative factors in affiliated State agencies. In view of this situation a study by a management consultant firm was begun. It pointed up the need for State employment security agencies to develop better planning capability, greater management capacity to utilize resources with optimum efficiency, more proficiency in evaluation and control techniques, and

comprehensive management information, including workload measurements and costs.

Increasing workloads and the demand for rapid processing of vast amounts of data and information have made comprehensive automation necessary. Rather than approach such a step haphazardly, the Bureau hired a contractor to prepare a conceptual design of an automated employment security system and to assist selected "model" State agencies to develop automated systems for themselves and for a major metropolitan area.

A uniform accrual accounting system is needed to comply with the Budgeting and Accounting Procedures Act of 1950. When the system is installed it will provide Federal and State managers with comparable cost data on employment security operations.

The Program: In management, significant improvements are expected from State agency participation in the three areas for which program increases are requested.

The additional resources for management improvement and a management information system will provide State employment security agencies with the capability to: install effective program and budget planning by objectives described in Plans of Service down to the local office level; develop more sound organizational structures, guided by appropriate policies and procedures set up jointly by the Bureau and State agencies; establish and maintain evaluation systems using performance standards, workload measurements, more sophisticated analyses, and other tools and techniques; manage and utilize more effectively all the human and material resources allocated to the States.

This will mean, for the States agencies, greatly improving their capability in long range and short range planning. This requires defining goals and objectives, and measuring results achieved. These will be responsive but not limited to national goals and objectives. The objectives themselves must treat as nearly as possible both with important end results and with local situations. Performance standards and means to evaluate work performed will also be integral parts of the system. Thus it will be possible to determine the most effective means of meeting objectives.

In order to insure the practicality of the design of the uniform accounting system, and to minimize the difficulties in installing it in all of the States, the system will be thoroughly tested and implemented in the model States. This phase is to be completed by December 30, 1968.

At that time the Bureau will undertake the expansion of the system to other State agencies. An accounting manual and materials will have been developed by the contractor which can be used by all agencies. It is planned that at least three employees from each agency will be schooled in the fundamentals of the system during the last six months of fiscal year 1969. Since each State agency is a distinct entity in that organizations, operations, and requirements differ from State to State, it is necessary to make specific systems analyses in each State before full implementation

can be accomplished. Therefore, it is assumed that approximately five additional State agency systems can be converted in the latter half of fiscal year 1969. Implementation in additional States will continue. However, the speed with which the system can be installed will depend on the complexity of each State's operation and the availability of the proper number of qualified State employees.

It should be emphasized that the new accounting system is being introduced to meet requirements of the Federal Government. It is not a substitute for the current "cash and obligation" accounting system, which must be maintained. Instead, it supplements the current system with complex cost and accrual accounting systems, including property accounting.

The implementation of automated reporting systems in State agencies and the automation of employment security operations in several model States will continue in 1969 as a part of the effort to apply computer technology to improve operations, planning, and evaluation. The "model" installations look toward the implementation of an automated reporting system in all States. This will require a complete change from the current State agency manual reporting procedures. Also in 1969, the implementation of an Area Manpower Data System in the New York metropolitan area will continue. That area extends into contiguous communities in New Jersey and Connecticut. Employment Service operations will be automated and tested to determine the extent to which information can be interchanged among manpower support agencies located in a large complex labor market area.

At the same time work will be continuing on developing long-range plans for the expansion and exportation of prototype automated systems to all States and effecting a transition to a fully automated status throughout the Federal-State system; and providing on-site assistance to the California agency in achieving maximum value and efficiency from the Labor Inventory Communication System. The purpose of the California system is to determine the most efficient and effective means for using a computer to support local office placement operations for professional occupations.

Of the $16,000,000 and 1,470 positions to be directed toward the administrative efforts described above, only $8,484,000 and 758 positions are being requested as a program increase. The remaining $7,516,000 and 712 positions will come from redirected resources in operations in 1969 to add to 1968 efforts and to put 1968 efforts on a full-year cost basis.

Of the 712 positions to be derived in 1969 from current operations, 525 will be from the Unemployment Insurance Service and will work on unemployment insurance-related phases of the three projects. The Employment Service will provide 187 positions for its portion of the three projects. The 758 positions requested for a program increase will all concentrate on employment service portions of cost accounting, management information, and automation systems.

All of the positions in 1969 will be at a salary rate of $7,422 plus personnel benefits. A small amount is included in the estimate for unemployment insurance to provide automatic data processing equipment.

A significant portion (519 positions) of the 1969 redirection of staff was accomplished in 1968.

1968 Redirection

Diversion of 332 unemployment insurance positions for eight months	$1,772,200
Diversion of 187 employment service positions for eight months	998,200
Diversion of savings in non-personal services	1,582,00
Total	$4,352,400

The 332 positions diverted from unemployment insurance functions in 1968 for management improvement and data processing purposes are from the wage record and overpayment and fraud detection functions, and became available primarily through more efficient handling of clerical activities. An additional 193 positions will be diverted in 1969, as they become available through automatic data processing conversions of unemployment insurance operations now underway. Thus, in total, 525 unemployment insurance positions will be redirected into more essential activities during fiscal year 1969.

A total of 187 positions are being diverted in fiscal year 1968 from employment service functions closely allied to the management improvement, data processing and accounting-budgeting areas. In addition, a stringent policy concerning upgrading of space resulted in a savings of $1,582,000, which permitted diversion to other critical needs. This amount is scheduled for allocation to States that are automating operations or are upgrading electronic data processing installations in line with long range plans.

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The following table shows the distribution of positions and dollars to be expended on these efforts in fiscal year 1969.

	Derived from base		Program Increase		Total	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Implementation of Management Information System						
UI	378	$3,150,000	--	$ 98,000	378	$3,248,000
ES	143	1,192,000	580	6,388,000	723	7,580,000
Total	521	4,342,000	580	6,486,000	1,101	10,828,000
Extension of Employment Security Data Processing System						
UI	55	920,000	--	15,000	55	935,000
ES	24	1,320,000	97	1,067,000	121	2,387,000
Total	79	2,240,000	97	1,082,000	176	3,322,000
Development and Pilot Installation of Accounting System						
UI	92	767,000	--	24,000	92	791,000
ES	20	167,000	81	892,000	101	1,059,000
Total	112	934,000	81	916,000	193	1,850,000
GRAND TOTAL						
UI	525	4,837,000	--	137,000	525	4,974,000
ES	187	2,679,000	758	8,347,000	945	11,026,000
Total	712	7,516,000	758	8,484,000	1,470	16,000,000

Activity 4. CONTINGENCY FUND (1968, $26,000,000; 1969, $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 1969

1968	1969	Amount
$26,000,000	$12,000,000	-$14,000,000

Basis For The Estimate

Estimates for the contingency fund are based on experience. The following table reflects the contingency earnings in the past year and the estimate for fiscal years 1968 and 1969. A decrease of $14,000,000 is estimated for fiscal year 1969. This amount is required in 1968 to meet unanticipated and extraordinary contingency costs and is provided for by a pending supplemental estimate. In fiscal 1969 these costs are paid from base program funds and are included elsewhere in this estimate. The resulting estimate for the contingency fund is then generally comparable with previous years experience.

	1967 Actual	1968 Estimate	1969 Estimate
Salary Increase	$11,596,001	$22,597,000	$15,000,000
State Law Changes	1,288,201	4,015,000	3,000,000
Workload Increases	4,520,414	11,926,000	1,500,000
Total	$17,404,616	38,538,000	19,500,000
Financed through normal budgetary adjustments and curtailment of basic programs	- 9,181,296	- 12,538,000	- 7,500,000
Appropriation	8,223,320	26,000,000	12,000,000

Comparison of Personal and Non-personal Services
for Fiscal Years 1966, 1967, 1968 and 1969

	1966 Actual	1967 Actual	1968 Estimate	1969 Estimate	Change Between 1968 and 1969
Personal services costs	$351,302,000	$371,060,000	$398,549,000	$446,038,000	+$47,489,000
Retirement and Contributions	38,762,000	42,639,000	47,428,000	54,451,000	+ 7,023,000
Total personal services cost	390,064,000	413,699,000	445,977,000	500,489,000	+ 54,512,000
Supplies	7,735,000	7,571,000	7,407,000	7,640,000	+ 233,000
Communications services	6,947,000	7,402,000	7,241,000	7,347,000	+ 106,000
Travel	8,495,000	8,997,000	8,881,000	9,014,000	+ 133,000
Printing & binding	629,000	455,000	670,000	680,000	+ 10,000
Rents-equipment	7,636,000	8,201,000	8,229,000	9,402,000	+ 1,173,000
Repairs & alterations equipment	837,000	844,000	790,000	803,000	+ 13,000
Rent - premises	35,593,000	37,821,000	39,814,000	40,412,000	+ 598,000
Repairs & alterations premises	1,373,000	2,193,000	701,000	711,000	+ 10,000
Heat, light & water	3,479,000	3,639,000	3,974,000	4,032,000	+ 58,000
Equipment purchases	2,945,000	4,181,000	1,246,000	1,264,000	+ 18,000
Outservice training	2,485,000	3,425,000	2,490,000	2,490,000	—
Miscellaneous total	7,452,000	12,754,000	8,169,000	8,291,000	+ 122,000
Sub-total	85,566,000	97,483,000	89,612,000	92,086,000	+ 2,474,000
Postage	8,853,000	9,158,000	9,638,000	11,998,000	+ 2,360,000
Total non-personal services cost	94,419,000	106,641,000	99,250,000	104,084,000	+ 4,834,000
Unobligated Balance	7,617,000	3,660,000	—	—	—
Contingency	—	—	26,000,000	12,000,000	- 14,000,000
Total	492,100,000	524,000,000	571,227,000	616,573,000	+ 45,346,000

Explanation of Personal Service Cost Increase
for 1969..... $47,489,000

It is estimated that increases for 1969 related to the base positions will be $28,766,000 for Statewide compensation plan changes and $6,763,000 for increment costs for a total mandatory salary increase of $35,529.000. Another $6,245,000 is related to the new Unemployment Insurance workload and growth in program coverage positions. An additional $5,626,000 is related to the program increase for establishing a management information system, and $89,000 is needed to finance the full year costs in 1969 of the Veterans Employment Service supplemental.

Explanation of Fringe Benefit Cost Increase
for 1969..... $ 7,023,000

The estimated increase in fringe benefit costs from the 1968 budgeted rate of 11.9 percent of base personal services to an estimated 12.2 percent in 1969 will require $5,565,000. Another $762,000 is related to the new Unemployment Insurance workload and growth in program coverage positions. An additional $687,000 is related to the program increase for establishing a management information system, an automated reporting system and an accrual cost accounting system. The remaining $9,000 is needed to finance the full year costs in 1969 of the 1968 Veterans Employment Service Supplemental.

Explanation of Non-personal Service Cost Increase
for 1969..... $ 4,834,000

There are no new resources for non-personal services related to base positions in this request. Of the total, $2,171,000 is related to the new positions included in the program increase. $303,000 is related to the new Unemployment Insurance workload and growth in program coverage positions. The postage increase is related to the new Unemployment Insurance workload and growth in greater program coverage positions ($860,000) and increased postage costs under P.L. 90-206 ($1,500,000) for 1969. The total increase is broken down by category as follows:

Category	Non-personal Services Cost Increase
Supplies	$ 233,000
Communication Services	106,000
Travel	133,000
Printing and Binding	10,000
Rents - Equipment	1,173,000
Repairs and Alterations - Equipment	13,000
Rents - Premises	598,000
Repairs and Alterations - Premises	19,000
Heat, Light and Water	58,000

Category	Mandatory Non-Personal Cost Increase
Equipment Purchases	$ 18,000
Miscellaneous Total	122,000
Postage	2,360,000
Total Non-Personal Services	4,834,000

Total Personal and Non-Personal Services increases for fiscal year 1969..... $59,346,000

Explanation of Decrease in Contingency Fund for 1969..... -$14,000,000

The 1968 estimate for the contingency fund of $26,000,000 includes a supplemental request of $14,000,000 which is needed to pay for increases in administrative costs due to changes in Statewide compensation plans, changes in State laws and an increase in the claims workload. In 1969 the funds requested in the supplemental become mandatory increases required in the base program and are not paid from contingency funds. The contingency fund needs for 1969 are estimated to be $12,000,000, allowing the reduction of $14,000,000.

Total Mandatory Decrease for Fiscal Year 1969.....-$14,000,000

Total Increase for 1969..... $45,346,000

Explanation of Administrative Adjustments
to Fiscal Year 1968 Final Action

In order to continue the implementation of the recommendations of the Cresap, McCormick and Paget Study on management improvements, 228 Unemployment Insurance Service direct positions were transferred to Unemployment Insurance Administrative and Technical Support for use in management-related functions. This adjustment involves a shift of $2,126,000. In addition, the figures in parentheses indicate resources redirected within an activity toward the management, system, automation, and accrual cost accounting effort.

Personnel carrying out the Joint Statistical Program in conjunction with the Bureau of Labor Statistics were transferred from Administrative and Technical Support positions to Employment Service direct positions. This shift involves 212 positions and $1,977,000.

Administrative Adjustment to Fiscal Year 1968 Final Action
for Limitation on Grants to States

	FY 1968 Final Congressional Action		FY 1968 Final Action Adjusted		Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Unemployment Insurance Service:						
a. State Unemployment Insurance Service	23,486	$218,810,000	23,258	$216,684,000	-228	-$ 2,126,000
b. Federal Unemployment Insurance Service	549	5,482,000	549	5,482,000	(104) --	(651,000) --
c. Administration and Management	1,460	13,606,000	1,688	15,732,000	+228	+ 2,126,000
Total Activity 1	25,495	237,898,000	25,495	237,898,000	--	--
2. Employment Service:						
a. Youth Services	6,616	68,888,000	6,616	68,888,000	--	--
b. Farm	2,051	19,105,000	2,051	19,105,000	--	--
c. Other	19,227	171,927,000	19,439	173,904,000	+212	+ 1,977,000
d. Administration and Management	2,392	22,295,000	2,392	22,295,000	(187) --	(998,000) --
Total Activity 2	30,286	282,215,000	30,498	284,192,000	+212	+ 1,977,000
3. Administration and Management	2,659	24,819,000	2,447	22,842,000	-212	- 1,977,000
4. Contingency Fund	--	12,000,000	--	12,000,000	--	--
Total	58,440	556,932,000	58,440	556,932,000	--	--

UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES AND EX-SERVICEMEN

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate.....	$65,000,000	$92,200,000
Advance to prior year.....	- 2,416,000	--
Comparative transfer to "Trade Adjustment Activities".....	- 2,200,000	--
Estimated program supplemental..	28,800,000	--
Total fund availability or estimated, revised.....	89,184,000	92,200,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968	Estimate, 1969	1969 Change
1. Unemployment Compensation for Federal Employees.....	$39,073,000	$40,700,000	+$1,627,000
2. Unemployment Compensation for Ex-servicemen.....	50,111,000	51,500,000	+ 1,389,000
Total obligations.....	89,184,000	92,200,000	+ 3,016,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
13 Benefits for former personnel....	$89,184,000	$92,200,000	+$3,016,000
Total obligations.....	89,184,000	92,200,000	+ 3,016,000

SUMMARY OF CHANGES

	Amount
1968 Enacted Appropriation	$65,000,000
Advance to prior year	- 2,416,000
Comparative transfer to "Trade Adjustment Activities"	- 2,200,000
Estimated program supplemental	28,800,000
1968 Appropriation, revised	89,184,000
1969 Estimate	92,200,000
Total Change	+ 3,016,000

Mandatory Items

Increases:

To provide for a higher average weekly benefit amount for unemployment compensation for Federal employees	+ 1,627,000

It is estimated that the average weekly benefit amount will be $44.20 in fiscal year 1969, $1.60 higher than currently estimated for fiscal year 1968. This reflects the increases in the State unemployment maximum weekly benefit amount.

	Amount
To provide for a higher average weekly benefit amount for unemployment compensation for ex-servicemen.....	+ 1,389,000
It is estimated that the average weekly benefit amount will be $44.20 in fiscal year 1969, $1.30 higher than estimated for fiscal year 1968. This reflects the increases in the State unemployment weekly benefit amount.	
Total Change.....	+ 3,016,000

Activity 1. UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES (1968 $39,073,000; 1969 $40,700,000)

Narrative Description of Program

This program provides for payment of unemployment compensation to unemployed Federal employees under Title XV of the Social Security Act, as amended. 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.

			Change for 1969	
	1967	1968	1969	Change
Increase in average weekly benefit amount	$41.08	$42.60	$44.20	+$1,627,000

Actions by State legislatures increasing maximum weekly benefit amounts for unemployment insurance benefits have resulted in a higher estimated average weekly benefit amount for fiscal year 1969.

Activity 2. UNEMPLOYMENT COMPENSATION FOR EX-SERVICEMEN (1968 $50,111,000; 1969 $51,500,000)

Narrative Description of Program

This program provides for unemployment compensation for ex-servicemen to be administered similarly to the program of unemployment compensation for civilian employees of the Federal government under Public Law 848 of the 85th congress, approved August 28, 1958, which amended title XV of the Social Security Act. 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 claim after his most recent release from active service.

				Change for 1969
	1967	1968	1969	Change
Increase in average weekly benefit amount..	$41.26	$42.90	$44.20	+$1,389,000

Actions by State legislatures increasing maximum weekly benefit amounts for unemployment insurance benefits resulted in a higher estimated average weekly benefit amount for fiscal year 1969.

Benefits Paid for Unemployment Compensation
for Unemployed Federal Workers and Ex-servicemen

Fiscal Year 1967 Actual

Month	Federal Employees	Ex-servicemen	Total
July	$ 2,637,454	$ 2,431,783	$ 5,069,237
August	3,329,032	3,257,715	6,586,747
September	2,744,422	2,552,830	5,297,252
Total 1st quarter	8,710,908	8,242,328	16,953,236
October	2,489,722	2,111,493	4,601,215
November	2,851,709	2,463,604	5,315,313
December	3,157,803	3,021,730	6,179,533
Total 2nd quarter	8,499,234	7,596,827	16,096,061
January	3,669,994	4,008,315	7,678,309
February	3,784,676	3,921,597	7,706,273
March	4,317,567	4,234,089	8,551,656
Total 3rd quarter	11,772,237	12,164,001	23,936,238
April	3,430,227	3,600,024	7,030,251
May	3,384,004	3,472,634	6,856,638
June	3,476,890	3,509,806	6,986,696
Total 4th quarter	10,291,121	10,582,464	20,873,585
Total for year	$39,273,500	$38,585,620	$77,859,120

Benefits Paid for Unemployment Compensation
for Unemployed Federal Workers and Ex-Servicemen

Fiscal Year 1968 Estimated

	Federal Employees	Ex-Servicemen	Total
July	$ 2,758,703	$ 3,119,586	$ 5,878,289
August	3,694,287	4,497,677	8,191,964
September	3,104,644	3,733,695	6,838,339
Total 1st quarter	9,557,634	11,350,958	20,908,592
October	3,276,210	3,552,335	6,828,545
November	3,617,552	3,983,548	7,601,100
December 1/	3,763,813	4,644,834	8,408,647
Total 2nd quarter	10,657,575	12,180,717	22,838,292
January	5,381,000	6,495,000	11,876,000
February	3,972,000	5,728,000	9,700,000
March	3,275,000	4,949,000	8,224,000
Total 3rd Quarter	12,628,000	17,172,000	29,800,000
April	2,079,000	2,940,000	5,019,000
May	2,020,000	3,225,000	5,245,000
June	2,130,791	3,242,325	5,373,116
Total 4th quarter	6,229,791	9,407,325	15,637,116
Total for year	39,073,000	50,111,000	89,184,000

1/ Actual thru December.

Benefits Paid for Unemployment Compensation
for Unemployed Federal Workers and Ex-Servicemen

Fiscal Year 1969 Estimated

	Federal Employees	Ex-Servicemen	Total
July	$ 2,700,000	$ 3,400,000	$ 6,100,000
August	3,700,000	4,800,000	8,500,000
September	3,100,000	4,000,000	7,100,000
Total 1st quarter	9,500,000	12,200,000	21,700,000
October	3,200,000	4,000,000	7,200,000
November	3,500,000	4,500,000	8,000,000
December	4,200,000	5,300,000	9,500,000
Total 2nd quarter	10,900,000	13,800,000	24,700,000
January	4,300,000	5,300,000	9,600,000
February	4,400,000	5,600,000	10,000,000
March	5,000,000	6,000,000	11,000,000
Total 3rd quarter	13,700,000	16,900,000	30,600,000
April	2,200,000	2,800,000	5,000,000
May	2,100,000	2,800,000	4,900,000
June	2,300,000	3,000,000	5,300,000
Total 4th quarter	6,600,000	8,600,000	15,200,000
Total for year	$40,700,000	$51,500,000	$92,200,000

TRADE ADJUSTMENT ACTIVITIES

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate.....	--	$1,300,000
Comparative transfer from "Unemployment Compensation for Federal Employees and Ex-servicemen".....	$ 2,200,000	--
Total fund availability or estimate.....	2,200,000	1,300,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968	Estimate, 1969	1969 Change
1. Trade adjustment allowances.....	$2,000,000	$1,200,000	-$800,000
2. State administration - Trade adjustment activities.....	200,000	100,000	- 100,000
Total obligations.....	2,200,000	1,300,000	- 900,000

OBLIGATIONS BY OBJECT

		Appropriation Revised, 1968	Estimate, 1969	1969 Change
41	Grants, subsidies and contributions....	$2,200,000	$1,300,000	-$900,000
Total obligations.....		2,200,000	1,300,000	- 900,000

SUMMARY OF CHANGES

1968 Enacted Appropriation	$ --
Comparative transfer from "Unemployment Compensation for Federal Employees and Ex-servicemen"	2,200,000
1968 Appropriation, revised	2,200,000
1969 Estimate	1,300,000
Total Change	- 900,000

Mandatory Items (page 8)

Increase:

To provide for a higher average weekly allowance payment to workers	+ 50,000

The average weekly allowance will be $73.75 in fiscal year 1969, $2.85 higher than currently estimated for 1968.

Total, Mandatory Items	+ 50,000

Program Items

Decreases:

Reduction due to fewer number of claimants	- 835,000

No new petitions can be accepted after June 30, 1968, under existing legislation, therefore allowances will be paid to approximately 1,320 eligible workers who will carry over entitlement into fiscal year 1969 compared to payments to 2,250 workers in fiscal year 1968. (page 10)

Reduction due to lower average duration of payments	- 15,000

Approximately 1,025 of the 1,320 workers carrying over entitlement to allowances in fiscal year 1969 will have received the greater part of their allowances during fiscal year 1968 thereby reducing the average number of weeks compensated during fiscal year 1969. (page 10)

Reduction due to fewer direct hours for counseling, testing, referral and placement services and processing of payments.....	- 74,000
No new petitions can be accepted after June 30, 1968, under existing legislation, therefore approximately 18,050 hours will be necessary to process allowances payments and to provide services to those who will carry over entitlement into fiscal year 1969 compared to the 34,500 hours needed in fiscal year 1968. (page 14)	
Reduction due to decrease in overall administration costs.....	- 26,000
Overall administration costs to cover services to those who carry over entitlement into 1969 will be approximately $13,000 compared to $39,000 expended during fiscal year 1968. (page 14)	
Total, Program Items.....	- 950,000
Total Change.....	- 900,000

Activity 1. TRADE ADJUSTMENT ALLOWANCES (1968, $2,000,000; 1969, $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 United States Canadian Automotive Agreement.

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. 1901-1991).

The Automotive Products Trade Act of 1965 (19 U.S.C. 2001-2033) 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, 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.

Changes for 1969

Mandatory changes amount to (page 8)..... +$ 50,000

Program changes amount to..... -$850,000

Positions..... None

Basis for the Estimate

	Number of Workers	Avg. Dura-tion	Avg. Wkly. Allow.	Total Cost
Number of workers pending placement:				
(a) Determinations made in fiscal year 1967 and 1968	1015	10	$73.75	$ 750,000
(b) Determinations made in fiscal year 1969	305	20	$73.75	450,000
Total.....	1320			1,200,000

Worker adjustment assistance benefits will be paid to automotive workers under Automotive Products Trade Act in accordance with the adjustment assistance provisions of the Trade Expansion Act. No new petitions can be accepted after June 30, 1968, under existing legislation.

During fiscal years 1966 and 1967, petitions had been certified for allowances to be paid during fiscal year 1968 to workers for the following companies:

The Ford Division	Pennsauken, New Jersey
Eaton Manufacturing Co.	Lackawanna, New York
Chevrolet Assembly Plant	N. Tarreytown, New York
Fisher Body	N. Tarreytown, New York
Fram Filter Co.	Birmingham, Alabama
Fisher Body Works	Grand Rapids, Michigan
Rockwell Standard Corp.	Adrian, Michigan
Eaton Yale and Towne Incorp.	Detroit, Michigan
Chrysler Jefferson Plant	Detroit, Michigan
Gabriel Shock Absorber Co.	Cleveland, Ohio
American Motors	
Milwaukee Body Plant	Milwaukee, Wisconsin
American Motors Corp.	Kenosha, Wisconsin

In fiscal year 1968 through December 31, 1967, one petition has been certified for allowances to be paid for workers of the Long Manufacturing Division, Borg-Warner Corp., Detroit, Michigan (workers of the Oil Cooler Department). Also, as of December 31, 1967, petitions filed by three different groups of workers in fiscal year 1968 are still pending. These petitions involve a total of approximately 385 workers and have been received from:

Borg-Warner Corporation,	
Long Manufacturing Division	Detroit, Michigan
Condenser Department	
Pittsburg Plate Glass Company	
Works #1	Creighton, Pennsylvania
Works #4	Ford City, Pennsylvania

The July-December 1967 statistics are as follows:

	Number Filing New Claims	No. Paid Allowances	Weeks Compensated	Amount of Allowances
New Jersey	2	26	309	$ 23,838
New York	25	171	2,542	181,214
Albama	1	66	864	57,959
Michigan	114	664	7,536	524,643
Ohio	8	110	1,416	100,304
Wisconsin	256	235	4,693	324,126
Total	406 1/	1,272	17,360	1,212,084 *

1/ Represents new claims filed in fiscal year 1968.
* Includes reimbursement to State agency for unemployment insurance benefits paid.

Activity 2. STATE ADMINISTRATION-TRADE ADJUSTMENT ACTIVITIES (1968 $200,000; 1969 $100,000)

Narrative Description of Program

This program 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 of 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 supervison.

Through December 31, 1967, administrative costs incurred were as follows:

New Jersey	$ 2,406
New York	30,989
Alabama	1,442
Michigan	28,130
Ohio	5,191
Wisconsin	9,870
Total	$ 78,028

Changes for 1969

Mandatory changes amount to..... $ --

Program changes amount to..... -$100,000

Positions..... None

Basis For The Estimate

	Workload	Unit Time	Hours
Number of Determinations.....	305	2 hours	600
Number of Payments.....	16,250	1 hour	16,250
Total Payment Processing.....			16,850
Employment Service Activities			
Counseling, Testing, Referral to Employment or Training.....	305	4 hours	1,200
Total Direct Hours.....			18,050
Overall Administration			
Includes training, procedures development, evaluation and overall supervision			
15% of direct hours.....			2,700
Total hours.....			20,750
Cost per hour.....			$4.80
Total cost of State Administration, 1969.....			$100,000

Administrative expenses of State Employment Security agencies in connection with trade adjustment assistance are estimated to be $100,000. This will include the cost of determining work 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.

BUREAU OF EMPLOYMENT SECURITY ADMINISTRATION
SALARIES AND EXPENSES

AMOUNTS AVAILABLE FOR OBLIGATION

	1968		1969	
	Trust Fund	General Revenue	Trust Fund	General Revenue
Appropriation or estimate.....	$17,990,000	$2,630,000	$20,947,000	$3,026,000
Estimated program supplemental	262,000	--	--	--
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increases (P.L. 90-206 effective October 8, 1967)	--	42,000	--	--
Increase in Trust Fund Authorization for increased pay costs under P.L. 90-206.....	476,000	--	--	--
Appropriation or estimate, revised.....	18,728,000	2,672,000	20,947,000	3,026,000

OBLIGATIONS BY ACTIVITY

	Appropriation Revised, 1968		Estimate, 1969		1969 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Unemployment Insurance Service.....	295	$ 4,177,000	321	$ 4,603,000	+ 26	+$ 466,000
a. Unemployment Insurance.....	172	2,392,500	178	2,554,000	+ 6	+ 161,500
b. Administration & Management.....	73	1,061,000	73	1,095,600	--	+ 34,600
c. Regional Offices.....	50	683,500	70	953,400	+ 20	+ 269,900
2. U.S. Employment Service.....	844	11,292,000	892	12,343,000	+ 48	+ 1,051,000
a. U.S. Employment Service.....	323	4,443,000	335	4,829,000	+ 12	+ 386,000
Regional Offices.....	149	2,023,000	185	2,519,800	+ 36	+ 496,800
b. Farm Labor Service.....	97	1,130,000	97	1,171,100	--	+ 41,100
Regional Offices.....	56	692,000	56	713,900	--	+ 21,900
c. Veterans Employment Service.....	144	1,942,000	144	2,001,000	--	+ 59,000
d. Administration & Management.....	75	1,062,000	75	1,108,200	--	+ 46,200
3. Administration & Management.....	107	1,332,000	153	1,986,000	+ 46	+ 654,000
a. Office of the Administrator.....	40	543,400	72	980,500	+ 32	+ 437,100
b. Administration & Management.....	67	788,600	81	1,005,500	+ 14	+ 216,900
4. Manpower Development & Training Activities.....	197	2,645,000	222	2,998,000	+ 25	+ 353,000
5. Farm Labor Contractor Registration Activities.....	14	240,000	14	243,000	--	+ 3,000
a. State Administration.....	--	100,000	--	100,000	--	--
b. Federal Administration.....	14	140,000	14	143,000	--	+ 3,000
6. Admission & Employment in Agriculture of Non-Immigrant Aliens.....	68	1,007,000	68	1,031,000	--	+ 24,000
7. Admission & Employment of Immigrant Aliens.....	60	747,000	60	769,000	--	+ 22,000
Total obligations.....	1,585	21,400,000	1,730	23,973,000	+145	+ 2,573,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
Total number of permanent positions	1,585	1,730	+ 145
Positions other than permanent	1	1	
Average number of all employees	1,463	1,599	+ 136
11 Personnel compensation	$16,249,700	$18,303,400	$+2,053,700
12 Personnel benefits	1,227,900	1,370,900	+ 143,000
21 Travel and transportation of persons	1,146,600	1,229,900	+ 83,300
22 Transportation of things	53,400	58,500	+ 5,100
23 Rent, communications and utilities	465,800	564,500	+ 98,700
24 Printing and reproduction	382,300	377,700	- 4,600
25 Other services	794,400	897,500	+ 103,100
Services of other agencies	796,400	844,300	+ 47,900
26 Supplies and materials	113,900	133,600	+ 19,700
31 Equipment	69,600	92,700	+ 23,100
41 Grants, subsidies & contributions	100,000	100,000	--
Total obligations	21,400,000	23,973,000	+ 2,573,000
Working Capital Fund items included above	(993,400)	(1,130,700)	(+137,300)

SUMMARY OF CHANGES

	Trust Fund		General Revenue		Total	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1968 Enacted Appropriation....	1,373	$17,990,000	199	$2,630,000	1,572	$20,620,000
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increases (P.L. 90-206 effective October 8, 1967).....	--	--	--	42,000	--	42,000
Increase in Trust Fund Authorization for increased pay costs under P.L. 90-206.....	--	476,000	--	--	--	476,000
Estimated program supplemental.	13	262,000	--	--	13	262,000
1968 Appropriation, revised.....	1,386	18,728,000	199	2,672,000	1,585	21,400,000
1969 Estimate.....	1,506	20,947,000	224	3,026,000	1,730	23,973,000
Total Change.....	+ 120	+ 2,219,000	+ 25	+ 354,000	+ 145	+ 2,573,000
Mandatory Items (Page 8)						
Increases:						
Net additional pay increase costs not completely funded in 1968...	--	+ 306,500	--	+ 72,500	--	+ 379,000
Net additional cost of within-grade promotions effective for part year in 1968.....	--	+ 111,900	--	+ 18,300	--	+ 130,200
Net cost of within-grade promotions becoming effective in 1969	--	+ 116,100	--	+ 15,700	--	+ 131,800
To provide for one extra day of pay in 1969 for current year staff.....	--	+ 65,500	--	+ 9,500	--	+ 75,000
Sub-total, increases...	--	+ 600,000	--	+ 116,000	--	+ 716,000
Decreases:						
To provide for a net decrease in contributions to the Federal Employees' Compensation Fund.....	--	- 1,000	--	--	--	- 1,000
Total-Mandatory Items..	--	+ 599,000	--	+ 116,000	--	+ 715,000
Financing Items:						
To provide for full cost of centralized services purchased from the Working Capital Fund.....	--	+ 34,000	--	--	--	+ 34,000

Program Items:						
Increases:						
To provide for the expanded scope of the Manpower Development Training Activities program and to strengthen the role of the employment service to provide for the continued emphasis in reaching the disadvantaged. (Page 42) ($194,500 personal services, $43,500 non-labor costs).....	--	--	+ 25	+238,000	+ 25	+238,000
To provide the staff capability in the Bureau of Employment Security to direct and coordinate comprehensive management improvements through all levels of employment security operations by the establishment of an automated reporting system, a state-based evaluation system, the installation of a planning system at the State and local level to provide a means of allocating resources to meet State and local needs, the implementation of a cost accounting system, and further development of automatic data processing technology. (Page 32) ($1,239,400 for personal services, $260,600 non labor costs).....	+120	+1,500,000	--	--	+ 120	+1,500,000
To provide for full year costs of of the 1968 program supplemental estimates (Page 26) ($70,800 personal services, $15,200 non labor costs).....	--	+ 86,000	--	--	--	+ 86,000
Total, Program Items.....	+120	+1,586,000	+ 25	+238,000	+145	+1,824,000
Total Change.....	+120	+2,219,000	+ 25	+354,000	+145	+2,573,000

Activity 1. UNEMPLOYMENT INSURANCE SERVICE (1968, $4,137,000, Pos. 295; 1969, $4,603,000, Pos. 321)

Narrative Description of Program

This program provides for leadership and technical assistance to all States, in the development, financing and administration of their unemployment insurance laws. Those laws provide a first defense against deprivation through unemployment to over 50 million workers. The nation's economy and local communities have a bulwark against dislocations through loss of purchasing power. The Unemployment Insurance Service determines whether State unemployment insurance laws and their administration meet requirements for Federal Unemployment Tax Act offset credits amounting to over $4 billion and for administrative grants under the Social Security Act. It also determines the amounts to be granted to each State for administration of its unemployment insurance law and supervises performance of State agencies as agents for payments estimated at $93 million in 1969 to individuals under Title XV of the Social Security Act.

In 1967, accomplishments were reflected in the development of major management improvements in the Federal-State unemployment insurance system.

1. Notable progress has been made in the following respects:

   a. An evaluation outline for measuring State accomplishments against performance standards was developed and tested in four States. Based on the findings of this test, a revised outline will be developed and a further test conducted in selected States in 1968. Tentative standards of effective quality, and error and delay limits in tax collection and benefit operations were formulated in concrete, measurable terms which will enable objective comparisons among States and over time spans.

   b. Plans of action were utilized by the Bureau for the first time in the budgetary allocation process for two areas of State unemployment insurance administration. State plans for tax administration and for benefit payment control, containing specific operating objectives to support the budgetary requirements, provided valuable data for the Bureau's guidance in the allocation of 1968 grants in accordance with program needs.

   c. In support of Bureau of Employment Security and Department efforts to develop effective computerized management information systems, work has been resumed on

development of complete definition of requirements for information and analytic reports and on systems design to permit programming of defined reports. The inventory of data elements and output requirements will be required to be furnished to a consulting firm for their use in designing an interim reporting system and will contribute to determination of long range Bureau, Manpower Administration and Department of Labor data processing requirements.

2. A nationwide study of Federal Unemployment Tax Act compliance was initiated by the Bureau and is being carried out with the cooperation of the Internal Revenue Service and the State agencies. The findings, tentatively scheduled to be available early in fiscal year 1969, will provide a basis for cooperative planning of improved tax enforcement.

3. Unemployment Insurance Service staff specialists conducted 15 post-installation reviews of new automatic data processing systems in unemployment insurance operations and provided continuing consultation on a major new system in two States for the actual time required to process claims and payments through direct wire connections between State and local office equipment.

4. In conjunction with the Administration and Management Service arrangements were made for out-service training for State agency technicians through training institutes conducted under contract with universities. A total of 1,063 professional staff received such training; they included field auditors, claims examiners, appeals referees, and management staff. In addition, the Unemployment Insurance Service conducted training courses for State staff on data processing systems in unemployment insurance operations, and a seminar on unemployment insurance cost estimating and benefit financing.

5. Fiscal year 1967 saw considerable progress in strengthening the unemployment insurance system's research capabilities for evaluating program content. Of special importance has been the continued expansion and consolidation of the Continuous Wage and Benefit History program which yields valuable data for studies of the program results for individual workers. By the end of the fiscal year, there were a total of 46 States with on-going or planned programs compared to 35 States at the start of the year. Most States have adopted the uniform sample approach urged by the Bureau to facilitate greater comparability of information, interstate exchange of data for individual workers and claimants, and coordination with data from the Social Security Administration's one-percent

worker sample under the Old Age, Survivors, Disability and Health Insurance (OASDHI) program. Some States are summarizing and publishing data from the Continuous Wage and Benefit History program and many more are getting to the stage of doing so.

Considerable activity was devoted to evaluating the basic State unemployment insurance legislative structure, largely through analyses of program statistics and the findings of research studies. A major project involved the use of data from the Old Age, Survivors, Disability and Health Insurance one-percent worker sample to test the impact of various benefit formulas and qualifying requirements. Plans were developed for further exploitation of this source of data for these purposes, as well as for evaluation of farm worker coverage proposals. Special tabulations of Census data on employment and payrolls of small firms were designed, obtained from Census Bureau and made available to State agencies for use in their analysis of the impact of proposals for extension of coverage to employers of fewer than four workers.

In 1968, it is planned to augment support of the State systems by concentrating efforts of national office staff on developmental efforts and solving more complicated or multi-state problems while depending more heavily on State agencies for evaluating operations and providing information on effectiveness of performance. This reliance on self-evaluation by States will be possible by redesigning their management systems to produce specified data, by providing the specifications of evaluative methods and performance standards and by Regional Office monitoring. This redirection of staff effort began in fiscal year 1967 and will increase as rapidly as developmental efforts permit during 1968, as follows:

1. Continue as rapidly as our staff resources will permit the long-range program now in progress for modernization of the Federal-State unemployment insurance administration system.

2. In our continuing analysis and review of claims operations, emphasis will be added (to that dealing with surveillance of eligibility) to constructive initiative by claims examiners to accelerate the claimant's return to gainful employment. Studies already under way will be continued to develop effective techniques for better direction of the claimant's own work search and for coordination to achieve intensified efforts by the Employment Service, including employability services where appropriate. Experimental systems for developing effective techniques to accelerate the claimant's return to gainful employment were started in 1967 and will continue in 1968.

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3. The adjudication by the State agencies of contested claims for benefits has been found inadequate as to both the investigation of facts and the notices to the interested parties, and the Bureau has developed appropriate guides for strengthening supervision and establishing quality control programs in this activity. Assistance will be given to States in the installation of these measures.

4. Work will continue on a limited scale toward a coordinated national programs of research by State unemployment insurance services which will yield the factual basis both for the individual States' needs in developing legislative improvement, and the Bureau's needs for national program planning.

5. The Bureau will continue to give guidance and assistance to States in establishing organization patterns which will better accommodate effective, direct-line supervision over the claims functions in local offices. This will involve greater use of claims control centers through which a small cadre of specialists may maintain several points of service within a relatively large geographical area. The method provides for improved service to the public and more economical employment of limited professional staff resources.

Changes for 1969

Mandatory changes amount to (Page BES-7).....+$127,500

Financing changes amount to (Page BES-7).....+ $17,000

Program changes amount to.....+$321,500

Positions.....+26

This program increase is to provide national and regional office staff in efforts to support the management improvement activities of the Unemployment Insurance Service by the establishment of an automated reporting system, a State based evaluation system, implementation of a cost accounting system, and further development of automatic data processing technology. It is explained in detail under the Administration and Management Service justification (Page BES-39).

Base

Positions -0- Estimated Cost -0-

Additional Cost

Positions 26 Man-years 23.4 Estimated Cost $321,500

Basis for the Estimate

The estimate for 1969 provides for a continuation of the basic functions of the Unemployment Insurance Service. These functions are essentially in the nature of central staff services which the Bureau performs within the Federal-State framework for some 26,500 staff in 52 operating agencies. The workload projections reflect assumptions of obligatory activities at about their present levels except for increases in public inquiries and greater legislative activities in 1969 when more legislatures meet.

WORKLOAD STATISTICS

	Actual		Estimated	
	1966	1967	1968	1969
Evaluations, Surveys, or Operations Audits, On-Site (Field Assignments)	179	141	178	118
Technical Assistance to States, On-Site (Field Assignments)	96	114	126	90
In-Office Evaluations, Audits, or Analyses (Completed Reports)	2,444	3,437	2,461	3,500
Routine Correspondence on Individual State UI Matters (Communications Written)	5,703	5,997	7,294	7,300
State Documents Reviewed (Communications Written)	747	1,093	1,026	1,100
In-Office Program Analyses (Communications Written)	337	352	307	350
Developmental Projects (Projects Completed)	23	31	34	40
Printed Guides, Instructions, Standards, Manuals (Releases)	123	142	289	200
UI Sponsored Institutes, Conferences, and Training Seminars (Assemblages)	56	73	103	100
Budget Transactions (Budget Documents)	495	947	857	857

Activity 2. UNITED STATES EMPLOYMENT SERVICE (1968, $11,292,000, Pos. 844; 1969, $12,343,000, Pos. 892)

Narrative Description of Program

This program provides for national leadership, direction, and coordination for program and operations to a nationwide system of public employment offices. Beginning in fiscal year 1968, the employment service program in the states will be organized and will be accountable to the Bureau under four major program areas, i. e. Employability Development, Employer Relations and Placements, Manpower and Employment Information and Administration and Technical Support.

Under these basic categories the United States Employment Service 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) specialized services to those who encounter serious difficulties in the competitive job market; (c) mobile employment services to smaller communities where fulltime offices are not economically feasible; (d) 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; (e) occupational and manpower information and area employment and unemployment information; and (f) greater mobility of labor by guiding necessary shifts of workers between geographic locations and across occupational and industrial lines.

The United States has for the last two decades been undergoing a gigantic industrial and economic transformation, reflected in a rapid increase in population and labor force, the expansion of the economy, the introduction of new production techniques with accompanying changes in jobs, and wide-spread geographic shifts in industrial location. Also, increasing productivity on the farms through mechanization and more efficient methods has accelerated the movement of population 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 relative inadequacy of present institutions, practices, and legislation to deal effectively with the many facets of these changes. It has become increasingly evident that 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 an active manpower policy. The basic elements of such a policy have been defined and a vareity of approaches are rapidly being developed. Within the past four years the Congress has given increasing recognition to the problems of human resource development and has enacted legislation in which there are specific provisions relating to the complex of these problems. In each of these the implementation directly involves the United States Employment Service and its affiliated State agencies.

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 Veterans Employment Service provides leadership, develops policy and gives advice to States.

The Office of Farm Labor Service develops policies, program objectives, and operating procedures for a nationwide program to service the needs of workers and employers in agriculture and the woods industry. 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.

United States Employment Service (1968, $7,528,000, Pos. 547;
1969, $8,457,000, Pos. 595)

In 1967, accomplishments included 253 Bureau conducted evaluations by management and program specialists of State agency activities at both 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 359 in fiscal year 1967. 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 provide employment data useful to the Bureau in setting up employment security programs and also provide useful information for other agencies. In fiscal year 1967, 800 areas were analyzed and classified, and a total of 37 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.

Demands on the 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 assistance in conducting their operations; the requirement for nationwide coordination and direction of the multiple employment service programs; the implementation 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 an important role in shaping the Nation's economic destiny. Since the early 1960's, the Employment Service has redirected its plans and efforts to meet the needs resulting from rapidly occuring technological innovations, the necessity to reach and serve hard-core unemployed and various disadvantaged workers and implementation of recently enacted manpower legislation.

This redirection of effort, designed to effectuate an active manpower policy, began to assume organized form in fiscal year 1966. In that year, the human resources development concept was formulated as the guiding principle and a very modest start in putting it into effect was made. In brief, the human resources development concept provides for the coordinated planning and management of all employment service resources, from whatever source derived, in order to assure the most effective use of the Nation's entire manpower resources. In scope, it goes far beyond the traditional matching of job-ready applicants with employers' job orders. It involves reaching out to make contact with those who do not on their own initiative seek employment service assistance. It places major emphasis on serving the disadvantaged the long-time-unemployed and underemployed, Negroes, youth, older workers, the handicapped and others who encounter serious problems in the job market. It stresses special assistance in terms of educational and vocational training and other necessary services, to the disadvantaged to develop their employability and to meet employers' needs. At the same time it stresses work with employers to modify rigid and unrealistic hiring requirements and job specifications and to restructure jobs so as to enable "graduates" from training to qualify. It culminates in individualized job development efforts, including related services to employers, placing people in jobs which will make maximum use of their potential and following up to insure satisfactory adjustment. Implementation of the human resources development concept was undertaken on a larger scale in fiscal year 1967.

The approach to the most effective implementation of the human resources development concept, in brief, is based on three principles, as follows:

1. A revised State program budget structure comprising two basic program areas, a basic and supporting program area, and an area of activities to support and assure accomplishments of the

objectives of the first three. Each area comprises a limited number of activities indicating the work performed or service rendered rather than the individual or group for whom it is performed. The new structure is more fully explained in the Grants to States estimates.

2. Elimination of the fragmented allocations for a wide variety of special purposes, including those for services to special applicant groups such as youth, older workers, minorities, the handicapped and the like. Services to such groups will continue to be reported, however, by means of the present statistical reports and any other workload accomplishment reports that may be necessary.

3. The preparation by each State of a Plan of Service describing the manner, including distribution of resources among the program areas and activities, in which it proposes to meet overall State needs and the needs of areas within the State. In fiscal year 1969, State plans will be based on, and to the extent necessary will include area and local office plans.

In 1968, it is planned to further develop and refine the new budget structure and particularly the State and local office Plans of Service, the development of which will create major demands on the time of national and regional office staffs in fiscal year 1968. This matter is too important to be neglected, since success in this area is fundamental to successful implementation of the human resources development concept.

In addition, technical assistance must continue to be provided to States, areas and localities in planning, developing and carrying on programs, especially in the newly developed programs of services to the disadvantaged.

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 United States 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 will be continued. Equally important is the need to improve methods for estimating urban and rural unemployment rates. To better cope with job skill shortages, more occupational opportunities information is needed.

The emphasis placed by the Employment Service in fiscal year 1967 on strengthening its management information system at all levels, State and Federal, will be continued in fiscal year 1968.

Work must be continued on the development and installation of a comprehensive cost accounting system and the use of cost benefits studies as a tool in management decision-making.

The Employment Service is now completing a large-scale reassessment of its organizational structure and assignments of staff responsibility to develop a pattern which assures the most effective use of present resources in order to achieve its objectives. Implementation of the new pattern is now underway and will be completed in fiscal year 1968.

Veterans Employment Service (1968, $1,942,000, Pos. 144; 1969, $2,001,000, Pos. 144)

In 1967, accomplishments included the placement of 1,182,200 veterans in nonagricultural jobs, 111,400 placements of disabled veterans in nonagricultural jobs, and the processing of 1,762,900 veterans applications for employment through local offices.

The number of veterans has grown rapidly. As of March 1967, as reported by the Veterans Administration, there were a total of 25,839,000 veterans in civilian life. This figure includes:

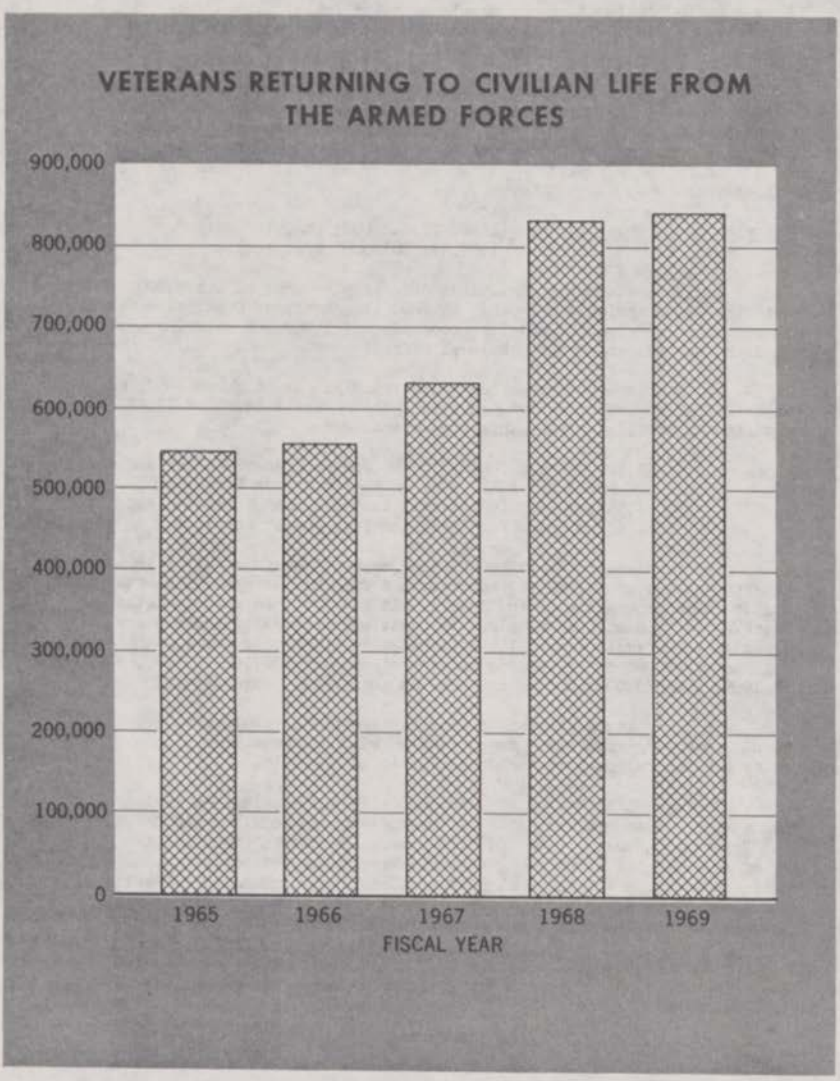
1,929,000 who fought in the Spanish American War and in World War I,
14,860,000 who fought in World War II,
4,567,000 who fought only in the Korean Conflict, and
4,483,000 who fought in the Post-Korean Conflict.

The passage of the Veterans' Readjustment Benefits Act of 1966 gave veterans status to all those who separated from military service after 1955 and to those separating in the future. It added to the veteran total a "backlog" of 3.8 million people. In addition, increasing numbers are expected to separate from military service in the coming years. The Department of Defense estimates of separations are 630,000 in 1967, 830,000 in 1968, and 840,000 in 1969 as shown on the chart, page BES-22.

In 1968, it is planned to provide intensified employment services to all returning veterans. Every veteran will be contacted as soon after his separation from the Armed Forces as possible.

The age distribution of veterans calls for specialized employment assistance. With the inclusion of the Post-Korean Conflict and the Viet Nam Veterans under the 1966 "GI Bill", youth becomes a significant category. Many of these young veterans have never worked before and need, in addition to the usual placement services, extensive counseling and skill development prior to selecting a field of work. Almost all these workers need current job market information.

Another category requiring specialized employment services is the older worker. The Korean War Veterans with an average age of 37.5 years and the World War II veterans with an average age of


VETERANS RETURNING TO CIVILIAN LIFE FROM THE ARMED FORCES
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
1965
1966
1967
1968
1969
FISCAL YEAR

47 years are in, or approaching, the older worker category. In addition, each year, 60,000 military men with an average age of 45 years retire from service. Re-entering the labor market as older workers, many of these workers need orientation to employment possibilities under their new status. Also, employer contact is needed to promote consideration of older workers and to inform the employer of the applicability of military experience to civilian training. Another special category is the handicapped veteran. This group is rapidly increasing as disabled veterans return from Viet Nam. A special program has been announced by the President to aid separated servicemen.

The President called for "personal employment assistance" to "smooth the transition from military to civilian life." To aid in this effort, United States Veterans Assistance Centers will be staffed in fiscal year 1968. The Bureau will provide technical assistance to State agencies, prepare and distribute informational materials to returning veterans and develop research into military job skill transferability.

Farm Labor Service (1968, $1,822,000, Pos. 153;
1969, $1,885,000, Pos. 153)

In 1967, efforts were directed toward improving existing practices in the Federal-State system, rather than introducing new practices. This was based on indicated needs following 162 farm program evaluations, 38 of which were performed by national office staff, the remainder by regional offices.

The most urgent area for improvement was in the recruitment of seasonal workers, particularly school youth for summer work and for their replacement at the beginning of the new school year. Farm labor service staffs assisted State agencies in 120 on-site actions to strengthen and improve these recruitment operations. In a number of instances there would have been a need to use foreign labor, but this contingency was avoided or minimized in most cases. An important side effect of these efforts was the opportunity provided youth to earn wages in gainful employment, thus making possible a return to school or college in an undeterminable number of cases.

While all States vigorously pursued the pattern of program improvements initiated in Fiscal Year 1967, -- 18 of them surpassing placement levels of 1966 -- adverse weather conditions generally reduced overall labor needs for agricultural and harvesting labor. With more favorable conditions prevailing in the first five months of fiscal 1968 (July-November 1967), agencies reported over 200,000 placements in excess of the five-month period in the previous year.

An equally important activity was a study of "retention" services. These services, which adapt successful industrial relations techniques to agriculture, 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. "Retention" services are becoming an integral part of placement work in many areas, and have been beneficial to both workers and employers particularly since the termination of the Mexican farm labor program. In consequence, the movement will be further expanded for nationwide use in the latter half of fiscal year 1968. These actions will apply also to employers and workers in woods activities and, where appropriate, to all others embraced in the total rural manpower program.

Improvements in the recruitment and movement of interstate migratory workers called for over 100 instances of staff assistance to State agencies. In many cases these were the result of adverse weather and crop conditions which disrupted the planned itineraries of migratory crews. Involved in all these interstate recruitment actions were prevailing wage surveys, expansion of informational services and housing inspections.

In 1968, it is planned to initiate new approaches in helping meet the increasing need for year-round workers skilled or trained in the use of modern farm machinery and equipment. Already in exploratory and field test stages in respect to the milk industry, Federal-State plans call for measurements of need in respect to metropolitan milk-shed areas, and for the development of working relationships with dairy associations in wide-sweeping recruitment and training actions. The premise is that concerted, well-directed actions relating to an entire milk-shed area will be far more productive than the undirected actions of rural communities acting separately. Similar plans will be launched in major geographic areas specializing respectively in the production of broilers, eggs, beef cattle, hogs, and pulpwood.

In addressing itself to the seasonal labor and job needs relating to vegetables, fruits and many other high labor-using crops, the Farm Labor Service will continue to push for stronger, well-organized community day-haul operations. Revitalized in fiscal year 1967, with particular emphasis on selection, pre-job orientation, and follow-up retention services, day-haul operations have proven to be the most effective method of mobilizing local labor, especially school and college youths who are available during the summer months and on weekends during the school year.

Special directional and guidance material will be issued to States for the purpose of promoting more active relationships with community organizations concerned with the welfare of disadvantaged groups. It is hoped that through these means more people in need of gainful employment can be reached and better utilized.

Most workers recruited for seasonal farm work are members of low-income families, many totally unemployed and, therefore, have most pressing need for funds. A high proportion of these workers are from minority groups. In the absence of other (non-farm) work being available, economic pressures draw into the agricultural labor market many inexperienced young people from these groups, with resulting high turnover. To help remedy this situation, pre-job orientation with employer assistance, and follow-up actions to foster job stability will be part of the Bureau's emphasis program in fiscal year 1968.

During fiscal year 1968, the worker housing of all growers recruiting interstate migrant labor through the public employment system will be checked for conformity with the Secretary's Regulations on Interstate Recruitment, as revised in 1967. The housing standards in these regulations are now mandatory, rather than recommended. It is expected that some growers, being found with substandard housing, will decline to use the interstate recruitment system in order to avoid the cost of remedial repairs. Regardless of this possibility and its effect on placement workloads, the housing of all growers using, or who elect to use the system, will be inspected.

In 1969, it is planned to utilize the results of field tests relating to the milk industry and the need for metropolitan milk-shed areas and work with dairy associations. This will be a continuation of the work done in this area in 1968.

"Retention" services will be strongly emphasized in 1969 as a result of studies undertaken in 1967 and 1968. This activity will be instrumental in reducing the high incidence of turnover. The job orientation with employer assistance and follow-up actions to foster job stability will continue to be emphasized in 1969.

The Farm Labor Service will continue to promote better relationships between communities and farm workers, particularly those organizations concerned with the welfare of disadvantaged groups. The worker housing of all growers recruiting interstate migrant labor through the public employment system will be checked for conformity with the Secretary's revised regulations of 1967.

Changes for 1969

Mandatory changes amount to (page BES-7) ..... +$361,300

Financing changes amount to (page BES-7) ..... +$ 17,000

Program changes amount to ..... +$672,700

Positions ..... + 48

United States Employment Service

The program increase for this item will provide the staff resources in the National and regional offices to direct and coordinate comprehensive management improvements in the Employment Service. This will be accomplished by the establishment of an automated reporting system, a State-based evaluating system, the installation of a planning system at the State and local level, the implementation of a cost accounting system and further development of automatic data processing technology. It is explained in detail under the Administration and Management Service justification (Page BES-39).

Base

Positions	-0-		Estimated Cost -0-

Additional Cost

Positions	48	Man-Years 43.12	Estimated Cost $586,700

Part of the program change item is related to financing the full year costs of the 1968 supplemental appropriation for the Exemplary Rehabilitation Certification Program.

Base

Positions	10		Estimated Cost $173,000

Additional Cost

Positions	-0-	Man-Years 4.6	Estimated Cost $ 74,000

Veterans Employment Service

This program increase will finance the full year costs of 1968 supplemental appropriation for the Veterans Employment Service for increased services to veterans under the "contact" program and activities relating to establishment of United States Veterans Assistance Centers.

Base

Positions	3		Estimated Cost $ 89,000

Additional Cost

Positions	-0-	Man-Years 1.4	Estimated Cost $ 12,000

Basis for the Estimate

The fundamental basis for estimating resource requirements for the United States Employment Service is the continuing need to translate Administration policy into a manpower system to make the most effective use of the Nation's workforce The many and varied programs are administered by the State agencies but are initiated, developed, evaluated, and directed by the national and regional staff of the Employment Service. Much of the staff requirement is based on the continuing nature of many programs, for example, the review of State reports, budget requests; organization and management etc. remains fairly constant unless dramatic new programs are introduced.

Federal staff of the Employment Service for 1969 will amount to 892 positions. The functions they will perform will direct the activities of 31,306 State employees, a ratio of over 35 to 1. These State employees will receive and process almost 11 million new applications, conduct 2,200,000 counseling interviews, test 2,200,000 individuals and make 6,500,000 placements. All of these activities must be monitored and evaluated by the Federal staff. Toward this end 260 full program evaluations will be made, 360 field assistance trips are scheduled, and 800 evaluations of State plans of service, analyses of budget requests, program performance etc. will be required.

In addition to staff time spent on evaluatinn and analyses, the employment service must keep all States, as well as other agencies, informed on labor market conditions. In a dynamic economy conditions change rapidly and thus continual labor area surveys, contacts with multi-State employers, job definitions, job vacancy information, and new testing devices must be maintained and updated.

Finally, new porgrams are constantly emerging and must be developed on a nationwide level before being introduced to the States.

The estimates of staff needed to carry out all the described functions are based on the workload estimates which have been validated by experience, plus or minus anticipated or planned deviation from the basic program.

With respect to the Farm Labor Service, the estimate of staff needs for 1969 are based on levels of resources used in performing identifiable workloads in fiscal year 1966 and fiscal year 1967. In lieu of a functional time-reporting system, unit supervisors' approximations of staff utilization are accepted as these relate to reportable major functions. The method does lend itself to reasonable computations of man-year productivity in a single activity or a combination of activities. It is estimated that the method offers 75 to 90% reliability, is considered not less efficient than functional-time reporting and is not as costly to administer.

Shown below are estimates of individual workloads based on the prevailing method, averaged for fiscal years 1966 and 1967. The computations consider all tasks performed by professional and clerical workers, and cover both field and office phases of all staff time consumed.

	Individual Performance Average
Technical assistance to State Employment Service agencies	2.5
Program evaluations (on site)	12
Publications and technical aids	29
Reviews and analyses	80
Interstate farm job orders reviewed and cleared: Number of orders cleared	4,218
Determinations and certifications re alien entry requests under PL 414 for permanent agricultural employment	491 1/

It is understandable that workloads will vary, sometimes for reasons beyond control, sometimes because of deliberate planning. When these variations are marginal or of a temporary nature, staff reductions or increases are deemed neither desirable or necessary.

1/ Based on fiscal year 1967 experience only since the "320" program operating in fiscal year 1966 involved a different policy and method of workload reporting.

WORKLOAD STATISTICS

	Actual 1966	Actual 1967	Estimated 1968	Estimated 1969
Employment Service				
Evaluation of State Agency program activities	235	253	260	260
Evaluation of State plans of service; analyses of State annual and supplemental budget requests, program performance, etc.	800	750	800	800
Field assistance to States in program activities, organization and management, and training activities	330	359	360	360
Analysis and classification of labor areas	600	800	750	750
Current occupational studies	75	185	300	300
Manpower projection (area skill) surveys	20	37	20	20
Job definitions, classifications and descriptions prepared	9,700	9,766	9,800	9,800
Occupational tests development studies	58	80	80	80
Promotional contacts with multi-State employers	105	90	120	120
Industry-wide manpower surveys	6	0	7	7

Workload Statistics - cont'd.

	Actual 1966	Actual 1967	Estimated 1968	Estimated 1969
Veterans Employment Service				
Total number of veterans making application for employment in local offices	1,172,500	1,762,900	1,855,000	1,850,000
Total number of disabled veterans making application for employment in local offices	121,100	146,600	160,000	160,000
Total number veteran nonagricultural placements	974,200	1,182,200	1,400,000	1,400,000
Total disabled veteran nonagricultural placements	103,800	111,400	120,000	120,000
Number of local office visits by State Veterans Employment Representatives	4,759	4,388	5,000	5,000
Number of local office evaluations by State Veterans Employment Representatives	1,368	1,383	1,700	1,700
Number of veterans visiting offices of State Veterans Employment Representatives 1/	12,297	10,516	12,000	12,000
Number of veteran employment problem cases referred to VES 1/	1,704	2,100	2,200	2,200
Number of contacts made by State Veteran Employment Representative				
Employer	7,016	6,950	7,500	7,500
Veteran organizations	13,542	13,446	13,500	13,500
Other	15,395	14,594	15,500	15,500
Total contacts 2/	35,953	34,990	36,500	36,500
Number of performance evaluations of State Veterans Employment Representatives offices by national office staff	52	45	52	52

1/ Workload items over which VES has no control.
2/ Represents personal and telephone contacts with other Federal and State governmental agencies, labor unions, private organizations and community groups on Veterans Employment activities.

Workload Statistics - cont'd.

	Actual 1966	Actual 1967	Estimated 1968	Estimated 1969
Farm Labor Service				
Technical assistance to State ES agencies	241	235	219	220
Program evaluations (on site)	35	38	41	45
Publications and technical aids	99	103	116	116
Reviews and analyses 1/	1,400	1,416	1,078	1,100
Interstate farm job orders reviewed and cleared:				
No. of orders cleared	7,814	9,059	10,100	9,500
No. of workers involved	405,513	410,000	425,000	415,000
Determinations and certifications re alien entry requests under PL 414 for permanent agricultural employment	5,500	1,474	1,700	1,700

1/ Includes the reviews and analyses of State Employment Service agency budget requests, pre-season and in-season farm labor area reports, prevailing wage finding reports, and field evaluations.

Activity 3. ADMINISTRATION AND MANAGEMENT SERVICE (1968, $ 1,332,000, Pos. 107; 1969, $ 1,986,000, Pos. 153)

Narrative Description of Program

This program provides for or coordinates, as appropriate, leadership and assistance in overall administrative management activities within the Bureau and to affiliated employment security agencies. Responsibilities involved include overall direction and coordination of planning, budgeting, accounting, reporting and evaluating activities.

Within the Employment Security System, this activity directs the development of program plans and their execution and formulates and administers policies applicable to Federal responsibilities involved. It directs the development of legislative proposals and establishes and maintains effective relationships with Federal and State agencies concerned. The Administration and Management Service reviews performance and accomplishments of the Bureau's staff; directs and coordinates the budgeting and accounting responsibilities of the Bureau and maintains the nationwide statistical reporting and validation system which serves the needs of the Bureau and affiliated agencies for statistical data and economic research and analysis. The Service participates in the evaluation of administration and accomplishment of affiliated agencies and provides centralized services and assistance involving such activities as automatic data processing, management studies, and organization control.

In the Federal-State relationship, this function provides overall leadership and guidance, directs and coordinates the budgeting and accounting processes applicable to affiliated State agencies; and maintains fiscal accounts and prepares Federal fiscal reports on funds allocated through the Bureau. It also provides technical assistance in efforts to improve administrative management functions in affiliated State agencies and participates in the development and conduct of agency personnel training programs. The Service monitors agencies' compliance with Federal merit system standards; assists agencies in the application and utilization of automatic data processing facilities and otherwise provides assistance to affiliated State agencies in the effective administration of programs.

In 1967, accomplishments included actions taken by the Bureau to strengthen administrative management of the Federal-State employment security system, including varied working relationships with other agencies in the antipoverty program. In-depth studies were made of management and administrative practices, and staff training and revised standards for new personnel were provided to improve the competency of State employment security staff. Considerable effort was expended on research and study of program needs, with attendant work devoted to implement study-findings in such forms as drafts of proposed legislation, program outlines, estimates of budget requirements, organizational structure changes, and proposed procedures. These efforts frequently involved consultation with other agencies, private groups,

and both established and ad hoc advisory committees. Throughout the fiscal year, the Bureau provided technical assistance to affiliated State agencies in the review and evaluation of management functions, feasibility studies and equipment selection, personnel management procedures, staff training programs, automatic data processes, fiscal management activities, and statistical reporting operations.

The Bureau approved training for some 10,000 State agency staff members in all phases of employment security operations. In the Experimental Training Center at Michigan State University, opened in March 1967, training was given to State personnel in automatic data processing, management and communications, employer services, services to veterans, labor market analyses, and interpersonal and intergroup relations. Thirteen institutes were held at Michigan State University in 1967. Before the end of the fiscal year, commitments were made for 40 institutes at various institutions for training 1,200 employees of State agencies in human resources development.

In the Bureau's national office, training in managerial skills was provided under the Federal Employees Training Act, and clerical stenographic-refresher training was given to selected employees. All United States Employment Service supervisory personnel were trained in the human resources concept including methods used at the successful "Jobs Now" project for job placement of the disadvantaged in Chicago. Arrangements were made with the National Urban League for training Employment Service staff in 16 cities in work relations with minority groups.

To assist State agencies in their personnel management responsibilities, model qualification standards were issued for local office interviewers and unemployment insurance positions; exploratory work was conducted on qualifications and selection standards for subprofessionals; and continued guidance was given to promote practices which would insure equal opportunity in the internal staffing and personnel management of State agencies.

Under contract with the Bureau, a management consulting firm (Cresap, McCormick and Paget), evaluated methods for making grants to State agencies and assuring effective use of funds. Efforts by the Bureau to carry out recommendations accepted included considerable headway in simplifying the budget process. In addition, Federal-State task forces developed comprehensive procedures for conducting in-depth evaluations of administrative management functions and program operations, thus implementing other recommendations of the consulting firm.

Submittal of a conceptual report for automating employment security operations brought to a conclusion intensive and extensive efforts by the Bureau and cooperating State agencies on the first phase of a long-range project being carried out with technical assistance from the Auerbach Corporation. Acceptance of the contractor's conceptual report resulted in the immediate commencement of the second phase of the project.

Numerous problem-solving meetings held during the past fiscal year with representatives of State agencies encompassed such administrative management affairs as fund allocations, acquisition of property under rental-purchase arrangements, organizational proposals, classification and compensation plan revisions, lease renewals and conditions, audit questions, office locations, and general matters relating to the recommendation and future implementation of the Cresap, McCormick and Paget and Auerbach studies.

Over 470 technicians and officials from 60 countries visited the Bureau, and in some cases State and local offices, for orientation on employment security policies, programs, and operations.

To help State agencies in recruiting applicants for work experience and occupational training opportunities, the Bureau arranged for the production of a number of short films including "Training Opportunities Under MDTA", "Applying for a Job", "Jobs in the Health Field", and "Sales and Merchandising Careers" out of trust fund and other sources.

Carrying out vested responsibilities for "furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system" the Bureau published a variety of regular and special reports during the fiscal year.

In 1968, it is planned to continue, to the extent possible within available resources, the implementation of the recommendations of the consulting firms with regard to an automated reporting system, evaluation and self-appraisal and expanded automatic data processing. In addition, a beginning will be made on the development of a cost accounting system. No new resources were appropriated for these purposes in fiscal year 1968. Through redirection and diversion of staff a great deal of the preparatory work can be accomplished which will permit full utilization of the program increase requested for 1969.

Changes for 1969

Mandatory changes amount to (page BES-7).....+$ 62,200

Program changes amount to.....+$591,800
Positions..... + 46

The program changes appear under this activity because it is from here that they will be directed and coordinated. In addition to the amounts above, 26 positions and $321,500 are reflected under Activity 1, Unemployment Insurance and 48 positions and $586,700 are reflected under Activity 2, Employment Service.

Proposal: To direct efforts toward activities specifically related to the coordination and direction of comprehensive improvements throughout the Employment Security System. It is planned establish an automated reporting system, install plans of service geared to the needs of local communities, implement a cost accounting system and further develop the application of automatic data processing technology to employment security operations.

The Need: The Bureau will devote concentrated attention to three major administrative management areas during fiscal year 1969. The areas of next year's concerted effort were identified in management studies made by the consulting firms of Cresap, McCormick and Paget, and Auerbach Corporation.

In the Cresap, McCormick and Paget study, recommendations were made for developing an improved employment security management system, supported by new concepts of program planning, evaluation, and control, and strengthened by better management information including cost accounting.

Auerbach's studies produced a conceptual plan for obtaining maximum use of the technology of automation in the performance of employment security operations, and blueprints of automated reporting systems, and automatic data processing support systems in area manpower program operations.

Cost accounting as a management tool received emphasis in the management improvement recommendations of the Cresap, McCormick and Paget study. Additional impetus was given to the Bureau's plans to introduce a cost accounting system, as recommended in the study, by the House Government Operations Committee in its hearings on deficient compliance by Federal agencies with the requirements in the Budget and Accounting Procedures Act of 1950. Pursuant to Departmental commitments made in the House committee's hearings, contractual assistance was arranged for the development of an accounting system in the Department, with a complementary system covering the Federal-State employment security funds. Bureau staff members have been working with the accounting systems contractor (Touche, Ross, Bailey and Smart) in the developmental phases of the contract.

The Program: All three of these major areas of activity will have an impact on workload and staff requirements in State employment security agencies during fiscal year 1969. Similarly, the Bureau's workload will be increased in fiscal year 1969 in carrying out Federal responsibilities involved in each of the three priority activities.

As will be noted, 26 additional positions are requested for the Unemployment Insurance Service. National and regional office efforts will be required in support of management improvement activities and to carry out the further recommendation of the consulting firm that:

> "A major effort should be made to develop costs of performing each function by a cost accounting system and to develop, as rapidly as possible, sound productivity standards for performing Unemployment Insurance functions."
>
> "-While States may vary in processes for valid reasons, and trying new methods should be encouraged and promoted, differences in costs of routine, similar operations should not be allowed to exist indefinitely."
>
> "- The goal of this effort should be establish realistic standards and reduce the present unreasonably wide range in

productivity among States, which already is of great concern to the Unemployment Insurance Service."

"Because of the lack of such a systematic effort in the past, the standards must be developed through on-site study by specialists, and not derived by purely statistical analysis."

" - The specialists should use appropriate techniques to measure, in each State, the following components of efficient operations: -

Methods and procedures
Work pace of employees
Nonproductive time of employees."

The consulting firm also stated that:

"To have an adequate program of time and methods analysis, the Bureau should think in terms of maintaining it at a level of about 25 full-time methods and work measurement specialists, plus the time, as needed, of regional personnel and national office program specialists, for a total of perhaps 50 to 60 man-years per year."

Because of the critical need to improve Employment Service planning and management, the United States Employment Service requests 48 additional positions for assigment in fiscal year 1969 to two major activities:

First, intensified efforts are needed to refine and extend the Plan of Service concept, and as a corollary step to make the related budgetary process more realistic.

Second, increased attention must be given to strengthening and expanding evaluations of State agency operations through the State's self-evaluation as prescribed by the Bureau, and by improved and increased numbers of Bureau conducted evaluations.

These activities will require the provision of a substantial amount of technical assistance by Bureau staff in the national and regional offices to introduce and follow-up on the self-evaluation program. Additionally, plans to intensify and increase Bureau conducted evaluations of State employment service operations will require an augmentation of United States Employment Service staff in both the national and regional offices. It should be pointed out that developmental work and pilot try-outs of the tools and techniques involved in these efforts have been accomplished thus far by staff diverted from other activities.

A significant amount of the Bureau's implementation efforts in the three areas of priority attention will fall on the Administration and Management Service for which 46 additional positions are requested. The 4 new positions will provide a program planning and control capability. They

would be used in the preparation of work plans for the Administration and Management Service staff in the national and regional offices, reviewing reports of accomplishments on plans; developing tools and techniques for evaluating State agency administration and management; scheduling evaluation activities and participating in related field work; and designing or developing measurements of accomplishments in administrative management functions. Although the estimate indicates that all regional staff will be assigned to Unemployment Insurance and Employment Service, there are Administration and Management functions which will be carried out. The staff will be helping State agencies to improve their self-evaluation programs, monitoring the self-evaluation activities of individual State agencies, conducting special evaluations, and assisting States in their overall management functions.

Priority emphasis is being directed to the application of computer technology to improve employment security operations, planning and administration. Substantial progress was made during fiscal year 1967 in developing concepts and plans with contractual assistance from the Auerbach Corporation. In June 1967, these concepts and plans were reviewed by joint Federal-State task forces and a steering committee and the contract amended to provide for technical assistance from the Auerbach Corporation during fiscal years 1968 and 1969 to assist the Bureau and selected State agencies. The contract amendment provides for the following:

1. Developing plans for automating the employment security reporting system in all State agencies and the Bureau to be implemented in fiscal year 1969;

2. Developing plans for and assisting in the implementation of prototype data systems in three model State agencies that will automate all employment security operations at all levels to a maximum feasible extent. The three model States are Utah, Florida and Michigan;

3. Developing plans for and assisting in the implementation of an Area Manpower Data System in the New York metropolitan area that extends into contiguous communities in New Jersey and Connecticut, that will automate employment service operations and determine the extent to which information can be interchanged between other manpower support agencies located in a large complex labor market area;

4. Developing long-range plans for the expansion and exportation of prototype automated systems to all States and effecting a transition to a fully automated status throughout the Federal-State system; and

5. To provide on-site assistance to the California agency in achieving maximum value and efficiency from the Labor Invertory Communication System. The purpose of the California system is to determine the most efficient and effective means for using a computer to support local office placement operations for professional occupations.

In addition, the contract provides for the inclusion of automated data processing requirements in the States and the Bureau that are generated as a result of the work performed by Cresap, McCormick and Paget and Touche, Ross, Bailey and Smart to develop management information and cost accounting systems.

During fiscal years 1968 and 1969 the Bureau will be heavily involved and committed to provide technical assistance and guidance to State agencies. To fulfill its responsibility in this joint Federal-State endeavor, the Bureau plans to increase its technical staff to effectively monitor the technical aspects of automation programs to assist the State agencies in implementing and evaluating automated systems, and to develop the Federal counterpart of the employment security system. Achieving compatibility between State automatic data processing systems and the Federal and State management information systems will be accomplished through the establishment of Data Elements and Codes Standards and Technical Standards.

Bureau staff will undertake the implementation of the automated reporting systems in the States and the Bureau in fiscal year 1969. Every effort will be made to coordinate the work of the contractors engaged in the development of the management information and cost accounting systems, to incorporate their requirements for data processing into Federal-State systems being developed under contract with the Auerbach Corporation.

Since the principal thrust behind the long-range plans to automate employment security operations is provided by the Administration and Management Service, the entire 36 additional positions for the Bureau's automation efforts are requested for Administration and Management Service.

To carry out the Bureau's responsibilities for extending the application of the accounting system being designed by Touche, Ross, Bailey and Smart into all employment security agencies, 6 additional positions are requested. Incumbents would be used to provide on-site assistance to State agencies in adopting the contractor's system design to the peculiarities of each individual State agency. Also involved is the responsibility of training each State agency's fiscal staff, and monitoring applications until assurance is obtained that the system is fully operative.

All of these efforts will result in a better, and more efficient employment security system to better serve the nation's workers and employers. The plans of service to be developed at the local and State level will contain evaluations of manpower needs, proposals of actions to be taken, and a program for the greatest level of accomplishment to be achieved with available resources. An automated management information system will provide the information necessary for decision making at all levels of the employment security system on a more timely and consistent basis so that managers of the system can assess all aspects of administration and management, program achievement, and resource utilization in sufficient time to take management action. Compatible systems of financial management and reporting of planned utilization and actual expenditures of funds will insure proper accountability and management. The system being developed will incorporate the ability to accumulate the cost data

necessary to identify elements of cost with specific program objectives and evaluate the cost-benefit relationship of employment security programs. In general, the system will provide the basis for both effective planning and control by providing the means to project anticipated activities by fund, responsibility center, activity, and program, coupled with quantitative and qualitative controls to compare actual results to planned objectives. The following summary indicates the proposed distribution of the additional positions by functional activity.

	Unemployment Insurance Service	Employment Service	Administration & Management Service
Management Improvements (Cresap, McCormick & Paget)	26	48	4
Automation (Auerbach Corp.)	- 0 -	- 0 -	36
Cost accounting (Touche, Ross, Bailey & Smart)	- 0 -	- 0 -	6
Total	26	48	46

Fifty-six of the 120 additional positions requested are expected to be assigned to the Bureau's regional offices. Distribution of the regional positions are: Unemployment Insurance Service-20, United States Employment Service-36.

Base
Positions - 0 - Estimated cost - 0 -

Additional Cost
Positions 46 Man-years 41.4 Estimated cost $591,800

Basis For The Estimate

The study conducted by Cresap, McCormick and Paget identified a number of weaknesses in the planning and management of employment security programs. To remedy deficiencies which occur when essential planning, evaluation and control functions are performed on a "time available" basis, the Bureau is requesting 78 additional positions in order to obtain resources for full-time and continuing use in some of the most basic administrative management functions. Most of the additional positions requested are intended for assignment to regional offices. This distribution not only recognizes one of the major recommendations in the Cresap, McCormick and Paget study (which proposed a decentralization of the Bureau's technical assistance activities), but it contemplates the economies inherent in having the new resources close to the agencies where assistance is needed.

The six positions requested for the accounting system will be used to assist State agencies in the installation of the system. The five professionals will accompany the contractor's employees into the three model States to observe and assist, and to learn the system and techniques needed to install the system in additional Employment Security State agencies. These employees will use the accounting manual and teaching materials which will have been developed by December 30, 1968 to teach at least three employees from each of the remaining agencies. In addition to the teaching of the fundamentals of the system, teams of these employees will actually install the system in 5 additional State agencies.

The need for increasing the Bureau's staff of data processing technicians was brought into sharp focus in fiscal year 1967 when, due to a shortage of qualified automatic data processing technicians, a contract was entered into with the Auerbach Corporation to study and develop plans to apply computer technology to employment security operations and administration. The contract was amended to provide technical assistance through fiscal year 1969. A total of 36 positions are requested for this purpose.

In total, the estimate will provide 120 positions. The estimate is based on the recommendations made by the contractors after careful study and review by the Bureau.

WORKLOAD STATISTICS

	Actual		Estimated	
	1966	1967	1968	1969
Development of economic assumptions and estimates of economic related data for budget requests	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	330	350	250	250
Development of standards and guides	14	12	10	10
Administrative Management reviews of State agencies	3	3	3	3
State ADP equipment requests reviewed	29	25	30	50
Fiscal Management evaluations conducted	10	9	10	10
Technical assistance visits to State agencies 1/	142	73	146	224
Training conferences conducted 1/	38	17	21	30
State budgets approved, including supplemental requests	2,774	3,080	3,100	3,100

1/ These include visits and conferences held be all units of A&MS.

Activity 4. MANPOWER DEVELOPMENT AND TRAINING ACTIVITIES (1968, $2,645,000, Pos.197; 1969, $2,998,000, Pos.222)

Narrative Description of Program

This program provides for carrying out the Department of Labor's operating responsibilities under the Manpower Development and Training Act by the United States Employment Service and its affiliated State employment security agencies. The Service provides leadership, direction, coordination and control throughout the Federal-State system. It develops and issues operating procedures and instructions: for determining the specific training occupations; for identifying unemployed and underemployed persons needing training; for testing, counseling, selection, referral and placement of trainees; and for determining eligiblity of trainees for and payment of training, transportation and subsistence allowances. The Employment Service works closely with the U. S. Office of Education, Department of Health, Education, and Welfare, on development, review and approval of institutional training projects, and with other components of the Manpower Administration in the development of on-the-job training projects.

The Employment Service is responsible for Federal review, approval and funding of institutional training project proposals. Responsibilities with respect to on-the-job training projects include development of standards for determination of training needs, selection, certification and enrollment of trainees, and determining eligibility for and payment of allowances. In both institutional and on-the-job training projects, follow-up on trainees' employment experience at the three months, six months, and one year intervals following training also rests with the Employment Service.

The Employment Service regional office staff provides direct technical assistance to States in conducting skill surveys, in training project development, in the counseling, testing, selection and referral of unemployed and underemployed workers to training and in the maintenance of necessary records and reports. Regional representatives and those of the Department of Health, Education, and Welfare review and approve institutional training projects.

The Employment Service has a major role in the development of annual goals and guidelines for the implementation of the National Cooperative Area Manpower Planning System. Under this system Federal agencies with widely varying legislative authority and administrative procedures, coordinate their efforts to provide maximum manpower development and related services to the community. Regional office staff provide technical assistance to the States, and participate in the final review and approval of the individual State plans.

In 1967, accomplishments included the approval of 132,000 institutional training opportunities. The Manpower Development and Training Act has proven an effective tool in meeting the employment needs of thousands of workers, particularly the disadvantaged. Since the inception of the program an estimated 352,000 enrollees have completed training. At the time of last contact, during the first year after completion of training, 75 per cent were employed. Other fiscal year 1967 programs geared to

meeting the challenge of worker demand included refresher training for registered nurses and training in other health occupations. Special programs were also established for persons 45 and over, for individual referrals to private institutions, and part-time training to upgrade workers' skills.

Experience under the 1966 amendments to the Act has pointed up the necessity for continued intensive outreach to identify and involve disadvantaged workers in occupational training programs. Programs have been structured to meet the needs of disadvantaged workers requiring a person-to-person approach to assure that each individual has the opportunity to achieve the most suitable occupation. This entails a wide range of institutional training programs dealing with skill needs, basic education, employment and work orientation.

In 1968, services will be provided to 275,000 trainees, of which 109,000 will be institutional, 109,000 on-the-job training, and 57,000 part-time and other. The training targets in 1968 are programmed to provide training opportunities tailored to the needs of disadvantaged workers and to focus on alleviating skill shortages. The 1968 institutional training level of 109,000 opportunities is comprised of 42,000 disadvanted youth, 26,400 regular adults and 40,600 disadvantaged adults. In total, 1968 State plans are expected to show trainee goals totaling approximately 82,000 disadvantaged individuals. 1/ In 1968 about 65 percent of the total training effort will be directed toward the ranks of the hard-core unemployed and other disadvantaged groups. The remaining 35 percent of the training effort will focus on meeting worker skill shortages. Priority will be given to selecting persons from among the disadvantaged for training in the shortage occupations.

Not less than 75 percent of the disadvantaged trainees should have less than a high school education, and in view of the disproportionately high jobless rates and poverty levels among minority groups, they will constitute an unusually high proportion of all trainees in each major program component.

The planning targets for the States for the skill shortage category will emphasize needs for training workers in the health field, occupations providing services for children, and other vocational fields as determined by needs identified in the communities concerned.

Changes for 1969

Mandatory changes amount to (page BES-7)..... +$115,000

Program changes amount to..... +$238,000
Positions..... + 25

1/ This figure includes the anticipated enrollment of disadvantaged workers in training to meet skill shortages.

Proposal: It is planned to develop and implement new and innovative policies and programs in order to provide for the expanded scope of the Manpower Development and Training Activities program. Current emphasis on assisting the disadvantaged and other special worker groups will be continued and new techniques and approaches will be developed and adopted. Additional staff resources in the National and regional offices will be added to effectively carry operational responsibilities of manpower training to provide for the increased types of programs.

The Need: The requirement for increased Employment Service staff to carry out Manpower Development and Training Activities is due to the increased effort involved and the continued emphasis on reaching the disadvantaged. In 1969, services will be provided to 275,000 trainees, of which 109,000 will be institutional, 102,700 on-the-job training, and 63,000 part-time and other. The 109,000 institutional training opportunities consists of 42,00 disadvantaged youth, 26,400 regular adult and 40,600 disadvantaged adult. The unemployed and the underemployed and thier families, along with those employed at low wages and a significant number of persons who although within the normal working age group and in need of jobs, are not in the work force, account for "the poor" in this Nation. Those who fail to seek work despite a crucial need for income include many mature women who are heads of families, youth and adults who have become discouraged with repeated failures in job hunting, and those in more sparsely populated areas. In round numbers the poor are estimated by the Office of Economic Opportunity at more than 32 million based on a sliding scale of cash incomes related to family size, age of family members and location. A survey of 1965 incomes indicated that nonwhite people make up a disproportionate share of the poor, 32 percent versus 12 percent of the total population. The survey revealed that the poor are disproportionately located in rural areas -- 39 percent compared with 30 percent of the total population. Added staff resources will be used in a variety of ways to further improve the program in fiscal year 1969. The improvement will be not only in the existing program content but also in innovations and new approaches to training.

The Program: In the expansion of types of programs planned for fiscal year 1969, increased emphasis will be placed on linking manpower development training with a variety of other training and work-experience programs. Implementation of such varied programs will involve the establishment of cooperative procedures, training guides, and the provision of significant technical assistance in developing and structuring new programs and projects. Program emphasis on special groups, such as residents of ghetto areas, deprived rural workers, older workers, handicapped workers, Indians, Spanish-Americans, Negroes, and other minority group members will require and will be given special assistance and attention.

The increasing inter-relationship between manpower development activities under the Manpower Development and Training Act and other training, vocational education and work experience programs projected for fiscal year 1969, will require improved information on the nature of available job opportunities by local area and occupation. The effectiveness of manpower training--in terms of improving employment opportunities for disadvantaged workers, and in meeting and alleviating local skill shortages--is contingent to a significant extent on the timeliness and validity of such information on area manpower needs and resources. Such information will also be needed to assess the manpower needs and improve the employability of close to 3 million new workers who will be entering the labor force for the first time in fiscal year 1969 (and in each of the succeeding years in the early 1970's), and the many million other workers who will be making job changes because of needs growing out of shifts in the Viet-Nam situation, the general growth in the economy, or in response to technological and other industrial changes.

This information on employment and training opportunities will be needed by specific occupation and individual local areas, since the matching of jobs and workers is done primarily in an occupational framework within an area. In view of the very substantial increases in the dimensions of these manpower development programs during the past few years, the present staff at both the national and regional office level is no longer adequate in size to provide the necessary technical assistance and guidance to the States in developing and analyzing data on current and projected occupational requirements. The expanded emphasis on assistance to the disadvantaged also necessitates a closer review of the data developed to assure that planned training activities are keyed to the characteristics of the disadvantaged workers in the area, and are responsive to changing local job market conditions, and to insure that there are reasonable prospects for employment of the trainees in the occupation for which they are trained. Four-fifths of the additional staff to be added will be stationed in the Bureau's regional offices; these added staff members will work under the direction of the United States Employment Service Regional Director, and in close cooperation with the Regional economist.

The inauguration of the Cooperative Area Manpower Planning System already has placed added responsibilities on both field and national office staff of the Employment Service for providing technical assistance and guidance in developing and reviewing proposed plans. The system will require continuing review and modification of approved plans. The complex legislative authorities and administrative procedures under which the Federal and State agencies involved in Cooperative Area Manpower Planning System operate vary widely. New or expanding and urgently needed programs have increased the necessity for concerted and cooperative action and for improved coordination of all Federally-sponsored manpower-related activi-

ties at levels of the employment service. In order to achieve more effective administration and improved coordination, additional staff are essential to the success of such programs as: the Multipurpose Neighborhood Centers; the Concentrated Employment Program; the Model Cities Programs; the broadened scope of Manpower Development Training Act programs; the increased scope of Economic Opportunity Act programs; and the establishment of the Cooperative Area Manpower Planning System (CAMPS) which promotes further inter-agency coordination in the development of comprehensive plans of action for specified geographical jurisdictions. Present staffing resources are not adequate to conduct any broad scale studies and surveys to develop a total plan to meet the manpower needs of the Nation. Additional staff will be required to handle the planned increase of on-the-job training project activity, particularly in regard to coupled projects, and the increase in the number of national on-the-job training contracts, which require special handling and coordination.

Especially important to the effective operation of the overall program will be the implementation of new programs and techniques developed through experimental and demonstration projects. It is essential that those techniques and approaches demonstrated to be effective are adopted and put into immediate operation. Additional staff resources will be required to provide the necessary guidelines and technical assistance.

Further responsibility was placed on the Employment Service with the institution of a pilot program in 19 cities and two rural areas in the spring of 1967. The Manpower Administration is being supported in this undertaking by the Office of Economic Opportunity and the Department of Health, Education and Welfare. This is one test of the efficacy of a Concentrated Employment Program. The program serves as a testing ground to determine whether such a manpower system can be integrated with the more comprehensive systems being structured in the Model Cities Program. At the same time, the concentrated employment effort provides an excellent opportunity to integrate and operationally test the Employment Service's Human Resources Development concept in limited, controlled areas.

At the local level, the Employment Service will presumably provide the various manpower services for the Concentrated Employment Program working in close cooperation with all other operating agencies. As the major implementor of the manpower aspects of the concentrated employment effort to be included in the Model Cities, additional Employment Service staff will be required in the national and regional offices to accomplish this task.

Base

Positions	197			Estimated Cost	$2,760,000

Additional Cost

Positions	25	Man-years	22.5	Estimated Cost	$ 238,000

Basis For The Estimate

During fiscal years 1967 and 1968, Employment Service staff have been assigned increased responsibilities in implementing the Manpower Development and Training Act. This was the direct outgrowth of the effort to find new approaches to meet manpower problems; and to provide opportunities to disadvantaged segments of the work force who previously could not qualify for training opportunities; and the increased urgency of effective coordination between program staff and that of other Federally-sponsored manpower programs. We anticipate that this trend will increase significantly in fiscal year 1969 with further development of the Cooperative Area Manpower Planning System and the greater impact of manpower programs sponsored by Housing and Urban Development, Office of Economic Opportunity or Health, Education and Welfare. One such program is the Concentrated Employment Program which was initiated by the Manpower Administration of the Department of Labor and supported by other anti-poverty agencies as a pilot program in 19 cities and two rural areas in fiscal year 1967 and planned for installation in about 118 areas by fiscal year 1969.

The estimate is based on staff requirements to provide the nationwide direction to over 4,000 Manpower Development and Training Act staff in State employment service agencies. The fiscal year 1969 program design is fully described in the budget estimate for overall Manpower Development and Training Activities. It is estimated that 4,400 training project approvals, including redevelopment area training, will be granted and Bureau staff will review 8,000 training projects. The increasing responsibility and greater involvement in programs such as Cooperative Area Manpower Planning System and Concentrated Employment Program form the basis for the estimate of increased staff discussed in the preceding section.

WORKLOAD STATISTICS

	Actual		Estimated	
	1966	1967	1968	1969
Development and revision of procedures, handbooks, guides, training units and manuals of procedures for State agency operations (Pages)	250	460	460	500
Review State manuals, forms, directives, and training material for compliance with Federal laws, regulations and procedures (Pages)	10,000	18,000	19,000	20,000
Field assistance to States in program activities	337	501	501	550
Evaluation of program activities, program performance, etc	80	89	89	92
Instructional and training material (items printed)	91	100	100	110
Correspondence--letters and memoranda relating to operations or in reply to inquiries, etc	3,000	3,200	3,200	3,400
Public relations items--articles, pamphlets, etc., promoting the program	12	12	12	14
Training project approvals, including redevelopment area training	3,850	4,400	4,400	4,400
Training project reviews	6,000	8,000	8,000	8,000
Meetings and conferences	44	52	52	54
Pieces of mail handled (incoming and outgoing)	1,442,318	1,573,000	1,575,000	1,575,000
State budget requests processed (including supplemental)	245	268	280	280
Analyses of program activities, reports, etc	18,618 1/	30,492 1/	30,492 1/	31,500

1/ Workload based on new system of trainee review.

Activity 5. FARM LABOR CONTRACTOR REGISTRATION ACTIVITIES (1968, $240,000 Pos. 14; 1969, $243,000 Pos. 14)

Narrative Description of Program

This program provides for the registration and regulation of persons engaged, under certain conditions, as farm labor contractors 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 and 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.

In 1967, accomplishments were the registration of 2,132 contractors, an increase of 222 new registrants from the 1966 level, and investigation of 326 complaints against a projection of 350.

The cost and availability of vehicle insurance continued to act as a restraint on the number of contractors applying for certificates of registration. However, by working with insurance companies and agencies the Bureau was successful in the development of at least one new insurance policy which met the requirements of the Act. Because this policy has been made available for periods of 3, 6 or 9 months, so that a contractor who operates for less than a full year need not be burdened by the costs of an annual policy, it is much more attractive to the crew leader.

In 1968 and 1969, it is planned to continue the efforts made toward greater mobility of field staff.

Because of the limited staff assigned to this program, and the pressing need to bring more subject contractors within the scope of the Act, it became necessary to depart from the regional reporting procedure. Originally our field staff reported directly to the regional offices. The field staff now reports directly to the national office. Accordingly, in the last half of fiscal year 1967, a plan of greater mobility was adopted. The purpose was to move the field staff into regions and areas where greater numbers of interstate crews could be contacted while they were in employment status. To provide for maximum coordination, the field staff was placed under the direction of the national office of the Farm Labor Service. The plan worked out very well since it resulted in the highest increase of new registrants following the initial months of the program. There were 1,910 registrations for fiscal year 1966. This number was increased by 222 in fiscal year 1967. This increase is attributed to the greater number of contacts that the field staff was able to make working directly under the national office. In this manner we have been able to contact more unregistered crew leaders while working in different States. The plan will be continued throughout 1968 and 1969.

The problem of registering crew leaders and assuring compliance with the Act is complicated by the seasonal movement of these workers. The map following shows the travel patterns followed by migratory farm crews and indicates the necessity of national direction not only in providing for insurance coverage but also to follow-up in the compliance aspects of the program.

Efforts are being made to reduce the time for processing cases against contractors who are in violation of the Act. Two to three weeks time is now consumed in processing a criminal case because it must be sent to the Solicitor's Office for review before the case is referred to the Justice Department. This time loss can be eliminated by the proposed procedure. We are attempting to develop a system which will allow our regional offices, in conjunction with the Office of the Solicitor, to work directly with the United States Attorney's Office.

Changes for 1969

Mandatory changes amount to (page BES-7).....+$3,000

Program changes amount to..... NONE

Basis for the Estimate

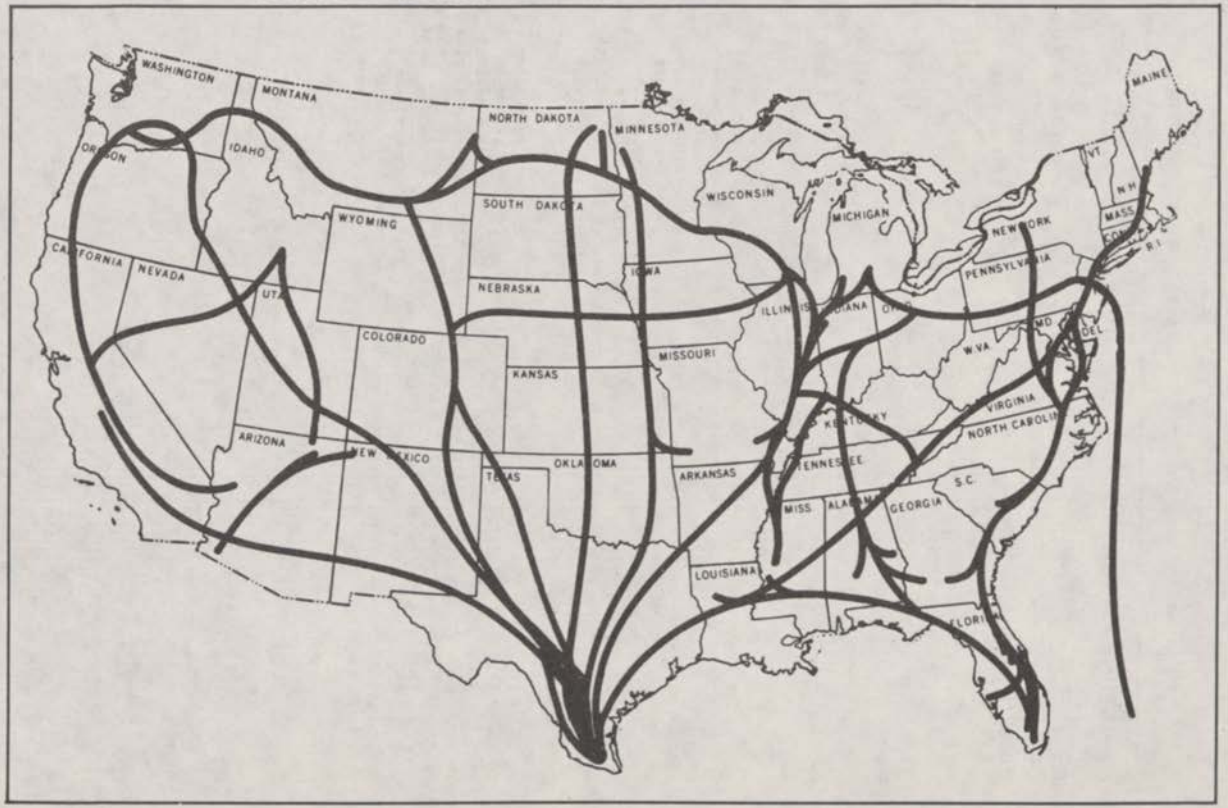
The basis for the estimate is the potential workload in carrying out the provisions of the Act, especially the two-thirds of an estimated number of 7,500 contractors subject to the Act who have consistently avoided registration. The figure of 7,500 contractors subject to the Act is based on reports from State agencies which indicate where crew leaders are scheduled to perform work in seasonal areas as they move during the season. At the beginning of the program, studies made of the Bureau's annual worker plan, subsequently updated through field experience, indicate that this number represents the potential registration workload. To date just under one-third of this potential workload has been registered.

This is a regulatory activity and all functions are performed under the immediate direction and control of the national office, and relate to both field and headquarters functions. The staffing level for this activity is based primarily on a "hold-the-line" policy in workload performance, plus progressive annual increases in registrations, even though modest.

No functional time-reporting system is used; instead, supervisors' approximations of individual workloads and staff time consumed in their performance are accepted. Averaged for fiscal years 1966 and 1967, these appear as follows:

	Workload per Individual	Percent of Individual Staff Time Used
Applications handled	162	60%
Registrations and ID Cards Processed	144	20%
Complaints Investigated	25	20%

ROUTE PATTERNS FOR CREW LEADERS AND CREWS



WORKLOAD STATISTICS

	Actual		Estimated	
	1966	1967	1968	1969
Applications Processed	2,142	2,395	2,490	2,600
Issuance of certificates of registration.....	1,910	2,132	2,160	2,300
Compliance investigations.....	397	326	330	330

Activity 6. ADMISSION AND EMPLOYMENT IN AGRICULTURE OF NON-IMMIGRANT ALIENS
(1968, $1,007,000, Pos. 68;
1969, $1,031,000, Pos. 68)

Narrative Description of Program

This program provides for (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.

The basic purpose of this Federal-State activity, and for which the Bureau has primary responsibility, is to direct and conduct intensive domestic recruitment when an employer has indicated a possible need for foreign labor. The main productive measurement of the activity is the elimination of need for foreign labor, or the extent of reduction in the certified need, without the employer suffering a loss.

In 1967, accomplishments were the certification of 1,929 employers for the temporary use of foreign labor, and the admission of 27,537 foreign workers in the course of the fiscal year. These figures compare with 800 employers and 37,824 admittances in fiscal year 1966. While an admittedly small portion of the reductions was occasioned by adverse weather or labor-saving devices, the greater part was the result of intensive recruitment on the part of the Federal-State teams, and by the employers themselves. The main thrust of the program is to provide domestic labor for employers and to eliminate as much as possible the reliance on foreign workers. Since the termination of the Mexican program, substantial progress toward these objectives have been achieved as illustrated on the chart, page BES-56.

The only increase in the use of foreign labor (British West Indians) was occasioned by an exceptionally late and heavy citrus crop in Florida, resulting in 1,452 more foreign workers than in 1966. The greatest reduction was in Mexican National labor - 10,838 - and was confined to California employers. There was a reduction of 174 Canadian workers, relating principally to apple and potato harvests in the New England States; the use of 727 Bahamians in 1966 was completely eliminated in 1967. The following table sets forth the number of foreign workers employed during fiscal year 1967.

A principal administrative function of the program is that of insuring employer conformity with requirements of the Secretary's Regulations relating to P.L. 414. The measurements of this activity are principally in the incidence of conformity field checks and the investigation of complaints. In fiscal year 1967, a total of 67,757 field checks were made, relating to sixteen standards incorporated in the Secretary's Regulations, to variable crop activities, and to spot checks on a sustained basis during the tenure of foreign employment. Throughout the fiscal year there was no evidence of any employer involved in this program having suffered losses due to the lack of labor.

NUMBER OF FOREIGN SEASONAL AGRICULTURAL AND WOODS WORKERS AUTHORIZED AND EMPLOYED, BY STATE, FISCAL YEAR 1967

STATE	TOTAL	
	NUMBER AUTHORIZED	NUMBER EMPLOYED
CALIFORNIA	6,703	6,652
FLORIDA	12,336	11,758
CONNECTICUT	50	50
MAINE	4,869	3,880
	(4,059)	(2,796)
MASSACHUSETTS	315	297
NEW HAMPSHIRE	365	295
NEW YORK	735	685
RHODE ISLAND	85	58
VERMONT	90	77
VIRGINIA	525	377
WEST VIRGINIA	225	200
TOTALS	30,357	27,125
	(4,059)	(2,796)

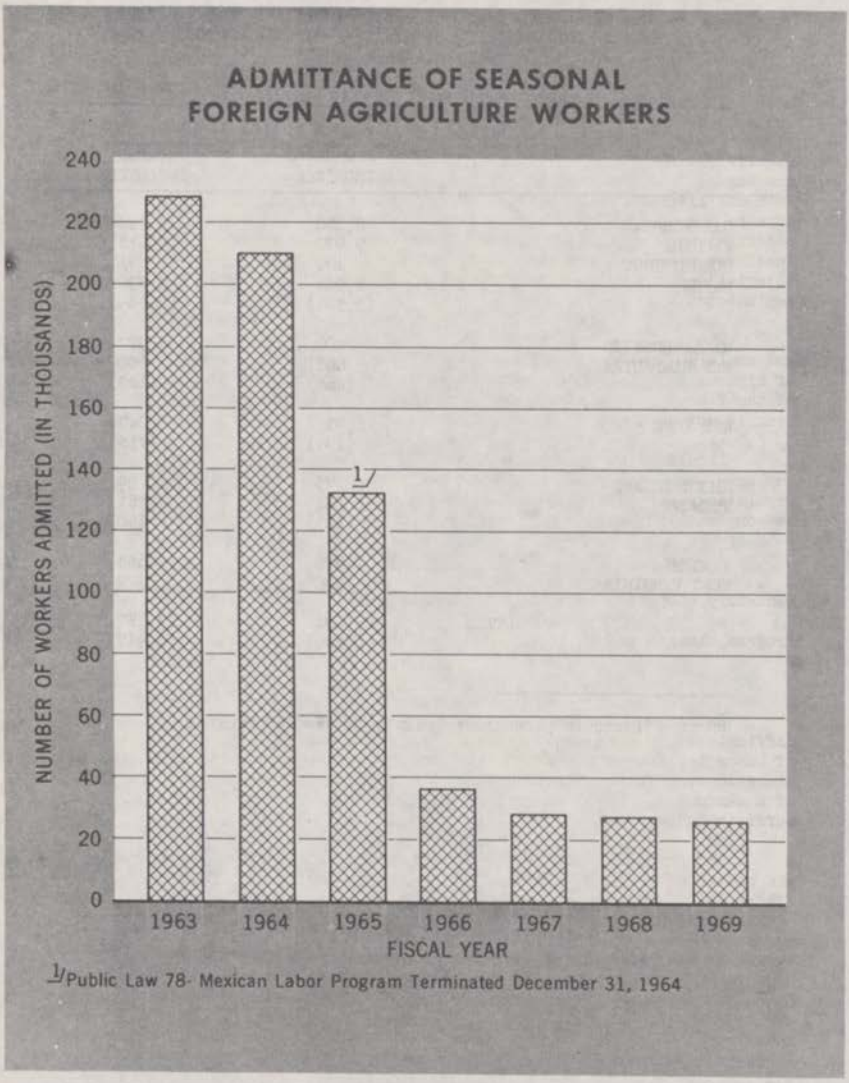
Note: (1) Figures in parentheses relate to "Woods" program.

(2) Of the 30,357 authorized, 27,537 were admitted, but 412 returned home or absconded, resulting in 27,125 who were employed.

NUMBER OF FOREIGN SEASONAL AGRICULTURAL AND WOODS WORKERS AUTHORIZED AND EMPLOYED, BY STATE, FIRST SIX MONTHS FY 1968 (JULY-DECEMBER, 1967)

STATE	TOTAL	
	NUMBER AUTHORIZED	NUMBER EMPLOYED
CALIFORNIA	8,100	6,124
FLORIDA	9,979	9,015
CONNECTICUT	100	91
MAINE	6,941	5,739
	(3,501)	(2,569)
MASSACHUSETTS	400	377
NEW HAMPSHIRE	865	500
	(465)	(143)
NEW YORK	1,315	1,047
	(195)	(115)
RHODE ISLAND	75	39
VERMONT	344	261
	(125)	(90)
VIRGINIA	979	665
WEST VIRGINIA	336	329
TOTALS	29,434	24,187
	(4,286)	(2,917)

Note: Figures in parentheses relate to "Woods" program.


ADMITTANCE OF SEASONAL
FOREIGN AGRICULTURE WORKERS
NUMBER OF WORKERS ADMITTED (IN THOUSANDS)
240
220
200
180
160
140
120
100
80
60
40
20
0
1/
1963
1964
1965
1966
1967
1968
1969
FISCAL YEAR
1/Public Law 78- Mexican Labor Program Terminated December 31, 1964

In 1968 and 1969, it is planned to make the greatest use of field staff in mobilizing adequate levels of domestic labor. While the main thrust of this program is directed toward avoiding the use of non-immigrant aliens in agriculture, it is recognized that unpredictable factors of weather, crop conditions, and the sufficiency of domestic labor in any given area can upset the best of planning. At the first indication of significant shortages, staff will be moved to the areas involved to direct and engage in intensive local, intrastate and interstate recruitment. Economic assumptions in respect to each State will be carefully studied in advance for their possible impact on farm labor market conditions, and potential week spots ear-marked. Where these spots are seen to exist, readiness plans will be shaped up, and should the shortages begin to materialize, intensive recruitment actions as outlined above will be implemented.

The table on page BES-55 shows the number of foreign workers certified and employed in the first 6 months of fiscal year 1968. This is the period of highest seasonal employment, hence certifications during the remainder of the fiscal year will be at a greatly reduced level; total for the full year is not expected to exceed 30,000 certified workers.

Should it be necessary to certify for the use of foreign labor in any area, employer conformity with all requirements of the Secretary's Regulations relating to temporary admittances under Public Law 414 will be constantly checked.

Changes for 1969

Mandatory changes amount to (page BES-7).....+$ 24,000

Program changes amount to..... NONE

Basis for the Estimate

Estimates of future need for foreign supplemental farm labor are difficult to develop with any great degree of reliability. The Department of Labor is, however, committed to the policy of full utilization of the domestic work force. Estimates for 1969 are predicated on the admittance of a maximum of 26,000 workers and on the necessary recruitment to provide sufficient domestic labor.

The original estimate of 30,000 foreign workers was based upon the number of workers certified for admission during the first half of fiscal 1968. Because of changes in crop conditions and the greater availability of domestic workers, the number of workers actually admitted during 1967 was about 27,000. In the first 6 months of 1968 about 24,200 workers were admitted. Given the long term trend towards reduced farm employment - seasonal workers employed dropped by about 4 percent between 1966 and 1967 - an estimate of about 26,000 foreign workers to be admitted during fiscal 1969 for temporary employment in agriculture and the woods industry appears to be a reasonable one. 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.

WORKLOAD STATISTICS

	Actual		Estimated	
	1966	1967	1968	1969
Cooperating employers 1/	4,100	3,991	4,000	4,000
Conformity field checks	55,000	67,757	68,000	67,800
Investigations of alleged crop losses and/or labor shortages	325	338	455	350
Recommendations re need for foreign labor	800	1,929	2,000	2,000

1/ Includes "woods" program, formerly reported by USES. Figure for 1966 represents group count, whereas 1967 (actual) and 1968 and 1969 estimates represent individual counts due to a change in procedure relating to employer associations.

Activity 7. ADMISSION AND EMPLOYMENT OF IMMIGRANT ALIENS
(1968, $747,000, Pos. 60;
1969, $769,000, Pos. 60)

Narrative Description of Program

When the Immigration and Nationality Act was amended in 1965, the Department of Labor was charged with a threefold responsibility relating to the admission of aliens for employment. With respect to permanent admission, prospective immigrant workers must have prior certification from the Secretary of Labor that U.S. workers are not available and that admitting the aliens will not adversely affect similary employed U.S. workers. Second, the Secretary is responsible for advising the Attorney General and the Secretary of State on qualifications of immigrant workers. Third, with respect to temporary admissions, by agreement with the Attorney General, the Secretary of Labor, certifies that persons capable of performing such service or labor are not available and that such employment is in accordance with employment service policies.

Applications for alien employment certification are processed either on an individual basis or through identification of the alien's occupation on a Schedule. The occupations on Schedule A, for instance, may be processed by the State Department and the Immigration and Naturalization Service without reference to the Department of Labor. Schedule B is a list of occupations for which resident workers are available and for which no alien will be certified. Applications for Schedule C occupations are processed in the national office of the Bureau of Employment Security. All other applications are presented by a prospective employer through a local office of the Employment Service.

In the course of processing the applications for alien employment, various techniques are involved. For instance, aliens seeking admission as members of the professions or as being exceptionally qualified in the arts or sciences require no job offer but their qualifications, with supporting documents attesting to education, training, and experience are evaluated and advisory opinions furnished to consular or immigration offices, when required. When an employer seeks to employ an alien on a job offer basis, the local office furnishes information as to availability of U. S. workers and the prevailing wages for the occupation offered. These procedures and activities are:

In 1967, accomplishments were the development and implementation of procedures necessary to process in excess of 110,000 cases per year and to conduct activities which fulfill the Department's responsibilities under the Act. These procedures and activities are:

a. Making final determinations in all cases, except those involving occupations on Schedules A and B.

b. Issuing guidelines and providing technical assistance to State agencies.

c. Coordinating certification activity with other Federal agencies (Department of State; Justice; Health, Education, and Welfare; Interior; and Defense).
d. Conducting field evaluations.
e. Conducting random post-audits of determinations to insure consistency in procedure and criteria.
f. Processing requests for review and reconsideration.
g. Preparing training units and training State agency staff.
h. Preparing administrative reports and conducting special studies of problems caused by admission of alien workers.
i. Providing information to Congress, the executive, and the public on activity, research, policy, procedures, and individual case determination.
j. Contacting labor organizations, professional organizations, elected officials, attorneys, employers, aliens, and other groups involving alien labor.
k. Developing and continually evaluating content and applicability of Schedules A, B, and C in terms of changing labor supply and demand.
l. Conducting studies concerning adverse effect on wages and working conditions.
m. Updating previous special studies, i.e., Guam, Virgin Islands, problems and depression of wages along the Mexican border.
n. Maintaining and improving reporting systems.

The 1965 amendments substantially increased the scope and intensity of the Department's responsibility concerning immigrant employment. Workload has increased a minimum of five times. Procedures have been continually reviewed, revised, and simplified to expedite processing time and to meet changes in the economy and job market. The decision-making process has been progressively decentralized and fact-finding requirements have been modified.

The attached charts show country of origin and occupational characteristics of aliens certified for permanent employment in fiscal year 1967.

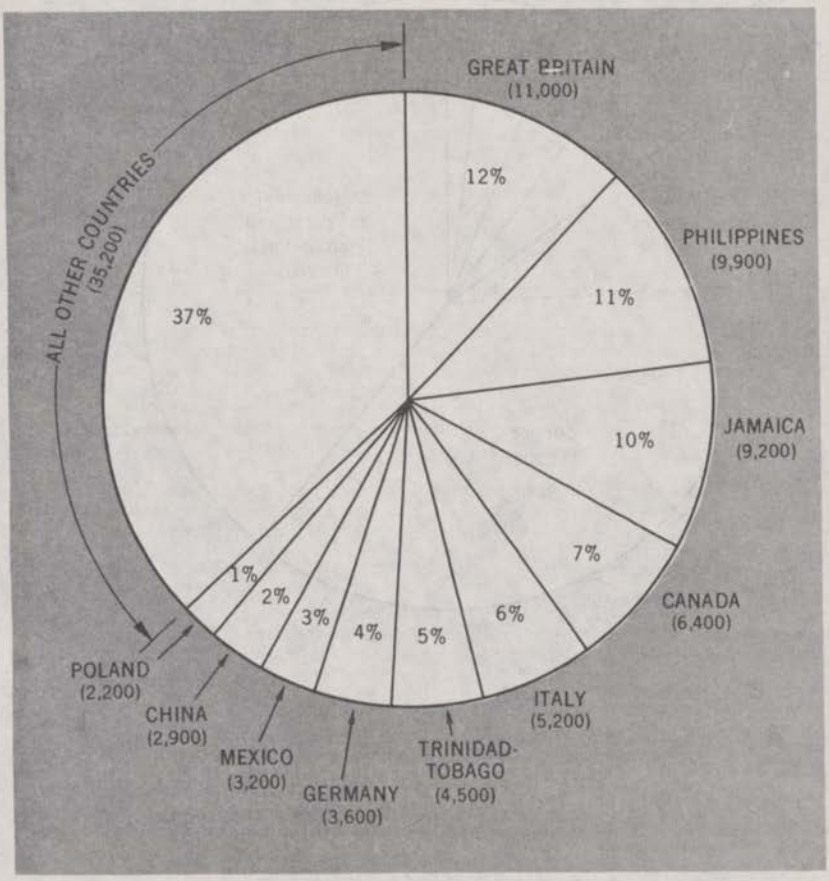
In 1968 and 1969, it is planned to:

(1) Make recommendations to Departments of Justice and State regarding entry of aliens for employment and advise on aliens' occupational qualifications.
(2) Analyze and revise Schedules for maximum effectiveness.
(3) Compile and disseminate information on occupations in which sizable numbers of aliens are approved for entry as an indicator of probable need for manpower training.
(4) Develop and utilize job market information designed to fulfill Employment Service responsibilities.

BES-61

ALIENS CERTIFIED FOR PERMANENT EMPLOYMENT * BY ALIENS' COUNTRY OF ORIGIN

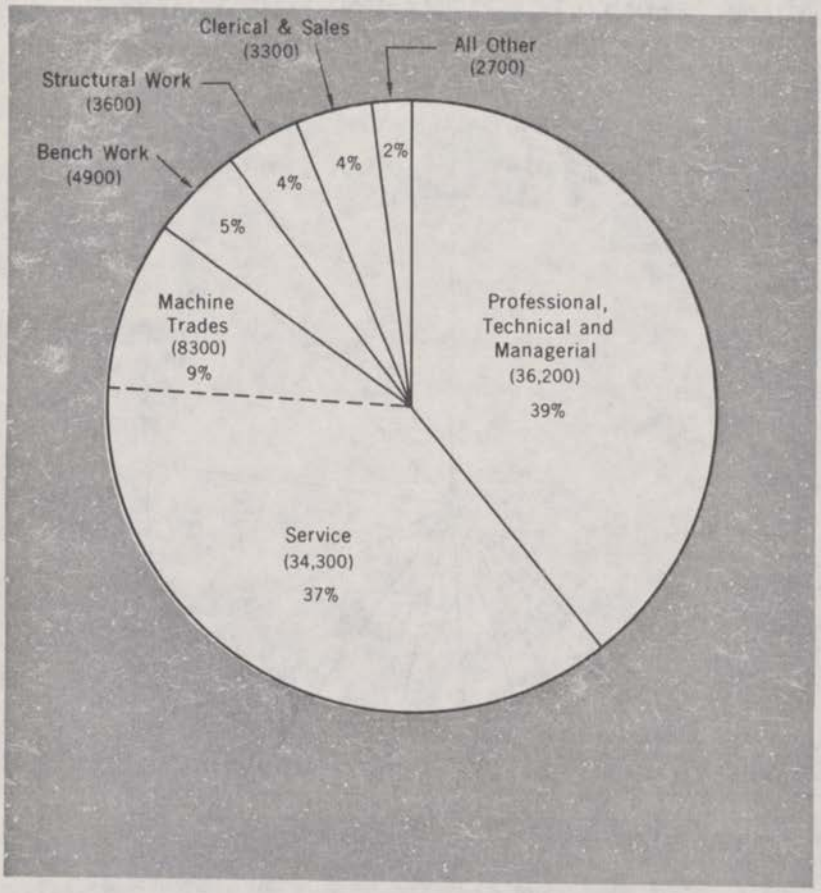
FISCAL YEAR 1967



* Includes an Estimate of Aliens Certified for Employment Which Were Processed by State Department and Immigration and Naturalization Service.

OCCUPATIONAL CHARACTERISTICS OF ALIENS CERTIFIED FOR PERMANENT EMPLOYMENT*

FISCAL YEAR 1967



*Includes an Estimate of Aliens Certified for Employment Which Were Processed by State Department and Immigration and Naturalization Service.

(5) Analyze the impact of alien labor by occupation, or by geographic areas, to provide indicators of needed procedural or policy changes.
(6) Annually conduct on-site evaluations of regional offices' immigration operations, post-audit a sample of their case determinations, and provide assistance and training to improve management efficiency and assure compliance with established policy, procedures, and regulations.
(7) Prepare, clear, and release instructions implementing or describing procedural and policy changes.
(8) Process and reply to requests for reconsiderations (appeals) directed to the Secretary of Labor.
(9) Respond to telephone inquiries and correspondence requesting information concerning immigration policy and program.

An economic recession or a substantial increase in unemployment would necessitate changes in processing of applications for alien employment certification, probably resulting in the majority of applicants requiring a job offer, which would have to be screened against availability of resident workers.

Changes for 1969

Mandatory changes amount to (Page BES-7)..... +$ 22,000

Program changes amount to..... NONE

Basis for the Estimate

Workload estimates for fiscal year 1969 are based upon a projection of fiscal year 1967 Department of Labor permanent case determinations, as experienced, and workload activity of the State Department and Immigration and Naturalization Service.

Under present procedures, and allowing for anticipated modifications in the Schedules due to changes in the labor supply and demand which affect certifications, the national and regional offices will process 117,200 permanent and temporary cases in fiscal year 1969.

Other time consuming workload items should remain fairly steady in fiscal year 1969. It is anticipated that there will be 800 requests for reconsideration (appeals) and an estimated 4,800 permanent case determinations will be post-audited in fiscal 1969. Post-audits are a necessary function to assure compliance with policy, procedures and standards. Based on the fiscal 1967 rate, the national office alone should receive an estimated 5,100 letters and 16,200 phone call inquiries in fiscal 1969.

WORKLOAD STATISTICS

	Actual		Estimated	
	1966	1967	1968	1969
1. Total case output (permanent & temporary) (national & regional offices)	27,900 1/	107,111	113,700	117,200
2. Requests for reconsideration ("appeals")	558	721	800	800
3. Post-audit review	430 2/	5,913	4,500	4,800

1/ Program initiated December 1, 1965.

2/ Fiscal 1966 post-audits not conducted on a continual basis. Figures represent one sample audit.

ADVANCES TO EMPLOYMENT SECURITY ADMINISTRATION ACCOUNT
UNEMPLOYMENT TRUST FUND

SUMMARY OF CHANGES

1968 Appropriation	--
1969 Estimate	$43,000,000
Appropriation Required	43,000,000

Mandatory Items

Increase:

To provide additional capital funds for the Revolving Fund to make repayable advances to the Employment Security Administration Account in the Unemployment Trust Fund until Federal tax receipts are realized in February	+ 43,000,000
Total Increase	+ 43,000,000

Narrative Justification

Pursuant to the Employment Security Administration Act of 1960 (P.L. 86-778), money is advanced each year to the Employment Security Administration Account in the Unemployment Trust Fund to finance the Bureau of Employment Security appropriation until tax receipts are realized in February of the fiscal year. For the first seven months of the fiscal year the Bureau operates on funds borrowed from the Revolving Fund created for this purpose.

During 1967, $278,742,000 was advanced to the Employment Security Account and was repaid along with $3,545,000 in interest. The actual balance in the fund, including accumulated interest, at the end of fiscal year 1967 was $308,641,000. Adding the estimated interest for 1968 of $3,900,000 brings the amount available for use in fiscal year 1969 to $312,541,000. The anticipated requirement for fiscal year 1969 is $380,106,000, which exceeds the amount available by $67,565,000. It is proposed to realize the additional money from two sources: (1) $43,000,000 in new financing from an appropriation of general funds, and (2) $24,565,000 from an advance of excess 1968 Federal Unemployment Tax Act collections for use in fiscal year 1969, as provided in the appropriation language. This additional money is needed for the continued operation of the employment security program until collections for fiscal year 1969 are realized in February.

The process of advancing money for use in a future year was used in fiscal year 1968 when it was estimated, in June of 1967, that the proposed supplemental appropriation for 1968 would cause the estimated amount needed from the Revolving Fund to exceed the amount available. To solve this problem $23,772,000 was advanced from fiscal year 1967 excess collections. At the end of 1967 this money would have reverted to the Federal Unemployment Account (State Loan Fund). The authority for this action is contained in the following language from the Grants-to-States appropriation:

> Grants to States, next succeeding fiscal year: For making, after May 31 of the current fiscal year, payments to States under title III of the Social Security Act, as amended, and under the Act of June 6, 1933, as amended, for the first quarter of the next succeeding fiscal year, such sums as may be necessary, the obligations incurred and the expenditures made thereunder for payments under such title and under such Act of June 6, 1933, to be charged to the appropriation therefor for that fiscal year: provided, That the payments made pursuant to this paragraph shall not exceed the amount obligated by the United States for such purposes for the fourth quarter of the current fiscal year.

The use of an advance only temporarily postpones the reversion of excess tax collections into the State Loan Account; it does not mean the money is permanently lost to the Loan Account. The money will revert in a future year when an advance is not necessary. For example, the $23,772,000 advanced from 1967 excess collections for use in 1968 reduced the amount of money needed from 1968 collections for the 1968 Bureau of

Employment Security appropriations, since the advance will be applied to these appropriations. Thus, if no advance were needed for 1969, the $23,772,000 would be excess in 1968 and would revert to the State Loan Fund at the end of fiscal year 1968.

Since there will be an excess in collections of at least the $23,772,000 that already has been advanced, only $793,000 will actually be needed out of 1968 excess collections for the advance to 1969.

With the exception of its first two years of operation (1961 and 1962), during which amounts of $18,000,000 and $20,000,000 were appropriated as additions to the original $250,000,000 appropriation, the Fund has had an amount adequate to cover needs. The table below shows, for every year of the Funds operation, the amount available for borrowing and the actual amount borrowed. The table also shows how the rapid expansion of the Employment Security program has increased the need for funds from the Revolving Fund at a far greater rate than the amounts available for use from the fund have been increased by the addition of interest. For example, in the period from 1963 to 1969 the amount available has increased by $18,125,000 (6.2 percent), while in the same period, requirements have increased by $206,606,000 (119.1 percent) from $173,500,000 to $380,106,000.

The Employment Security Revolving Fund 1961-1969
(Dollars in thousands)

Year	Amount Available	Actual Amount Advanced to ESA Account	Additional Appropriation Required
1961	$268,000	$301,500 1/	$18,000
1962	290,992	320,312 1/	20,000
1963	294,416	173,500	--
1964	297,719	239,705	--
1965	300,653	194,968	--
1966	302,879	210,245	--
1967	305,096	278,742	--
1968	308,641 2/	--	--
1969	312,541 2/	--	43,000

1/ The amounts advanced to the Employment Security Administration Account from the Revolving Fund exceeded the amounts available for fiscal years 1961 and 1962 by $33,500,000 and $29,320,000, respectively. This was made possible by loans from the General Fund. These loans were repaid out of tax receipts from subsequent years.

2/ Estimated

Basis for the Estimate

The estimated need for an advance from the revolving fund is based on requirements for the operation of the employment security program for seven months of the fiscal year (58.3 percent of the total annual requirement). For fiscal year 1969 this estimate by use of funds is as follows:

	Full Year Need	Seven Month Need
Salaries and Expenses	$20,947,000	$12,212,000
Grants to States	616,573,000	359,462,000
Interest on Advances	4,000,000	2,332,000
Treasury, Office of the Solicitor, Office of the Secretary, Office of Federal Contract Compliance	10,462,000	6,100,000
Total	651,982,000	380,106,000

MONDAY, FEBRUARY 26, 1968.

LABOR-MANAGEMENT SERVICES ADMINISTRATION

WITNESSES

THOMAS R. DONAHUE, ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
JAMES J. REYNOLDS, UNDER SECRETARY, DEPARTMENT OF LABOR
JOHN C. SHINN, DEPUTY ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
FRANK M. KLEILER, DIRECTOR, OFFICE OF LABOR-MANAGEMENT AND WELFARE-PENSION REPORTS
HUGH W. BRADLEY, DIRECTOR, OFFICE OF VETERANS' REEMPLOYMENT RIGHTS
ALBERT L. MOORE. JR., DIRECTOR, OFFICE OF ADMINISTRATION AND MANAGEMENT
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

Salaries and Expenses

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	6,375	6,574	7,018
Positions other than permanent	44	66	66
Other personnel compensation	51	19	19
Total personnel compensation	6,470	6,659	7,102
Personnel benefits	518	530	549
Travel and transportation of persons	397	454	418
Transportation of things	26	28	31
Rent, communications, and utilities	287	265	300
Printing and reproduction	134	123	150
Other services	256	107	109
Services of other agencies	307	292	298
Supplies and materials	78	82	86
Equipment	18	17	20
Total obligations	8,490	8,557	9,063

PERSONNEL SUMMARY

Total number of permanent positions	673	655	666
Full-time equivalent of other positions	9	9	9
Average number of all employees	636	632	640
Average GS grade	9.4	9.4	9.4
Average GS salary	$10,411	$11,097	$11,240

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Labor-management relations services	211	349	356
2. Labor-management policy development	191	262	272
3. Administration of reporting and disclosure laws	6,567	6,558	6,819
4. Promotion of compliance and assistance to veterans	737	764	971
5. Executive direction and administrative services	601	624	645
Total program costs, funded	8,308	8,557	9,063
Change in selected resources [1]	182		
Total obligations	8,490	8,557	9,063
Financing:			
Comparative transfers to other accounts	8		
Unobligated balance lapsing	79		
New obligational authority	8,578	8,557	9,063
New obligational authority:			
Appropriation	8,510	8,533	9,063
Transferred to other accounts		−1	
Transferred from other accounts	68		
Appropriation (adjusted)	8,578	8,532	9,063
Proposed transfer from other accounts for pay increases		25	
Relation of obligations to expenditures:			
Total obligations	8,490	8,557	9,063
Receipts and other offsets (items 11–17)	8		
Obligations affecting expenditures	8,499	8,557	9,063
Obligated balance, start of year	440	669	827
Obligated balance, end of year	−669	−826	−990
Adjustments in expired accounts	−5		
Expenditures	8,264	8,400	8,900
Expenditures are distributed as follows:			
Out of current authorizations	7,864	7,730	8,073
Out of prior authorizations	400	669	827

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $101,000; 1967, $283,000; 1968, $283,000; 1969, $283,000.

Mr. FLOOD. We have with us the Assistant Secretary for Labor-Management Relations, Mr. Thomas R. Donahue, and the Under Secretary, Mr. James J. Reynolds.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESSES

Do you have biographical sketches?

Mr. DONAHUE. Yes, Mr. Chairman.

Mr. FLOOD. They will be inserted in the record.

(The sketch referred to follows:)

THOMAS R. DONAHUE

Thomas R. Donahue was appointed by President Johnson as Assistant Secretary of Labor for Labor-Management Relations in March 1967. In this position, he heads the Department's labor-management relations activities and is responsible for the activities of the Wage and Hour and Public Contracts Divisions. He is also the Administrator of the Department's Labor-Management Services Administration.

Before coming to the Labor Department, Mr. Donahue had served since 1960 as executive assistant to the president of the Building Service Employees' International Union, AFL–CIO.

Previous to that, he was in Paris for 3 years as European labor program coordinator for the Free Europe Committee. In this post, he was the liaison officer with the West European trade unions and the International Confederation of Free Trade Unions.

From 1949 to 1957 he served successively as editor, director of education, and director of the contract division of Local 32B of the Building Service Employees' International Union.

Mr. Donahue, 38, received a B.A. from Manhattan College in New York in 1949 and an LL.B. from Fordham University in 1956.

He is married to the former Natalie Kiernan, and they have a daughter, Nancy, and a son, Thomas R., III. The Donahues live at 5108 Wessling Lane in Bethesda, Md.

JAMES J. REYNOLDS

James J. Reynolds, Under 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, N.Y., 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. He has had a career in finance, industry and public service.

Mr. Reynolds served under appointment by the late President John F. Kennedy as Assistant Secretary of Labor for Labor-Management Relations and was appointed Under Secretary by President Lyndon B. Johnson on January 13, 1967.

GENERAL STATEMENT

Mr. FLOOD. I see you have a statement, Mr. Donahue. You may read it or insert it in the record.

Mr. DONAHUE. I think I might insert the statement in the record and I might just make some comments on the most pertinent parts of it.

Mr. FLOOD. If there is no objection, that will be done.

(The statement follows:)

STATEMENT BY THOMAS R. DONAHUE

Mr. Chairman and Members of the committee, I appreciate this opportunity to appear before the committee in behalf of an appropriation estimate for the Labor-Management Services Administration.

The Labor-Management Services Administration has been delegated authority and assigned responsibility for essentially all of the labor-management functions vested in the Secretary of Labor. These include administration of the Labor-

Management Reporting and Disclosure Act, the Welfare and Pension Plans Disclosure Act, and the provisions of law pertaining to the reemployment rights of veterans; determinations of the appropriateness and equity of employee protective provisions of proposals under the Urban Mass Transportation Act; and responsibilities assigned to the Secretary by Executive Order 10988 which established a formal program of employee-management cooperation in the Federal service. In addition, the Labor-Management Services Administration discharges a wide range of responsibilities for providing appropriate staff assistance and guidance to a variety of parties in particular dispute and problem situations. Such services are provided to the Executive Office of the President, the Secretary and Under Secretary of Labor, legislative committees, other Federal agencies including those with specific labor-management relations functions, and to panels, boards and commissions established to cope with such problems and situations.

For fiscal year 1969, the appropriation request for all activities of the Labor-Management Services Administration is $9,063,000—a net increase of $506,000 over the comparatively adjusted appropriation for the current year. The number of permanent positions financed by the estimate is 666—an increase of 11 over the 655 authorized by the fiscal year 1968 appropriation. The budgeted increase of $506,000 consists of mandatory and financing items which total $383,000, and program changes which total $123,000. The major portion of the mandatory increase is for increased costs under the Postal Revenue and Federal Salary Act of 1967. The increase for program changes reflects $180,000 to finance the 11 new positions which are needed to meet the requirements of increased workload in the Veterans' Reemployment Rights program, partially offset by cost reduction savings of $57,000.

The organization structure and the functional responsibilities of the Labor-Management Services Administration have remained relatively stable over the past 4 years and are expected to continue essentially unchanged in the foreseeable future. The distribution of resources and the highlights of recent and anticipated functioning of the five major activities of the Administration are these:

LABOR-MANAGEMENT RELATIONS SERVICES

This activity is the office formerly designated "Employee-Management Relations Services." The office is maintaining an effective system of reporting on the issues and status of significant dispute situations and is providing special analyses and staff assistance to parties engaged in efforts to resolve some of the more critical collective bargaining and labor relations problems. In this regard reports and analyses were prepared in connection with negotiations in major industries including auto manufacturing, trucking, rubber, nonferrous metals, and railroads. Staff support was provided to several presidential emergency boards. Work on the study of the longshore industry in east coast and gulf coast ports continues and should be completed this year. Also, an in-depth study of the problems related to the recent dispute involving the railroad shopcrafts currently is underway.

Work continues on review of the employee protective arrangements required by the Urban Mass Transportation Act of 1964, as amended. In cooperation with the Department of Housing and Urban Development, the Office of Labor-Management Relations Services examines and approves proposed employee protective plans and provides assistance to labor and management in meeting and carrying out their responsibilities under the act.

Last September the President appointed a committee of Cabinet officers to review the status of Federal employee-management relations as they had developed under Executive Order 10988. This committee held 5 days of hearings and currently is examining the problems discussed at the hearing and is analyzing the various recommendations for changes in the Government's system. Staff support is being supplied to the Review Committee by the Office of Labor-Management Relations Services.

In 1969 this office will perform these and other functions with 17 permanent positions and $355,800. These figures include three positions assigned to the President's Advisory Committee on Labor-Management Policy, and $150,000 which is used primarily as a contingency fund for the temporary employment and related expenses of experts or consultants and other unanticipated or extraordinary expenses which become necessary in the uncontrollable and unpredictable area of labor-management relations and in efforts to improve the climate of collective bargaining.

No additional positions are requested for 1969. A net increase of $6,400 over the 1968 appropriation principally relates to mandatory salary costs.

LABOR-MANAGEMENT POLICY DEVELOPMENT

This activity is responsible for developing and analyzing policy recommendations on basic labor-management issues and on those relating to Executive Order 10988 and to the statutes administered by other offices of the administration. In support of legislative and policy evaluation or development, research in labor-management relations field is conducted, assisted, or coordinated as appropriate and possible. Specific issue studies are conducted for use in administrative policy development, in litigation support under the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act, and, to the extent possible, in support of the aims of these two statutes.

Analyses are being made of the emergency disputes provisions of the Railway Labor Act and the Labor-Management Relations Act. The study will include review of experiences in the applications of these provisions with a view to developing an objective assessment of the effectiveness of such provisions and a basis for evaluating recommendations for legislative amendment. Increasing public concern and the impact of work stoppages throughout the economy not only support the need for the ongoing studies but suggest that the Department will have greater need for evaluation and policy guidance in a wide-ranging search for possible solutions to this problem. In other broad problem areas in the labor-management relations field, both in the private and public sector, we plan to study the issues and develop policy recommendations for legislative or administrative action which will promote effectiveness in this field.

We will continue our policy of encouraging, assisting, and coordinating, as appropriate, the development of meaningful and timely labor-management relations research. Much time continues to be needed for specific issue research and litigation assistance in matters arising in administration of the reporting and disclosure laws and the Federal employee-management relations program under Executive Order 10988.

These and other functions are performed by this office with a staff of 18 permanent positions and $262,400. For fiscal year 1969 no staff increase is proposed and the estimated $272,000 reflects only a net increase of $9,600 over the 1968 appropriation which principally relates to mandatory increases.

ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS

This activity consists of the Office of Labor-Management and Welfare-Pension Reports which administers the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act. The program of this office emphasizes informational and technical assistance activities to promote a high degree of voluntary compliance with the various provisions of the two laws. Spot checking in detail of reports filed and of books and records required to be maintained in support of such reports, helps to encourage timely and accurate filing of required reports and thus assure their availability for disclosure. Discovered or alleged violations are investigated and willful violators or those otherwise not willing to comply voluntarily with applicable provisions of the laws become the subject of litigation as appropriate.

A major effort for the past year is one—with cooperation and assistance of a management consulting firm under contract—to improve our system of reports control and processing and thereby increase its effectiveness and efficiency. The receipt and control of some 200,000 reports a year is a demanding task in itself. Also involved is coding for data processing, and otherwise utilizing the information cointained therein as authorized by the statutes, and assuring that they are complete, at least reasonably accurate, and—above all—available for disclosure as the laws provide. Frankly, we felt our system was not working either well enough or fast enough and sought expert advice on what might be done to improve the situation. The advice we received was to increase our use of automatic data processing methods and systems. A revised processing and control system to do that is being developed for installation by the start of fiscal year 1969. A significant byproduct of the improved processing system will be earlier and more accurate knowledge of those reports which are delinquent or deficient as related to organizations, plans, or individuals that have filed reports at some time. As a result of quickly providing accurate data on the status of reports, the improved accuracy and control aspects of the new system will increase the efficiency and effectiveness of disclosure to the public—a major purpose of both laws.

It should be clearly understood that these efforts and their ultimate results will produce no tangible savings but rather will permit a better job to be done in the limited areas of receipt, processing, control, and disclosure of the reports filed.

The 1969 level of activity throughout all the functions of this office is projected at approximately the same as planned for the current year. Efforts will continue to improve management and reduce costs in order that as much as possible of the available work may be accomplished. Priorities and administrative decisions on cutoff points for various functions are employed and reviewed frequently. We believe that we are administering these laws in the most effective manner feasible in the circumstances. It is our view also that a reasonably high level of voluntary compliance with the laws continues to be manifest among a majority of the organizations and plans covered by the statutes.

The estimate for fiscal year 1969 for this office involves 505 positions and $6,819,100, reflecting the same number of positions as for 1968 and a net increase of $261,400 over the 1968 appropriation principally relates to mandatory costs.

VETERANS' REEMPLOYMENT RIGHTS

This activity consists of the Office of Veterans' Reemployment Rights which provides information and assistance to veterans, reservists, members of the National Guard, and persons rejected for military service, and to their employers. The objective is to assure that these workers understand what rights are guaranteed them by law and how these rights may be exercised, and to promote employer compliance with the reemployment provisions of the Military Selective Service Act of 1967, formerly the Universal Military Training and Service Act.

We are now encountering increased workload in this activity as forecast last year, primarily resulting from two factors. First, the annual rate of releases from the Armed Forces has risen sharply, reflecting the expiration of required terms of service for those whose military careers began with the expansion of our forces about 2 years ago. Separations are expected to peak in late fiscal year 1968 and to maintain approximately an 840,000 annual rate through fiscal year 1969. Secondly, the Department of Defense has issued instructions requiring all branches of the Armed Forces to use the reemployment referral form. In this way, the Office of Veterans' Reemployment Rights receives a form from nearly all veterans being released from active duty, and is thereby enabled to provide authoritative and useful information on the law's benefits and requirements to each veteran and to the employers of those who indicate preservice employment. On the other hand, the experience of recent years has included a large number of cases involving qualification for and length of vacations, pension plan participation, and similar matters relating to proper placement of the veteran on the employment ladder. Significant court decisions have been made in this regard.

Although the workload has grown rapidly in all areas during the first 6 months of this year, plans have been implemented for increased mechanization of informational mailings, and improved techniques in handling compliance reviews and compliance cases, thereby enabling us to keep pace with work intake in these respects. However, compliant case backlog has increased more than 50 percent over that at the beginning of the year, and at present we cannot process these cases within the desired 90 days or less. The backlog now represents 4 months' work at present capability levels. At current rates, this is expected to accumulate further to about 5½ months' work by June 30, 1968.

It is in this context then that our estimate before you today includes an increase of 11 positions and $180,000 to expand the staff and resources of the Office of Veterans' Reemployment Rights so that timely and effective assistance is rendered to those workers whose civilian employment is disrupted in order to meet military commitments. The total estimate for 1969 for this activity is $971,100, providing for 65 positions.

The estimated $971,100 for fiscal year 1969 is an increase of $207,500 over the 1968 request of $763,600. This amount reflects the $180,000 program increase and an increase of $27,500 principally related to mandatory salary costs.

EXECUTIVE DIRECTION AND ADMINISTRATIVE SERVICES

This activity includes my immediate staff assistants and the Office of Administration and Management. I believe the functions and responsibilities are relatively standard and self-explanatory, and need not be repeated here.

The 1969 estimate provides 61 positions and $645,000, the same as for 1968 except for a net increase of $21,100 over the 1968 appropriation principally relates to mandatory salary costs.

The Wage and Hour Division which also comes under my supervision is scheduled for appearance later and Mr. Lundquist will make the statement for that organization.

Gentlemen, I, or staff members of the Labor-Management Services Administration here present, will be happy to answer any questions you may have or to provide such additional information as you may wish.

SUMMARY OF GENERAL STATEMENT

Mr. DONAHUE. Mr. Chairman, the Labor-Management Services Administration has responsibility and authority within the Department of Labor for those programs that provide specific services to unions and to employers, in their role in the collective bargaining process and additionally to members of unions, in their position as members, vis-a-vis the union as an institution.

The Administration is composed of five parts: The Office of Labor-Management Relations Service, the Office of Labor-Management Policy Development, the Office of Labor-Management and Welfare-Pension Reports, the Office of Veterans' Reemployment Rights, and the Office of Administration and Management.

We administer statutes, five in number, the Labor-Management Reporting and Disclosure Act, the Welfare and Pension Plans Disclosure Act, those provisions of law relating to veterans reemployment rights, and that section of the Urban Mass Transportation Act, which requires the Secretary to certify that certain conditions are met before HUD grants are given for local transit.

Mr. FLOOD. There isn't very much to that. That won't break your back, that detail, will it?

Mr. DONAUHE. That is now performed by one man.

We administer that part of the executive order, the responsibility for which is placed in the Secretary, Executive Order 10988, with reference to employees bargaining rights in the Federal service.

The appropriation request for the Labor-Management Services Administration is $9,063,000.

Mr. FLOOD. Did you ever appear before a congressional committee before?

Mr. DONAHUE. Only when my nomination was considered by the Senate.

The appropriation request would cover 666 positions, which represents an increase of 11 positions over fiscal year 1968 and a net increase in dollars of $506,000. That is predominantly made up of mandatory and financing items of $383,000 and the balance of it would cover the employment of 11 additional people in the Office of Veterans' Reemployment Rights.

OFFICE OF LABOR-MANAGEMENT RELATIONS SERVICE

The Office of Labor-Management Relations Service was set in fiscal 1968 at 17 positions and $349,400. The request for fiscal year 1969 is for the same 17 people and some $355,800, an increase of $6,400.

This office maintains the reports on the issues and the status of significant collective bargaining disputes. It provides a background serv-

ice to the Secretary and the Under Secretary in terms of keeping them informed as to how collective bargaining negotiations are going on in major industries. Here also we administer that part of the Urban Mass Transit Act for which we have responsibility and the part of the Federal employees collective bargaining procedures. The amount here, $355,800, would also cover the President's Advisory Committee on Labor-Management Policy, and the funds for labor-management climate improvement.

LABOR-MANAGEMENT POLICY DEVELOPMENT

The Office of Labor-Management Policy Development is budgeted in 1968 at 18 people and $262,400. The request for 1969 is no change in people, 18 positions, and $9,600 for mandatory increases. This Office is concerned with the development and analysis of policy recommendations in the labor-management area. It does some specific issue studies in that area. It provides some litigation support to other parts of the Department in terms of the enforcement of the Labor-Managemen Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act, and does some specific research and publication in support of those statutes.

LABOR-MANAGEMENT AND WELFARE-PENSION REPORTS

The third element of the Labor-Management Services Administration is the Office of Labor-Management and Welfare-Pension Reports. Here, for fiscal year 1968, the budget was for 505 positions. In 1969 there is no change from that 505 positions, but an increase of $261,400, to a 1969 total of $6,819,000. The increase, again, is mandatory and financing costs.

This Office administers the disclosure acts. That work encompasses the receipt of all of the reports from reporting unions and welfare and pension plans. It investigates on both a complaint and a program basis, and it recommends litigation as appropriate or necessary in those cases.

VETERANS' REEMPLOYMENT RIGHTS

The fourth element of the administration is the Office of Veterans' Reemployment Rights where in 1968 we were at 54 positions and $763,600 and in 1969 the request is for 65 positions, an increase of 11, and a total dollar amount of $971,100, an increase of $207,500.

This Office renders direct assistance to ex-servicemen, to reservists and National Guardsmen in terms of their employment or reemployment rights. It alerts servicemen and their preservice employers to what their rights and obligations are upon the return of the veteran. It tries very hard to do its job by promoting voluntary compliance with the statutes. It investigates the complaints and tries to negotiate settlements, and when that is impossible, processes cases for referral to the Justice Department.

A good part of that program is carried on from the base provided by a form which each discharged serviceman——

FOLLOW-UP ON CASES REFERRED TO JUSTICE DEPARTMENT

Mr. FLOOD. What happens to the case when it gets out of your hands and is sent to the Department of Justice? Do you just wash your hands and forget about them?

Mr. DONAHUE. We watch their progress.

Mr. FLOOD. You watch them closely?

Mr. DONAHUE. We maintain a roster. The Solicitor's office would maintain a list of what is in Justice——

Mr. FLOOD. It goes from the Solicitor's office over to Justice?

Mr. DONAHUE. That is right.

Mr. FLOOD. Did you ever hear of one after that?

Mr. DONAHUE. Oh, yes. I talked with the Solicitor this morning about a case which is currently in Justice and Justice is determining whether or not they should proceed.

Mr. FLOOD. A case?

Mr. DONAHUE. This is a lead case which would involve some 50 or 55 other cases.

Mr. FLOOD. Is that the only one you have heard of recently?

Mr. DONAHUE. That is one I discussed this morning.

We have had reports from Justice in the last month on perhaps a half dozen cases.

Mr. FLOOD. In the entire United States?

Mr. DONAHUE. Yes, sir.

Mr. FLOOD. Half a dozen cases?

Mr. DONAHUE. Upon which we would have had occasion to check with Justice in the last month.

Mr. FLOOD. How many did you send down in the yast year?

Mr. DONAHUE. In 1967, 108 cases.

Mr. FLOOD. You have talked about six and you have heard about one?

Mr. DONAHUE. Yes.

Mr. FLOOD. That is a sort of a halfhearted effort; isn't it?

Mr. DONAHUE. No; I wouldn't think so.

Mr. FLOOD. Well, I think so.

Mr. DONAHUE. The question, sir, is, do we followup on the cases, we maintain——

Mr. FLOOD. You can't try the case, I know that. I know the Justice Department. You can't push them either, only up to a point.

Does the Justice Department have the opinion that you are bird dogging them on these cases?

Mr. DONAHUE. The Solicitor is checking regularly to determine that the cases are going forward. That is how this discussion this morning comes up.

Mr. FLOOD. It is your pigeon more than the Solicitor's. He is wearing 40 hats down there; you are wearing one.

Mr. BRADLEY. Could I add something?

Mr. FLOOD. Who are you?

Mr. BRADLEY. The Director of the Office of Veterans' Reemployment Rights.

We follow up with the U.S. Attorney through the Regional Attorney of the Department of Labor in each regional office. We have a tabulation of the time that each case is in the hands of the Department of Justice. I might say in the program we have had something over

600 cases heard in Federal Court and we have had 14 in the U.S. Supreme Court. We have had two in the U.S. Supreme Court in the last 2 years. They move along pretty rapidly.

Mr. FLOOD. Suppose you insert for the record at this point the number of cases referred by you and the Solicitor to Justice, and the number of cases that have been prosecuted to a conclusion.

Mr. BRADLEY. I can submit that for the record.

You want it on a basis of a period of years?

Mr. FLOOD. One year will do.

(The requested information follows:)

In recent years less than 5 percent of all complaint cases processed by the Office of Veterans' Reemployment Rights have required referral to the Department of Justice. Approximately 95 percent have been settled by OVRR staff through negotiations with employers and labor organizations, where involved. If negotiations are not successful, the veteran may request that his case be referred to the Department of Justice for a determination as to merit and representation in a Federal court. Our most recent information appears below:

	Fiscal year 1967	First half fiscal year 1968
(1) Complaint cases closed by OVRR	1,382	1,029
(2) Complaint cases referred to Department of Justice	108	31
(a) Recommending litigation	86	29
(b) Without recommendation	22	2
(3) Closed by Department of Justice	48	43
(a) Declined for litigation	[1] 23	12
(b) Favorable administrative settlement by Department of Justice	21	15
(c) Litigated	4	16
(i) Won	3	12
(ii) Lost	1	[2] 4

[1] 1 case was declined as the principle witness could not be located; 2 cases were closed at the request of the veteran.
[2] Appeal recommended in 2 cases.

Mr. DONAHUE. The basis of the veterans' reemployment program is the completion by the serviceman as he is being discharged of a form that we call the OVRR–2 which lists his name and address, preservice employer, if there was one, the years of education completed and a number of other bits of pertinent information. That form is handled by the Office of Veterans' Reemployment Rights and distributed to the State employment service, to the Veterans' Administration, a copy to the veteran and a copy to the preservice employer, if there was one.

It, therefore, forms the basis for the Veterans' Employment Service activities about which you have heard. It forms the basis for some action by the Veterans' Administration in terms of assisting veterans who would indicate on that form that they have completed less than——

SYSTEM FOR INFORMING VETERANS OF REEMPLOYMENT RIGHTS

Mr. FLOOD. Do you have anything to do with advising, educating, or informing these veterans before they get out of service as to your existence and what their rights might be? I know that is done. Are you part of it?

Mr. DONAHUE. They are informed.

Mr. FLOOD. I know that.

Are you part of it? Do you participate in disseminating this information at discharge centers before these people get out?

Mr. DONAHUE. I am not sure what you mean by participating. We prepare the material, sir, the information brochures and the forms which they complete. This is all our product.

Mr. FLOOD. They should be aware that you exist before they get out?

Mr. DONAHUE. Yes.

Mr. FLOOD. The initiative, of course, is up to them?

Mr. DONAHUE. No. Mr. Bradley has worked out arrangements over the years with the Defense Department whereby hopefully each dischargee completes this OVRR–2 and receives brochures and information as to what his rights are in terms of reemployment. There is then this followup with the preservice employer if the serviceman has indicated there was a preservice employer. He is aware of the existence of OVRR before he is discharged.

Mr. FLOOD. Well, of course, we find it is simply staggering, appalling, the number of people who have rights of all kinds, but who haven't the faintest idea these rights exist, despite all efforts to reach them. We find that in Public Assistance; we find it in Social Security; we find it now under Medicare and Medicaid. It is just unbelievable, the astounding number of people who have rights that somehow or other have managed to avoid knowing about them.

Do you do any follow-up with local radio and TV stations, or public information services, or veterans' organizations? What do you do, sit there and hope some applicant files the form and, if he doesn't, that is the end of it?

Mr. DONAHUE. No. For one thing, in 1967 some 400,000 veterans completed this OVRR–2. About half of them indicated that they had had a preservice employer. We then advised that preservice employer——

Mr. FLOOD. That is the 400,000 that we know about?

Mr. DONAHUE. That is right.

Mr. FLOOD. How many hundred thousand didn't file?

Mr. DONAHUE. I don't know what the discharge figure for 1967 was.

Mr. BRADLEY. I might add something to that. In the first half of this year there were 302,000 veterans who filled out the form. We expect 700,000 by the end of the year and there will be a total of 830,000 released from the Armed Forces. With respect to the contact with the veteran, we also have a procedure with the State Employment Security Agency whereby a copy of this form on a daily basis goes to the State director who in turn sends it out to the local office and there under a special procedure they contact that veteran to be sure that he knows not only about his reemployment rights, but about other facilities of the Department of Labor and other benefits through the Department of Labor, so it is pretty well buttoned up, Mr. Chairman.

Mr. DONAHUE. The processing of that OVRR–2 has led us to a substantial increase in the workload of this office and it is for that reason we ask you now for the increase of 11 positions here. Three things have happened: This mailing of this form has increased knowledge of the program; the number of people being released from the service is up and probably going higher. I refer to the completion of the form by the veteran——

Mr. FLOOD. You don't mail any forms to anybody, do you?

Mr. DONAHUE. We mail the forms to the State employment service, to the veteran and to his preservice employer.

Mr. FLOOD. You mail to the veteran?

Mr. DONAHUE. Yes, sir.

Mr. FLOOD. How many pieces of mail did you send out last year to the veterans? Where were they? Were they veterans or were they still in service?

Mr. BRADLEY. It is mailed to their home address to reach there about the time they get out of the Armed Forces.

Mr. FLOOD. Is that the information you get from the Defense people?

Mr. BRADLEY. That is right.

Mr. FLOOD. How many pieces did you send out last year? Approximately?

Mr. BRADLEY. About 400,000 to the veterans and about 200,000 to employers. The employer is also alerted before the veteran gets back that he is on his way back, that he is interested in reemployment and he is told basically what his responsibility is and is offered the services of our field office on any questions he has to straighten him out before there is an inadvertent violation.

COMPLEXITY OF REEMPLOYMENT RIGHTS CASES

Mr. DONAHUE. Additionally, the third element which has increased the workload has been the increasing complexity of reemployment rights cases in terms of rights after reinstatement.

Mr. FLOOD. Seniority?

Mr. DONAHUE. Seniority, vacation entitlement, pension entitlement and so forth.

Just let me indicate with a few figures: In 1967 the Office of Veterans' Reemployment Rights processed 11,000 compliance reviews, of which 434 became compliance cases and required some special assistance.

Mr. FLOOD. Are these cases initiated by the individual veteran?

Mr. DONAHUE. By the individual veteran.

Mr. FLOOD. How does he initiate it? What does he do first?

Mr. DONAHUE. He comes to the OVRR office.

Mr. FLOOD. Where is that located?

Mr. DONAHUE. In 11 cities.

Mr. FLOOD. You have offices in 11 cities?

Mr. DONAHUE. Yes, sir.

Mr. FLOOD. And he has to go to one of the 11 cities in 50 States?

Mr. DONAHUE. No, sir, he can write, obviously, or call.

Mr. FLOOD. Not obviously. What does he really have to do?

Mr. DONAHUE. He can write or call, but he has to make known to the office that he has a complaint. Getting that information, we then act on it.

In 1967 additionally there were some 1,565 complaint cases. In 1968 what has happened is that our estimate shows that the workload will be almost double in terms of the increased number of complaints and compliance cases.

In the first 6 months of this year we have had 1,300 complaint cases as opposed to 1,500 for the whole of the previous year. The result of that obviously is that the backlog increases somewhat and we need the additional staff to prevent that increased backlog and be able to keep up with this increasing workload.

The proposal is for the addition of six professionals and five clericals to be spread among the 11 offices.

I might just note that the Office of Veterans' Reemployment Rights had 73 people in 1966 and the budget for fiscal year 1967, the office was reorganized and pared down by 15 or 16 jobs at that time and that was fine for fiscal year 1967 and 1968. The caseload has now simply gone back up and we need the addition of 11 people to try to keep up with that workload.

SUPPLEMENTAL APPROPRIATION FOR ONE-STOP VETERANS CENTERS

One other item in terms of this office. There is not included in this presentation an item for the staffing of 21 one-stop centers for veterans which the President talked about on January 30, and there was not time to include them in this budget presentation, but we will be seeking and discussing with the Bureau of the Budget an additional request for funds of about $235,000 for people to man those one-stop centers.

Mr. FLOOD. How will that get up here?

Mr. DONAHUE. It will come up, I assume, in the form of a request for an additional appropriation.

Mr. FLOOD. A supplemental?

Mr. DONAHUE. An additional appropriation. As I understand, it is already included——

Mr. FLOOD. A supplemental. About when will it be submitted?

Mr. DONAHUE. I am sorry, I don't know the answer.

Mr. MILLER. I would imagine something would be coming up in the late spring or early summer.

Mr. FLOOD. You have a good imagination.

Mr. LAIRD. This will be in the form of a supplemental though, will it not, Mr. Chairman?

Mr. FLOOD. Yes.

Mr. LAIRD. Everything is going to be taken out of the $550 million contingency fund. The funds for the program of the President's National Advisory Commission on Civil Disorders will be taken out of that, and that amounts to about $600 million. We have already spent that contingency fund two or three times with proposals for the Departments of Labor and HEW and other agencies. I don't know how that fund will stretch that far.

Mr. MILLER. There is, in the Veterans' Administration chapter of the President's budget, a one-line item to cover a number of veterans' proposals and presumably this was covered in that particular item, a total program of about $115 million.

Mr. FLOOD. You mean these one-stop centers were included?

Mr. MILLER. Yes, Mr. Chairman, as I understand it, that plus some training programs.

Mr. LAIRD. The shortage to cover unemployment compensation benefits for Federal employees and ex-servicemen isn't in that chapter, is it?

Mr. MILLER. No, sir.

Mr. LAIRD. You have quite a shortage in this budget for that item.

Mr. DONAHUE. In the fifth element of the Labor-Management Services Administration the item is, for executive direction and administration, 1968, 61 positions at $645,000. In 1969 it is 61 positions at $623,900. This encompasses all the personnel and program analysis functions and the executive direction of the administration.

That is the conclusion, Mr. Chairman, of my statement on Labor-Management Services Administration. I will be happy to take any questions.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. You have $8,557,000 budgeted for 1968. You are requesting $9,063,000, which would give you an increase of $506,000 and 11 new jobs. That is where we are now.

VETERANS' EMPLOYMENT RIGHTS PROGRAM

The only program increase that you are requesting is $180,000 and 11 jobs to provide for the increased workload of the Veterans' reemployment rights program.

Is that enough money and is that enough people?

Mr. DONAHUE. We think that it is, Mr. Chairman.

Mr. FLOOD. You won't hear that kind of question very often here anymore.

Mr. DONAHUE. We think we have accurately predicted what the increased caseload will be and we feel we can handle it then with that.

Mr. FLOOD. Do you want to bet you are right?

Mr. DONAHUE. No, I am not a betting man.

Mr. FLOOD. We usually bet a hat on such matters in the Defense subcommittee.

All right. What did you originally request in your 1969 budget submission to the Department? What did your Bureau ask the Department for in money and people?

Mr. DONAHUE. That was a figure of about $800,000 higher, Mr. Chairman.

Mr. FLOOD. About $800,000 higher?

Mr. DONAHUE. Yes, sir.

Mr. FLOOD. For this item?

Mr. DONAHUE. No, no, no, for the administration.

Mr. FLOOD. I am asking about this one. You have $180,000 and 11 jobs?

Mr. DONAHUE. That was the original request.

Mr. FLOOD. That is what you asked for and that is what you got?

Mr. DONAHUE. Yes, sir.

Mr. FLOOD. Now, we were advised that the turnover in the armed services increased over 40 percent during the last year. Is this budget going to provide the resources to keep up with that caseload?

Mr. DONAHUE. We think so, sir. It is based on the best figures we have for the number of releasees for 1969.

EARLY WARNING SYSTEM

Mr. FLOOD. In connection with your Labor-Management Relations Service, you mention the "Early Warning System." That is an Air Force phase. If I remember correctly, you started this 2 or 3 years ago.

Mr. DONAHUE. Yes.

Mr. FLOOD. Tell us what has been done to develop it and what we get out of it. What value has resulted from it?

Mr. DONAHUE. That so-called Early Warning System has been developed within the Office of Labor-Management Relations Services. It represents the efforts of four people to boil down all of the information available on the negotiations which are scheduled and the disputes which may develop, and to make that information available to

the Secretary and the Under Secretary who are primarily engaged in developing the Department's and the Administration's posture, vis-a-vis, those negotiations.

One of the products is a publication, a summary of critical labor-management relationships for 2 months ahead; a monthly listing of current disputes being monitored, and an analysis of significant collective bargaining contract expirations for a year in advance. This enables us to identify the negotiations which are coming up, select from that group those that are of significance, either because of their defense impact or because of the size and scope of the negotiation, and to try to follow and keep abreast of those negotiations on an almost daily basis. To provide that information then to the Secretary and Under-Secretary——

Mr. FLOOD. Who is getting warned, you or the other guy? You call it an Early Warning System. Who is getting warned?

Mr. DONAHUE. We are.

Mr. FLOOD. It is to warn you?

Mr. DONAHUE. Yes, sir. To enable the Department of Labor to know at the earliest possible opportunity what disputes are developing, and what is the nature of the dispute.

Mr. FLOOD. That is the administrative setup you have developed. Now, so what? Is there any fallout from it? Do you get any warnings? Do you get any value out of it?

Mr. DONAHUE. Yes, sir. What we get out of it is the ability of the Secretary of Labor and the Under Secretary to move into a situation when that becomes necessary, on a completely informed basis.

Mr. FLOOD. What intelligence did you receive? What specific value have you got out of this? Any, so far?

Mr. DONAHUE. Yes. In every dispute that has come up the Department of Labor has been in the position of being totally informed as to the issues, totally informed as to the positions that are developing.

Mr. FLOOD. Does it happen?

Mr. DONAHUE. Yes, sir. We have done continuing analyses of all the major negotiations that have gone on for this year, and that is reflected in the ability of the Department—in those situations when it has been necessary to become involved in the negotiations—or to exercise its functions very promptly.

INVOLVEMENT OF THE DEPARTMENT IN LABOR DISPUTES

Mr. FLOOD. You haven't been involved in many disputes lately, have you? I can only think of about one.

Mr. DONAHUE. There were Teamster negotiations.

Mr. FLOOD. Is the Department actually involved? Mr. Reynolds is the expert in this field so we will let him bare his breast a little.

Mr. REYNOLDS. Mr. Donahue is referring to monitoring the disputes and keeping the Secretary and me informed as to labor negotiations ahead of the game and pointing out the measures that are going to be on the bargaining table. It gives both him and me an opportunity——

Mr. FLOOD. Just in case?

Mr. REYNOLDS. For instance, we have the communications workers and the entire Bell Telephone System negotiations coming up.

Mr. FLOOD. You get both intelligence and ammunition from this source?

Mr. REYNOLDS. Yes, we do. It gives us an opportunity to discuss informally with the parties some of the many issues that are going to come up so that possibly we can encourage a climate which is necessary for an orderly settlement of the dispute without resulting in a strike or impairment or injury to the economy. Examples of this could be, last year, in the railroad wage movement—and I do not refer to the shopcraft movement which was unfortunately a very difficult one—but prior to that there was a wage movement involving the operating unions which went very successfully and quietly to a conclusion without any fuss or feathers; without any impact or injury to the economy. In the class 1 railroads of the country—195 of them—it resulted in putting together a very good arrangement.

The longshore negotiations which will be slated this year will be assisted—

THE COPPER STRIKE

Mr. FLOOD. You were about to give me an example of the way this system worked. What happened on the copper strike? Did your "fuses blow out"? Did your "electronics flip on that Early Warning System"?

Mr. REYNOLDS. We had plenty of warning.

Mr. FLOOD. But that is about all?

Mr. REYNOLDS. That is about right. That strike is now well into its seventh month and it has now been exacerbated by a boycott launched by the International Longshoremen's Association.

Mr. FLOOD. Maybe copper isn't a good conduit for this system.

Mr. REYNOLDS. No, it is a good one and I think the reason that copper failed, Mr. Chairman and gentlemen, is that it is basically not a dispute between labor and management in one industry; it is a fundamental war between the labor and management in this country over some very basic issues and those issues are what we know as coalition bargaining—where you have 26 unions banding together for the first time—and companywide bargaining, which is an old issue, but in this industry it has never been recognized.

Mr. LAIRD. I would like to see what your figures are on the effect of the copper strike on the balance of payments. I read an interesting story in, I believe it was the New York Times, in which it was maintained that this strike had a greater effect than any of the actions contemplated by the President for a travel tax or other restrictions on foreign travel.

If this is true, that the strike has this adverse effect, I wonder why the Taft-Hartley law wasn't used?

Mr. REYNOLDS. The Taft-Hartley law hasn't been used because as of this moment—I say as of this moment because we are going to reappraise the whole situation tonight—there is to be a meeting tonight at 7:15 for a complete review of the situation.

We have had previous sessions with Secretary McNamara included. There has never been a single delay in any copper procurement for the Department of Defense. There has been no material impact on the overall GNP growth. There has been a very serious increase in cost to ultimate copper consumers.

Mr. LAIRD. Has there not been a tremendous adverse effect on our balance of payments and our trade balance. Even our trade balance is showing up as a deficit today. It would seem to me that you have a tool

in your hands and you haven't used it. I know industry doesn't want you to use it. I suppose the unions don't want you to use it, but there must be a public consideration that should be brought into play some place along the line. This strike has been going on almost 9 months, hasn't it?

Mr. REYNOLDS. Yes.

Mr. LAIRD. Industry objects to your using it. They have objected to it; so have the unions objected to your using it, but some place along the line the public concern must be taken into consideration.

Mr. REYNOLDS. Of course, it must, and it has been, Mr. Laird, and will be again tonight I assure you. The exacerbation of the imbalance in the balance of payments because of this strike has accelerated in the last 2 or 3 months. The reason for that is because—the copper mine contracts expired in June but the refineries contracts didn't expire until January, so many of these refineries were still putting out copper from domestic stocks of ore and from South American ore.

In November the adverse balance was $67.5 million. In December it was greater and as of today, with these refineries down, we have every reason to believe that it will amount to as much as $2 million a day, so your concern is very well taken and we share it and it will be a part of the input, I assure you, in the consideration of the matter tonight.

Mr. SMITH of Iowa. To the extent that South Americans will use those dollar credits to buy goods from the United States, that has no effect on the balance of payments. Isn't that right?

Mr. REYNOLDS. I would think a large portion of that money would find itself back in the United States in terms of South American copper, yes, but a great deal of refined copper is coming in from Western Europe, particularly Germany.

Mr. LAIRD. I am talking about the Western Europe situation. It has become very serious. It seems to me that before the President advocates the kind of travel taxes that he is advocating today he had better close this loophole for Western Europe. He has the tools in his own hands to do it.

Mr. FLOOD. This may or may not be, but right now we are on the early warning system, and I just raised the copper strike as a case where the early warning system apparently gave you nothing but warning.

Mr. REYNOLDS. Yes.

LABOR MANAGEMENT RELATIONS STUDIES

Mr. FLOOD. In the justifications, you speak of studies that are being made of these problems that arise in key industries. Now, we don't know what you mean by "studies" and we are not sure what you accomplish by them. What is a study in this case and what do you accomplish, Mr. Donahue?

Mr. DONAHUE. Well, I suppose the most important study at the moment, sir, is the study of the east and gulf coast longshore industry which is being done under the auspices of the Office of Labor-Management Relations Service in an effort to identify the historical bargaining problems in that industry. Are there any structural difficulties——

Mr. FLOOD. How do you make such a study?

Mr. DONAHUE. In that particular case, sir, the study is being directed by Prof. Jim Healy of Harvard University under contract with the Department.

Mr. FLOOD. That is fine. Now, what does he do? He has a contract and it is 10 o'clock Monday morning. What is the first thing he does after he hangs his hat up?

Mr. DONAHUE. He would probably sit down with the people in the Labor-Management Relations Service office and determine what should be done.

Mr. FLOOD. Probably? Don't you know?

Mr. DONAHUE. I am assuming that that is how he started. He began the study before I came to the Department.

Mr. REYNOLDS. May I make some observations on this? This is a very important justification of the activity of this group. Let me quickly run through it. In the longshore negotiations of 1966—when there was a very difficult situation of manning on the docks—we in the Labor Department went in and made a complete manpower study in the major ports of the east and the gulf coast. We made recommendations to the parties for possible reductions in the size of gangs, for new methods of operation and for guarantees of annual earnings to the men in these ports. As a result of that study, a whole new era of stability has been created in that industry.

The study to which Mr. Donahue alludes is now a followup, going back to these ports, interviewing the labor people, the management people, to find out whether there have been any imbalances resulting from the changes made to find out what impact the problem of containerization is going to have on previous agreements. That is what is being done.

Mr. FLOOD. Now, you have a contract with Mr. X. Does he hire people, or do the work himself?

Mr. REYNOLDS. He, together with the people in the Labor-Management Services, personally goes out to these various ports. Mr. Healy was a mediator in the last negotiations and has a familiarity with the industry.

Mr. FLOOD. But your people worked with whoever the mediator might be?

Mr. REYNOLDS. Our people physically go to the port and physically talk to the people in question.

Now, another study which is very pertinent right now is one that follows from the shopcraft dispute in the railroad industry. We are presently, with this group, going out in the railroad industry to make requests of both management and labor for a reevaluation of the skills of the 144,000 employees in the shopcraft category to determine how best in the future they can rearrange the wage structure so we won't have another situation like this put up here in your lap. The relative skills of these railroad workers change. The old traditional skill, for instance, of the sheet-metal worker doing exacting work in pullman cars is no longer required.

Mr. FLOOD. And the car is gone.

Mr. REYNOLDS. That is right, and the idea of the carman who did many, many specialized things years ago, and who performs entirely different tasks today raises very serious questions as to whether he is really a carman or whether he is something else. We are making this

study with this little group of people to help the railroad industry arrive at some greater degree of stability so we won't worry the Congress every year with another of these terrible disputes.

Mr. FLOOD. You will worry us with something else, but we are glad to hear you are getting a handle on some of these problems.

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

I think this appropriation covers the expenses of the President's Advisory Committee on Labor-Management Policy. How much money is involved? That is what the subcommittee is here for. How much money is involved? Who serves on this advisory committee? What is its function and what has it done during the last year?

Mr. DONAHUE. The committee costs in 1967 were about $32,000.

The figures for fiscal years 1968 and 1969 for those same items are about $35,000. Additionally, there is contained in our budget funds for the improvement of the labor-management climate and those, together with the President's Advisory Committee on Labor-Management Policy, total $150,000.

Now, what does the committee do——

Mr. FLOOD. Who is on the committee? You can insert that in the record.

Mr. DONAHUE. We can give you a list on that, sir.

(The requested information follows:)

PRESIDENT'S ADVISORY COMMITTEE ON LABOR-MANAGEMENT POLICY

Secretary of Labor, Chairman

Secretary of Commerce, Vice Chairman

PUBLIC MEMBERS

Dr. Arthur S. Flemming, president, University of Oregon, Eugene, Oreg.

Dr. Howard W. Johnson, president Massachusetts Institute of Technology, Cambridge, Mass.

Dr. W. Page Keeton, dean, University of Texas Law School, Austin, Tex.

Dr. George W. Taylor, Harnwell Professor of Industry Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia, Pa.

Dr. O. Meredith Wilson, director, Center for Advanced Study in the Behavioral Sciences, Stanford, Calif.

LABOR MEMBERS

I. W. Abel, president, United Steelworkers of America, Pittsburgh, Pa.

W. A. Boyle, president, United Mine Workers of America, Washington, D.C.

David Dubinsky, vice president, American Federation of Labor and Congress of Industrial Organizations, New York, N.Y.

George M. Harrison, president emeritus, Brotherhood of Railway Clerks, Cincinnati, Ohio

Joseph D. Keenan, international secretary, International Brotherhood of Electrical Workers, Washington, D.C.

George Meany, president, American Federation of Labor and Congress of Industrial Organizations, Washington, D.C.

Walter P. Reuther, president, International Union, United Automobile Aircraft and Agricultural Implement Workers of America, Detroit, Mich.

MANAGEMENT MEMBERS

Donald C. Burnham, president, Westinghouse Electric Corp., Pittsburgh, Pa.
Henry Ford II, chairman, Ford Motor Co., Dearborn, Mich.
Edgar F. Kaiser, president, Kaiser Industries Corp., Oakland, Calif.
J. Ward Keener, president, B. F. Goodrich Co., Akron, Ohio
W. B. Murphy, president, Campbell Soup Co. Camden, N.J.
Stuart T. Saunders, chairman of the board, Penn-Central Transportation Co., Philadelphia, Pa.
Thomas J. Watson, Jr., chairman International Business Machines Corp., Armonk, N.Y.

Mr. FLOOD. What did the Advisory Committee do last year? What do they now do?

Mr. DONAHUE. The Committee provides advice to the President at his request on items of labor-management policy. The current activity of the Committee is limited to the employment of one clerk who now handles requests for information about activities of the Committee and sends out brochures and publications that have issued from the Committee in previous years. The Committee, in fiscal year 1968, has not met. In fiscal year 1967 it had a number of meetings. I can supply a list of those dates, Mr. Flood.

(The information requested is as follows:)

The Committee met during fiscal year 1967 on the following dates:
July 18, 1966
August 18, 1966
August 31, 1966
October 10, 1966
December 19, 1966
May 2, 1967
June 13, 1967

ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS

Mr. FLOOD. We haven't said much about administration of the reporting and disclosure laws and that accounts for a little over two-thirds of the dollars in this entire appropriation. You do say something about it in your direct statement. We are concerned about any special problems you might have. Do you have any special problems?

Mr. DONAHUE. It is over two-thirds of the total appropriation. It involves about 80 percent of the employees of the Labor-Management Services Administration. I suppose there are always problems in the administration of these kinds of statutes. In the Labor-Management Reporting and Disclosure Act, the problems are those of insuring that the reports which we have are complete and accurate, following up on those in which there is some indication of a deficiency or a delinquent report; insuring, in short, that disclosure is complete; investigating the complaints which come to us; referring out for prosecution those cases where——

Mr. FLOOD. We know a good deal about this. We have been here a long time, but I just wanted to know, do you have any special problems?

Mr. DONAHUE. I would think we have a problem in the administration of welfare and pension plans disclosure, and that act. This last year there was a criticism by the General Accounting Office about the operation and receiving of reports under that statute. We have had a study underway for about a year. We have been operating for the last 6 months to implement the suggestion of that study. This was a study

done by Ernst & Ernst on how we might improve the handling and process of these reports. We are now trying to implement the recommendation from that report now and, meeting all the problems attendant upon installing a new system. I think we will get over those, and I think we will have a vastly improved system for it.

Mr. FLOOD. I recognize that as one of your problems. But since this is two-thirds of your entire appropriation and people it occurs to me that you obviously have more problems some of which you could describe for us in the record.

Mr. DONAHUE. I would be happy to supply anything you want, sir.

(The information follows:)

Our experience in the administration of the WPPDA has led us to conclude that the law itself has serious shortcomings in its purpose of providing protection for the interests of paricipants in employee welfare and pension benefit plans and their beneficiaries. Legislation to remedy shortcomings has been recommended to the Congress.

The appropriation request for the LMWP for fiscal 1969 does not, of course, relate to such proposed legislation. Regardless of what action the Congress may take on the proposed legislation, a basic problem in the administration of the WPPDA will survive. It is the problem of collecting timely and accurate reports from the administrators of plans subject to the act.

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 oher investigations. Activity under the Labor-Management Reporting and Disclosure Act must be continued at the present minimum level in order to maintain the integriy of the administration of the act.

The 1962 amendments to the Welfare and Pension Plans Disclosure Act gave the Secretary of Labor interpretative and only limited enforcement powers. Substantial reliance on voluntary compliance, in accordance with the intent of the Congress, has not had the anticipated effect. Delinquencies now number nearly 40,000 and thousands of reports are deficient to some degree.

The delinquency problem under the Welfare and Pension Plans Disclosure Act has been recognized for at least 2 years as has the fact that many of the reports being filed were defective in ways which required handling at skill levels not available under current resources. During the past year, somewhat more indepth analysis of the problem has been possible through our own efforts and a management consulting firm study of reports processing and control. Aided by the consulting firm's study, it was concluded that the reports processing system was inadequate to identify accurately the dimensions of the delinquency and deficiency problems. The consulting firm has identified faults in the present reports processing system and made some broad recommendations for a new system. The new system is being developed during fiscal year 1968, and it is expected that the Office of Labor-Management and Welfare-Pension Reports will convert to the new system shortly after the beginning of fiscal year 1969. The results will include a greater efficiency in the processing and control of reports filed and more prompt and accurate identification of delinquencies and deficiencies.

Mr. DONAHUE. The difficulty is probably in our definition of "problem." We handle a great volume of reporting. We handle a fair volume of investigation and of litigation in administering these statutes. We are engaged in the processing of civil cases where we find that the unions have not conducted their election procedures in the way in which the law stipulates. We are engaged in the referral to Justice for prosecution of criminal cases where we find embezzlement of union funds. There are a great number of things going on.

Mr. FLOOD. How would you find that there was embezzlement in a union?

Mr. DONAHUE. By an investigation of the union's books and records.

Mr. FLOOD. Why would you investigate?

Mr. DONAHUE. Either on a complaint basis or as a part of a regular program of investigation to substantiate the reports which we receive.

Mr. FLOOD. An individual member can bring this to your attention.

Mr. DONAHUE. Yes.

Mr. FLOOD. Do they do it?

Mr. DONAHUE. Yes, they do. I might ask Mr. Kleiler to speak to that if you are interested in the numbers of cases and that kind of thing. I am sure he would be happy to supply it to you.

Mr. KLEILER. I am Director of the Office of Labor Management and Welfare-Pension Reports. The investigations come from a variety of ways. Union members do complain that union officers are misusing funds. We investigate all complaints currently. Additionally, we find when a union fails to file a report which is due and we go in to find out why it is delinquent, because we have not gotten the report by correspondence, we sometimes find they have not filed the report because the officers are troubled by a shortage and they do not know how to file a report without betraying the shortage.

Some of the embezzlement cases turn up as a byproduct of what we call the delinquency investigation program.

Sometimes the reports are on their face suspicious-looking. Either the yearend balance of 1 fiscal year does not gibe with the beginning-year balance for the next fiscal year, or the schedules showing the makeup of the various components of a line item don't tot up. To the extent we investigate such obvious defects in the report, we sometimes find embezzlement. We turn up on the average about two embezzlement cases a week and usually they are intertwined with reporting or record-keeping violations. Many of the embezzlements involve such small amounts the U.S. attorneys do not always bother to prosecute criminally because of the congestion of the courts, but last year there were 69 indictments obtained for embezzlement; the bulk of them were successfully prosecuted. In fact, in most of them the indicted person entered a guilty plea.

Mr. FLOOD. In other words, if there is only a little bit of larceny it is all right.

Mr. KLEILER. My feeling is that every embezzlement should be prosecuted, but I know U.S. attorneys have their problems, too.

Mr. FLOOD. Who was it—Jean Valjean—that went to the penitentiary for stealing a loaf of bread. Never mind that. I know what you mean. Go ahead.

Mr. KLEILER. I should say this, though, the culprit is no longer an officer of the union. He is out of the labor movement. Most of those who are prosecuted are already ex-financial secretaries or ex-business agents by the time prosecution is obtained. To that extent the purpose of the statute is being accomplished. The offenders are removed from positions of responsibility.

WELFARE PENSION REPORTING FORM

Mr. SMITH. On the new welfare pension reporting form, you have required some additional information to be transferred from the report over to the form, is that correct?

Mr. KLEILER. The D–2 report requires information from plan administrators and was expanded in 1966. We got the first round of reports in 1967.

Mr. SMITH. Have you required any additional information on the D–2 in the past year with regard to the new system you are installing.

Mr. KLEILER. No additional information. The last revision was 1966 and we contemplate no further revision.

Mr. SMITH. The people are interested in this data. Some who want additional transfer of information from the report to the D–2 want a lot of work done to help them that has nothing to do with the purpose of the law?

Mr. KLEILER. It is true that many commercial firms are using our disclosure files for commercial purposes.

Mr. SMITH. In fact, some of the things on the present D–2 are not necessary as far as administering the purpose of law.

Mr. KLEILER. The purpose of the law—as you know from your participation in the history of it—was to provide disclosure reporting primarily to plan participants and their beneficiaries. Much of the legislative history is given over to the problem of insurance commissions and rebates. The theory was that if the breakdown of the premium dollar was reported so that purchasers of insurance on behalf of plan participants and beneficiaries would know where the premium dollar is going, the insurance purchasers would get a better break for their money. The insurance companies are quite indignant that we require more breakdown of the premium dollar than they want their competitors to know but we think that degree of detail is needed.

Mr. SMITH. You do not contemplate any further changes on the D–2?

Mr. KLEILER. No, sir.

Mr. SMITH. That is all.

FILING COMPLAINTS

Mr. CASEY. With reference to your complaints, are your U.S. attorneys pretty well familiar with these complaints? In other words, those who think they have complaints, if you refer them to the U.S. attorney, is that sufficient, or should they come directly to you?

Mr. KLEILER. They come directly to us. Very frequently the union member has a complaint which is not actionable either by the U.S. attorney or the Department of Labor under this law.

Mr. FLOOD. It is advisable that he come to you?

Mr. KLEILER. Our staff is much more specialized in the knowledge of what can be done and what cannot be done than the U.S. attorney. We do get consulted more than the U.S. attorneys do.

Mr. CASEY. I wanted to know who was the proper one to be referred to.

Mr. KLEILER. They should be referred to us, and we have 24 area offices throughout the United States for that purpose.

Mr. CASEY. Thank you.

PERSONNEL NEEDS COMPARED TO WORKLOAD

Mr. FLOOD. Since the workload of this activity has been relatively stable the last few years, Mr. Donahue, and it has, why shouldn't you be able to get along with fewer people and less money? You have been bragging about how good you are down there. There must be some savings you gained from experience. Everybody is supposed to gain from experience. In addition to that, you have quite a bit of electronic hardware down there. If all those things are true, why can't you give us back some money and some people?

Mr. DONAHUE. The answer is in two parts. For one thing we have reduced over the years the number of people, from a high in 1964 of 565, down to 547 the following year, and successively to 528, 524, 505, and 505 last year, and 505 projected for next year. We are already some 10 percent down over the last 4 years. The second part of the answer is that the caseload is not totally stable. The number of reporting entities in the union area remain fairly constant—we get reports from about 52,000 labor unions. However, we are getting reports now from about 165,000 welfare and pension plans and that reporting continues to increase as new pension and welfare plans are developed.

Also, I think that the knowledge of the law—the knowledge of the provisions of both the welfare and pension law and the Labor Management Reporting and Disclosure Act—as that knowledge is spread more broadly and the people become more familiar with it, we get more complaints or get more sophisticated complaints.

Mr. FLOOD. Are the complaints rising in number from union members nationwide? No particular union, just across the board.

Mr. DONAHUE. In terms of total figures?

Mr. FLOOD. Yes.

Mr. DONAHUE. I do not know the answer to that.

Mr. KLEILER. No, as a matter of fact, there were more complaints after the first year or two after the enactment of the Landrum-Griffin Act than we get now. But the volume of the work which we do is directed to a great extent to collecting the reports which are due and not filed and obtaining corrected reports for deficiencies. That problem we have regardless of complaints from the union members.

Mr. FLOOD. That is usually the history of such laws.

Mr. CASEY. I have no more quesions, Mr. Chairman. It sounds like a fairly modest request, considering the others we look at.

LEGISLATIVE PROPOSALS DEALING WITH EMERGENCY DISPUTE

Mr. Shriver, do you have any questions to ask of Mr. Donahue?

Mr. SHRIVER. Yes, Mr. Chairman. On pages 15 and 16 of the justifications you say that the Labor-Management Policy Development Office has been and will continue to analyze legislative proposals dealing with emergency disputes. When do you expect to have the results of this analysis?

Mr. DONAHUE. It is a continuing process, Mr. Shriver. This office analyzes all of the legislative proposals which have been made from time to time and which were made in the last session and are being made in this session. It continues to analyze those and to provide policy guidance within the Department and for the Secretary in all of those matters.

Mr. SHRIVER. The President said last year in his state of the union message that there would be such a proposal which would help in the labor-management area. Do you believe we will receive that proposal this year?

Mr. DONAHUE. Was it last year or 2 years ago?

Mr. SHRIVER. Either one. I thought it was last year.

Mr. DONAHUE. I think there have been continuing efforts within the administration through special task forces and within the Labor Department to examine all of the possible procedures which might be suggested, all of the mechanisms which might be developed for the resolution of disputes, and a continuing finding that there have not yet been proposed any viable substitutes for the present mechanisms. No one has yet come up with the proposal which seems on analysis to be better than our present efforts.

Mr. SHRIVER. So this development office will be merely analyzing the proposals.

Mr. DONAHUE. It is doing that. It is doing a special analysis of the Railway Labor Act and the Taft-Hartley Act by way of surveying the past use of Taft-Hartley and the past use of the Railway Labor Act procedures. If you are asking whether or not we will be making specific proposals——

Mr. SHRIVER. Yes, and why or why not?

Mr. DONAHUE. I don't know whether there will be specific proposals and we would not know that until we found one which somehow seemed better than the present mechanism.

Mr. SHRIVER. Which is for Congress to finally decide.

Mr. DONAHUE. Yes. If you are asking if we would recommend one, we have not found a better one yet. We have not found the suggestions which we might advance for changes in policy.

LABOR-MANAGEMENT RELATIONS IN THE PUBLIC SERVICE

Mr. SHRIVER. On page 16 of the justification you say the Policy Development Office will focus increased attention to problems in labor management relations in public service.

Mr. DONAHUE. Yes, sir.

Mr. SHRIVER. What is your policy in regard to strikes by public service employees where such strikes are prohibited by law? Lately we have quite a few of these incidents throughout the country.

Mr. DONAHUE. Yes, sir. The reference there to focusing increasing attention to public employee labor relations refers specifically to our concern with Federal employees and the efforts to develop or analyze whether or not the present mechanisms for Federal employee collective bargaining can be improved and whether or not recommendations can be made to the President or to the Congress for revision and improvement of that system. In terms of the States and municipal situations we cannot continue to analyze them, but we are not in a position to make policy suggestions as to how the States or cities should handle these problems.

Mr. SHRIVER. Then you are not involved in teacher strikes or policy relating to the public employees, other than in the Federal service?

Mr. DONAHUE. No, sir; we are not advancing policy suggestions in those areas.

Mr. REYNOLDS. May I comment on this?

The Federal labor relations program, under Executive Order 10988, has been undergoing a very active and productive review. That Executive order established by President Kennedy in 1962 has reached a point where we felt last year—we being the chairman of the Civil Service Commission and the Secretary of Labor—that it should be reviewed very carefully to find out whether its administration could be improved. That review included public hearings to which were invited representatives of labor organizations, representatives of the management family in the Federal Government. It included the establishment of an advisory panel of outside experts, including Derek Bok, the new dean of the Harvard Law School. The committee has not reached a point where it is prepared to make specific recommendations to the President. We would hope that very possibly from an enlightened and intelligent administration of this business of labor management relations in the Federal sector that States, counties, and municipalities could well emulate it and could profit by it.

As Secretary Donahue implied, it would be rather inappropriate for the Federal Government to insert itself into the sanitation strike or the teacher's strike or firemen's strike. We analyze each one very carefully in this group headed by Secretary Donahue and we are trying to learn from them, from the Taylor law in New York City what its deficiencies may be, from the Michigan law what the best way may be. Our basic concern is to make labor relations in the Federal Government so good that they will be emulated elsewhere.

There cannot be a strike for Federal employees. We do not in any way suggest that be changed. It should be reiterated.

Mr. SHRIVER. By virtue of the very name of this Policy Development Office I wanted some clarification for the record as to what policies we are talking about. I think you made a very good statement.

Mr. REYNOLDS. Thank you.

Mr. SHRIVER. That is all.

Mr. FLOOD. Thank you, Mr. Donahue, I believe that is all.

Mr. DONAHUE. Thank you, Mr. Chairman. I will be back, with your permission, when Mr. Lundquist appears before the committee on the Wage-Hour Division. While that Division is not part of the Labor-Management Services Administration, Mr. Lundquist does report to me and I would appreciate the opportunity to be here and perhaps comment on his presentation.

Mr. FLOOD. Not many people want to come back twice, but if you want to come, fine.

Mr. DONAHUE. I will also be back a third time.

Mr. FLOOD. You get your wound stripes a little earlier than the average fellow.

JUSTIFICATION MATERIAL

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate	$8,533,000	$9,063,000
Amount reserved under H. J. Res. 888 (P.L. 90-218)	- 232,000	---
Amount of reserve applied to increased pay costs	232,000	---
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increases (P.L. 90-206 effective October 8, 1967)	25,000	---
Non-recurring rental costs transferred to GSA	- 1,000	---
Appropriation or estimate, revised	8,557,000	9,063,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968 Pos.	Amount	Estimate, 1969 Pos.	Amount	1969 Change Pos.	Amount
1. Labor-management relations services	17	$ 349,400	17	$ 355,800	---	+$ 6,400
2. Labor-Management policy development	18	262,400	18	272,000	---	+ 9,600
3. Administration of reporting and disclosure laws	505	6,557,700	505	6,819,100	---	+ 261,400
4. Promotion of compliance and assistance to veterans	54	763,600	65	971,100	+11	+ 207,500
5. Executive direction and administrative services	61	623,900	61	645,000	---	+ 21,100
Total obligations	655	8,557,000	666	9,063,000	+11	+ 506,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
Total number of permanent positions	655	666	+11
Positions other than permanent	9	9	---
Average number of all employees	632	640	+ 8
11 Personnel compensation	$6,659,500	$7,101,910	+$442,410
12 Personnel benefits	529,600	549,290	+ 19,690
21 Travel and transportation of persons	454,400	418,400	- 36,000
22 Transportation of things	28,300	30,800	+ 2,500
23 Rent, communications, and utilities	265,500	300,000	+ 34,500
24 Printing and reproduction	122,700	150,200	+ 27,500
25 Other services	106,800	108,900	+ 2,100
Services of other agencies	291,500	298,000	+ 6,500
26 Supplies and materials	81,600	85,500	+ 3,900
31 Equipment	17,100	20,000	+ 2,900
Total obligations	8,557,000	9,063,000	+ 506,000
Working Capital Fund items included above	(324,500)	(337,800)	(+13,300)

SUMMARY OF CHANGES

	Pos.	Amount
1968 Enacted Appropriation	655	$8,533,000
Amount reserved under H. J. Res. 888 (P.L. 90-218)	---	- 232,000
Amount of reserve applied to increased pay costs	---	232,000
Proposed transfer from "Office of Manpower Administrator" for pay increases (P.L. 90-206 effective October 8, 1967)	---	25,000
Non-recurring rental costs transferred to GSA	---	- 1,000
1968 Appropriation, revised	655	8,557,000
1969 Estimate	666	9,063,000
Total Change	+11	+ 506,000

Mandatory Items (page LMSA-7)

Increases:

Net additional pay increase costs not completely funded in 1968	---	+ 296,900
Net additional cost of within-grade promotions effective for part-year in 1968	---	+ 25,100
Net cost of within-grade promotions becoming effective in 1969	---	+ 31,400
To provide for one extra day of pay in 1969 for current year staff	---	+ 29,650
Sub-total increases	---	+ 383,050

Decreases:

To provide for a net decrease in contributions to the Federal Employees' Compensation Fund	---	- 4,850
Total, Mandatory Items	---	+ 378,200

	Pos.		Amount
Financing Items:			
To provide for full cost of centralized services purchased from the Working Capital Fund.....	---	+	4,800
Program Items:			
Increases:			
To provide for increased workloads in the Veterans' Reemployment Rights program resulting from revised Department of Defense-Department of Labor referral procedures and over 40 percent increase in releases from the armed forces (page LMSA-28) ($94,700 personal services; $85,300 nonlabor).....	+11	+	180,000
Decreases:			
Management Improvement and Cost Reduction from travel and transportation of persons ($45,000); printing and reproduction ($12,000) - (page LMSA-10).....	---	-	57,000
Total, program items.....	+11	+	123,000
Total Change.....	+11	+	506,000

Activity 1. LABOR-MANAGEMENT RELATIONS SERVICES (1968, $349,400, Pos. 17; 1969, $355,800, Pos. 17)

Narrative Description of Program

This program provides for staff support to the Secretary in the performance of key responsibilities in the area of labor-management relations. Appropriate staff aid and support in particular dispute and problem situations is provided to the Secretary, Under Secretary, Assistant Secretary, to other Government agencies, and to panels, boards or commissions established by the President or the Secretary to act in such matters.

Provision is made for review and approval of employee protection arrangements proposed in conjunction with applications for Federal grants and loans under the Urban Mass Transportation Act of 1964.

The program also provides for execution of responsibilities of the Secretary under Executive Order 10988, Employee-Management Cooperation in the Federal Service.

In 1967, accomplishments were made in developing and maintaining an "early warning system" to anticipate labor-management disputes in key industries and to identify and monitor for the Secretary developing and active critical bargaining situations. This included developing information on the technical aspects of issues in dispute, obtaining and summarizing a wide variety of comparative data acquired from sources both within and outside the Department. Critical to this function is the ability to assemble adequate and accurate information on short notice, to organize it in a form to relate to the issues in the specific cases and yet be sufficiently concise as to be readily usable by the Secretary, and to have it available when needed.

The area of studies of problem areas in key industries with a history of labor relations conflict was represented by the examination in detail of the collective bargaining structure of the East and Gulf Coast longshore industry. The objective is to determine the reasons for the repeated breakdowns of labor-management relations which have resulted in prolonged strikes following each contract expiration in the past ten years. The study progressed more slowly than expected but will be completed in 1968. Other such problem areas in need of this sort of study were considered for future planning.

Other accomplishments included handling a number of requests for technical assistance and advice from labor, management, the mediation services, and other government agencies to deal with specific labor-management problems; providing staff support to several Presidential Emergency Boards.

Under the Urban Mass Transportation Act of 1964, the Department of Housing and Urban Development referred 45 applications for review and approval or other appropriate action, of plans for employee protection. Review and processing of 36 applications was completed and 19 applications were pending at the close of the fiscal year.

The review of agency practices under Executive Order 10988 continued, new procedures in this regard were developed and recommended, advice and counsel was given to parties seeking to resolve problems, and a roster of qualified arbitrators was maintained.

In 1968, it is planned to continue the limited study of problem areas in key industries with a history of labor relations conflicts. The East and Gulf Coast longshore industry study is expected to be completed by the end of the year. Another such study is being started of wage compression among shopcraft workers in the railroad industry, pursuant to the recommendations of the special Presidential Board of which Senator Wayne Morse was Chairman.

We expect to respond to the growing workload in the program of employee-management cooperation in the Federal service. Since issuance of Executive Order 10988 in 1962, the number of employees in the Federal service represented by labor organizations has expanded rapidly - from 19,000 covered by exclusive units in 1961 to well over one million in 1966. Requests for advice and assistance received by the Office are increasing from year to year, but of greater significance is the fact that the complexity of these inquiries continues to grow as the scope of union organization increases and as 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 assure that policy and procedures exist and are followed, which will lead to a constructive and orderly relationship between Federal agencies and employee organizations.

On September 8, 1967, the President established a Review Committee, chaired by the Secretary of Labor, to consider possible changes in the existing program. The Staff Director for the Review Committee was appointed from this program as well as some of the staff members rendering support to the Committee. The scope and nature of the future responsibilities and activities of the Federal Employee-Management Relations program may be strongly affected by the recommendations of this Committee.

The "early warning system" and status reports on problems in key industries will be maintained and may assume greater importance in 1968

as contracts will be expiring in a number of major industries such as aluminum, steel, aircraft, East Coast longshore, shipping, railroads and most major airlines. Staff support and special analyses are expected to be needed in a number of these situations.

Review of employee protection plans in applications under the Urban Mass Transportation Act will continue at about the 1967 level.

In 1969, it is planned to maintain the 1968 level of overall activity with the principal functional areas continuing to be responsive to priority needs as dictated by the wide variety of factors present in the national economic scene and the labor-management relations area.

The program will provide technical, statistical or advisory assistance upon request to labor, management, the mediation services and other Government agencies for dealing with specific problems. There will be developed or otherwise provided basic information as well as technical tools and other material to guide and assist involved parties in use of such data in problems with serious labor force, work rules and collective bargaining implications.

In cooperation with the mediation agencies and other Government agencies, forecasts will be made of impending labor-management problems and situations of a critical nature from a national interest standpoint. The objective is to develop such forecasts with sufficient leadtime as will permit providing the technical data, and other information and services before contract negotiations break down or a work stoppage ensues.

In collaboration with other units of the Department, detailed technical analyses will be developed for key industries in the economy. This involves study of labor force requirements, employment trends, current or potential impact of technological changes, adjustment procedures, and the labor-management relations mechanics for adjusting to changes.

Staff support will be provided to various Boards and Commissions appointed in major labor disputes. Due to the emergency nature of such disputes, no accurate forecast of future needs is possible. Disputes in any of the major 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 from this program would be required.

At the discretion of the President and of the Secretary, the services of 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. Direct staff costs and other expenses of the President's Advisory Committee on Labor-Management Policy also are drawn from this fund.

In view of the proposed budget increase in the Department of Housing and Urban Development for grants and loans under the Urban Mass Transportation Act, some increase can be expected in the number of employee protection plan reviews. Moreover, there has been a noticeable change in the nature of the projects proposed in the applications and more large cities, regional authorities and interstate agencies are now participating in the program.

As a consequence, the review of applications and the related administrative and liaison activities will involve many more technical problems than have been present in this activity.

Changes for 1969

Mandatory changes amount to (Page LMSA-7)..... +$10,400

Program changes amount to..... -$ 4,000

Basis for the Estimate

The functions of the Office of Labor-Management Relations Services are set forth above. Since these activities are of a staff nature, are not readily quantifiable and are directed toward ever-changing circumstances, estimates must be based on judgements as to effective performance as derived from past experience, and as to sound determinations of priorities and distribution of available resources. Experience during fiscal year 1967 indicates that the present staff of 17 positions is adequate to reasonably perform most of the activities outlined. Staff support and related costs, including contingent expenses of experts and consultants and special dispute boards, panels and commissions are estimated as $355,800.

Activity 2. LABOR-MANAGEMENT POLICY DEVELOPMENT (1968, $262,400, Pos. 18; 1969, $272,000, Pos. 18)

Narrative Description of Program

This program provides for research and policy development relating to the Department's labor-management relations responsibilities. The Office of Labor-Management Policy Development develops and analyzes policy recommendations on basic labor-management relations issues, and on issues relating to the Labor-Management Reporting and Disclosure Act, the Welfare and Pension Plans Disclosure Act, and Executive Order 10988. The Office provides research and technical assistance in litigation, as requested.

In 1967, accomplishments were made in providing research assistance in litigation and for administrative determinations under the two disclosure Acts. A number of legislative proposals dealing with emergency disputes were analyzed, and a study was made of recent State legislation guaranteeing to public employees the right to organize and to bargain collectively. An analysis of dispute settling procedures and experience under the Railway Labor Act was begun. Other major studies started during the year dealt with union constitution procedures relating to collective bargaining and contract ratification; employee bargaining unit determinations under Executive Order 10988; the financial structure of large pension plans; and party-in-interest transactions reported under the Welfare and Pension Plans Disclosure Act. Support services were provided to task forces or committees working on pension plans and public policy.

In 1968, it is planned to continue and complete by the end of the year, work on the studies begun in 1967. The major new studies to be started include one on the structure and financial resources of large local unions and one on qualifications for union office as seen through the Labor-Management Reporting and Disclosure Act court cases. Providing research and technical assistance for litigation and administrative determinations will continue to account for a significant proportion of staff time. A number of special reports on union procedures, collective bargaining, strikes, and employee benefit plans are being prepared. Analysis of legislative proposals and legislative actions will continue at previous levels. The Office continues to provide technical and consultative services with reference to the Department's responsibilities in the field of international labor affairs and training.

In 1969, it is planned to:

1. Continue analysis of emergency dispute provisions and experiences.

In view of the increasing interest and concern with work stoppages and their impact on the national economy, it is anticipated that the Office will be called upon, to an increasing degree, to evaluate legislative proposals and to provide policy guidance in this area.

2. Study other issues in the field of labor-management relations with a view towards policy development. Attention will be concentrated in newly-emerging problem areas, such as nonprofit hospitals, public service, and agriculture. Such issues as restrictions on technological change, membership rejection of negotiated settlements, and discriminatory practices will be regularly reviewed.

3. Increase efforts toward providing research advice and assistance to other Government agencies involved in labor-management relations matters.

The Office will continue to support the development of research in the field of labor-management relations, and the coordination of research activities among Government agencies, with the purpose of achieving the maximum utilization of resources.

4. Increase research and policy development activities in support of the Department's Older Worker Program.

5. Maintain activities directly related to the administration of the Labor-Management Reporting and Disclosure Act, involving litigation assistance and the preparation of studies for policy decisions within the Department. Special attention will be directed to a study of the participation of retired members in the affairs of unions.

6. Initiate, as required, similar support activities related to the administration of the Welfare and Pension Plans Disclosure Act. Congressional interest in the private pension system, as evidenced by several recent legislative proposals and hearings on this subject, enhances the need for research and policy analysis.

7. Increase attention to problems in labor-management relations in the public service. The Office will continue its analysis of statutes governing labor-management relations in the public sector, and of experiences under these statutes. The effectiveness of particular procedures,

such as those dealing with the settlement of disputes and the determination of appropriate bargaining units, will be continuously studied.

8. Participate as requested in the development and presentation of seminars for foreign nationals representing labor, management, and the public, and provide technical and consultative services to individuals and groups visiting the United States under private or Government sponsorship.

Changes for 1969

Mandatory changes amount to (Page LMSA-7)..... +$10,500

Program changes amount to..... - 900

Basis for the Estimate

The functions and objectives of this activity are outlined in the narrative above. Such activities are of a staff nature directed toward a variety of changing factors and consequently cannot realistically be stated quantitatively. Estimates are, therefore, derived from a bend of managerial decisions as to effective performance as developed from experience factors and considered sound judgments of priorities and the distribution of available resources. From this, it has been determined that the present staff level of 18 positions is adequate to satisfactorily accomplish these functions and the estimate of $272,000 for fiscal year 1969 therefore contemplates a continued level of accomplishment.

Activity 3. ADMINISTRATION OF REPORTING AND DISCLOSURE LAWS
(1968, $6,557,700, Pos. 505;
1969, $6,819,100, Pos. 505)

Narrative Description of Program

This program provides for the Department's functions in the administration of the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act.

The Labor-Management Reporting and Disclosure Act is designed to protect the rights of some 16,000,000 union members, to safeguard their dues money by requiring reporting and disclosure of union financial operations, establishing fiduciary standards for union officers and employees and requiring them to be bonded, to insure democracy within unions by requiring periodic elections under reasonable conditions, and to protect dissenters against arbitrary or improper reprisals.

The Welfare and Pension Plans Disclosure Act is designed to protect the interests of participants in and beneficiaries of welfare and pension plans principally by requiring reporting and disclosure of plan provisions and financial operations and other limited information with respect to such plans and by requiring bonding of plan administrators. This Act applies to almost all private employee welfare and pension benefit plans covering more than 25 participants.

In 1967, accomplishments were made in the major area of operation under this program which related to controlling, processing, examining, and coding of reports filed under the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act; comprehensive analyses and audits of selected reports; administering the disclosure provisions of the Acts, including functional direction of the field in this regard; conduct of statistical programs; and replying to inquiries on the coverage and reporting provisions of the two Acts.

Slightly less than 180,000 reports were received in fiscal year 1967.

Almost 100,000 plan descriptions, labor organization reports, annual financial reports, and special reports received (e.g.,

employers, consultants, etc.) underwent summary examination. Desk audits were completed. Special reports and complex reports underwent detailed analyses. Notices were mailed to delinquent and deficient filers. Reports were reproduced for sale in response to disclosure requests. Welfare and pension plan addresses were updated.

The survey of the reports processing activities (including related automatic data processing operations in the Bureau of Labor Statistics), which was conducted by consultants from private industry was completed and work begun on the proposed implementation of the new procedures. The management consultants and assigned Government personnel have been engaged in this effort. The new system will provide for greater efficiency and effectiveness with respect to processing and controlling of reports filed and more prompt and accurate identification of delinquencies and deficiencies. Automatic data processing involvement and utilization will be greatly increased. Accomplishments also included the issuance of a total of 507 administrative rulings which related to both Acts. A new form, LMSA Form S-1, for the surety company reporting requirements was developed and its use initiated. Revisions were made in Forms D-1, LM-10, LM-15, and LM-15A to alleviate some of the burden on the persons responsible for filing in complying with the requirements of the Acts and to simplify processing within the Office of Labor-Management and Welfare-Pension Reports. Exceptions were granted from the bonding provisions of the Welfare and Pension Plans Disclosure Act to savings and loan associations regulated by the Federal Home Loan Bank Board. Arrangements were made to have the interpretative manuals available to the public under the Freedom of Information amendment to the Administrative Procedure Act (P. L. 90-23).

Accomplishments were made in programs of technical guidance and assistance which promoted voluntary compliance with the reporting requirements of both Acts. Inquiries totaling 111,150 were handled by National Office and Field personnel. These were received from union members, welfare-pension plan participants, members of the Congress, and from the general public. A total of 329 clinics, meetings, work shops, etc., were conducted under programs of group technical assistance. Personal contacts with key individuals having responsibility under either of the Acts totaled 5,116. Publications were issued to aid persons having rights and duties under the Acts.

Investigations of alleged violations under both Acts were conducted and training seminars for compliance officers were held providing instruction on the use of new investigation techniques. As a result of the continuing investigation under the

Labor-Management Reporting and Disclosure Act of labor-management practices in the pipeline construction industry, two more union officers were convicted and another one was indicted for embezzlement and/or falsifying union records, bringing to more than $100,000 the total uncovered by this investigation. Federal indictments were returned against two city officials, five pipeline corporations and four company executives. Grand jury action was pending against other pipeline company and union representatives (indictments were actually returned early in fiscal year 1968). The total of indictments and criminal informations numbered 69, while 55 persons were convicted. The total number of investigations under the Welfare and Pension Plans Disclosure Act was increased while the emphasis of investigations under the Labor-Management Reporting and Disclosure Act was shifted to areas which should secure more accurate reports and deal with more serious violations of the Act.

In 1968, it is planned to continue with the same functions outlined for fiscal year 1967. Most activities and accomplishments during fiscal year 1968 are projected at a higher level than in fiscal year 1967. It is estimated that 198,800 reports will be received - 141,800 under the Welfare and Pension Plans Disclosure Act and 57,000 under the Labor-Management Reporting and Disclosure Act. Summary examinations are projected at 125,000, an increase of 25 percent over fiscal year 1967. The Form D-3 information report will be subject to examination for the first time to determine compliance with the bonding statute. Desk audits will increase slightly. The followup correspondence program on delinquencies and deficiencies will increase. Reporting forms will be reviewed, with possible revisions during the year to simplify use by the public. The consultants from private industry and assigned Government personnel will continue with their work on the proposed implementation of the new reports processing procedures.

It is expected that 555 rulings will be issued by the end of the year, an increase of 48 units over the previous year. An anticipated 80 new entries will be made in the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act interpretative manuals. A complete revision of bonding regulations under the Welfare and Pension Plans Disclosure Act will be promulgated. Legislative support will be provided as needed for proposed changes in existing legislation.

The program for the promotion of voluntary compliance through technical assistance will be continued. There are indications that interest throughout the country in the two Acts may result in the group technical assistance work expanding during the year. This interest will generate a continued high level of inquiries both at the National Office and the Field offices.

It is planned to continue emphasis on investigations under the Welfare and Pension Plans Disclosure Act. This emphasis is necessary to reduce the number of delinquent and deficient reports.

In anticipation of a reduction in the number of delinquent reports, planned investigation emphasis under the Labor-Management Reporting and Disclosure Act is in the areas of deficient reports, financial investigations and basic investigations. Frequent by-products of these investigations are indications that other violations of the Act may have taken place. Development of these cases contributes to uncovering corruption and unlawful practices in the organized labor movement. Election cases will be developed to obtain further court interpretations of the issues clarified by recent Supreme Court decisions.

Scheduled refresher training for compliance officers will continue as a means of apprising them of new developments in investigative techniques, and of current and prospective policy and investigation emphasis.

In 1969, it is planned to continue with the major area of operations which relate to the function of receiving, controlling, processing, examining, and coding of reports filed under the Acts. Operations during fiscal year 1969 are scheduled at the same levels, in almost every instance, as in fiscal year 1968. The estimated workload is based upon the fact that resources available will be at about the same level as in fiscal year 1968. It is anticipated, however, that the quality of the processing activities which are performed and resulting services to the public will be much higher because of increased use of automated processes and generally improved procedures resulting from the consultant-recommended system. Although the new system will be in effect most of fiscal year 1969, it will be necessary to operate both the new and old systems in some areas until the new system has been perfected.

It is planned to issue 600 administrative rulings and to make 90 new entries in the Labor-Management Reporting and Disclosure Act and Welfare and Pension Plans Disclosure Act interpretative manuals. A complete revision will be made of the General Statement on Bonding under the Labor-Management Reporting and Disclosure Act (29 CFR 453). All reporting forms will be reviewed to determine whether it is possible to alleviate further the reporting burden on the persons required to file, to eliminate technical problems and to provide the best vehicle possible for disclosure.

Emphasis will be placed upon improved internal procedures and improving relations with filing parties. 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 1968 will be revised as

necessitated by changes in administrative policy, opinions of the Solicitor, and court decisions. No new publications are planned for fiscal year 1969. Continuing publications, i.e., the yearly editions of the information reports on operations under each Act, will be issued as usual.

It is planned that the investigation program outlined above for 1968 will be continued.

Workload Tables I through IV reflect selected workload.

Changes for 1969

Mandatory changes amount to (Page LMSA-7)..... +$308,200

Financing changes amount to (Page LMSA-7)..... +$ 4,800

Program changes amount to..... -$ 51,600

Basis for the Estimate

The volume of activity has been relatively stable for the past several years and represents minimum acceptable levels with regard to the requirements for administering most provisions of the two Acts. The overall planned level of operation for fiscal year 1969 is approximately the same as for fiscal year 1968. Estimates are, therefore, based upon a continuation of the 1968 level with minor adjustments to meet program needs.

REPORTS AND ANALYSIS - TABLE I

SELECTED WORKLOAD

	1966 Actual	1967 Actual	1968 Estimate	1969 Estimate
Reports Received (Total).....	199,927	179,747	198,800	198,800
Labor-Management Reporting and Disclosure Act.....	60,070	56,095	57,000	57,000
Welfare and Pension Plans Disclosure Act.....	139,857	123,652	141,800	141,800
Summary Examinations (Total)....	185,820	99,442	125,000	125,000
Registration type reports...	31,385	27,726	39,000	29,250
Annual Reports.....	154,435	71,716	86,000	95,750
Desk Audits.....	2,570	2,448	2,570	2,800
Detailed Analyses (Total).....	1,030	1,781	1,600	1,600
Special Reports.....	800	991	900	900
Complex Reports.....	230	790	700	700
Deficiency and Delinquency Notices Mailed (Total).....	10,310	9,843	22,500	22,500
Deficiency Notices.....	4,480	7,620	10,000	10,000
Delinquency Notices.....	5,830	2,223	12,500	12,500
Disclosure Activities				
Number of reporting entities for which disclosure is made.....	37,220	40,035	45,000	45,000
Pages reproduced for sale...	111,840	89,166	120,000	120,000
Number of visitors.....	1,580	1,434	2,000	2,000
Correspondence (Total).....	10,230	12,000	15,000	15,000
Composed replies.....	5,230	5,500	8,000	8,000
Form and checklist letters (other than delinquency and deficiency notices)...	5,000	6,500	7,000	7,000

REGULATIONS AND ADMINISTRATIVE RULINGS - TABLE II

WORKLOAD

	1966 Actual	1967 Actual	1968 Estimate	1969 Estimate
Action on requests for variation on reports and exemptions on bonding	52	6	6	6
Administrative Rulings	443	507	555	600
Regulations and Interpretative Bulletins	3	7	7	5
Administrative Policy Studies	8	12	10	8
Forms	3	6	3	2
Staff Manual Entries	26	117	80	90

TECHNICAL ASSISTANCE - TABLE III

WORKLOAD

	1966 Actual	1967 Actual	1968 Estimate	1969 Estimate
Inquiries	105,168	111,150	117,000	120,000
Group Technical Assistance:				
(Total)	252	317	200	175
Conventions and Meetings	178	92	125	100
Labor-Management Reporting and Disclosure Act Clinics	63	98	50	50
Welfare and Pension Plans Disclosure Act Clinics	11	127	25	25
Contacts	5,593	5,116	4,000	4,000
Publications:				
Labor-Management Reporting and Disclosure Act	4	8	9	12
Welfare and Pension Plans Disclosure Act	6	7	7	8

COMPLIANCE OPERATIONS - TABLE IV

WORKLOAD

	Units Actual 1966	Units Actual 1967	Units Estimate 1968	Units Estimate 1969
Labor-Management Reporting and Disclosure Act Investigations				
National Investigations (Field)1/.....	150	31	68	50
Election Investigations.....	146	92	115	135
Election Reruns.....	41	35	31	35
Delinquent Reports.....	5,882	5,184	3,240	2,500
Deficient Reports.....	88	265	930	1,000
Financial Investigations....	405	301	551	750
Basic Investigations.....	525	478	632	525
Welfare and Pension Plans Disclosure Act Investigations 1/				
Delinquent Reports.....	470	617	818	820
Deficient Reports.....	84	234	304	310
Financial Investigations....	22	21	17	15
Basic Investigations.....	17	37	44	100

1/ Includes investigations participated in by National Office personnel.

Activity 4. PROMOTION OF COMPLIANCE AND ASSISTANCE TO VETERANS
(1968, $763,600, Pos. 54;
1969, $971,100, Pos. 65)

Narrative Description of Program

This program provides for direct assistance in connection with the reemployment rights of ex-servicemen, reservists and members of the National Guard, and in promoting employer compliance with the reemployment provisions of the Military Selective Service Act of 1967, formerly the Universal Military Training and Service Act.

The primary objectives are:

(1) to promote a better understanding of the reemployment program by alerting ex-servicemen and employers to their rights and obligations provided in the law;

(2) to prevent to the extent possible, through emphasis on disclosure and promotion of compliance, complaints and disputes from arising;

(3) to provide prompt and effective action on all complaints requiring investigation and negotiation;

(4) to provide prompt and effective processing of cases for referral to the Department of Justice.

In 1967, accomplishments were made in improving the dissemination of information to those persons having rights and to those persons and organizations having obligations under the law. This resulted mainly from the issuance by the Department of Defense of instructions to all branches of the armed forces requiring universal use of the reemployment referral forms (OVRR-2). This enabled the Office of Veterans' Reemployment Rights to provide authoritative information about the law to most veterans and employers at the time of the veteran's release from the service--the most effective time to promote voluntary compliance by alerting both parties to the benefits and requirements of the law.

New or revised pamphlets were published explaining the reemployment rights of (a) veterans generally, (b) disabled veterans who can no longer perform the duties of their pre-service jobs, (c) National Guardsmen and Reservists who must be absent from work for short tours of training duty, and (d) persons who are rejected for military service. The first major revision of the Reemployment Rights Handbook since 1954 was begun.

As a result of the turnover in the armed forces in 1967, 408,392 Forms OVRR-2 were received from the Department of Defense and processed, resulting in mailing of informational material to 404,400 ex-servicemen and to 215,000 employers. Also 11,129 specific inquiries (compliance reviews) and 434 employer misunderstandings (compliance cases) were processed. Additionally 1,432 cases involving veterans' formal complaints against employers were closed and 108 such cases were referred to the Department of Justice.

In 1968, it is planned to maintain the most effective services possible in the face of increasing workload. The increases will result from (1) the full year universal use by the Department of Defense of the reemployment referral forms, and (2) an increase of 43 percent in the turnover in armed forces. The latter reflects the expiration of terms of service for many persons who entered the military services when the build-up for Vietnam began about two years ago. These two factors directly relate to all work functions of this activity. It is estimated that 603,390 Forms OVRR-2 will be received from the Department of Defense and processed, resulting in mailings to 596,460 veterans and to 290,660 employers. From these activities, we expect to process 21,270 compliance reviews and 605 compliance cases. Also, 2,122 complaint cases will be closed and 86 referred to the Department of Justice.

The revision of the Reemployment Rights Handbook will be completed. Demand for the Handbook has risen with the increased induction of employees into the armed forces and will undoubtedly continue to rise with the release and return of these men to civilian pursuits.

Changes for 1969

Mandatory changes amount to (Page LMSA-7)	.....	+$ 27,500
Program changes amount to	.....	+$180,000
Positions	.....	+ 11

Proposal: It is planned to increase the staff by 11 positions (6 professional and 5 clerical). The professional positions and three clerical positions will be assigned to the Field to assist in the promotion of compliance and the handling of the complaint caseload. The remaining two positions will be in the National Office to help with the receiving and processing of the Forms OVRR-2.

The Need: This program needs to be expanded solely because of the increased workload as projected in the selected workload table. The increased separations and resultant activities in fiscal year 1968 will overtax the current staff. Additional staff is needed to reasonably assure that the higher number of veterans returning to civilian life in 1969 receive the same services and assistance with the same degree of promptness and effectiveness, as has been available to those who preceded them.

The Program: The program remains unchanged except as to the volume of the several functions. Each veteran will be supplied with information directed to his home address of the general details of reemployment rights, including the action he must take to qualify for statutory protection, as well as the location of offices where he may obtain more information or assistance about reemployment and training. In addition, employers of the 60 to 70 percent of veterans who had pre-service jobs will be informed of the veteran's discharge from the service and will be provided general information concerning an employer's obligation under the reemployment law. They will be advised of the appropriate Field office where questions will be answered and will be asked to inform the Office of Veterans' Reemployment Rights if the veteran applies for reemployment and is denied for any reason.

The informational mailings—to the veteran and employer—are the foundation of the reemployment rights program which relies on courses of action which will result in a high degree of voluntary compliance with the law, maximum protection of the rights of ex-servicemen, optimum avoidance of formal adversary action, and minimum involvement of and cost to the Federal Government. The series of steps in this program—informational mailings, compliance reviews, compliance cases, and complaint cases—reflect this policy. Nevertheless, experience has shown clearly that a small proportion of the total reemployment situations ultimately will develop into one or more of the other categories. A very small number (but usually involving issues of great consequence) cannot be settled in the complaint case stage by Department intervention and mediation and must be referred to the Department of Justice for litigation consideration. The projected workloads in all these categories are based on the experience mentioned above. Logically, the most difficult—and the most time-consuming—cases are the complaints. These also are most important when the case is one in which the veteran has been denied reemployment.

Base:

Positions 54.....Estimated Cost: $763,600

Additional Cost:

Positions 11.....Man-years 9.9.....Estimated Cost: $180,000

Basis for the Estimate

The derivation of the workload and the staff emphasis have been explained above and are supported by the selected workload table. The staff and selected resources requested will enable the Office to carry out its primary objectives and to partially cope with the increased workload in all categories. It is pointed out that the

complaint case workload is expected to rise to 2,800 during fiscal year 1969 and in order to maintain a normal backlog each professional employee will be required to process 100 complaint cases per year. For fiscal year 1969 it is proposed to increase the staff by 11 positions (6 professional and 5 clerical). The 6 additional professional positions and 3 clerical positions will be assigned to the Field to assist in the handling of the complaint caseload. The remaining 2 clerical positions will be in the National Office to help with the receiving and processing of the Forms OVRR-2.

SELECTED WORKLOAD

	1966 Actual	1967 Actual	1968 Estimate	1969 Estimate1/
Forms OVRR-2 Received.....	238,000	408,392	603,390	650,000
Processed to veterans.....	235,500	404,400	596,460	645,000
Processed to employers.....	125,000	215,000	290,660	330,000
Total processed.....	360,500	619,400	887,120	975,000
Promotion of Compliance:				
Compliance review processed..	11,521	11,129	21,270	24,000
Compliance cases processed...	455	434	605	675
Complaint Cases:				
Carryover at beginning of year.....	636	460	593	1,141
Received.....	1,648	1,565	2,670	2,800
Closed.....	1,824	1,432	2,122	2,700
Pending at end of period.....	460	593	1,141	1,241
Pending with OVRR.....	353	426	953	1,033
Referred for Litigation.....	74	108	86	85

1/ The workloads to be accomplished are those which are believed to be within the capability of the augmented staff proposed in this estimate. Unless additional staff is available to prevent it, significant backlogs will accumulate in all categories but especially in complaint cases which could exceed 1,600 by the end of fiscal year 1969.

Activity 5. EXECUTIVE DIRECTION AND ADMINISTRATIVE SERVICES
(1968, $623,900, Pos. 61;
1969, $645,000, Pos. 61)

Narrative Description of Program

This program provides for the direction and coordination of the functions of the Labor-Management Services Administration; for the coordination of all Department programs and activities which bear directly on the labor-management relations field; and for the management and administrative services in support of the programs of the Labor-Management Services Administration. The Secretary has designated the Assistant Secretary for Labor-Management Relations as the Administrator and has delegated to him the authority and responsibility to carry out the program.

In 1967, accomplishments were made in achieving an integrated, balanced and comprehensive labor-management relations program by providing a coordinated focus of operational capabilities on national needs and improved and effective service to the public.

Accomplishments also were reflected in continued and improved application of the Department of Labor Management System to programs of the Labor-Management Services Administration, the initiation of positive programs for employee utilization and competitive recruitment, improvement in financial management, assistance in the development and implementation planning of the new system for control and processing of reports under the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act and generally assisting program managers to improve management, reduce costs and provide more effective service to the public.

Action was continued to extend and improve the application of the Department of Labor Management System in the Labor-Management Services Administration. Guidance and technical assistance to program officials in all areas of the system was continued. Limited training in the Planning-Programming-Budgeting System was provided on a selective basis directed initially to employees directly involved with the application of the system and assisting program officials.

A limited but positive program was initiated in fiscal year 1967 to attain maximum utilization of employee skills. Special emphasis was placed on locating under-utilized employees and increasing their effectiveness by all available and appropriate means, including specialized training.

The Records Management Program instituted within the Labor-Management Services Administration was extended through the initiation of a total review and updating of existing schedules for the retention and disposition of records of the Office of Veterans' Reemployment Rights.

In 1968, it is planned to provide executive assistance and staff coordination to the President's cabinet-level committee reviewing the program for Federal employee-management cooperation.

Further attention will be directed to the planning and development of coordinated studies designed to provide the President with additional alternatives for use in labor-management problems of national significance and to insure that existing alternatives meet current economic and social needs. New legislation or changes in existing legislation which affects labor-management relations will be recommended as deemed necessary to achieve the objective.

Continuing direction will be provided to the activities of the Labor-Management Services Administration to insure coordinated functioning and improved and effective service to the public. Increased emphasis will be 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. Particular stress in fiscal year 1968 will be placed on the systems improvement for controlling and processing of disclosure reports, the management of the significantly increasing workloads in the Veterans' Reemployment Rights program, and the application, refinement and utilization of Planning-Programming-Budgeting System principles in the management and operation of the programs of the Labor-Management Services Administration.

The program for maximum utilization of employee skills will be continued with continued special emphasis on locating the under-utilized employees and increasing their effectiveness.

Financial management emphasis will include participation with the Department in the development of the Department-wide computerized cost accounting system, and extension and improvement of internal program financial management in conjunction with the accounting functions of the Department and program managers in the Labor-Management Services Administration.

Further extension of the Records Management System for the Labor-Management Services Administration will be accomplished with the completion and issuance of a functional files classification guide as well as completion of the scheduling of appropriate records of the Office of Veterans' Reemployment Rights. Assistance will be continued to operating managers to improve management, reduce costs and provide more effective service to the public. In addition some special study

effort is anticipated on matters arising out of the implementation of the new system for reports processing, control and paperwork management functions under the Labor-Management Reporting and Disclosure Act and the Welfare and Pension Plans Disclosure Act.

In 1969, it is planned to continue and, where possible, improve the activities outlined above for fiscal year 1968.

Changes for 1969

Mandatory changes amount to (Page LMSA-7)..... +$21,600

Program changes amount to..... -$ 500

Basis for the Estimate

The estimate for this activity is based upon maintaining the staff levels of the past several years that are required to provide executive direction to and coordination of the programs administered by the Labor-Management Services Administration, and those required to perform the administrative and management services needed by the program activities and required by the Administration and the Department of Labor.

MONDAY, FEBRUARY 26, 1968.

WAGE AND LABOR STANDARDS ADMINISTRATION

WITNESSES

MRS. ESTHER PETERSON, ASSISTANT SECRETARY FOR LABOR STANDARDS
NEAL HERRICK, DIRECTOR, OFFICE OF PLANNING
LARRY GOLD, BUDGET OFFICER
DAVID SWANKIN, ACTING DIRECTOR, BUREAU OF LABOR STANDARDS
ROBERT GIDEL, ASSISTANT DIRECTOR FOR SAFETY, BUREAU OF LABOR STANDARDS
ROBERT VAN ZANT, ADMINISTRATIVE OFFICER, BUREAU OF LABOR STANDARDS
MRS. MARY KEYSERLING, DIRECTOR, WOMEN'S BUREAU
MRS. MARY HILTON, DEPUTY DIRECTOR, WOMEN'S BUREAU
THOMAS TINSLEY, DIRECTOR, BUREAU OF EMPLOYEES' COMPENSATION
MRS. CHARLOTTE BOWERS, BUDGET OFFICER, BUREAU OF EMPLOYEES COMPENSATION
THEODORE SCHWARTZ, CHAIRMAN, EMPLOYEES' COMPENSATION APPEALS BOARD
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

SALARIES AND EXPENSES

OBJECT CLASSIFICATION

[In thousands of dollars]

	1967 actual	1968 est.	1969 est.
Personnel compensation:			
Permanent positions	7,194	8,202	9,182
Positions other than permanent			41
Other personnel compensation	70	37	37
Special personnel compensation	126	156	156
Total personnel compensation	7,391	8,397	9,416
Personnel benefits	610	693	775
Travel and transportation of persons	346	494	572
Transportation of things	22	39	38
Rent, communications, and utilities	296	333	364
Printing and reproduction	268	338	381
Other services	258	151	196
Services of other agencies	96	188	237
Supplies and materials	112	116	133
Equipment	59	83	60
Insurance claims and indemnities			6
Total obligations	9,457	10,832	12,177

PERSONNEL SUMMARY

Total number of permanent positions	896	993	1,030
Full-time equivalent of other positions	0	0	3
Average number of all employees	835	916	985
Average GS grade	7.9	8.0	8.0
Average GS salary	$8,685	$9,260	$9,452
Average salary of ungraded positions	$6,056	$6,056	$17,408

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 est.	1969 est.
Program by activities:			
1. Executive direction planning, and evaluation	42	42	418
2. Appeals from determinations of Federal employee claims			150
3. Improving safety and other working conditions of wage earners	3,154	3,886	4,313
4. Promoting employment of the handicapped	457	512	518
5. Advancing opportunities and status of women	894	920	967
6. Providing compensation for employees of the Federal Government and other persons covered by Federal workmen's compensation laws	4,792	5,471	5,812
Total program costs, funded	9,339	10,832	12,177
Change in selected resources [1]	119		
Total obligations	9,457	10,832	12,177
Financing:			
Receipts and reimbursements from: Trust funds	−67	−68	
Comparative transfer from other accounts	−264		
Unobligated balance lapsing	61		
New obligational authority	9,187	10,764	12,177
New obligational authority:			
Appropriation	8,984	10,749	12,177
Transferred to other accounts	−6	−11	
Transferred from other accounts	209		
Appropriation (adjusted)	9,187	10,738	12,177
Proposed transfer from other accounts for pay increases		26	
Distribution of new obligational authority by account:			
"Wage and Labor Standards Administration, salaries and expenses"			12,177
"Bureau of Employees' Compensation, salaries and expenses"	4,842	5,425	
"Bureau of Labor Standards, salaries and expenses"	3,434	4,419	
"Women's Bureau, salaries and expenses"	911	920	
Relation of obligations to expenditures:			
Total obligations	9,457	10,832	12,177
Receipts and other offsets (items 11–17)	−331	−68	
Obligations affecting expenditures	9,125	10,764	12,177
Obligated balance, start of year	599	692	738
Obligated balance, end of year	−692	−738	−602
Adjustment in expired accounts	−16		
Expenditures	9,017	10,718	12,313
Expenditures are distributed as follows:			
Out of current authorizations	8,463	10,026	11,575
Out of prior authorizations	554	692	738
Distribution of expenditures by account:			
"Wage and Labor Standards Administration, salaries and expenses"			11,575
"Bureau of Employees' Compensation, salaries and expenses"	4,736	5,443	385
"Bureau of Labor Standards, salaries and expenses"	3,378	4,362	316
"Women's Bureau, salaries and expenses"	903	913	80

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders: 1966, $108 thousand; 1967, $227 thousand; 1968, $277 thousand; 1969 $227 thousand.

EMPLOYEES' COMPENSATION CLAIMS AND EXPENSES

PROGRAM AND FINANCING

[In thousands of dollars]

	1967 actual	1968 estimate	1969 estimate
Program by activities:			
1. Federal civilian employees benefits	74,189	76,711	81,309
2. Armed Forces reservists benefits	12,342	12,900	12,500
3. War Claims Act benefits	461	500	500
4. Other benefits	2,153	2,410	2,310
Total program costs, funded—obligations (object class 42.0)	89,146	92,521	96,619
Financing:			
Receipts and reimbursements from: Federal funds	−32,625	−36,460	−43,928
Unobligated balance lapsing	50		
New obligations authority	56,571	56,061	52,691
New obligation authority:			
Appropriation	44,375	56,061	52,691
Transferred from other accounts	12,196		
Appropriation (adjusted)	56,751	56,061	52,691
Relation of obligations to expenditures:			
Total obligations	89,146	92,521	96,619
Receipts and other offsets (items 11–17)	−32,625	−36,460	−43,928
Obligations affecting expenditures	56,521	56,061	52,691
Obligated balance, start of year		2	2
Obligated balance, end of year	−2	−2	−2
Adjustments in expired accounts	−2		
Expenditures	56,516	56,061	52,691
Expenditures are distributed as follows:			
Out of current authorizations	56,518	56,059	52,689
Out of prior authorizations	−2	2	2

Mr. FLOOD. We are pleased as always to have with us Mrs. Esther Peterson. It has always been the pleasure of the subcommittee to have Mrs. Peterson appear before it in her various capacities over the years. Today she appears as the Assistant Secretary of Labor for Labor Standards.

I see you have more than a corporal's guard here. You are apparently afraid to travel alone.

Mrs. PETERSON. On the contrary.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESSES

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 is responsible for most of the labor standards activities of the U.S. Department of Labor.

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. In 1932 she married Oliver A. Peterson.

Mrs. Peterson has had a varied career. She taught at Branch Agricultural College in Cedar City, Utah, and at Winsor School, a private school for girls in Boston. 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.

Beginning in 1933, she devoted most of her time to her home and a growing family but found time to work part time and, during certain periods, full time as Assistant Director of Education of the Amalgamated Clothing Workers of America. Later, she served 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.

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 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.

From January 1964 through February 1967, Mrs. Peterson served as Special Assistant to the President for Consumer Affairs and Chairman of the President's Committee on Consumer Interests.

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.

David Swankin

David A. Swankin was named on March 27, 1967, by Secretary of Labor W. Willard Wirtz as Deputy Assistant Secretary for Labor Standards.

Prior to the appointment Mr. Swankin had served as Executive Director of the President's Committee on Consumer Interests.

A career civil servant, Mr. Swankin joined the Department of Labor as an intern in 1957. His work with the Department includes that as labor economist with the Bureau of Labor Standards and as a Branch Chief in the Bureau of Labor Statistics.

In his new post, he will assist Mrs. Esther Peterson, Assistant Secretary of Labor for Labor Standards, who has responsibility for carrying out most of the labor standards activities of the Department. This includes supervision of activities in the Women's Bureau, the Bureau of Labor Standards, Bureau of Employees' Compensation, and the Employees' Compensation Appeals Board (except in its quasi-judicial functions).

Swankin, 33, is a native of Roxbury, Massachusetts. He attended public schools in Boston and received a B.A. degree from Brandeis University in 1954. He received a M.A. degree from the University of Wisconsin in 1957 and was awarded a law degree from George Washington University in 1962. He was Case Note Editor of the George Washington Law Review during 1960–61.

Mr. Swankin is married to the former Harriet R. Shur of Island Falls, Maine. They reside with their daughter, Sheryl, 9, in Washington, D.C.

Mr. Swankin fills the post vacated by the recent death of Joseph Goldberg.

Mrs. Mary Dublin Keyserling

Mrs. Mary Dublin Keyserling, Director of the Women's Bureau of the U.S. Department of Labor, brings to her post a long background of experience and training in the fields of the Bureau's work. She is also Executive Vice Chairman, Interdepartmental Committee on the Status of Women.

From 1953 until her appointment by the President in March 1964 to head the Women's Bureau, Mrs. Keyserling was Associate Director of the Conference on Economic Progress, a national research organization concerned with the major problems of the American economy. She was also a consulting economist in private practice in association with her husband, Leon H. Keyserling, who was Chairman of the Council of Economic Advisers during President Truman's Administration.

From 1941 until 1953, Mrs. Keyserling held high-level economic posts in agencies of the Federal Government. From 1946 to 1953, she was with the U.S.

Department of Commerce where she was Director of the International Economic Analysis Division.

From 1938 to 1941, Mrs. Keyserling was General Secretary of the National Consumers' League. From 1933 to 1938, she taught economics and statistics at Sarah Lawrence College in Bronxville, New York.

A graduate of Barnard College, Mrs. Keyserling completed her graduate study at the London School of Economis and Columbia University.

Mrs. Keyserling is widely known as a speaker and writer in the fields of economics and social welfare.

THOMAS A. TINSLEY

Secretary of Labor Wirtz announced the appointment of Thomas A. Tinsley, 39, a career official, as Deputy Director of the Bureau of Employees' Compensation on May 9, 1967.

At the time of his appointment Mr. Tinsley was 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 1929. 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 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 five children. Mr. and Mrs. Tinsley make their home in Springfield, Virginia.

Mr. FLOOD. Mrs. Peterson, I see a prepared statement. How do you wish to proceed?

Mrs. PETERSON. I would prefer, if it is all right with you, to have that inserted in the record and then to speak briefly about a few of the points to which I would like to call your attention. Then we could answer any questions, if that meets with your approval.

GENERAL STATEMENT

Mr. FLOOD. If there is no objection, the statement will be inserted in the record and you can proceed as you wish.

(The statement follows:)

STATEMENT BY ESTHER PETERSON

WAGE AND LABOR STANDARDS ADMINISTRATION, SALARIES AND EXPENSES

Mr. Chairman and members of the committee, I am very pleased to appear before you in my role as Administrator, Wage and Labor Standards Administration, to present our budget estimates. I should first of all explain the change in our presentation. This year we are submitting a consolidated Wage and Labor Standards budget, encompassing the Bureau of Labor Standards, the Women's Bureau, the Bureau of Employees' Compensation, the President's Committee on Employment of the Handicapped, the Employees' Compensation Appeals Board, and the Office of the Administrator. You will note that each of these well established organizations has maintained its identity within the budget. This consolidation is submitted to further implement the establishment in July 1967 of a Wage and Labor Standards Administration, which has specific responsibility

for executive direction and coordination of Wage and Labor Standards programs. The Bureau directors are here to assist me in answering questions the committee may pose on aspects of their particular programs. Mr. Russell will present his statement for Activity 4, Promoting Employment of the Handicapped, and will testify on that activity.

The bureaus that comprise the Administration have closely related responsibilities and interests in many areas including equal pay, child labor, safety and occupational health, workmen's compensation, and women's employment. Many of these areas are growing both in complexity and importance. Industrial growth and rapid technological change have caused the occupational safety and health area to become an increasingly vital one. The growing number of women in the labor force—and the fact that many women workers are heads of families which fall below the poverty level—has given the work of the Women's Bureau increased importance. Close coordination of the various bureaus' efforts in these and other areas is needed to assure that the programs administered by the Wage and Labor Standards Administration are responsive to the changing needs and problems of the worker and that they complement each other without duplication or overlap.

Our request in 1969 is for $12,177,000 and 1,030 positions. This represents an increase of 23 positions and $1,096,730 above the revised 1968 appropriations—

$606,430—well over half of this amount—is for necessary mandatory and financing increases such as the cost of within-grade increases, etc.

$477,600 and 23 positions are requested for program expansion in two areas; the Bureau of Labor Standards and the Office of the Administrator.

$47,900 is requested for the full cost of 50 new positions approved in 1968 for the Bureau of Employees' Compensation

There is a $41,200 decrease in nonrecurring costs which partially offsets the increase of $47,900

In 1968 administrative costs under the rehabilitation provisions of the Longshoremen's and Harbor Workers Compensation Act were financed through a transfer from the Longshore Trust Fund. The status of the fund at the end of fiscal year 1968 will not permit its continued use for this purpose. We are therefore requesting $68,000 in general funds to supplement the $34,500 available in the trust fund. We are also requesting $6,000 to pay rehabilitation benefits under the act which cannot be financed from the trust fund.

One of the Wage and Labor Standards Administration program increases for 1969 is for activity 3, improving safety and other working conditions of wage earners. This increase is for 13 positions and $214,000 to enable us to significantly increase the number of safety and health inspections of work places under the Public Contracts Act.

I should like to briefly summarize the extent of this problem—

In 1966 there were approximately 75,000 work locations under the Public Contracts Act. This represents a substantial increase in worksites from 1965.

Workers covered under the Public Contracts Act alone have increased from 15 million in 1966 to more than 27 million in the current fiscal year.

The Vietnam war has forced the reopening of outmoded, sometimes hazardous plants to produce war goods. This factor—combined with increased production pressures—has caused some serious accidents. These have occurred in such vital areas as ammunition production.

National industrial injuries are increasing generally. The preliminary rate of 13.2 based on the first half of 1966, points to the possibility that injury rates in 1966 are higher than for any year since 1953.

To carry out public contract safety inspections, the Bureau has a staff of 10 engineers, who will be able to make only approximately 1,500 inspections in 1968. The increased staff, it is anticipated, will be able to bring the 1969 inspection total to about 2,800 still considerably short of the number of inspections that should be made, considering the number of employees and employers covered under Public Contract Act authorities. To make the best use of this staff, our 1969 plans provide for giving priority to highhazard operations. I believe we all learned a lesson from the uranium mining radiation problem that surfaced last year—namely, that the procurement acts safety and health program, small as it is, can make a significant impact and improve working conditions when it is aimed at particularly hazardous situations.

Safety improvements in longshoring, shipbuilding and ship repairing are continuing, with the ship repair rate for the first 9 months of calendar year 1967 dropping 11.4 percent below the 1966 rate and the longshoring rate dropping

2.3 percent. However, since these are still the most dangerous of all industries, we cannot relax our efforts. We hope that 1969 will show a continuation of the steady decline which has resulted from our efforts.

Federal safety continues to improve. When Mission Safety–70 was announced by the President, the goal was a 30 percent reduction in Federal injuries by 1970. At midpoint injuries to Federal employees have been reduced by nearly 13 percent, with more than 10,000 injuries averted and some $8 million saved. Each of the past 3 years has successively achieved the lowest injury frequency rate on record.

Emphasis in 1969 will center on further reductions in Government motor vehicle accidents, improvement in accident reporting and analysis, more adequate detection and subsequent correction of work hazards, and expanded safety training, particularly for supervisers and new hires.

A year ago we discussed the States and their efforts to improve labor law and administrative practices. Since then, a number of improvements have been made in minimum wage, antidiscrimination, safety and workmen's compensation legislation. Some of the improvements are—

Minimum wage law in Nebraska.

Antidiscrimination law with mandatory compliance provisions in West Virginia.

Age discrimination law in Illinois.

Replacement of limited safety provisions with comprehensive safety laws in Michigan and Texas.

Significantly improved control of radiation hazards in Colorado, Idaho, Illinois, Maryland, Montana, Puerto Rico, South Carolina, South Dakota, Utah, and Vermont.

Significant revisions in coverage or minimum rates in minimum wage laws in 23 jurisdictions.

Minimum wage protection for men in Nebraska and Oregon.

Workmen's compensation provisions in Alabama, North Dakota, Wyoming, making radiation exposure a compensable disease.

Liberalization of time limit for filing for radiation diseases in Idaho, Maryland, Nevada, and West Virginia.

The foregoing illustrate the progress made by the States, but much more needs to be done. The Bureau will continue with its technical assistance program to the States in 1969.

I should now like to turn to the important work of the Women's Bureau. For close to half a century the basic concern of the Bureau has been to promote the welfare of wage earning women. Today it provides a focal point of leadership and is the clearinghouse for information within the Federal Government on questions relating to the economic, legal and civil status of women. Working through its national office and five regional offices, the Bureau stimulates—at the national, State and local levels—activity directed toward bringing about needed changes in institutions, attitudes and laws affecting women's status and their opportunities in employment, education, and civil and political life. With more than 29 million women in our labor force and the likelihood that nine out of every 10 girls will engage in paid employment at some time in their lives, the Bureau's work is relevant to practically all the women in the Nation.

In recent years the Bureau has substantially redirected its program to focus on new priorities; a major emphasis of its present program is the special employment related problems of low-income women and girls. Through the efforts of its national office and field staff the Bureau has stimulated the establishment of commissions on the status of women in 50 States, two municipalities, the District of Columbia, and the Virgin Islands. These groups provide a force for constructive action at the State and local level. Later I would like to submit for the record a summary of highlights, by State, of developments of special interest to women and excerpts from a number of representative letters to the Women's Bureau on its work.

The Bureau provides the secretariat and serves as the continuing staff resource for the Interdepartmental Committee and the Citizens' Advisory Council on the Status of Women and for the coordinating groups established by the President to promote the implementation and updating of the recommendations of the President's Commission on the Status of Women.

The Bureau's current program directed toward encouraging the development of expanded child care services for working mothers illustrates a variety of the techniques used so effectively by the Bureau. There are in the United States today

3.7 million working mothers with 4.5 million children under 6 years of age and places for only about 450,000 children in licensed day care centers. To promote needed action the Bureau has stimulated effort by voluntary organizations, cosponsored pilot conferences, cooperated with other Federal agencies and departments and prepared and disseminated educational and promotional information.

The significant highlights of Bureau accomplishments are presented in some detail in our narrative statement. They evidence the growing emphasis on stimulating increased public awareness of the special employment-related problems of low-income women and girls.

In fiscal year 1969 the Bureau plans to intensify its on-going programs to assist the 12 million women and girls who now live in poverty and to implement others. It will continue to stimulate the expansion of child care services, the upgrading of private household employment, the extension and improvement of State minimum wage legislation, the establishment of new entrance level job ladders and the resolution of the issues raised by the passage of Title VII of the Civil Rights Act of 1964, as its effects on State laws relate to women workers. It will also continue to stress the need for more effective vocational counseling and guidance for girls and women in poverty and to promote a coordinated program encouraging the participation and effective use of nongovernmental groups and individuals in programs for the disadvantaged.

The programs of the Bureau of Employees' Compensation are vital to the economic welfare of Federal employees and other workers covered by Federal workmen's compensation laws.

The Federal Employees' Compensation Act provides coverage to over 3 million employees of the Federal Government. The purpose of the act is to ease the burden imposed on individual workers and their families as a result of job-connected injury or death. The large majority of those injured are in unskilled and semiskilled occupations, and the financial burdens imposed by such injuries or by death are often overwhelming. Therefore, it is the Bureau's primary purpose to provide speedy, efficient, and equitable service to these individuals or to their families.

In fiscal year 1967 there were 121,324 reports of new injuries received and processed by the Bureau. It is anticipated that new injuries reported in 1968 and 1969 will total 125,000 and 130,000 respectively. These increases are due primarily to increased Federal employment in those agencies that have high injury rates. The Bureau further anticipates an overall workload of 182,500 Federal Employees' Compensation Act cases in fiscal year 1969. This estimate includes the 130,000 new cases mentioned above, the reopening of 30,000 cases and the maintenance of some 22,500 payment cases. It compares with a fiscal year 1967 total workload of 168,926 and an estimated 1968 workload of 175,000. The Bureau administers this entire program at a cost of approximately $21 a case. In fiscal year 1967 the bureau administered the Federal Employees' Compensation Act program at a cost of $3,602,000—4 percent of the benefits paid. This compares quite favorably with the 10 to 15 percent administrative cost prevailing in the private insurance industry.

The Bureau also administers the Longshoremen's and Harbor Workers' Act which provides workmen's compensation benefits for employees in the private maritime industry and in certain other private employment.

Liability for the payment of compensation benefits under the program rests with the employer and the only expense to the Federal Government is for the administration of the program. The employer must meet this liability by insuring with a carrier authorized by the Bureau to write such insurance or by qualifying as a self insurer.

Section 44 of the Longshoremen's and Harbor Workers' Act created a trust fund to be used for rehabilitation of permanently disabled beneficiaries covered under the act. The fund is made up of sums paid by employers in certain fatal cases, fines, penalties and interest or earnings. In past years the Bureau has transferred money from the trust fund for the costs of administering the rehabilitation provisions of the act. The status of the fund at the end of fiscal 1968 will not permit continuation of this transfer. We are therefore requesting that these costs—and a portion of the rehabilitation benefit costs—be financed from the general fund in 1969.

The Employees' Compensation Appeals Board which was formerly shown in the Office of the Secretary Budget, is now part of the Wage and Labor Standards Administration and is shown in activity 2, appeals from determinations of Federal employees' claims. The workload of the Board is relatively stable; 268 cases

were closed in 1967. It is estimated that 313 cases will be closed in fiscal year 1968 and 300 cases in fiscal year 1969.

I should like to turn to the Office of the Administrator. This office is composed of my immediate staff and an Office of Planning. Since the Administration was established a very small staff has attempted to assist me in the overall direction and coordination of the Administration. The nature and extent of the workload encountered thus far in 1968 and the need to carry out as fully and effectively as possible the responsibilities assigned to the Administration by the Secretary are reflected in our requested program increase for 1969. We are asking for 10 positions and $263,600 to provide:

(a) A program officer and three program analysts to provide a continuing review of bureau programs, to coordinate research and to provide staff assistance in developing policy.

(b) A budget officer to consolidate and coordinate Administration budget activities.

(c) A special assistant to work closely with me on major complex problems—such as consumer problems of workers—and to monitor an administration-wide information program.

(d) Secretarial support for these and existing positions.

ESTABLISHMENT OF THE LABOR STANDARDS ADMINISTRATION

Mrs. Peterson. We are here presenting for the very first time a consolidated Wage and Labor Standards budget. This is because in July of 1967 the Secretary established a Wage and Labor Standards Administration. This was the third Administration to be established in the Department. Today we are presenting for the first time a combined budget, and that means that we have the Bureau of Labor Standards, with Mr. Swankin as Acting Director, the Bureau of Employees Compensation, Mr. Tinsley—who is the Director—has appeared before you many times. We have the Women's Bureau, with Mary Keyserling as Director. She has also presented many budgets to the committee. You heard the President's Committee on Employment of the Handicapped earlier. This makes up the unit for which we are presenting an overall budget. I think it is important to remember that we have a separate part of the justification for each one of these. We are putting these together for the first time.

I would like to place this in the context that the Secretary placed the total work of the Department the other day when he talked about our moving ahead into more of the human aspects as well as the economic aspects of the workers' problems. It seems to me that the labor standards field is really one where we can move ahead in our economic and human development. We can increasingly—more and more—take care of the working and living conditions of people. What happens to them on the job? What are the conditions that surround them on the job? Because of that a lot of new developments are taking place.

This Administration really is designed to do this. Labor standards keep people moving forward, keep them from falling behind in their wages, hours, and working conditions. We are now dealing far more intensively than we could before with such problems as safety.

I think the Secretary wisely has brought together these groups and bureaus within the Department. They have a very close working relationship, not only the content of the subject matter we deal with, but also the work in the field: equal pay, child labor, safety, workmen's compensation, women's employment. These are all areas that are interrelated and the new Administration can afford us a far greater opportunity to utilize the talents and skills that are here.

Mr. FLOOD. How long have you been functioning in this newly reorganized group?

Mrs. PETERSON. Less than a year. The Administration was established July 21, 1967.

Mr. FLOOD. The Congress faces so many reorganizations in the executive branch that sometimes we think the reorganization we would like to see is a reorganization to prevent any more reorganization.

Mrs. PETERSON. This is a reorganization that is not changing any functions. It brings together component parts that rightfully belong together.

The integrity of each bureau is intact. The difference is that in the fieldwork and in many of the areas that cut across bureau lines, we now have a far better means of working these things out together to the advantage of each of the bureaus involved. We have set up a committee where all of us who are concerned with this can coordinate our activities. I am terribly pleased to see our increased efficiency. I would hope that next year we can come and show some real marked effects, but already we can point to areas where this is of real help in many ways.

SAVINGS RESULTING FROM REORGANIZATION

Mr. FLOOD. Are you saving any money?

Mrs. PETERSON. It saves money if you look at it this way. We are doing more for the same amount of money.

Our duties are increasing. One of the things we have to do is to look at the areas where we need to say, "Look, maybe we can drop this now. It is time to change. We should move into new areas."

Within the overall group we are able to look at it and analyze it and say, "Where are we today?"

This is why we need this new group we are asking for. I know you don't believe we hold on to anything just because we have always done it.

Mr. FLOOD. Oh yes I do. I don't mean you or this particular unit, but across the board in government service. Yes, indeed, I believe there are many cases of holding on to something just to hold on to it.

CHILD LABOR IN INDUSTRIAL AGRICULTURE

Mrs. PETERSON. Anyway, we are trying to look at things very critically. I don't think there is any group of public servants that more honestly seeks ways to better perform its job. This relates to such questions as women's employment; and there are questions on child labor. We have to be sure we are giving the protections that are needed, that is true, but we also have to be sure we are keeping in tune and in line with the social and economic changes that are taking place.

Mr. FLOOD. Child labor?

Mrs. PETERSON. Perhaps I should outline to you from the Secretary's order the duties that we have.

Mr. FLOOD. What do you mean by child labor?

Mrs. PETERSON. Under the Fair Labor Standards Act, there is a section that gives the Secretary of Labor the authority to set standards for children in employment. We have to determine what occupations are dangerous for them.

Mr. FLOOD. What do you mean by "children?"

Mrs. PETERSON. This is under 18. That is the definition.

Mr. FLOOD. How much under?

Mrs. PETERSON. We go from 14 to 18. We have not only the child labor regulation, which regulates the hours, but we also have the hazardous occupations orders that we are now looking at very carefully.

Mr. FLOOD. Is this industrial areas as distinct from rural areas?

Mrs. PETERSON. It is in industrial areas, but there was recently an extension of FLSA coverage to agriculture for the first time. As a result of that, we had hearings; we brought in people; we have talked to the agricultural people and we have now promulgated some standards listing the areas in agriculture where we think it is dangerous for children to be employed. On the same side, where industrial advancements have taken place, we are reviewing some of the orders——

Mr. FLOOD. Are you accepted in the rural areas?

Mrs. PETERSON. We can't say we are completely because there are cases where we are not understood. We need to get information out. There is a general feeling that we are just "no" people, when the contrary is absolutely true. Ninety-six percent of the jobs that children are ordinarily employed in, they can continue to be employed in. There are a few that are very hazardous and there we are trying to say "Let's be careful here." Even there we are trying to work out arrangements for training programs to help the youth work safely.

Mr. FLOOD. Are you snoopers? Are you getting in their hair, or what?

Mrs. PETERSON. I think that we are not.

Then the other thing that is important is this, that we completely exempt children in families where they are working under the jurisdiction of their parents. We do not move into that. It is in industrial agriculture where the children might be employed in areas where it is dangerous.

I think it might be interesting to you if we could supply the hazardous occupation orders that we are looking at today. They are interim orders. We are not saying anything is permanent until we see how they work. We are meeting with the interested agricultural groups and trying to work out procedures.

Mr. FLOOD. How long are those? Perhaps they should be included in the record at this point.

(The information requested is as follows:)

[From the Federal Register, Washington, D.C., Tuesday, Nov. 7, 1967]

Title 29—LABOR

Chapter XIII—Bureau of Labor Standards, Department of Labor

PART 1500—CHILD LABOR REGULATIONS, ORDERS AND STATEMENTS OF INTERPRETATION

Employment of Minors Between 14 and 16 Years of Age in Economic Opportunity Programs

A proposal to amend 29 CFR 1500.35 was published in the FEDERAL REGISTER June 22, 1967 (32 F.R. 8919). After consideration of all matter submitted in response, it has been decided to modify only the requirement that work be confined to periods outside of school hours, and to do this only when there is other adequate assurance that the employment is restricted to periods which will not interfere with the children's schooling and to conditions which will not interfere with their health and well-being.

Accordingly, 29 CFR 1500.35 is amended to read as set out below. As this amendment relieves restriction, delay in its effective date is not required by 5 U.S.C. 553 and there is need for it to be in effect for the 1967–68 school year. This amendment shall, therefore, be effective immediately.

As amended, 29 CFR 1500.35 reads as follows:

§ 1500.35 Periods and conditions of employment.

(a) Except as proviided in paragraph (b) of this section, employment in any of the occupations to which this subpart is applicable shall be confined to the following periods:

(1) Outside school hours;

(2) Not more than 40 hours in any 1 week when school is not in session;

(3) Not more than 18 hours in any 1 week when school is in session;

(4) Not more than 8 hours in any 1 day when school is not in session;

(5) Not more than 3 hours in any 1 day when school is in session;

(6) Between 7 a.m. and 7 p.m. in any 1 day, except during the summer (June 1 through Labor Day) when the evening hour will be 9 p.m.

(b) In the case of enrollees in work training programs conducted under Part B of Title I of the Economic Opportunity Act of 1964, there is an exception to the requirement of paragraph (a)(1) of this section if the employer has on file with his records kept pursuant to Part 516 of this title an unrevoked written statement of the Administrator of the Bureau of Work Programs or his representative setting out the periods which the minor will work and certify that his employment confined to such periods will not interfere with his health and well-being, countersigned by the principal of the school which the minor is attending with his certificate that such employment will not interfere with the minor's schooling.

(52 Stat. 1061 as amended; 29 U.S.C. 203).

Signed at Washington, D.C., this 1st day of Novmber 1967.

W. WILLARD WIRTZ,
Secretary of Labor.

[F.R. Doc. 67–13161; Filed, Nov. 6, 1967; 8:50 a.m.]

PART 1500—CHILD LABOR REGULATIONS, ORDERS AND STATEMENTS OF INTERPRETATION

Certain Hazardous Occupations

A proposal was published at 32 F.R. 6102 to make several amendments to 29 CFR Part 1500 as a first step in an updating of all of the Hazardous Occupation Orders and Child Labor regulations in light of current working conditions, safety improvements and the contemporary work situation. Upon consideration of all matter prsented in response to the proposal, several of the proposed amendments are adopted subject to certain changes and modifications in form and manner as set out below. As each of these amendments grants an exemption or relieves a restriction, each is excepted from the 30 days delayed effective date otherwise required by 5 U.S.C. 533(d) and these amendments shall be effective immediately. The effect of these changes will be to provide increased opportunity for employment to young persons without hazard or detriment to their health or well-being.

1. In § 1500.52 the heading, paragraph (a), and paragraph (b) are amended as follows:

§ 1500.52 Motor-vehicle driver and outside helper (Order 2).

(a) *Finding and declaration of fact.* The occupations of motor-vehicle driver and outside helper on any public road, highway, in or about any mine (including open pit mine or quarry), place where logging or sawmill operations are in progress, or in any excavation of the type identified in § 1500.68(a) are particularly hazardous for the employment of minors between 16 and 18 years of age.

(b) *Definitions.* * * *

(3) The term "outside helper" shall mean any individual, other than a driver, whose work includes riding on a motor vehicle outside the cab for the purpose of assisting in transportating or delivering goods.

2. § 1500.58 a new paragraph (c) is added to read as follows:

§ 1500.58 Occupations involved in the operation of power-driven hoisting apparatus (Order 7).

(c) *Exception.* (1) This section shall not prohibit the operation of an automatic elevator and an automatic signal operation elevator provided that the exposed portion of the car interior (exclusive of vents and other necessary small openings), the car door, and the hoistway doors are constructed of solid surfaces without any opening through which a part of the body may extend; all hoistway openings at floor level have doors which are interlocked with the car door so as to prevent the car from starting until all such doors are closed and locked; the elevator (other than hydraulic elevators) is equipped with a device which will stop and hold the car in case of overspeed or if the cable slackens or breaks; and the elevator is equipped with upper and lower travel limit devices which will normally bring the car to rest at either terminal and a final limit switch which will prevent the movement in either direction and will open in case of excessive over travel by the car.

(2) For the purpose of this exception the term "automatic elevator" shall mean a passenger elevator, a freight elevator, or a combination passenger-freight elevator, the operation of which is controlled by pushbuttons in such a manner that the starting, going to the landing selected, leveling and holding, and the opening and closing of the car and hoistway doors are entirely automatic.

(3) For the purpose of this exception, the term "automatic signal operation elevator" shall mean an elevator which is started in response to the operation of a switch (such as a lever or pushbutton) in the car which when operated by the operator actuates a staring device that automatically closes the car and hoistway doors—from this point on, the movement of the car to the landing selected, leveling and holding when it gets there, and the opening of the car and hoistway doors are entirely automatic.

Signed at Washington, D.C., this 1st day of November 1967.

W. WILLARD WIRTZ,
Secretary of Labor.

[F.R. Doc. 67-13162; Filed, Nov. 6, 1967; 8:50 a.m.]

PART 1500—CHILD LABOR REGULATIONS, ORDERS AND STATEMENTS OF INTERPRETATION

Hazardous Occupations in Agriculture; Employment of Children Below Age of 16

On April 19, 1967 there was published in the FEDERAL REGISTER a proposal to amend 29 CFR Part 1500 by finding and declaring certain occupations in agriculture to be particularly hazardous for the employment of children below the age of sixteen (32 F.R. 6144). After consideration of all oral and written matter presented in response to the proposal, 29 CFR Part 1500 is amended in the manner set out below, effective January 1, 1968.

In the table of contents and text of Part 1500, immediately subsequent to § 1500.69 (Reserved) a new Subpart E–1 is established as follows:

Subpart E–1—Occupations in Agriculture Particularly Hazardous for the Employment of Children Below the Age of 16

Sec.
1500.70 General.
1500.71 Iterim determinations;

AUTHORITY: The provisions of this Subpart E–1 issued under 29 U.S.C. 213, 218.

Subpart E–1—Occupations in Agriculture Particularly Hazardous for the Employment of Children Below the Age of 16

§ 1500.70 General.

(a) *Higher standards.* Nothing in this subpart shall authorize noncompliance with any Federal or State law, regulation, or municipal ordinance establishing a higher standard. If more than one standard within this subpart applies to a single activity the higher standard shall be applicable.

(b) *Definition.* As used in this subpart, the term "agriculture" shall mean farming in all its branches, including among other things the cultivation and tillage of the soil, dairying, the production, cultivation, growing, and harvesting of any agricultural or horticultural commodities (including commodities defined as agricultural commodities in section 15(g) of the Agricultural Marketing Act, as amended), the raising of livestock, bees, fur-bearing animals, or poultry, and any practices (including any forestry or lumbering operations) performed by a farmer or on a farm as an incident to or in conjunction with such farming operations, including preparation for market, delivery to storage or to market or to carriers for transportation to market.

(c) *Exception.* This subpart shall not prohibit the employment of a child below the age of 16 by his parent or by a person standing in the place of his parent on a farm owned or operated by such parent or person.

(d) *Student-learners.* The findings in this subpart shall not apply to persons employed as vocational agriculture student-learners when all of the following requirements are met: (1) The student-learner is enrolled in a course of study and training in a cooperative vocational education training program in agriculture under a recognized State or local educational authority or in a course of study in a substantially similar program conducted by a private school and; (2) such student-learner is employed under a written agreement which provides: (i) That the work of the student-learner in the occupations declared particularly hazardous shall be incidental to his training; (ii) that such work shall be intermittent and for short periods of time, and under the direct and close supervision of a qualified and experienced person; (iii) that safety instructions shall be given by the school and correlated by the employer with on-the-job training and; (iv) that a schedule of organized and progressive work processes to be performed on the job shall have been prepared. Each such written agreement shall contain the name of the student-learner, and shall be signed by the employer and a person authorized to represent the school. Copies of each agreement shall be kept on file by both the school and the employer. This exemption for the employment of student-learners may be revoked in any individual situation where it is found that reasonable precautions have not been observed for the safety of minors employed thereunder.

(e) *Applications for exclusion.* Any person or organization may at any time file with the Secretary of Labor written application for exclusion from certain findings in this subpart of work pursuant to an educational or training program or portion thereof. Such an application shall identify the program, number of youth enrolled, and provisions of this subpart from which exclusion is sought. It shall describe the program, including the safety training and supervision the minors will receive. It shall be signed and give the title of any person who signs on behalf of an organization.

§ 1500.71 Interim determinations.

(a) *Effective period.* The determinations in this section are made on an interim basis pending a study in greater depth of the occupations in agriculture particularly hazardous for the employment of children below the age of 16. This section shall expire January 1, 1970 unless this paragraph is amended or revoked after further proceedings of the type presently described in Subpart D of this part.

(b) *Finding and declaration of fact.* Subject to § 1500.70 and for the period provided in paragraph (a) of this section, the following occupations in agriculture are particularly hazardous for the employment of children below the age of 16:

(1) Handling or applying anhydrous ammonia, organic arsenic herbicides, organic phosphate pesticides, halogenated hydrocarbon pesticides, or heavy-metal fungicides, including cleaning or decontaminating equipment used in application or mixing of such chemicals.

(2) Handling or using a blasting agent. For the purpose of this subparagraph, the term "blasting agent" shall include explosives such as, but not limited to, dynamite, black powder, sensitized ammonium nitrate, blasting caps, and primer cord.

(3) Serving as flagman for aircraft.

(4) Working as—

(i) Driver of a truck or automobile on a public road or highway.

(ii) Driver of a bus.

(5) Operating, driving, or riding on a tractor (track or wheel) over 20-belt horsepower, or attaching or detaching an implement or power-take-off unit to or from such tractor while the motor is running.

(6) Operating or riding on a self-unloading bunk feeder wagon, a self-unloading bunk feeder trailer, a self-unloading forage box wagon, a self-unloading forage box trailer, a self-unloading auger wagon, or a self-unloading auger trailer.

(7) Operating or riding on a dump wagon, hoist wagon, fork lift, rotary tiller (except walking type), or power-driven earthmoving equipment or power-driven trenching equipment.

(8) Operating or unclogging a power-driven combine, field baler, hay conditioner, corn picker, forage harvester, or vegetable harvester.

(9) Operating, feeding, or unclogging any of the following machines when power-driven; Stationary baler, thresher, huller, feed grinder, chopper, silo filler, or crop dryer.

(10) Feeding materials into or unclogging a roughage blower or auger conveyor.

(11) Operating a power-driven posthole digger or power-driven driver.

(12) Operating, adjusting, or cleaning a power-driven saw.

(13) Felling, bucking, skidding, loading, or unloading timber with a butt diameter of more than 6 inches.

(14) Working from a ladder or scaffold at a height over 20 feet.

(15) Working inside a gas-tight type fruit enclosure, gas-tight type grain enclosure or gas-tight type forage enclosure, or inside a silo when a top unloading device is in operating position.

(16) Working in a yard, pen, or stall occupied by a dairy bull, boar, or stud horse.

Signed at Washington, D.C., this 1st day of November 1967.

W. WILLARD WIRTZ,
Secretary of Labor.

[F.R. Doc. 67-13163; Filed, Nov. 6, 1967; 8:51 a.m.]

SAFETY TRAINING PROGRAMS

Mrs. PETERSON. We are trying to work out safety training programs to be able to give more youth the experience of working. We think this is terribly important today that we don't deny opportunities. We do not want to curtail any opportunities at all, so we are trying to work out these programs with the 4–H and the Grange.

Mr. FLOOD. There is a well-known phrase in town here: "Let us reason together."

Mrs. PETERSON. I think that is part of it. We have been doing this.

REVISIONS OF ESTABLISHED STANDARDS

On the other hand, while we are trying to move in on one area where we think there are hazards and dangers, on the other hand we are trying to reexamine a lot of these hazardous orders that we have had for a long, long time. Let me give you an example. We have said the youth could not be employed where they have to ride on elevators. This was written at a time when many elevators were open-cage and there were real dangers. There were cases where they were really desperately hurt.

Mr. FLOOD. Do you people ever revoke an order?

Mrs. PETERSON. Yes; we are analyzing—you gave us the money last year and I think we used it very well—to really analyze and look at every one of those orders.

Mr. FLOOD. I will ask you about that later.

Mrs. PETERSON. Well, I am telling you about it because I think we have done a very good job in analyzing them and saying, "Where

are the areas now that we can say that this protection is no longer needed?" We can say that youth can have jobs riding in elevators if they are automatic and have all the safety devices. That is an example.

I would like to present to you what we are doing in this field because I think it will help you to be informed of these areas where we are working. We can tell you not only what we are doing in the agricultural area, but the industrial area as well.

Another thing we are saying is that in the summertime we would like the children to be able to work until 9 o'clock, during daylight saving time. This is just in the time when school is not in session and during daylight saving time.

Our object is to do something to increase safe job opportunities for these youngsters.

In this administration there are 14 major responsibilities assigned by legislation or by executive order. The safety and child labor standards of the Fair Labor Standards Act and the safety provisions of the Walsh-Healy Act are examples.

Mr. FLOOD. Does it apply to a city like Wilkes-Barre, my town, as well as it applies to Philadelphia and Pittsburgh? You are not enmeshed in this big city kick, are you? There are other parts of the country.

Mrs. PETERSON. Our part is only to help advise and to set the standards. We are not actively in the program as such.

All the industrial growth and the rapid technological changes are bringing about many changed conditions and it means that we need to look at our standards; we need to look at the new working and living conditions that surround our workers. We are always responsive to changes and quick to drop what is no longer effective, and to move into new areas.

OCCUPATIONAL SAFETY AND HEALTH

Occupational safety and health is something that is increasingly important. One example is setting standards for uranium miners. That is a good example of the Department of Labor needing to use its authority in some of these new areas. Here we are working with the Bureau of Mines, we are working with HEW and with all the competent people we have in order to find out the facts.

Mr. FLOOD. Witnesses from your Department constantly stress their work in uranium mines.

Did you ever hear of anthracite mines?

Mr. PETERSON. Absolutely.

Mr. FLOOD. Are there any other mines under your jurisdiction?

Mrs. PETERSON. I think uranium mining was brought to focus because of the startling fact that we found it was something of a safety no man's land.

The Department of the Interior has the principle authority under the Mine Safety Act. However, we do have jurisdiction under the Walsh-Healy Act where the Government has contracts for coal. We are not unmindful of that. That is one reason we are asking for more resources in this field. We need more help. We need more expertise to work with these groups setting standards, and moving into the areas where we have not done as much as we should.

These are the overall areas that we feel are increasingly vital.

WOMEN IN THE LABOR FORCE

The growing number of women in the labor force is important. The fact that many of these women are heads of families and that many of them fall below the poverty level is of great concern to us. We are trying to coordinate these activities, so we get the maximum amount of good out of the dollars spent.

SUMMARY OF BUDGET REQUEST

We are asking to work this out so we complement each other without duplicating or overlapping. Our request for the total budget this year is $12,177,000 and 1,030 positions. This represents an increase of 23 positions and $1,096,730 above the revised 1968 appropriations.

I think it is important to note well over half of the increase, $606,000, is for necessary mandatory and financing increases, such as the cost of within-grade increases.

The $477,600 and 23 positions are requested for the program expansion in two areas; for the Bureau of Labor Standards and then the Office of the Administrator.

In addition to that, we have requested $47,900 to fund on a full-year basis 50 positions approved in 1968 for the Bureau of Employees Compensation.

There is a $41,200 decrease in nonrecurring costs which partially offsets that. This is a total administration figure.

We should say that in 1968 the administrative costs of the rehabilitation provisions of the Longshoremen's and Harbor Workers Act were financed through a transfer from the Longshore Trust Fund. The status of this fund—as we have pointed out since the early sixties—was not good.

This year it just does not permit continued use of that. Therefore, we are hoping you will grant our request for $68,000 in general funds to supplement the $34,500 available in the trust fund. We are also requesting $6,000 to pay rehabilitation benefits under the act which cannot be financed from the trust fund. This is an extremely important area that provides salaries and expenses for rehabilitation advisors. It seems to me legitimate that we meet this need and supplement this from the general revenues.

LONGSHOREMEN AND HARBOR WORKERS' TRUST FUND

Mr. FLOOD. It appears to me that you have a proposal which amounts to tapping the general funds of the Federal Treasury to bail out a trust fund.

You need $74,000 for expenses which it seems to me, should be borne by the Longshoremen and Harbor Workers' Trust Fund.

How was this fund set up to operate; what went wrong with it that it is not self-sufficient, and what can be done to make it self-sufficient?

Mrs. PETERSON. This was originally out of general appropriations. At that time under the longshore they paid $1,000 for each of the cases. The fund grew and it really got quite high. There were reasonable returns from investment. I think it was the decision of Congress then that this fund should be used for rehabilitation. It began being used. Then it began to go down because it was used for these purposes. I think I am correct that this was a decision made by Con-

gress, that we would use that fund for expenses that previously were from general fund appropriations. It has increasingly gotten lower.

Mr. FLOOD. What happened to it?

Mrs. PETERSON. They began paying the rehabilitation expenses, for one thing.

Mr. FLOOD. If you do not use the general fund of the Treasury, what can you do, on the other hand, to make the trust fund self-sufficient again?

Mrs. PETERSON. We have amendments before Congress to the Longshore and Harbor Workers Act. In the amendments we ask for an increase in the trust fund. If this passes, then I think we will be in pretty good shape. I don't know how long it will take for that to come, but this is now before Congress; that decision is being made.

If the bill passes, then I think we would only need money to take care of this until it becomes effective. However, that is uncertain yet. The hearings have been completed in the Senate, but they have not yet been completed in the House.

Mr. TINSLEY. I might add that actually the cost, $68,000 now, was much lower some years ago—there was a rehabilitation cost determined to be an administrative expense. Actually this was the situation historically where one time this fund, which was originally intended only to pay the cost of second injuries, reached the point where it was in such good shape that Congress did the reverse in this situation and decided to bail out a part of the appropriation by taking from this fund the administrative expenses for the vocational rehabilitation advisers.

Now, the principal reason the fund has been depleted has been because this money has been taken from the fund. It has represented over 50 percent of the pay outs of the funds over a number of years.

Mr. FLOOD. You now tell us it will take an act of Congress to make it self-sufficient again?

Mr. TINSLEY. That is correct.

Mr. FLOOD. We are cutting 6 inches off the bottom of the blanket and putting it on the top of the blanket because the blanket isn't long enough?

Mr. TINSLEY. This was first brought to the attention of Congress, I believe, in 1963, that if we continued to finance this way, with the reduction in the number of deaths—and the only way the fund can get any money is when an individual does die and has no dependents, an amount of $1,000 is paid into this fund.

Now, over the years fewer and fewer people have been killed in the industry and the number that have been killed in the industry undoubtedly have dependents. There are more and more with dependents. Therefore, the amount of money being paid into the fund each year has been decreasing. The fact that the Treasury has had to sell securities has also reduced the income, the investment income on this fund, so we have been caught both ways.

Mr. FLOOD. So have we.

Mrs. PETERSON. I think it is important to say this money has been used in putting these people back on their feet through rehabilitation. It costs some $650 to put a longshoreman back to work who has been injured. When you consider what it costs in many other programs, I think we have to consider that this is a good expenditure in terms of

human value and in terms of human need. Isn't that the figure to put them back?

Mr. TINSLEY. Yes.

Mrs. PETERSON. This is one area. One of the Wage and Labor Standards Administration increases we are asking for is that of improving safety and other working conditions. This increase is for 13 positions and $214,000 to enable us to significantly increase the number of safety and health inspectors under the Walsh-Healy authority that we now have; the increase would be used to inspect more establishments covered under the Public Contracts Act. This would step up the possibilities of making possible a much better safety program.

SAFETY INSPECTIONS FOR COMPANIES WITH GOVERNMENT PROCUREMENT CONTRACTS

Mr. FLOOD. There is an increase of $214,000 and 13 jobs to expand safety inspections in establishments with Government procurement contracts?

Mrs. PETERSON. That is correct.

Mr. FLOOD. This interests me because I am on the Defense Appropriations Subcommittee, as is Mr. Laird. We are not unaware of the nature of Government procurement contracts after 20 years on that subcommittee. Are conditions worse in these establishments than in the average establishment or just why do you need an increase in this category?

Mrs. PETERSON. I wouldn't say they are worse. I would say they are bad whenever people are being injured and being killed.

Mr. FLOOD. That is the premise?

Mrs. PETERSON. And we know there are injuries.

Mr. FLOOD. That just restates my question: Are the situations where there are Government procurement contracts worse than the average operation?

Mrs. PETERSON. I wouldn't say they are worse——

Mr. FLOOD. Why do you want an increase?

Mrs. PETERSON. We want an increase because we are doing very little there now and not nearly as much as we should.

Mr. FLOOD. Why are they special?

Mrs. PETERSON. We have the authority there. The Congress said, in the Walsh-Healy Act, that we should set safety standards and we should insure——

Mr. FLOOD. Well, you didn't do it. The Walsh-Healy Act dates even before me around here.

Mrs. PETERSON. We are doing it under the Public Contracts Act. This is the basis for our authority. I think we have 10 safety inspectors examining 75,000 worksites and millions of workers. We set a standard. We say there should be a safe condition and a safe place for people who work on contracts for us. We are the employer then who does help to set the standards. If we can help increase this—if we can increase our inspections and safety work—I think it will have a very marked effect on lifesaving and disabilities in our country.

Mr. FLOOD. Don't say you are the employer. You are inviting a lot of lawsuits if you say that. You are not the employer.

Mrs. PETERSON. I mean it is our money; it is the Federal Government that is purchasing these goods and these services.

I think it is important for us to note there that in 1966 there were 75,000 work locations under the Public Contracts Act and that is a big increase from what it was before.

Workers covered under the act have increased from 15 million in 1966 to 27 million in this current year. I think very important is the fact that with the Vietnam buildup, many new places are now operating and many older establishments are now getting contracts. The frequency rate is going up and it is important to us to be sure that we protect the workers involved as much as possible.

There was one accident just the other day in a munitions plant where we had an explosion. There are many such accidents. If we can move in faster, if we could help more, if we could advise and train more, I think we could save a lot of lives in this area and that is why we are asking for this increase.

The national industrial injuries are increasing. The preliminary rate of 13.2 based on the first half of 1966 points to the fact that injuries for 1966 are higher than for any year since 1953. To carry out safety inspections, we now have a staff of 10 engineers. We will be able to make only approximately 1,500 inspections in 1968. With the increased staff, we will be able to bring the 1969 inspections up to about 2,800. We can do more than that in future years after they are fully trained.

Although that is a very small number of inspections, when you consider the whole area of need, nevertheless, we are working out a plan to concentrate on the high-hazard industries and to work and advise in the areas where the accident rate is higest and where the hazards are greatest. We plan, by pinpointing and working in those areas, to do a better job.

We have learned through the maritime program that if we do concentrate in the high-hazard industries, injuries and deaths can be reduced. I think the maritime program statistics very clearly show that to be the case.

So we are asking for this increase in the Public Contracts area. We think it would be a very good investment in terms of the injuries and deaths we would be able to prevent.

In addition to that, we hope to reduce accidents in the Federal Government as well. We want to concentrate on motor vehicle accidents, on improvements in accident reporting and analysis and on more adequate detection of hazardous work places in the Federal Government. It is a matter of not only working outside, but a matter of working within as well.

We are, with this new setup, really a vigorous organization. The Secretary has moved into this with great strength. We feel we will be able to make some real improvements in this area.

The other area of concern to the Labor Standards Bureau is the work conducted by the States in helping improve labor standards We can supplement our budget material and give you some reports about labor standards .

The work of the Women's Bureau has been focused largely on the disadvantaged, on day care, and on some of the new problems that are associated with the great increase of women in the labor force. The number of working mothers illustrates the need for the day care services, and the Bureau, I think, has a splendid record in what it has

been doing in these areas of concentration. No increase is being asked here, just a continuation of the work that has been going on. I know Mrs. Keyserling can supplement this. There are many new problems in relation to title VII of the Civil Rights Act and women's employment which we are dealing with very markedly.

Then on the Federal Employees Compensation Act and what we are doing there, I think you may have some questions. We have touched on the work under the Longshoremen and Harbor Workers Act, and the trust funds. The Employees Compensation Appeals Board is part of our area of responsibility. The other part where we are asking for an increase is to set up our staff for the Wage and Labor Standards Administration.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. The amount budgeted for all of these activities in 1968 is $11,080,000. The request is for $12,177,000. That is an increase of $1,097,000 and you are asking for 23 new jobs.

Mrs. PETERSON. That is correct.

EXECUTIVE DIRECTION, PLANNING AND EVALUATION

Mr. FLOOD. The first program increase is $263,000, and 10 positions. That is for "Executive direction, planning and evaluation."

Mrs. PETERSON. Yes.

Mr. FLOOD. This is a natural question for anyone to ask. If this reorganization to combine all these activities under one appropriation requires more funds for this type of overhead, why should we combine them? This is a tough year. This is a year of austerity. These railroads and other corporations merge and combine to save money. You merge to spend more.

Mrs. PETERSON. Maybe we spend more but by spending more we get far more returns for the money we spend. I think this is the crux of it. What we are doing is more efficient. It is to be able to expand into new areas. It is to prevent duplication. It is a matter of reserach functions, administration, planning and review——

Mr. FLOOD. That is not what the Pennsylvania Railroad and New York Central said. They said they were going to save money if they merge. Of course, you run a different railroad.

Mrs. PETERSON. Ours is not a railroad; ours is dealing with people. And we are trying to care for these people.

MARITIME SAFETY WORK

Mr. FLOOD. What have you done with the increased funds you received in 1968 for maritime safety work? We went into that at some length and we heard a long report upon the injuries in the maritime area. You got an increased appropriation in 1968 for this problem. What has been done with those funds?

Mrs. PETERSON. Part of the problem on that is that the funds were not available until very late. With that and the other restraints, it made staffing very difficult. I am very pleased in spite of that, we have moved ahead. We have 17 positions ready to fill. We are moving just as fast as we can.

Mr. FLOOD. You have the Citizens' Advisory Council on the Status of Women. You have the President's Commission on the Status of Women.

Mrs. PETERSON. We had that.

Mr. FLOOD. You have about 50 State commissions on the status of women. What worthwhile was actually done by these groups in the past year? Give us one or two examples now, and for the record you may want to add a few that you may think about later on when you are driving home.

Mrs. PETERSON. I think we should, and we would like to file for the record a report of what has happened. There are some States where equal pay bills have been put on the books. Each one of these States has a commission similar to the President's Commission.

Mr. FLOOD. Fifty of them?

Mrs. PETERSON. Yes. Some are appointed by the Governor, some are statutory. They have examined the legislation, the practices and procedures of the States on a State basis that is similar to the study that was conducted on the Federal level. As a result of that some of the laws are being changed, some amended, other additions sometimes are being made. It means there is a public group that is monitoring, that is assisting and helping to promote the women's advancement in these various areas. A great deal has been done on day care where the groups have been instrumental in seeing that this gets started. A great deal has been done in equal pay and antidiscrimination.

I think we could file for the record a specific case by case list of this. In fact, we have it ready for you.

Mr. FLOOD. I just happen to have a verse and chorus.

Mrs. PETERSON. We just happened to have it narrated.

(The information follows:)

HIGHLIGHTS, BY STATE, OF DEVELOPMENTS OF SPECIAL INTEREST TO WOMEN, 1965–67

Alabama.—The 1967 session of the State legislature appropriated $3,000 to publish the report and recommendations of the Governor's Commission on the Status of Women. Legislation was enacted in 1966 to permit women to serve on State juries, provided they may be excused at the discretion of the judge for good cause.

Alaska.—A state commission on the status of women was established by legislation in 1966 and it cosponsored with the University of Alaska a statewide conference in July 1967. A 1965 amendment to the fair employment practices act prohibits wage discrimination on the basis of sex.

Arizona.—A commission on the status of women was established by executive order in May 1965. It cosponsored a statewide consumer education conference with the Arizona Consumers Council, and presented a report of its findings and recommendations to the governor at the end of 1966. A second commission was appointed by the governor in the summer of 1967 to implement the recommendations of the report. The commission actively supported a fair employment practices law enacted in 1965 which includes a prohibition of employment discrimination based on sex. In 1966 an amendment was passed to the hours-of-work law permitting women to work overtime in specified emergencies or extraordinary need providing overtime compensation is paid.

Arkansas.—The commission on the status of women has promoted legislation to modernize the State minimum wage law by raising the rate and extending the provisions to men and has encouraged the appointment of qualified women to high office. Women have been appointed to the following positions, among others: Commissioner of Revenue; Executive Assistant Commissioner, State

Insurance Department; Director of Beautification, Arkansas Planning Commission; Circuit Judge, Pulaski County; Director, State Commission on the Aging.

California.—A commission on the status of women, established by the legislature in 1965, worked actively through its four study committees. Hearings were held in several areas of the State to secure local thinking before making the final recommendations in the report to the legislature in early 1967. This commission carried major responsibility in helping the WB Regional Director plan and conduct the Western Regional Conference of Commissions on the Status of Women in March 1966. The legislature in 1967 continued the commission, with a second appropriation of $35,000 for the next biennium. An amendment was passed (1965) strengthening the enforcement procedures of the equal pay act. A 1967 amendment to the hours-of-work law permits most women covered by the overtime requirements of the Fair Labor Standards Act, and airline employees, to work longer hours (up to 10 a day, 58 a week), provided overtime compensation is paid for hours over 8 or 40.

Colorado.—The commission on the status of women continued to implement its recommendations through approximately 70 statewide, regional, and community meetings. It also continued its efforts to get qualified women elected or appointed to public office, and succeeded in having one of its members appointed as the first woman Director of the State Welfare Department. Another was elected as the State Treasurer. In 1966 a report was presented to the governor, and in 1967 the commission was continued by administrative action. In 1967 an amendment was passed by the legislature exempting from coverage of the hours-of-work law those women employed in executive, administrative, or professional jobs.

Connecticut.—This commission, appointed by the governor in 1966, has been working through task forces. A report is being prepared for presentation to the governor, and a statewide conference on the training and use of volunteers in community projects is being cosponsored by the commission and the State OEO in late September. In 1967, the statutory minimum wage rate was increased from $1.25 to $1.40, escalating to $1.60 in 1968 and coverage was extended. A law was passed to require the payment of overtime of one and one-half times the regular rate after a specified number of hours worked per week. The Fair Employment Practices Act was further amended in 1967 to prohibit discrimination in employment on the basis of sex and to extend coverage to employers of 3 or more employees.

Delaware.—A new minimum wage law was enacted in 1965 providing a $1 per hour rate for both men and women. The commission on the status of women, which worked for the enactment of this law, has been working to have this raised to $1.25 with premium pay for overtime. The commission held a statewide conference in the spring of 1967 to help acquaint Delaware women with its objectives and recommendations.

Florida.—The commission on the status of women presented its report to the governor in 1966 and then held a series of area conferences to acquaint women of the State with the commission's recommendations, a statewide consumer conference emphasizing the problems of low-income consumers, and is currently promoting guidance and counseling centers for women and girls. In 1966 a constitutional amendment was approved by voter referendum to permit women to serve on condemnation juries in eminent domain proceedings, and in 1967 provision was made that women are no longer required to register with the court before being eligible to serve.

Georgia.—In 1966 Georgia became the first southern State to enact an equal pay law, an accomplishment for which the Governor's Commission on the Status of Women was given major credit. In that year the Commission was reconstituted by the State legislature on a continuing basis. It has continued its studies in the areas of education, counseling, day care centers, and homemaker services, and hopes to move toward passage of a minimum wage law.

Hawaii.—The commission on the status of women has presented several reports to the Governor and continues to work toward becoming a permanent "State body" by legislative action. It secured the recommendations of the State Senate for inclusion of items in the 1970 schedule of the U.S. Census Bureau pertinent to the status of women in Hawaii and the other States, and worked with the University of Hawaii to plan a consumer protection workshop in early 1967.

Idaho.—The commission on the status of women has worked in the areas of counseling, guidance and training services for women and girls, improve-

ment in minimum wage and fair employment practice legislation, supervision and licensing of kindergarten facilities, and expansion of day care programs. Recommendations were made to the 1967 session of the legislature covering these and also a request for the legislative establishment of a commission on the status of women. At least partly due to their efforts, action was taken to prohibit sex discrimination in Idaho's fair employment practices laws and regulations, and improvement was made in minimum wage rates, bringing the minimum rate to $1.15 in 1968 and to $1.25 in 1969.

Illinois.—The Governor's Commission on the Status of Women has worked toward the enactment of an improved equal pay law applicable to both sexes, a statutory minimum wage law covering both men and women, and establishment by legislation of a permanent commission on the status of women. In the 1967 session, laws were enacted in two of these areas: one to protect consumers from misleading sales contracts and to permit the cancellation of contracts in the amount of $100 or more under certain conditions, and the other to establish a status of women commission on a permanent basis with an appropriation of $10,000 for the biennium. A 1967 amendment to the hours-of-work law exempted women employed in a professional, executive, or administrative capacity, or as a professional, executive or administrative assistant.

Indiana.—In 1965 a new law established a minimum wage of $1 per hour for both men and women. In 1967, amendments increased the rate to $1.15 an hour January 1, 1968, and to $1.25 on July 1, 1968. Exemptions were added for employers subject to the Fair Labor Standards Act, executive, administrative, or professional employees, and outside salesmen. This law also contains an equal pay provision. The Governor's Commission on the Status of Women gave active support both to the enactment of the original law, and to the increase in rates. In 1967 the legislature also approved provisions for a married woman to acquire, hold, and deal with real and personal property as her own as if she were single.

Iowa.—The Governor's Commission on the Status of Women again in 1967 attempted to give implementation to its recommendations for minimum wage, equal pay, vocational education, and improvements in the legal status of women as it had done in the 1965 session. Again it was unsuccessful but considered that some basic gains had been made in interpreting the need for such legislation in the hitherto predominantly agricultural State. The Commission cosponsored two consumer interest conferences with Iowa State University, and a special meeting on utilization of womanpower in Iowa with the Iowa Manpower Development Council. The State Commission works closely with the Mayor's Committee on the Status of Women in Cedar Rapids, which has focused its major attention upon opening more job opportunities for women, and bringing new significance to the role of volunteers in community programs.

Kansas.—The Governor's Commission on the Status of Women continued its efforts to update the State's minimum wage legislation and to secure passage of an equal pay law. A report was presented to the governor in the spring of 1967, and a second commission has been appointed to further the implementation of the original commission's recommendations.

Kentucky.—The Governor's Commission on the Status of Women supported the successful passage in 1966 of an equal pay law and an amendment to the minimum wage law to bring men under coverage. The Commission, which presented its report to the Governor in 1966 and has since been reappointed, is emphasizing the improvement of guidance and counseling facilities for girls and women, and is attempting to assist in bringing library and other cultural programs to the Appalachian region.

Louisiana.—The Commission on the Status of Women has concentrated much of its efforts on attempts to achieve coordination of State and Federal health and welfare programs and services in order to provide a "one-step" service for clients with multiple problems. The Commission participated in a conference on broadening career opportunities for girls and young women sponsored by Southern University and the Women's Bureau, and in the summer of 1967 published its report of findings and recommendations, previously presented to the governor.

Maine.—A 1965 amendment to the State minimum wage law increased the rate from $1 to $1.25, extended coverage to several occupations including 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. In 1967 amendments to the minimum wage law increased the statutory rate to $1.40, effective October 15, 1967, escalating to $1.50 on October 15, 1968, and made some revisions affecting tipped employees.

The Advisory Council on the Status of Women, established by administrative action in 1965 to replace the former Governor's Commission on the Status of Women, gave active support to the passage of the above legislation. In addition it met with antipoverty program experts, Department of Education specialists, and with the Women's Job Corps staff as representatives of and advisors to the Governor. In the 1967 session, a law was passed to give the Advisory Council legislative status as part of the State structure.

Maryland.—The Governor's Commission on the Status of Women actively supported passage of a new minimum wage law in 1965, with a rate of $1 per hour for men and women, and an amendment in 1967 which extended coverage and increased the rate to $1.15 on February 1, 1968 and $1.30 on February 1, 1969. The Commission also worked for the successful passage of an equal pay law in 1966, a law permitting women to serve on State juries under the same conditions as men in all counties of the State, and, in 1967, amendments to strengthen its Fair Employment Practices Act to prohibit retaliation against complaining employees. The Commission's report was presented to the governor in January 1967, and a new commission is in process of reappointment.

Massachusetts.—The commission on the status of women, established by legislation, has been active in support of legislative measures, especially in the areas of minimum wage, fair employment practices, and consumer education. In 1965 the minimum wage for service workers was increased to 90 cents, effective in 1966, and to 93 cents, effective in 1967. In 1966 the minimum wage rate for employees engaged in intrastate and interstate manufacturing was raised to $1.40 effective February 1, 1967 and to $1.60 effective February 1, 1968 when the minimum wage rates under the FLSA are equal to or higher than those required by State law. Meanwhile legislative action prohibited sex specifications on civil service job requests without the permission of the State FEPC, and strengthened the complaint procedures under this law. The maximum hours law was amended in 1966 to exempt women working in professional, executive and administrative jobs and to extend its weekly limitations to non-professional employees of nursing, convalescent, and rest homes. In the consumer field, the 1966 session enacted a law providing for the full disclosure of the interest rate on retail sales.

Michigan.—The Governor's Commission on the Status of Women, the first to be established in the 50 States, has had a continued interest in minimum wage legislation. It gave support to passage of the bill covering both men and women, and then, in 1965 and 1966, worked actively to improve it. In 1966 the legislature strengthened the enforcement procedures of this law and reduced the percentage of deductions permitted for such items as tips, board and lodging. In 1966 also the legislature amended the fair employment practices law to prohibit discrimination in employment because of sex. In 1967, Michigan repealed its women's hours-of-work law. However, another law established a comprehensive occupational health and safety program, which includes authority for the regulation of working conditions for all workers. In August 1967 the third Governor's Commission on the Status of Women was appointed, to carry further the explorations begun by the two earlier ones, and to help implement their recommendations.

Minnesota.—The Governor's Commission on the Status of Women conducted statewide surveys to determine the need for expanding day care facilities, to ascertain the status of the Negro and Indian minority groups, to compare possible differences in financial and promotional opportunities for men and women teachers in State colleges and universities, and to measure the need for equal pay and improved minimum wage legislation. In 1967 amendments to the fair employment practices law created a Department of Human Rights, which contains a Division of Women's Affairs supplemented by a 15-member advisory committee to promote opportunities for women in employment and other areas. This is meant to substitute for the earlier commission on the status of women. The Commission helped establish a permanent non-governmental Consumer Council, and held meetings in various parts of the State to bring its total program to a broad cross-section of women.

Mississippi.—This commission on the status of women, established by legislation, has continued to work cooperatively with women's groups, civic organizations and the news media on a study of employment and other opportunities open to women in the State. A report was presented to the governor in the summer of 1967 for which the commission hopes to secure funds to reproduce for general distribution.

Missouri.—The Governor's Commission on the Status of Women has worked to implement its recommendations for a minimum wage law, and for the estab-

lishment of a statutory commission. The latter was accomplished in the 1967 session of the legislature, along with an amendment to the jury service law which eliminated distinctions between men and women in requirements for service. The Commission had also been instrumental in amending the fair employment practices law in 1965 to include a prohibition against employment discrimination based on sex. In 1966, in cooperation with the University of Missouri, it held a conference on continuing education for the mature women, with delegates from many women's organizations, educational institutions, professional and labor groups. A report was presented to the governor in 1966, the recommendations of which will be given to the new statutory commission for implementation.

Montana.—The Governor's Commission on the Status of Women works with some 500 local chapters of organizations throughout the State whose goals and programs are related to the Commission mandate, which encompasses the civil and political rights of women, women as citizens and as volunteer workers, employment opportunities, special problems of women in rural areas, State labor laws, education, counseling, and job training of women, and availability of child care facilities. Six meetings were held during 1966, and a report of Commission activities and recommendations is currently being prepared for the governor.

Nebraska.—The Governor's Commission on the Status of Women concentrated during this period on implementation of its recommendations for enactment of minimum wage and equal pay laws. In 1965, a prohibition against employment discrimination based on sex was included in the existing fair employment practices law. An equal pay law was enacted in 1967, for the first time, and also a new minimum wage law applicable to employers of 4 or more, covering both men and women, with only limited exceptions to its coverage. The rate was fixed at $1 per hour. A 1967 amendment to the hours-of-work law allows women to work longer hours in emergencies, if the employer obtains a permit from the Commissioner of Labor. During this session also the legislature eliminated special exemptions for women jurors. The Commission has scheduled a large statewide conference in October 1967.

Nevada.—The Governor's Commission on the Status of Women has devoted its major efforts to legislation, and worked for the successful passage of amendments in 1965 to extend coverage of the minimum wage law to men and to increase the rate from $1.15 to $1.25 per hour, and in 1967 to include in the fair employment practices law a prohibition of discrimination in employment on the basis of sex.

New Hampshire.—The Governor's Commission on the Status of Women was successful in the 1967 legislative session in securing an amendment to the jury service law to make it applicable equally to men and women, although women with child care responsibilities still may be exempted from service. It presented a report of its activities to the governor early in 1967 and is presently concerned with implementation of its recommendations. During the 1967 legislative session, an amendment was adopted permitting relaxation of nightwork limitations upon mutual agreement between employers and employees and upon approval of the Labor Commission.

New Jersey.—The Governor's Commission on the Status of Women worked actively for the new statutory minimum wage established in 1966 which set a rate of $1.25, to be increased to $1.50 in 1969, applicable to almost all workers. It requires overtime of one and one-half times the regular rate for hours over 40, and provides a wage board procedure to cover exemptions. The 1967 session also established a study commission to review laws and court decisions relating to family law. The New Jersey Commission has also placed emphasis on the need for training, guidance and counseling for mature women, and has supported the establishment of the present four community colleges and others still in the planning stages.

New Mexico.—A Governor's Commission on the Status of Women was established by administrative action early in 1967, and has been setting up its organizational structure to begin its studies in the areas of women's employment and educational opportunities. In this State a 1965 amendment increased the statutory minimum wage from 80 cents to 90 cents per hour. In 1967 it was further increased to $1.25 on July 1, 1967, escalating to $1.40 on February 1, 1968, and to $1.60 on February 1, 1969. Coverage was also extended at the 1967 session to some new occupations.

New York.—The Committee on the Education and Employment of Women, established by administrative action in December 1963, submitted its report the

following December and then was officially disbanded. However, the far-reaching effects of the recommendations made by that Committee are highly visible in the present activity in behalf of the status of women in New York. The original recommendations were given to the appropriate State Departments for implementation, with a quarterly check on progress made from the Governor's office. By June of 1967 most of the Committee's recommendations were in effect or in process of being made so. These included: Bringing of equal pay and equal opportunity laws into conformity with Federal laws; increasing the minimum wage rate from $1.25 in 1966 to $1.50 in 1967, except that if the Fair Labor Standards Act is increased to not less than $1.60, the statutory rate shall conform to the increased rate; expansion of educational television; initiation of high school social studies course on the changing role of women; State funds for scholarships for women; a five million dollar appropriation for expanding day care programs. In the fall of 1966, the Rockland Guidance Center for Women and Girls was set up, the first of a series to be established in the new community colleges around the State. As a way of reporting to the public and ascertaining the degree of continued interest, the governor called a statewide conference on women in April 1966, which had an attendance of 1,300. In March 1967, a new Women's Unit was initiated in the Office of the Governor with an employed staff, to further explore and offer recommendations for improving the status of women.

North Carolina.—The Commission on the Education and Employment of Women, established by legislation in June 1965, replaced the original Governor's Commission on the Status of Women. The legislative commission was further continued by the 1967 session. During this period, and at least partly due to the efforts of the commission, the statutory minimum wage was increased from 85 cents to $1 per hour. In 1967 an amendment to the hours-of-work law excluded certain women covered by the FLSA from provisions limiting the number of daily and weekly hours they may work. The members of each of the three commissions have stressed career counseling for high school girls and the upgrading of adult skills through industrial education centers and community colleges. They have also worked to help set up a coordinating Bureau of Volunteer Service in the State.

North Dakota.—The Governor's Commission on the Status of Women worked actively during the 1965 session of the legislature for the passage of laws to carry out its recommendations. Its support helped secure a new equal pay law and an amendment to the minimum wage law to extend coverage to men and to workers in agriculture and domestic service. In 1967 the legislature put women on the same basis as men for jury service by repealing their former privilege to be excused by submission of a written request.

Ohio.—The Governor's Commission on the Status of Women was established by administrative action in March 1966, and submitted its final report in April 1967. Among its recommendations was one for the establishment of a continuing commission on the status of women, which is currently pending. Meanwhile a representative from the governor's office is working with the Women's Bureau's Regional Director on plans for inclusion of Ohio in a regional conference of State commissions to be held in November. Ohio also has a citizens' Committee on the Status of Women, established prior to the appointment of the commission, which came about as the result of a statewide effort by various women's organizations to study the changing status of women.

Oklahoma.—The Governor's Commission on the Status of Women, after a successful 1965 State legislative session during which an equal pay law and a minimum wage law were both enacted, has worked on ways of improving both of these. At the request of the Governor, the Commission participated in the screening of high school students for eligibility in the Youth Opportunity Program. A statewide conference was held in October 1966, with 300 men and women participating, and a follow-up one in August 1967. This commission is serving as the hostess State for the regional conference of State commissions to be held at Norman, Oklahoma at the end of October 1967.

Oregon.—The Governor's Commission on the Status of Women continues to place special emphasis on the guidance and counseling of girls and mature women. It participated actively in a statewide conference cosponsored by the Women's Bureau, the Oregon Bureau of Labor, and Portland State College, at which the return to the work force of mature women was one of the main emphases. The chairman has served as the public member on several wage boards where she helped raise standards for office workers and beauticians, prior to the repeal of the wage board law for women and minors in 1967. At that time a statutory

minimum wage of $1.25 per hour for men and women 18 and over was enacted, with the provision that the Wage and Hour Commission may require overtime pay for women, not to exceed one and one-half times the statutory rate for hours over 8 and 40. The women's hours law was repealed, but the Wage and Hour Commission is empowered to issue rules prescribing working conditions for women, including maximum hours of work. A study by the Labor Commissioner made available in the summer of 1967, and entitled "They Carry the Burden Alone," pointed out that the great majorty of low-income women have strong employment aspirations, wanting training, and want to become increasingly self-sufficient members of the community. It indicated also the need for better counseling, educational and training opportunities, and more supportive service such as day care and consumer education.

Pennsylvania.—The Governor's Commission on the Status of Women was reorganized by administrative action as the Citizens' Advisory Council following the reception of the Commission's report with recommendations in May 1966. The Council is seeking to implement the various recommendations of the Commission, with special emphasis on developing and publishing a "Know Your Rights" booklet for Pennsylvania women, and on developing and publishing a brochure setting forth all vocational and educational resources available to women and girls in the State. Legislative activity of the Commission included a successful campaign for exempting professional, administrative, and executive women from the Hours Law, and provision by regulation for relaxation of the Hours Law in such cases where close observance would create a discriminatory situation on the basis of sex. Such overtime worked must be approved by the Director of the Bureau of Women and Children, and is then on a voluntary basis only, with compensation of at least time and one-half the regular rate of pay.

Rhode Island.—The Commission on the Status of Women submitted its report to the governor in December 1965, after which its activity was focused on implementation of the Commission's recommendations to establish a resource center for women with branches to be set up to provide counseling and guidance on education and employment; to initiate educational TV programs for women; and to establish and maintain a roster of qualified women for appointment to boards and commissions. In 1967 amendments to the minimum wage law increased the statutory rate to $1.40, escalating to $1.60 on July 1, 1968, and also increased the rate applicable to employees of religious, charitable and nonprofit organizations to $1.25, escalating to $1.40 on July 1, 1968.

South Carolina.—The Governor's Commission on the Status of Women, originally established in February 1965 and continued under the next administration, completed its studies and presented its report with recommendations to the governor in 1967. This commission worked actively for the enactment of a law permitting women to serve on State juries, and in 1966 a constitutional amendment was approved by voter referendum to this end. The amendment became effective upon ratification by the General Assembly in 1967. Enabling legislation permits women with child care responsibilities to be exempt.

South Dakota.—This commission considered as its major accomplishment for 1966 the sponsorship and successful passage of an equal pay for equal work law for men and women. This became a law on July 1, 1966 and was celebrated with coffee parties all over the State honoring Equal Pay Day. A section of the law brought male employees under the protection of the minimum wage law for the first time. The Commission has been active in pointing out the need for more realistic counseling services for girls and women, and in anti-poverty programs, especially on the Indian reservations within the State. A statewide conference, cosponsored by the Women's Bureau, was held in July 1967.

Tennessee.—This commission presented its report to the governor in March 1965, after which it was reappointed and asked to help implement its recommendations. In that same year a statutory minimum wage law proposed by the governor and supported actively by the commission lost by only one vote. A staetwide conference held in August 1966 launched a campaign for implementation of three goals: to change women's attitudes toward existing opportunities; to explore how women can participate more fully in the solution of society's problems; and to involve women's organizations more actively in the implementation of the commission's recommendations.

Texas.—The Governor's Commission on the Status of Women was formally established in January 1967 and has been engaged since in setting up its subcommittees to carry out its mandate to explore ways of eliminating barriers to women's full functioning as wives, mothers, and paid or volunteer workers. In

1965 a law was passed permitting a married woman to sue alone to recover her separate property, and in 1967 a law was revised to give married women property rights equal to those of married men.

Utah.—The Governor's Committee on the Status of Women sent its final report to press in October 1966, thus completing the Committee's original assignment. It continued with its efforts, however, to implement its recommendations, and as of September 1967, the governor has announced his intention to appoint a second committee to carry its explorations further.

Vermont.—The Governor's Commission on the Status of Women successfully supported bills to repeal the poll tax (1965), provide for meat inspection and to license day care centers. In 1965 also the statutory minimum wage was increased from $1 to $1.25, and in 1967 from $1.25 to $1.40, with overtime pay of one and one-half the regular rate for hours worked in excess of 48 a week in most covered occupations. The Commission is cooperating with other organizations on a program of training or retraining of mature women who wish to enter or re-enter the labor market.

Virginia.—The Commission on the Status of Women submitted its report to the governor and the General Assembly in January 1966, after which it ceased official operation. The implementation of its recommendations, however, especially in the fields of labor legislation, education, the needs of minority groups, and health and recreation, has been assumed by the Inter-Organizational Committee on the Status of Women in Virginia. This group, representing a broad cross-section of organizations with membership primarily of women, plans to operate much as the original Commission except that it does not have official status. 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.—The Governor's Commission on the Status of Women, one of the earliest to be established, put its emphasis in 1966 on the preparation of women and girls going into employment through improved education, training and retraining programs, and the development of day care programs for children of working mothers. On the legislative side, a 1965 amendment to the hours-of-work law exempted women in professional, executive and administrative jobs, and a 1967 amendment to the minimum wage law increased the rate from $1.25 to $1.40 on June 8, 1967, and to $1.60 on January 1, 1968. The jury service law was amended to remove the automatic exemption of women from service on State juries, so that women now serve under the same terms and conditions as men.

West Virginia.—The Commission on the Status of Women focused its major efforts in 1966 and 1967 on further implementation of its report presented to the governor in 1964. It successfully supported, in cooperation with other groups, a new equal pay law in 1965; in 1966 it was equally successful with a statutory minimum wage law covering both men and women at $1 per hour and effective in 1967. This law provided for the payment of one and one-half the regular rate for hours worked in excess of 48 per week. In 1967 the jury service law was amended to eliminate language limiting service on grand juries to men, and to provide standard qualifications for all persons without regard to sex. The legislature also approved a resolution authorizing a study of the State's domestic relations and family law.

Wisconsin.—This commission has been active in many directions: its members are participating actively on other State commissions and councils concerned with labor standards, fair employment practices, family living, and education; it has played an active part in current discussions of the effect of Title VII on Wisconsin's laws affecting the employment of women. The commission in 1966 and 1967 cosponsored regional conferences at the campuses of the 9 State universities to initiate local planning and bring the commission's program to local people. It has given support and assistance to the Mayor's Commission on the Status of Women in Beaver Dam. The Governor's Commission was reappointed as of July 1967 and asked to continue its work.

Wyoming.—This commission, established in September 1965 by proclamation of the governor, submitted a summary report of its findings in December 1966. Since that time it has been involved in attempts to implement its findings. As of July 1967, the governor has indicated his intention of reappointing the commission in order that it may carry its explorations further. Four regional meetings have been held to date, and a major study made of the problems faced in the State by American Indians. Recommendations of the commission include: an amendment to provide that the same provisions for jury service apply to women

on the same basis as men; strengthening the overtime provisions of the minimum wage law; and "that instances of apparent discrimination due to race or sex be examined and remedies found if the facts so indicate." To date, a 1965 amendment increased the statutory minimum wage from 75 cents to $1 and another in 1967 increased the rate from $1 to $1.10 on May 19, 1967 to $1.20 on January 1, 1968, and to $1.30 on January 1, 1969. A prohibition against sex discrimination in employment was included in the Fair Employment Practice Act in 1965.

OTHER COMMISSIONS

District of Columbia.—This commission was first authorized by the Board of Commissioners in October 1966, and then, after due study, was established by proclamation in January 1967. It has 15 members and has plans for a broad scope program. A 1965 ordinance prohibits discrimination in employment based on sex, and a 1966 law supplements the minimum wage program for women and minors by establishing for the first time a statutory rate for men, women and minors, with limited exceptions, and statutory overtime of one and one-half times the regular rate for all hours over 42 a week beginning April 15, 1967, and over 40 a week after October 15, 1967. The minimum rates are $1.25 an hour on February 1, 1967, escalating to $1.40 on February 1, 1968, and to $1.60 on February, 1969. Executive, administrative, or professional personnel, and outside salespersons, are exempted from the hours-of-work law.

Beaver Dam, Wisconsin and Cedar Rapids, Iowa each have a Mayor's Commission on the Status of Women which cooperates closely with its respective State commission, and receives the same servicing from the Women's Bureau regional director as the State commissions.

Virgin Islands.—A Commission on the Status of Women was established by legislative action in the Virgin Islands as of March 1966. The Women's Bureau Director and Boston Regional Director attended the official occasion of the signing of the bill. Four of the ten members attended the national conference of commissions in Washington in June 1966. The governor in 1967 created a Division in the Department of Labor to deal exclusively with women's affairs. The Assistant Labor Commissioner to whom this responsibility was assigned, spent some time with the Women's Bureau in Washington to secure technical and consultative assistance.

EXCERPTS FROM A FEW THANK YOU LETTERS RECEIVED BY THE WOMEN'S BUREAU IN FISCAL YEAR 1967

Courier-Post, Camden, New Jersey

Many, many thanks for your release on "New Approaches to Counseling Girls in the 1960's." I've given it to our City Editor. We have 74 junior and senior high schools in our three-county area (Burlington, Camden and Gloucester counties) and we'd love to put this book in the hands of the Guidance Directors.

National Council of Catholic Women

I have read with great interest the leaflets, "Equal Pay Facts", and "State Minimum Wage Laws," prepared by the Women's Bureau. I feel that both of these pamphlets would be of great educational value to our legislation chairmen across the country.

Member of Kansas Legislature and Kansas Commission on the Status of Women

We want you to know that your words provided the inspiration for greater effort by this commission toward worthwhile achievement. Your dedication demands equal dedication from the members of the commission.

Assistant Vice President, Valley National Bank, Phoenix, Arizona

I cannot begin to tell you how sincerely I appreciated your wonderful help in sending me material to be used in the address which I did on "A New Look at The Woman Executive." I am enclosing a copy as I thought you would be interested to see what developed from the excellent help which you gave me. As you can see, I used a great deal of the information from your department. I can say with sincerity that I have never had such wonderful cooperation as you gave me on this request.

Stern Brothers (Department Store)

We thank you deeply for giving such as inspiring beginning to our Symposium. The need for such a program we were aware of; it was for this reason

that we had suggested to the American Girl Service that we develop it. But even we were not prepared for the vast numbers who would have to be turned away after capacity was reached.

Assistant Manager, Association of American Railroads

Thank you for your most comprehensive reply to our request for information on how women are involved in the nation's economy. As I mentioned in a previous letter, we are gathering this type of information to incorporate it in a program kit on Transportation. This kit is for use by women's organizations.

Special Assistant, The Pacific Telephone and Telegraph Company

The information you so kindly sent has been helpful in the extreme and your informative letter melted away much of the fog that had hovered over many of my presuppositions.

Washington Representative, National Association of Manufacturers

On behalf of the National Association of Manufacturers I would like to thank you for the opportunity to attend the Consultation on Working Mothers and Day-Care Needs last Thursday. The ideas and background information developed at the meeting will be of interest to our members, and I believe everyone came away from the day's session with an increased understanding of the scope of the problem and possible solutions. Certainly, this topic is of interest to industry, and we would appreciate being informed of future meetings.

Director of Placement and Career Planning, Barnard College, Columbia University, New York

The report ["College Women Seven Years After Graduation"] was not only of great interest but the results were exciting and revealing . . . I think that the statistics and the facts in the report will do more to change employer attitudes about hiring and promoting women than almost anything we can do . . .

National Council of Negro Women

Words cannot express how marvelous both [two Bureau staff members] were at the Workshop in Mississippi. I admired their quiet, professional and yet warm and sympathetic method more than I can tell you. They may have reported on the meeting to you, but they will never be able to say how much good they did and how much their work meant to the local women as well as to the NCNW staff . . .

NDEA Counseling and Guidance Institute, University of Alabama

As you will recall, you spoke to the enrollees in the NDEA Counseling and Guidance Institute which was conducted at the University of Alabama last year.

I might mention that a scale was administered to the 1965-66 Institute enrollees on which they were asked to rate the contribution made to the Institute program by visiting lecturers, consultants, tours, and a variety of other non-classroom activities. Mean ratings were computed for each of these activities and, of the more than 40 activities which were rated, your presentation earned the highest mean rating.

Assistant Chief, Women's Division, Japan Federation of Textile Workers' Unions

With the kind invitation from your Government, we, the Zensen Domei Women's Team, had a great privilege of visiting your country for the first time in our life.

We would like to express our heartfelt thanks to you for your warm hospitalities and fraternal assistance extended to us which have made our study tour very successful and pleasant.

We sincerely hope that many more Japanese women trade unionists will be given the same opportunity in the future.

ENFORCEMENT OF LAWS CONCERNING SEX DISCRIMINATION

Mr. FLOOD. Along the same line, let me ask you this. In your opinion, are the laws on sex discrimination being enforced at all?

Mrs. PETERSON. Yes, they are enforced.

Mr. FLOOD. A lot of laws really are not being enforced. Is this law being enforced?

Mrs. PETERSON. The one in relation to equal pay, if you consider that one, is very definitely being enforced. I am sure when the Wage and Hour people come they will give you a report of the actual cases and the back wages that have been paid under this with very fine enforcement. This is doing a great deal. Executive Order 11246, which asks for no discrimination in Federal employment, that is not a law, that is an Executive order, certainly is being worked out.

Mr. FLOOD. I am speaking of enforcement now. Even we are presumed to know the law.

Mrs. PETERSON. We have to talk about which laws.

Mr. FLOOD. I am talking about enforcement of laws dealing with sex discrimination.

Mrs. PETERSON. The law on equal pay, yes. On sex discrimination, the Equal Employment Opportunity Commission has enforcement powers. Mary, do you want to talk to that one?

Mrs. KEYSERLING. I would be very glad to.

Under title VII of the Civil Rights Act, the title that prohibits discrimination on all grounds, a third of the cases in the first year of operation related to alleged sex discrimination. As Mrs. Peterson has said, there is no enforcement power. EEOC does not have the power to order a firm which has been found to discriminate to cease and desist in the practice, as we have that power in the enforcement of the Federal Fair Labor Standards Act.

Mr. FLOOD. I want to narrow it to the point of enforcement. In connection with any jurisdiction where there is the right of enforcement, is it being enforced?

Mrs. PETERSON. Yes.

Mrs. KEYSERLING. Let me put it this way: The latest figures we have gotten from the EEOC is that they have been able to get compliance through mediation in about 60 percent of the cases.

Mr. FLOOD. Is that good?

Mrs. KEYSERLING. I think in a law which lacks enforcement powers, that is very good because it means 60 out of 100 people with a valid grievance have had redress. Sixty out of a hundred are better than zero out of a hundred.

Mr. FLOOD. It can only get better, obviously.

Mrs. KEYSERLING. In the remaining 40 percent of the cases, the EEOC must follow the law and tell the complainant to bring the case to court.

Mr. FLOOD. In that sort of case is there enforcement?

Mrs. KEYSERLING. In the last category?

Mr. FLOOD. Is that being executed?

Mrs. KEYSERLING. No; because this is a very slow procedure which is written into the law. Cases are now before the courts, but it will take several years before there are decisions, before the appeals are through, and before we will know the outcome.

Mr. FLOOD. They are in the process of litigation?

Mrs. KEYSERLING. Yes.

Mr. FLOOD. That is provided by law. These rights are being exercised and protected.

Mrs. KEYSERLING. They are in the process of being exercised. There is another limitation that must be pointed out in answer to your question, the case must be brought in the name of the individual com-

plainant and not in the name of all of the employees of that employer. That is the complainant herself in the case of sex discrimination must bring her own case. She does not bring it necessarily on behalf of all of those who are affected by the same practice.

Mr. FLOOD. I know, but if you get a leading case upon which many others can be based, that exercise would encompass a great many cases.

Mrs. KEYSERLING. Yes; I think it would.

TIMELAG IN EMPLOYEES' COMPENSATION PAYMENTS

Mr. FLOOD. In connection with the question of employees' compensation, the committee last year very heartily approved your proposal to have a study made to determine what is necessary to speed up the payment of claims. Tell us what is being done about this. The thing that brought that closer to our attention is this: I think you know when the supplemental bill was before the House on February 20, 1968, Mr. Laird had the floor at this time, and the gentleman from Missouri, Dr. Hall, interrogated him in connection with what he felt was an inordinate delay in the payment of a claim. He was referring to a specific claim, but I assured him, and Mr. Laird assured him, that we would examine this problem when you came before the committee this week. Now you are before the committee, and I wish you would comment specifically not on the case of Dr. Hall, although he will read our record, but on what seems to be an appalling and inordinate delay in the payment of these claims. Mr. Laird and I assured the House that we would examine this today.

Mrs. PETERSON. Yes; I read this.

Mr. FLOOD. How current is your workload, to begin with?

Mr. TINSLEY. The backlogs inside the Bureau are within 30 to 45 days. We are still paying claims once they are received in the Bureau within 24 days. This is not as good as when I appeared here a year ago. It is 2 days slower. The reason it is 2 days slower is largely because of the effects of the 1966 amendments to the Compensation Act, which we had to absorb within existing appropriations. However, the reporting has not lagged. It is not improved, I am sorry to say. In terms of the study the contract will be out for bids this week. We hope as a result of the contract to learn more about this problem. In the reviews that we have made during the past year, we are not at all sure that the problem is worse instead of better.

The case that Congressman Hall mentioned actually was handled rather expeditiously. If you would like, I would recite the facts in the particular case.

Mr. FLOOD. Have you brought this to the attention of Dr. Hall? I presume he was in touch with you.

Mr. TINSLEY. He talked to the Secretary of Labor.

Mrs. PETERSON. We asked immediately to have the case brought to us for review.

Mr. TINSLEY. It does not involve a 3-year delay. In fact, almost every instance was handled very expeditiously.

Mr. FLOOD. This will be handled in due course through the Secretary's office?

Mrs. PETERSON. Yes.

Mr. FLOOD. We are clear about the caseload and the reasons why.

STUDY ON PAYMENT LAG

The final question I will ask you at this time, what about this study? We agreed with you last year that a study certainly should be made.

Mrs. PETERSON. The request for bids on the contract is ready and we expect to have it absolutely under way in a couple of days.

Mr. FLOOD. Who is going to do the study? Who is going to get the contract?

Mrs. PETERSON. We do not know yet.

Mr. FLOOD. Who would want it?

Mrs. PETERSON. We hope to have a group of experts.

Mr. FLOOD. What does that mean? You cannot give a contract to a group of experts.

Mrs. PETERSON. They are experts in making studies of this kind.

Mr. FLOOD. Some corporation or some firm.

Mrs. PETERSON. There are various firms that do this for industry.

Mr. FLOOD. Let us suppose they have the contract and it is 10 o'clock Monday morning, what is the first thing they do?

Mr. TINSLEY. We can furnish you the prospectus that will be put out for bid.

Mr. FLOOD. Agency people come to the Congress and ask for x dollars for a study, and the Congress gets a report.

We would like for once to see at the time you award the contract, who will be doing it, what it's all about—in short, what happens at 10 o'clock after the contract is awarded.

Mrs. PETERSON. Very good, we will have that for you.

TUESDAY, FEBRUARY 27, 1968.

INQUIRY OF REPRESENTATIVE D. G. HALL

Mr. FLOOD. The committee will come to order. Before Mr. Laird proceeds, I would like to ask you about the Dr. Hall case. You remember I gave you the Congressional Record to review remarks on the floor of the House with regard to that matter.

Mr. TINSLEY. Yes.

Mr. LAIRD. I think as long as this came up on the floor of the House and we assured our colleague that we would get a complete report on the case, that we ought to have a chronological report of the matter. It is a rather serious indictment of your agency which has been made here. Both the chairman and I have made a commitment that we will follow through on this. I think we ought to have a complete report.

Mr. FLOOD. I think so, too.

Mrs. PETERSON. May I say too, that I think it would be very helpful to have that because this is typical of many cases where there is a good deal of misunderstanding. This is an example that would help clarify other cases.

Mr. FLOOD. This was a Federal employee?

Mr. TINSLEY. That is correct.

Mr. FLOOD. What happened?

Mr. TINSLEY. On October 25, 1966 we received a claim from this employee in which he stated that he had sustained an injury.

Mr. FLOOD. What outfit did he work for?

Mr. TINSLEY. Army Reserve Center.

Mr. FLOOD. Civilian?

Mr. TINSLEY. Yes. He stated the injury occurred on September 26, 1966.

Mr. FLOOD. How long before the claim, approximately?

Mr. TINSLEY. October 25, 1966. The claim contained just a little medical information and no information from the employing agency as to whether or not he had sustained the injury.

On November 2, which was within a week after the date of the receipt of the claim form, we asked him to clarify the basis for the claim and we also asked the employing establishment to submit its report on the claim.

We received the information from the claimant and the employing establishment on November 16. The information that we received said that he had a back injury while at home. He was bending over to pick up a bone and his dog jumped him.

Mr. FLOOD. He what?

Mr. TINSLEY. He was bending over to pick up a bone and his dog jumped on his back.

On December 5, which again was within 2 weeks of the time we received the additional information, we notified him that we were going to reject the claim since it did not appear that he was injured in the performance of his duty.

At this point we also noted that he had had several other back injuries some years earlier. We advised him that if he wanted to, he had a right to submit additional evidence, if he felt that the current injury was due to the earlier ones. In other words, we gave him full advice

concerning his rights and his opportunity to submit more evidence. He did not submit anything else.

On March 22, 1967 we issued a formal order rejecting the claim, at which time we again advised him that he had a right to submit additional evidence, if he had any, or he could exercise his right to appeal to the Employees Compensation Appeals Board.

Nothing further was heard from him until October of 1967 when he wrote us a letter saying that he believed now that this disability and the back problem was a result of these earlier injuries. We wrote him and told him that this was fine, that he had a right to submit evidence but we wanted some medical and other evidence. We wanted some history going back to this 1961 injury. We told him the type of evidence he would have to submit.

He has submitted a few reports from doctors. They are not at all conclusive. That is where the case stands right now.

Mr. FLOOD. Where did you get the story that this injury is a result of, as you recite it, a dog jumping on his back? Was it in his back yard?

Mr. TINSLEY. Yes.

Mr. FLOOD. Where did you get that information?

Mr. TINSLEY. He told us when we asked him to clarify what this September 26th injury was. Now, he had several earlier injuries. Back in March of 1961 he stopped over to pick up a tire while at work. Upon arising he felt a pain in his neck.

Mr. FLOOD. What is the basis of his claim? Is it aggravation or direct injury?

Mr. TINSLEY. In October he decided to pursue the fact that——

Mr. FLOOD. On the basis of aggravation, I presume.

Mr. TINSLEY. Yes; that these earlier injuries contributed to this one. In fact, the three earlier injuries were handled very expeditiously. They were minor injuries. The second injury in May of 1961, he missed a step coming out of a latrine and we paid him a few weeks' compensation plus his medical costs. In June 1962, he had another minor back strain when he was taking a screen off a window and felt a pain in his back. In this type of case we just feel we have to have quite a bit of evidence before we accept something that appears to be a permanent disability-type case.

Mr. FLOOD. Mr. Natcher.

DAY-CARE CENTERS

Mr. NATCHER. Mrs. Peterson, in your general statement to the committee you discussed the day-care setup. I want to call your attention to page 7. You stated that there are in the United States today 3.7 million working mothers with 4.5 million children under 6 years of age and places for only about 450,000 children in licensed day-care centers.

What is the setup today as far as day-care centers are concerned? Are you working with OEO? Just what is the setup and what is being done now as far as day-care centers are concerned generally throughout the United States?

Mrs. PETERSON. A great deal is being done on many fronts. Under the new welfare amendments to the Social Security Act it is required that day-care centers be set up for women who will be taking training. Funds will be available there.

There is also a good deal of work being done in the private sector, not only by the employers but by unions as well. There are a number of cooperative ventures. Amalgamated Clothing Workers is a good example. They are setting up day-care centers in a cooperative arrangement with management. Many communities have centers or they are developing them. Some of them are being developed with grants from States and some with grants from the Federal Government.

So what I would say is that there is a great awakening to the need for day-care centers throughout the country and it is being furthered by a combination of efforts.

Mr. NATCHER. Mrs. Peterson, if you want to locate a day-care center in a city of 50,000 people, where you have quite a bit of industry, what would you do? How would you proceed? Is this a matter that comes directly to your department or does it go through OEO, or how is it handled?

Mrs. PETERSON. It does not come directly to our department. It is handled through OEO and also through HEW, with some advice from our manpower training division. It is a cooperative venture.

Mr. NATCHER. As far as your setup is concerned, yours is an advisory capacity only?

Mrs. PETERSON. Yes.

Mr. NATCHER. Do you have the right of selection?

Mrs. PETERSON. Selection as to location?

Mr. NATCHER. Yes.

Mrs. PETERSON. We would only advise on that. Perhaps Mrs. Keyserling, who is working very closely with that has something to add.

Mr. NATCHER. What can you tell us about it, Mrs. Keyserling?

Mrs. KEYSERLING. We are concerned with the problems of the working mother in the Women's Bureau. We have been working with many of the national organizations that recognize the problems of these mothers so that they can give support to additional efforts nationally and in their communities to establish day-care service. The great majority of day-care centers are under private auspices and are paid for by the mother.

Mr. NATCHER. Most are privately operated.

Mrs. KEYSERLING. Yes; the majority of facilities.

Mr. NATCHER. Can you tell me as to how many have beeen established under the OEO setup? Do you have any information along that line?

Mrs. KEYSERLING. We have some information. There is the Headstart program which is, for the most part, not a standard day-care program because it operates generally during school hours, but some of these facilities under Headstart are full day, and they therefore meet the need of the working mothers. The latest figure that I have seen for those all-day facilities under Headstart, was something on the order of 55,000 children being cared for. There may be later information but this the latest I have.

All of the agencies are working together now in very real coordination to promote the meeting of this need. The Children's Bureau from the point of view of standards for the care of children, for administration, and for the allocation of certain funds. The OEO and the Labor Department are also concerned. We in the Women's Bureau are involved from the point of view of the mothers' needs. The Manpower Training people are involved in relation to the establishment of facilities to care for AFDC mothers who will be taking training.

Mr. NATCHER. Mrs. Keyserling, leaving out Headstart, have any day-care centers been located or established anywhere in the United States under OEO?

Mrs. KEYSERLING. Yes.

Mr. NATCHER. They have?

Mrs. KEYSERLING. A good many have.

Mr. NATCHER. They have located some?

Mrs. KEYSERLING. Yes.

Mr. NATCHER. Do you have any idea as to the number?

Mrs. KEYSERLING. I cannot give you the number, but I can illustrate with the District of Columbia. We for many years had only four or five day-care centers under either public or nonprofit auspices. The number is now up to 13 or 14.

Mr. NATCHER. We had those here, Mrs. Keyserling, long before this OEO setup.

Mrs. KEYSERLING. The four or five settlement house projects.

Mr. NATCHER. Yes, that is correct.

Mrs. KEYSERLING. But some 10 or 11, perhaps even more now since I last looked at the figures, have been established with OEO assistance as part of the community action program. If this is typical, you can see that OEO is a very real contributing factor in the establishment of centers.

Mr. NATCHER. Is it typical? That is the thing I am trying to find out.

Mrs. KEYSERLING. The OEO indicates that in 1967 a total of 280 communities operated Headstart day-care centers.

Mr. NATCHER. It is not, is it? When you say the District of Columbia, you know they start a lot of programs here that you do not hear about in the hinterlands.

Mrs. KEYSERLING. We know there has been a very real expansion. The Women's Bureau and the Children's Bureau 3 years ago made a study of the care of children. At that time—1964—there was something of the order of 255,000 children under care. Three years later there were 300,000. There are now facilities licensed for the care of 450,000 children. So that we have been in a period of almost unprecedented expansion. The only time when day-care facilities expanded as rapidly or more rapidly was during World War II when there was a very rapid expansion in the communities in the provision of day-care facilities. We are moving very quickly now, but not as quickly as the need warrants—because with 4½ million children under the age of six who have working mothers—the need might be placed on the order of 1,500,000, quite conservatively, as against less than half a million now being cared for.

Mr. NATCHER. Mrs. Keyserling, if it is agreed that a day-care center is to be located in Philadelphia, does your department have to approve this particular location?

Mrs. KEYSERLING. No.

Mr. NATCHER. That is, of the operation of the day care center?

Mrs. KEYSERLING. No.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. The 1967 Amendments to the Social Security Act, require people on relief to make a bona fide effort to obtain employment, and this includes mothers with dependent children. This development would necessitate an expansion, in the affected areas, of day care facilities before the mothers could be expected to comply, would it not?

Mrs. KEYSERLING. Yes. There must be adequate facilities before the mother will be accepted.

Mr. FLOOD. By adequate facilities you mean something in the nature of day care centers?

Mrs. KEYSERLING. There must be proper standards. There are two types of care: in licensed group facilities, and family day care.

NIGHT CARE CENTERS

Mr. FLOOD. Suppose the mothers work the night shift, suppose they can only get a job during the night shift, what do you do in a case like that? You have day-care centers. Do you have night care centers?

Mrs. KEYSERLING. There are almost none. I know of none. But the father may be——

Mr. FLOOD. Suppose there is no father.

Mrs. KEYSERLING. Then I think the mother should not be certified for training for night work.

Mr. CASEY. May I help in this area? I went into what they are doing in Houston in some detail. Houston has had the private agency called the Houston Day Care Center Association. Of course, they have been restricted to what funds they can get from the United Fund or from voluntary contributions. Our community action program has gone into day care centers operation but they are using the setup of the Houston Day Care Center Association because they are well versed in it, have had long experience in it. So they have a contract with them to open and operate new centers.

Mr. FLOOD. In effect, they have delegated their authority.

Mr. CASEY. That is right. It is by contract. They have two types of centers. They have the large center where they have a rented building or a house for that specific purpose. Then they have homes that are certified where some woman who has children, who stays home, if she has two of her own she may take three others, but only three others. They limit her to five children in the home, five children of preschool age. So that if a woman has two children and says "I am available," they inspect her home, check with the neighbors, see if she is a proper type of woman to do this, then she is allowed to take three children.

Mr. FLOOD. I was thinking about the great difficulty in getting help for restaurant night shifts. But let's take our own town, for instance. We have I presume thousands of women who work at cleaning the Government buildings on the night shift.

Mr. CASEY. That is what I was going to follow up on. There is where you would have the home that wants to take on some children for the night.

Mr. FLOOD. It would be sort of a foster home for the night.

Mr. CASEY. Just for the day or for the night.

Mr. FLOOD. You would enlist something analogous to the foster home idea for the purpose of the night?

Mr. CASEY. It is the same proposition, for either the day or the night, but they do not let some woman go into the business, and load up her home. In other words, they limit her to no more than five children.

Mr. FLOOD. Of course, a foster home has to be properly supervised and meet certain conditions. But I was wondering here in Washington where we know it is a fact that thousands and thousands of women do this kind of night work, cleaning our buildings. You see all of these Government buildings lighted up all night. Most of the people in there doing the work are women and I am sure 90 percent of them have children. In most of those cases I presume they are from established homes. I am thinking of an effort being made under the 1967 Amendments to the Social Security Act to impose the employment stipulation. I know mothers of dependent children would not be required to meet the conditions of the act or be penalized thereby if there were no provision for the children. The law so provides. The problem of the night work occurred to me as Mr. Natcher was asking you the question. I presume that is in the minds of the people who are handling this.

Mrs. KEYSERLING. It is a question that is raised and one that is given a good deal of consideration from the point of view of standards as they affect the child, because to pick up the child and take the child away at night is a much more emotionally dislocating experience than care during the day.

Mr. FLOOD. I know, but a survey was made within the last 2 or 3 weeks in New York on the very question of these mothers with dependent children, without men in the house. A survey of the colored people showed 80 percent who said they wanted to work.

Mrs. KEYSERLING. That is correct.

Mrs. PETERSON. They do; this is true.

Mr. FLOOD. It would occur to me that in Washington that would probably be just as much so. The night work in these Government buildings would be a most obvious source of employment, if there were care for the children in those cases.

Mrs. PETERSON. I have spoken with a number of women on our floor at the Labor Department at night, when they are there working. It was interesting that of five, there were two of them that have children who were beyond that age, they were able to take care of themselves. Of the others, there are two whose husbands took care of them. Another woman, the fifth one, had a person come in and sort of baby sit until she got home, a neighbor. So there is a problem but they work out these individual arrangments to a great degree.

Mr. FLOOD. They should be no more required to work out the individual arrangements than those mothers who work during the day, if that is a condition precedent to their working. The responsibility for their attention is equal to the mothers who work during the day.

Mrs. PETERSON. In this connection there is a good deal of interest on the part of many of the employees in the Federal Government in asking the Federal Government—as an employer—to establish day-care centers for the women who work for the Government. As a result

of this, the Interdepartmental Committee on the Status of Women is exploring this possibility.

Mr. SHRIVER. Are these people in the low-income group?

Mrs. PETERSON. They are largely in the low-income group, although there are exceptions. A sample survey was made in the Labor Department and it indicated there are some persons at grades GS–14 or 15 having difficulty finding places for their children. To a large degree it is the lower grades.

Mr. FLOOD. Mr. Shriver.

FARM LABOR REGULATIONS

Mr. SHRIVER. Thank you, Mr. Chairman.

I have received many letters from constituents concerning the farm labor regulations, especially in regard to the restriction on 16-year-olds against operating farm equipment for anyone other than their parent. I think certainly the administration has recognized the difficulty of the family-type farmer in meeting the economic facts of life with that kind of operation. I think prices for farm commodities are the lowest in 20 years. These people are writing me and I am sure to others from farm States, and they are all very concerned about this restriction on 16-year-olds. They say it is working a hardship on neighboring farm families who in the past have shared family labor, either for hire or for straight exchange, during the harvest season.

If you look at recent statistics on farm income, and expenses, you can see why this practice is necessary, as they certainly think it is. Why shouldn't the practice of sharing farm labor with neighbors also be exempted for the 16-year-olds as provided in the act passed by Congress? I presume it was passed at the request or suggestion of the Department of Labor. Now, why wouldn't that be a good exemption?

Mrs. PETERSON. One reason that the orders were made on an interim basis was to try for a year and see what kinds of adjustments needed to be made. Questions similar to the ones you raise are being considered. I think the real problem is: How do you define a person "standing in the place of the parent," which is what the law reads? We give complete freedom to the parent, there is no question about that. When youth begin to work in another area where the parents do not have direct responsibility, is something that we watch. We do not want to curtail employment nor do we want to hurt the farmer. I think the difficulty is that agriculture is a hazardous occupation, especially in the industrialized area. The high degree of accidents there certainly does make it imperative that we look at this carefully, and we try in this area. I think it is important to note, too, that most of the occupations on the farm are exempt. Very few operations are not.

FARM OCCUPATIONS EXEMPTED

Mr. SHRIVER. Specifically, what are exempt and what are not?

Mrs. PETERSON. Well, one of the ones covered is the handling of certain chemicals.

Another is the handling of blasting agents or serving as a flagman for an aircraft. These are in large industrial farm territories.

Mr. SHRIVER. Yes. But these regulations go to the small family-type operation, who have in the past shared their young people. There are not too many now because of the draft.

Mrs. PETERSON. Most of these big operations are not on the small farms.

Mr. SHRIVER. Yes; I know, but you are hitting the ones who are being hurt, along with it.

Mrs. PETERSON. Well, in which field?

Mr. SHRIVER. Let me give you an example by reading a letter which I did not receive, but I got a copy of this letter from one of the Members of Congress from my State, addressed to him, stating:

> The subject concerns the January 1 edict of the department prohibiting the employment of anyone under 16 (my own son, Fauntleroy, excepted, who has been driving a $10,000 forage harvester since he was 12) in any of a long list of hazardous occupations. We have such a young man on the farm now and he is here with his parents' consent and encouragement. He is a B plus student and is saving his earnings for 4 years at KU. He works on Saturdays and on the Sabbath which is our day of rest he puts in 6 hours helping with the chores. When Gordon is home they both work and they are able to go rabbit hunting because it only takes half as long. Sometimes after a new snow they track coyotes with a .270 Winchester and .22 Savage which have scopes. Gary's mother is very relieved to know that her son is not delivering the KC. Star up and down Route 40 on his bicycle anymore and he hasn't been to the pool hall in months. I suppose Gary could have a job in Nana's garden, but then he is not very big yet and someone might call him a sissy. His father is a mechanic and millwright so the lad has a good inclination along these lines. etc., etc., etc.
>
> As an employer who has seen one of his employees kill himself on a tractor, I think the new regulation pays no credit to the matter of judgment. I would not permit young Gary to milk because he might get kicked in the face or get an arm broken. I would not permit him to rope a steer from a horse, and for that matter we have not kept a string of saddle horses for the children of our urban friends to endanger themselves. In the high school shop last month, one of Gary's classmates cut his finger off using the table saw—he is not permitted to use the saw here on the farm.
>
> I am wondering if the law is really a law at all what with no congressional action, and if so, why. If it is a law, what are your thoughts about introducing a bill that will rescind the law? It's perfectly all right with me if the Department of Labor runs the whole show as long as they understand that choice steers would have to sell for $50 per hundredweight and milk for $10 per hundredweight. Of course production of everything would have to be by quota in order to regulate the supply.

He goes on in connection with his problems. Now, this is just a small family-type operation and they have been exchanging with neighbors in connection with the operation of the farms. What is wrong with that?

Mrs. PETERSON. I really wonder if he would be affected. The only thing I can see would be driving the big tractors. I guess it is the tractor that is the difficult part there.

Mr. SHRIVER. That is right.

Mrs. PETERSON. That is where one of the highest injury rates exists. Probably he could do everything else.

Mr. SHRIVER. In my State they permit 14-year-old boys to drive cars and there are far more accidents on the highways.

Mrs. PETERSON. That we understand. But the Secretary's responsibility is in these areas. There is another provision that we are working out with the Cattlemen's Association, the Grange, and some of the others. Under this it would be possible to get an exemption if a young person has had safety training.

Mr. FLOOD. It would occur to me, if the gentleman will yield——

Mr. SHRIVER. Yes.

Mr. FLOOD (continuing). You should prevent 14-year-old boys from driving cars, just like you prevent them from driving tractors.

Mrs. PETERSON. Yes.

Mr. SHRIVER. We don't have jurisdiction under these regulations to do this.

Mr. FLOOD. No, but I say that to whoever authorizes 14-year-old boys to drive cars.

Mr. SHRIVER. Our State legislature does, and many other State legislatures. It is not for me to tell them to do otherwise.

Mr. FLOOD. Indeed not.

Mrs. PETERSON. I would think it is possible that the young man could be accommodated under our regulations.

Mr. SHRIVER. I hope so. Maybe it is just a misunderstanding.

Mr. FLOOD. Can't we find out in that particular case?

Mrs. PETERSON. I would be very happy to look into it.

Mr. FLOOD. Let's find out about that case. Here is a man who is upset. Let's find out the facts and answer him. You can examine the case and say, This does not apply to your case, or whatever the conclusion is.

Mrs. PETERSON. Probably the only thing would be the large tractor.

Mr. SHRIVER. That is what it would be, undoubtedly.

Mrs. PETERSON. I would be glad to look into it.

Mr. SMITH. Would the gentleman yield on that point?

Mr. SHRIVER. Yes.

Mr. SMITH. What evidence is there that the high accident rate with tractors is related to age?

Mrs. PETERSON. I am not sure that we have statistics on that, but we do know how many young people have been affected. You see, our authority only goes to the hazardous occupations for youth. We do not have the authority above that.

Do we have any statistics on that by age?

Mr. SWANKIN. No.

Mrs. PETERSON. We have it for the overall.

Mr. SMITH. My observation has been, and I do not have statistics to prove it, but my observation has been that 16-year-olds may be hurt less than older people. It is the older people who don't have quick enough reflexes to handle some of the big tractors.

Mrs. PETERSON. This could easily be, but we also find the high incidence of accidents with tractors.

Mr. SMITH. But it isn't necessarily related to the natural differences between older and younger men.

Mrs. PETERSON. I am pleased to hear that the tractor manufacturers are having very serious redesigning plans to see if they can eliminate some of the hazards, which is what we hoped would happen.

STATISTICS ON OVERALL FARM ACCIDENTS

Mr. SHRIVER. What are the statistics that he was referring to? You mentioned you have the statistics on overall farm accidents.

Mr. SWANKIN. I don't have them in my head, but they are available and could be attached for the record and made available to you.

(The information referred to follows:)

STATISTICS ON INJURIES IN AGRICULTURE

Very little national information has been collected on work injuries to workers in agriculture, either for young workers or adults. According to information collected by the National Safety Council, work death rates for agriculture are exceeded only by the extractive (mining, quarrying) and construction industries.

Data collected by the Bureau show that young people also share the hazards of farmwork. A study of 3,881 injuries to agriculture workers under 18, voluntarily reported to the Bureau during a 2½-year period by seven States (Arkansas, California, Florida, Idaho, Nebraska, Ohio, and Wisconsin), shows that 784 injuries, over 20 percent of all required, were to youth under 16.

Of the 784 reported injuries, many were serious: 11 resulted in death; 11 involved amputations; 101 were fractures; and six were major crushing injuries.

The remaining injuries reported, although of a less-serious nature, could be dangerous. These injuries included cuts, punctures, and bites; strains, sprains, and hernias; bruises, abrasions, and contusions; poisonings; other occupational diseases; etc.

Vehicles and machines were involved in a large number of severe injuries:

Vehicles were responsible for 125 of the reported injuries. Tractors, wagons, and highway vehicles together caused 104 of the injuries reported. Three deaths, 10 fractures, and one major crushing injury were caused by tractors. Farm wagons were involved in two fatalities, seven fractures, and three major crushings.

Machines, including hay balers, harvesters, detasselers, etc., were involved in five amputations and eight fractures among the 61 reported injuries.

The analysis of reports involving agents with which few injuries were associated showed that some of the less frequent ones were also serious: Chemicals were reported as causing one death; handling metal items resulted in two deaths; seven conveyor injuries included three amputations. Of 28 injuries involving ladders, one-half were fractures.

The data presented above do not, of course, represent the national total of all injuries occurring to agricultural workers under 16. They do, however, provide some insight into the serious nature and the probable extent of such injury occurrence.

Following are examples of some injuries to minors who work in agriculture:

A 13-year-old who was pulling vines out of a potato digger while it was operating caught his fingers between a moving chain and sprocket. His index finger was amputated and his other fingers badly cut.

A 15-year-old fell asleep while driving a truck. The truck overturned and the boy sustained a concussion and shock.

A 13-year-old fell off the tractor he was driving. Both his legs were cut extensively.

The left foot of a 15-year-old farm laborer was partially amputated when it was caught in the drive mechanism of a conveyor.

A 15-year-old broke his foot when he dropped the tongue of a trailer.

The hand of a 16-year-old ranch hand was caught in a hay baler and crushed.

A 10-year-old was asphyxiated by being drawn into moving grain during the emptying of a farm grain storage bin.

A 10-year-old had his arm broken in five places by an operating power-takeoff assembly.

Reports of injuries occurring to workers in agriculture, regardless of age, are available from a few individual States. These reports vary considerably in the method of presentation, somewhat reflective of that State's laws governing reporting of work injuries.

California is particularly notable for the completeness in reporting of agricultural work injuries. The most recently published data is contained in the report, "California Work Injuries, 1964." Data in this report shows that during that year, of 301 disabling work injuries to minors under 16, more than one-third (103) were in agriculture. This experience compares to less than 9 percent (8.8) of the total number of disabling injuries occurring to all agricultural workers.

Periodically, reports prepared exclusively for agricultural work injuries are available from the California Department of Industrial Relations. The latest release is for 1961, and contains extensive comprehensive information concerning such injuries. The report shows for all workers:

California farmers and agricultural service establishments reported 16,724 disabling work injuries in 1961—2 percent fewer than the 17,121 lost-time injuries recorded in the previous year. The number of persons employed by farms and

agricultural service concerns also dropped about 2 percent in this period. Hence, the 1961 work injury rate of 56.5 disabling injuries per 1,000 agricultural workers in California agriculture remained about the same as 56.4 comparable rate in 1960. The rate recorded was exceeded only by that in construction (81.2) and mineral extraction (68.9). By comparison, the rate for manufacturing in California was only 29.7.

Seventy-three California agricultural workers were killed in job accidents during 1961 compared with 80 in the previous year and 70 in 1959. Among the agricultural fatalities in 1961:

Nineteen employees of California farmers died in tractor accidents.

Five employees of agricultural establishments were electrocuted.

Three employees suffered sunstroke.

Three farmworkers were killed in separate accidents when they fell into irrigation ditches and drowned.

Three fatal explosions occurred; one when using an acetylene torch to cut an empty cleaning solvent drum which exploded, one by a gasoline can used in burning barely stubble which exploded, and one by accidentally ignited propane.

Five farm employees were killed in airplane accidents.

Three employees received fatal injuries while working with farm animals.

Two fatal falls were recorded.

Eight deaths involved heart attacks.

Fifteen agricultural workers were killed in automobile or truck accidents.

During 1961, three farmworkers were killed and 174 suffered nonfatal lost-time injuries in the 114 separate accidents which occurred while workers were being transported to or from the job. Trucks were involved in 99 of the accidents, buses in 15.

During 1961, job accidents disabled 426 children under 18 employed on California farms. Eighty-three were under 16 years of age. The report further shows:

More than 37 percent of the injured youngsters were working on fruit and tree-nut farms and about 32 percent were working on field crop and general farms.

Vehicles, including tractors, was the leading agency involved in work injuries to agricultural workers under 18. Nearly one out of every five accidents involved a vehicle. Tractors accounted for 36 injuries and trucks for 25.

Handtools ranked second among the agencies—accounting for 13 percent of the injuries to children employed in agriculture.

Containers and working surfaces each accounted for about 11 percent of the disabling injuries.

"Struck by or striking against" accidents disabled 30 percent of the children injured while working on farms. One out of every four of these accidents involved a tool such as a knife, or a machine.

Nearly one out of every five injuries resulted from a fall or slip. Two-thirds of the falls were from ladders or other elevated working surfaces.

More than 30 percent of the 83 injuries occurring to children under 16 happened when the child was picking or curing fruit.

During 1964, one State reported 142 farm accidents, 28 of which were fatal. The object involved in these accidents, and the number occurring for each, is shown in the listing below.

Object	Number, 1964	
	Total	Fatal
Total	142	28
Tractor, tipping	17	7
Tractor, PTO	11	0
Tractor, other	25	5
Cornpicker or field sheller	5	1
Combine	3	0
Feed wagon	4	0
Bunk feeders	2	1
Silo unloaders	4	0
Balers	1	1
Choppers	4	0
Other haying equipment	5	1
Other machinery (stationary)	6	0
Other machinery (mobile)	6	3
Tool	2	1
Animal	20	1
Automobile	1	1
Truck	2	0
Tun	1	1
Growings	1	1
Dther	19	4
Onknown	3	0

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Considerable information has been rported concerning the hazards associated with the harvest of a single crop in "A Report of 4,058 Iowa Corn Harvest Accidents, 1947–1962." This report was prepared by the Iowa State University of Science and Technology, Cooperative Extension Service, Ames, Iowa (September 1963).

Among findings of this study:

In the 16 years accidents have been reported, 52 persons have been killed and 4,058 persons were reported as injured in corn harvest accidents in Iowa. (The injuries reported were those that required treatment by a doctor.)

Through the years, over two-thirds (67.6 percent) of the corn harvest accidents have been with pickers.

In the 16 years reported, there were 650 accidents with elevators—16 percent of all corn harvest accidents.

Identified agents involved, and the total number of accidents during the 15-year period 1948–62 are shown in the listing below.

Agency:	*Number of accidents reported*
Pickers	2,610
Tractors	297
Elevators	610
Wagons	129
Silos and cutters	99
Other agencies	129

YOUTH WAGE POLICY FOR INCREASING YOUTH EMPLOYMENT

Mr. SHRIVER. On page 17 of the justifications under planning and evaluation you say that you are exploring the potential of a youth wage policy for increasing youth employment. Would you explain that project further, the research program?

Mrs. PETERSON. Mr. Lundquist will probably have something to add to this. This is an area where we are very much concerned about the increasing opportunities for youth employment. We want to know whether or not the learner certificates under the Fair Labor Standards Act might be used for adjustments during learning periods for youth. We are studying what other countries are doing to see what is possible to increase employment opportunities for youth. This is a research area that we are hoping to study and involves not just our Administration, but the Manpower Administration and the Wage and Hour Division.

You know, some people have proposed a different rate for youth. There may be a youth rate until a person has had a firm attachment to the labor force for a certain number of years or until they reach a certain age. It is this complete area we are exploring.

Mr. SHRIVER. Does anyone else want to add to that?

[No response.]

INVENTORY OF WAGE AND LABOR STANDARDS RESEARCH

Mr. SHRIVER. On the same page you say you are developing an Administrationwide inventory of wage and labor standards research to avoid duplication of effort. Who would that duplication be with?

Mrs. PETERSON. Either within the Department or within our Administration. If one agency is looking at a certain question, say, the way a law affects a subject, and another agency is doing the same thing, we will try to bring this together so we have a unified approach in our area.

Mr. SHRIVER. I think that is very commendable. With the amount of money throughout the Government being spent on research, it is commendable that you make sure there isn't any duplication of effort.

Mrs. PETERSON. We feel this is essential and that it will improve our research.

SPECIAL ASSISTANT FOR CONSUMER PROBLEMS

Mr. SHRIVER. On page 18 you request a special assistant to the Administrator to work on consumer problems of workers. How is this different from other consumers besides workers?

Mrs. PETERSON. I think the special assistant would have this as one of its tasks. Nowadays we are thinking a good deal about wage protection as a problem of the worker. Part of this are the questions of wage garnishment, debt pooling and the new kind of factors that are entering into the question of labor standards today. We have always had wage collection and wage payment laws. Now many States are considering whether we also need some legislation in other areas. This would be in the wage protection area. Also, I would expect this special assistant to assist in many other areas, as well.

Mr. SHRIVER. Would this duplicate the efforts in the office that you used to head, that Betty Furness has?

Mrs. PETERSON. No. I think it supplements it because we sit on the Board, on the President's Committee. Our responsibility there is to look at the labor end of the consumer program. This would help coordinate it. Actually, I would hope this person would assist in that area where our responsibility rests. It would supplement it, not duplicate it.

NATIONAL SAFETY INSPECTORS

Mr. SHRIVER. You are asking for an increase of $204,600 for 13 additional safety inspectors. Yet even with this increase you say that you can only inspect 4 percent of the 75,000 worksites.

Mrs. PETERSON. Correct.

Mr. SHRIVER. From your past experience, what percentage of worksites have a high accident rate? Is that a good percentage, the 4 percent?

Mrs. PETERSON. We would like to inspect 10 percent, if possible. The insurance companies and the best experts in this field, the Safety Coun-

cil and others, say we should make one examination of every worksite per year. To do that, we would have to have far more people. We would be able to do 4 percent with the 13 more.

Mr. SHRIVER. I just wonder what effect the 4 percent is really going to have.

Mrs. PETERSON. It would have a marked effect. It is not as good as 10 percent, but it would certainly be far better than the approximately 2 percent we do now.

Mr. SHRIVER. Do the work sites know in advance about the inspections?

Mrs. PETERSON. When they are coming in?

Mr. SHRIVER. Yes.

Mrs. PETERSON. No; they do not know.

Mr. SHRIVER. So it would act as a deterrent?

Mrs. PETERSON. It does, very definitely. I was just looking through a file of letters and I was very pleased to see no letter from a firm criticizing our inspectors. They found the inspections helpful. They found that, while they anticipated problems, they found it helped them. You see, we want to prevent, not punish.

Mr. SHRIVER. I understand that. I just wanted to understand the effect of that 4 percent.

Mrs. PETERSON. I think it does help.

LABOR STANDARDS ADMINISTRATION'S RELATIONS WITH THE FEDERAL RADIATION COUNCIL

Mr. SHRIVER. Later this week we will be hearing justifications for the Federal Radiation Council. What is your working relationship with the Council?

Mrs. PETERSON. We have membership on that Council. We are there regularly. We have been working very closely with them, especially in the settling of standards in the uranium mine situation.

Mr. SHRIVER. Did the Council bring up this problem?

Mrs. PETERSON. This has been before them for some time; yes.

MISSION SAFETY 70

Mr. SHRIVER. On page 4 relative to Mission Safety 70 program, on that page you say that Federal safety continues to improve. You point out that injuries to Federal employees have been reduced by nearly 13 percent. On pages 8 and 9 you say that such injuries are increasing. In one place you say they have been reduced, in another you say they are increasing.

Mrs. PETERSON. Well, the rate is reducing, but the number is increasing. I think this is because of the many new untrained employees that are coming in and the increase in the total number of people that are being employed.

Mr. SHRIVER. What agencies are you referring to, where there is this increase?

Mrs. PETERSON. I think we have a chart here that we can give to you.

Mr. SHRIVER. Why don't you put the chart in the record?

Mrs. PETERSON. Yes.

(The chart follows:)

INJURIES SUSTAINED DURING CALENDAR YEARS 1965 AND 1966

	1965	1966
All Federal establishments	104,710	109,913
Executive Office of the President	44	54
Department of State	728	750
Department of the Treasury	2,193	2,283
Department of the Navy	6,625	7,298
Department of the Air Force	7,424	7,381
Department of the Army	10,345	11,111
Department of Defense	761	1,374
Department of Justice	858	868
Department of Housing and Urban Development	240	209
Post Office Department	50,304	53,326
Department of Commerce	1,163	1,139
Department of the Interior	4,211	4,113
Department of Agriculture	6,134	6,338
Department of Labor	109	112
General Services Administration	1,949	1,802
Department of Health, Education, and Welfare	1,700	1,914
Smithsonian Institution	77	52
Veterans' Administration	4,370	4,436
District of Columbia government	941	953
Tennessee Valley Authority	1,390	1,567
National Aeronautics and Space Administration	972	806
Architect of the Capitol	47	44
Atomic Energy Commission	98	113
Civil Aeronautics Board	7	3
Federal Aviation Agency	1,107	955
Federal Communications Commission	27	23
Federal Deposit Insurance Corporation	11	10
Federal Power Commission	12	3
Federal Trade Commission	16	10
General Accounting Office	31	29
Government Printing Office	221	202
Farm Credit Administration		1
National Capital Housing Authority	6	9
National Labor Relations Board	20	24
National Science Foundation		3
Administrative Office of the U.S. Courts	24	27
Federal Home Loan Bank Board	13	23
Interstate Commerce Commission	50	62
Library of Congress	40	33
Railroad Retirement Board	18	16
Securities and Exchange Commission	14	5
Selective Service System	106	112
Small Business Administration	47	58
U.S. Civil Service Commission	45	48
U.S. Information Agency	83	60
Soldiers' Home	45	57
All other establishments	84	97

ORGANIZATIONS COOPERATING WITH WOMEN'S BUREAU

Mr. SHRIVER. On page 7 you mention several groups working along with the Women's Bureau on its program. Would you put into the record a list of the groups, committees, commissions, offices, bureaus, both private and governmental, which are involved in these efforts?

Mrs. PETERSON. I would be very happy to.

(The information follows:)

PARTIAL LIST OF ORGANIZATIONS WITH WHICH THE WOMEN'S BUREAU COOPERATES

1. COMMISSIONS OF THE STATUS OF WOMEN

Total of 54, including 50 in States, the District of Columbia, the Virgin Islands and two municipalities.

2. NATIONAL ORGANIZATIONS

Adult Education Association of the USA.
Altrusa International.
American Association of Industrial Nurses.
American Association of Nurse Anesthetists.
American Association of University Women.

American Council on Education.
American Dental Assistants Association.
American Dental Hygienists' Association.
American Dietetic Association.
AFL–CIO National Auxiliaries.
American Home Economics Association.
American Legion Auxiliary.
American Library Association.
American Medical Women's Association.
American Newspaper Women's Club.
American Nurses' Association.
American Occupational Therapy Association.
American Physical Therapy Association.
American Society of Medical Technologists.
American Society of Radiologic Technologists.
American Society of Women Accountants.
American Vocational Guidance Association.
American Woman's Society of Certified Public Accountants.
American Women in Radio and Television.
American Women's Voluntary Services, Inc.
Association of American Women Dentists.
Association of the Junior Leagues of America.
B'nai B'rith.
Camp Fire Girls.
Defense Advisory Committee on Women in the Services (DACOWITS).
General Federation of Women's Clubs.
Girl Scouts of the USA.
Girls Clubs of America.
Hadassah.
International Association of Personnel Women.
International Toastmistress Clubs.
Ladies Auxiliary to the VFW.
League of Women Voters of the US.
National Association of Bank-Women.
National Association of Colored Women's Clubs.
National Association of Insurance Women.
Democratic National Committee, Office of Women's Activities.
National Association of Negro Business & Professional Women's Clubs.
National Association of Railway Business Women.
National Association of Social Workers.
National Association of Women Deans and Counselors.
National Association of Women Lawyers.
National Congress of Colored PTA.
National Congress of Parents and Teachers.
National Consumers League.
National Council of Administrative Women in Education.
National Council of Catholic Women.
National Council of Jewish Women.
National Council of Negro Women.
National Council of Women of the United States.
National Education Association.
National Executive Housekeepers Association.
National Federation of Business and Professional Women's Clubs.
National Federation of Licensed Practical Nurses.
National Federation of Music Clubs.
National Federation of Republican Women.
National Jewish Welfare Board.
National League of American Pen Women.
National League for Nursing.
National Secretaries Association.
National Social Welfare Assembly.
Pilot Club International.
Quota International.
Society of Women Geographers.
Society of Women Engineers.
Soroptimist Federation of the Americas.
Special Libraries Association.

United Church Women.
Washington Opportunities for Women (WOW).
Woman's National Farm and Garden Association.
Women Leaders Round Table, the National Association of Life Underwriters.
Women's Council of the National Association of Real Estate Boards.
Women's National Press Club.
Young Women's Christian Association of the United States of America.
Zonta International.

3. NATIONAL COMMITTEE ON HOUSEHOLD EMPLOYMENT (ORGANIZATIONS REPRESENTED)

Altrusa International.
American Association of Retired Persons.
American Federation of Labor-Congress of Industrial Organizations, Community Service Division.
American Home Economics Association.
American Nurses' Association.
American Public Welfare Association.
American Woman's Association.
Board of Missions of the Methodist Church, Woman's Division.
Cleanliness Bureau, Soap and Detergent Association.
Howard University, Department of Home Economics.
National Association of Colored Women's Clubs.
National Association of Extension Home Economists.
National Board, Young Women's Christian Association.
National Consumers League.
National Council of Catholic Women.
National Council of Jewish Women.
National Council of Negro Women.
National Council of Women of U.S.
National Federation of Settlements and Neighborhood Centers.
National Social Welfare Assembly.
National Urban League.
Travelers Aid Association of America.
United Church Women.
Young Men's Christian Association.
Zonta International.

4. ORGANIZATIONS COOPERATING ESPECIALLY ON DAY CARE

American Association of University Women.
Association for Childhood Education International.
National Association for the Education of Young Children.
National Capital Area Child Day Care Association.
National Committee for Support o fthe Public Schools.
National Committee for Children and Youth.
National Committee for the Day Care of Children.
National Congress of Parents and Teachers.
National Education Association.
National Education Association, Department of Elementary-Kindergarten-Nursery Education.

5. LABOR UNIONS

Among the union groups with which the Bureau has cooperated in recent years are:

American Federation of Labor and Congress of Industrial Organizations (National and State Organizations).
Amalgamated Clothing Workers of America.
American Federation of Government Workers.
American Federation of Teachers.
American Federation of State, County, and Municipal Workers.
Communication Workers of America.
Hotel and Restaurant Employees Union.
International Ladies' Garment Workers' Union.
International Union of Electrical, Radio and Machine Workers.
International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.

Office Employes International Union.
Retail Clerks International Association.
Textile Workers Union of America.
United Packinghouse Workers Union.
International Brotherhood of Electrical Workers.

6. BUSINESS AND INDUSTRY

Among the many business groups with which the Bureau has cooperated in recent years are:

American Girls' Service.
Dow Jones Company.
Institute of Life Insurance.
Jordan Marsh Department Store.
Kelly Service, Inc.
Laundry and Dry Cleaning Institute.
Manpower, Inc.
Sears Roebuck Company.
Stern Brothers.

7. FEDERAL GOVERNMENT AGENCIES, DEPARTMENTS, OFFICES, COMMISSIONS

The Bureau cooperated with practically all Government agencies including:

American National Red Cross.
Civil Service Commission.
Departments of—
- Agriculture.
- Commerce.
- Defense.
- Health, Education, and Welfare.
- Housing and Urban Development.
- Justice.
- Post Office.
- State.

Equal Employment Opportunity Commission.
Executive Office of the President.
- White House Office, Special Assistant to the President for Consumer Affairs.
- Bureau of the Budget.
- Office of Economic Opportunity.

Office of the Vice President.
President's Committee on Employment of the Handicapped.
Small Business Administration.
United States Information Agency.
U.S. Commission on Civil Rights.
Veterans' Administration.

8. INTERNATIONAL ORGANIZATIONS, AGENCIES, AND GOVERNMENT REPRESENTATIVES

Embassies of most foreign countries.
International Labor Organization.
Inter-American Commission on the Status of Women.
Organization for Economic Cooperation and Development.
United Nations Commission on the Status of Women.
Women's Bureaus in other countries.

Mrs. PETERSON. I think one good example is the 23 women's national organizations that make up the National Committee on Household Employment, where an effort is being made to upgrade domestic employment. There are many such examples and we will be very happy to put them in the record.

Mr. SHRIVER. I think it would be of interest.

Mrs. PETERSON. Yes.

ADMINISTRATIVE COSTS OF FEDERAL EMPLOYEES COMPENSATION PROGRAM

Mr. SHRIVER. On page 9 you point out that the administrative costs of Federal Employees Compensation Act are only 4 percent of the benefits paid compared to 10 to 15 percent in the private insurance industry, which is quite an achievement. But how is that accomplished?

Mrs. PETERSON. Good hard work. I don't know what more one can say. Mr. Tinsley, do you have any special magic on how this is accomplished?

Mr. TINSLEY. One of the reasons probably is that the insurance companies today, from a competitive standpoint, are emphasizing service. In fact, most insurance companies in the liability field today are in contact with you within 24 hours, usually within 8 hours of the time an accident takes place. Now, this costs money. That is one of the reasons for the difference. The insurance companies also are operating at a much closer location to their insured than does the Federal Government. By the Federal Government I mean our representatives. We operate from only 10 district offices.

Mr. SHRIVER. From what you are saying, I gather you are probably not able to give the service.

Mr. TINSLEY. That is undoubtedly true. We are not giving exactly the same personalized service that a private insurance company would give.

Mr. SHRIVER. Thank you very much.

Mr. FLOOD. Mr. Smith.

EXCEPTIONS TO MINIMUM WAGE RATE

Mr. SMITH. Under the law and the regulations an employer is permitted to pay less than the minimum wage to an employee who isn't capable of doing a full day's work. I think you are acquainted with that. As I understand it the minimum, however, is 50 percent; is that correct?

Mrs. PETERSON. I think it differs. Mr. Lundquist, who follows me, is the person in charge of that. We work with him on that question.

Mr. SMITH. I will ask him about that.

DAY CARE CENTERS

These day care centers that we were talking about a while ago, do they operate at night also?

Mrs. KEYSERLING. No. Very, very few, almost none.

Mr. SMITH. Are you establishing some that will operate at night?

Mrs. KEYSERLING. There has been great hesitancy on the part of communities to do it.

Mr. SMITH. Is this on account of the psychological effect upon the child who does not sleep at home?

Mrs. KEYSERLING. That is, I think, what has been in the minds of those who have been concerned especially with standards. It is usually easier to bring a babysitter into a home, if there isn't someone to take care of the child.

Mr. SMITH. Has it been worked out now so that regardless of whether some training is purchased for an ADC mother under the manpower training or OEO, that they can get day care equally as well?

Mrs. PETERSON. They are working on that. There is a shortage but there is a real effort in that regard.

Mr. SMITH. I am not referring to the shortage. As of about a year ago the law and the regulations and the money available was different under the two programs. If one happened to be an ADC mother who had some typing training purchased for her, under OEO, she would be treated differently with regard to day care than if it was under the manpower training program. Is that being worked out so that either one now can get day care training?

Mrs. PETERSON. I don't know. Mrs. Keyserling?

Mrs. KEYSERLING. The great bulk of people who are being trained are being trained under the manpower programs. There are the youth programs and there are some young mothers in that group. Now, if they have young children there has been little day care made available as part of those programs in the past. This is a new program of the AFDC mothers.

Mr. SMITH. Under the enlarged day care program are you going to work it out so that the mothers on ADC can stay on ADC and take this training?

Mrs. KEYSERLING. Yes. We, as advisers from the Women's Bureau are working with others now on coordinating plans for the expansion of day care services. Centers obviously have to be established by the local communities. The Federal Government cannot step in to do this. But the Federal Government can help with financial aid, with standards and technical assistance.

Mr. SMITH. I would like to know that there is some progress being made. I understood the difficulty; it is a matter of money coming in different ways, from different programs, and it just has not been worked out. As of a year ago, it made a great deal of difference whether one was under Manpower Training or under an OEO grant.

Mrs. PETERSON. I don't know whether you discussed it when Mr. Ruttenberg was here about the amount of money given the trainees so that they can——

Mr. SMITH. That is under Manpower.

Mrs. PETERSON. Under Manpower.

Mr. SMITH. Some of these ADC mothers really could be helped better under OEO because they need the counseling and the help offered through a community center. But then they may find that after they talked them into taking the training, and can purchase the slot down at the typing school, they have a day care problem. If they are under Manpower Training they would be treated completely different.

Mrs. PETERSON. We have the additional problem that after they complete the training, they still need day care while they are on the job. So it is not an easy problem.

Mr. SMITH. That is all.

CASEY BILL ON TAX DEDUCTION FOR CHILD CARE EXPENSES

Mr. FLOOD. Mr. Casey.

Mr. CASEY. Following up a little more on this day care child care, for some time I have thought and have had a bill languishing away before the Committee on Ways and Means to give the working mothers a tax break for child care. It seems to me that especially where they are

the sole parent at home and it is necesary for them to work, that they must pay for their child care. Have you given that any study as to whether it would be a good policy of our Government or not?

Mrs. PETERSON. This was recommended by the President's Committee on the Status of Women. The Internal Revenue Code allows an amount and I cannot remember specifically how much it is, but it is a beginning, though not nearly to the extent of what you had recommended.

The Citizens Advisory Council under the chairmanship of Senator Neuberger is again asking for more Government support in this area.

Mr. CASEY. I hope you make that pretty loud and clear. We have just been talking about the low income groups here but there are many talented women who have children, who have lost their husbands by one way or another, who must have those children properly cared for. It is quite an expense.

Mrs. PETERSON. You are so right. I must say that people feel very warmly toward your efforts in this and toward your bill. There is a strong feeling of support for it.

Mr. CASEY. You keep pushing. Maybe they will listen to you. They don't pay any attention to me.

Mrs. PETERSON. We have made a little dent before the committee.

Mrs. KEYSERLING. Day care is now getting a deduction of up to $600 for one child, up to $900 for two or more, providing the family income is under $6,000 a year.

Mr. FLOOD. It certainly makes sense to me. I will vote for it now.

Mr. CASEY. If it ever gets out of committee, you will have the opportunity. I certainly welcome your support.

Mrs. PETERSON. We hope this can be done. It will mean a great deal to the women of this country.

UPGRADING PRIVATE HOUSEHOLD EMPLOYMENT

Mr. CASEY. I notice on page 8 of your statment that you list the things you are trying to stimulate. One is the upgrading of private household employment. Now, what do you mean by that?

Mrs. PETERSON. As you know, there are over 2 million women employed as household workers. As a group I guess the best way to characterize them is "left out" in this country. They are close to being the most left out.

Mr. FLOOD. And there is room for 2 million more.

Mrs. PETERSON. Yes. But young women don't want to go into this because it is a low standard area in spite of the shortage. They are covered by almost none of the labor standards that surround most workers.

Mr. FLOOD. And also the image.

Mrs. PETERSON. And the image. It is the servant relationship that is still there. I am very pleased that this is changing and I think part of it is because there is a labor shortage.

Mr. CASEY. What would you like to see?

Mrs. PETERSON. I would very definitely like to see them covered by workmen's compensation and by the other labor standards that surround most workers.

Mr. CASEY. Labor standards such as what?

Mrs. PETERSON. Minimum wage, for example.

Mr. CASEY. None of them will work around here for less than the minimum wage.

Mrs. PETERSON. Many do not.

Mr. CASEY. When I say "work" I mean they won't even report.

Mrs. PETERSON. That is very often true. There are some. But most of them, certainly have no protection in this area.

Mr. FLOOD. You mean the live-ins as well as come-ins, so-called?

Mrs. PETERSON. You see, they like to live their own lives. There aren't so many that care to live in.

Mr. CASEY. We have a live-in that leads her own life. She comes in at 9 o'clock after my wife has fixed the breakfast for the children and myself and gotten the children off to school, then she comes in and has her breakfast and reads the paper. My wife is afraid to say a word to her, because that is all we can get.

Mrs. PETERSON. I think you have touched on the real problem, because there is this personal relationship between one and the other.

Mr. CASEY. And you know where we had to go to get her? Trinidad. The last one was from Mexico. This one is from Trinidad. We are afraid to say anything to her, she will go back to Trinidad.

Mrs. PETERSON. She functions for you, doing the work, keeping the house clean, because you are the employer.

Mr. FLOOD. She won't go to Trindad, she will go down to a local store here.

Mr. CASEY. That is true.

Mrs. PETERSON. This is definitely part of the problem. I think what we are going to see——

Mr. CASEY. I want to say this: Let's upgrade the domestic help.

Mrs. PETERSON. Let me say what we are doing in this field.

Mr. CASEY. Let's work the other way, too.

Mrs. PETERSON. It is very important and I agree with you because if a person is going to pay a wage then they want services rendered for that wage. We have some projects here in the District that are funded by the Manpower Development and Training Act, where these women are being trained as domestic help. They are trained to operate on a businesslike basis and you know if you have a person who is trained that they can perform the job. We have many examples to show that this is working. One woman called the other day and said "I just will not pay that wage." We said, "We are sorry, the firm said that this is the wage." Later on she called and said, "I apologize. This woman did in 2 days what I have had inexperienced people take over a week to do. I am for the training."

Mr. CASEY. We are paying the minimum wage, plus we are furnishing her a place to live. When we leave town she is on vacation, but that doesn't charge against her vacation. Now, we will be gone for 2 weeks for Easter. She will be on her own. That is not her vacation at all. She does not cook. As I say, she gets up at 9 o'clock after everything else is done. She is a good worker as far as cleaning; but give us a good domestic that is really interested in looking after the children. My wife was down at Houston just last Washington's Birthday, and I was fixing to take off to go to join her Tuesday night. She announced that she was going to take off Wednesday since it was a vacation day. I had to tell her, "You are employed to look after these kids." She thinks when the kids are off from school she is off, too.

Mrs. PETERSON. These are difficult arrangements because they are between the employer and the employee.

Mr. CASEY. But the people now are able to pay a good salary, and they will pay good salaries, if they can get someone who really knows their business and is willing to do the job. So you have to do some training on that side, not just work on the employers.

Mrs. PETERSON. You are very right. This is what we are trying to do. I think it is one of the most hopeful signs developing with these organizations that we talked to you about. These women's organizations who themselves are backing this so that the person is training. We think that this is a good profession. Taking care of a home and children should be one of the finest professions that we have.

Mr. CASEY. Of course, under the old English system it was a prideful job, one they took great pride in. They liked to point to their long tenure with one family.

Mrs. PETERSON. A little human interest story here. At one of the graduations where these women were being trained, I sat by a little child. I asked her "what do you want to be when you grow up?" She said "maybe I will be a home specialist like my mother." I think when we come to the time that young people will move into this work as a profession, it will begin to take the place that it rightfully should have in society. But it is not an easy problem. We are in a transitional period. We are growing up in this industry.

Mr. CASEY. You have a system around Washington with contract people and employment agencies. This is along the line of lack of protection and benefits. Now, they will send a domestic out and she does not want a check, she wants cash. She does not want any record of it. They won't take a check. They would have to cash it. They don't want any record of it. Every one of those is going to be on us in some way or another because they will have no social security built up.

Mrs. PETERSON. Exactly. One of the items that this group of women is trying to do is to educate the workers themselves, to show them the importance of records and of social security, because they do not understand what this means. They think all of this means "I will have to report and pay income tax." I think when this all becomes computerized and set, it will be easier. But there is a great deal of education that has to take place on that, You are very right.

Mr. CASEY. You have been into it fairly thoroughly. Of course, these gentlemen who are interested in the agricultural area employment opportunities for youth, I think a lot more can be done in the cities, also. You mentioned that you were reviewing some of these jobs. You know, we are also interested in protecting the youth, but I heard over the radio this morning that three girls broke into a police station after their boy friends, last night, and beat up the police officers. They were just youngsters. So some of these kids are a lot tougher, I think, than your Bureau might think. They are getting a lot more into dangerous trouble wandering around on the streets than they would on some job. Again, like Mr. Smith said, I think you have to take into consideration the kids' abilities and their physical size. I had a 14-year-old boy who nearly drove us crazy because no one would hire him. He would change tires for me or do anything around there that needed to be done, but business said that the law restricted them from hiring him. Now, I encourage you to look over that and look at them thoroughly.

Mrs. PETERSON. This is exactly what we are doing. You see, we have to understand that those safety regulations were made during a time when there were hazards that are not present today.

EMPLOYMENT OPPORTUNITY FOR YOUTH

Mr. CASEY. I want to reiterate what I have said to some of the other witnesses: I think you want to take into consideration that any kind of employment is on-the-job training for a young fellow just starting out, because if you can give him the incentive to start earning his own money, I think you ought to take into consideration that that is on-the-job training when you start looking at the wage rates.

Mrs. PETERSON. Those are exactly the points we want to go into in relation to the question you raised, looking at a youth policy. It is because of the very point you raised that we proposed changing the order so that youth could until 9:00 o'clock in the summer. Before it had been until 7:00 o'clock. We feel very strongly that we must not have a sharp division between school and work—that there is a gradual period of learning to be responsible and taking responsibility. It is just in this area that we really hope to accomplish something. I hope next year when we come before you we will be able to report some progress in that area.

Mr. CASEY. Thank you, Mrs. Peterson. Thank you, Mr. Chairman.

BUREAU OF EMPLOYEES' COMPENSATION, CLAIMS AND EXPENSES

Mr. FLOOD. Now we have before us the Bureau of Employees' Compensation claims and expenses. Mrs. Peterson, you will direct yourself to that.

GENERAL STATEMENT

I suppose you want your statement inserted into the record.

Mrs. PETERSON. Yes.

Mr. FLOOD. That will be done, without objection.

(Mrs. Peterson's statement follows:)

STATEMENT BY ESTHER PETERSON

Mr. Chairman and members of the committee, the operations of the Bureau of Employees' Compensation are limited to the administration of the several workmen's compensation laws coming within Federal jurisdiction.

The Employees' Compensation Fund was established under section 35 of the Federal Employees' Compensation Act to cover the cost of disability and death benefits for Federal Employees injured on the job. It is also available for the payment of disability and death benefits to persons covered by sections 4(c) and 5(f) of the War Claims Act of 1948 and to various other groups embraced by extensions of the Federal Employees' Compensation Act.

This fund is financed by a combination of direct appropriation and reimbursements from Federal agencies for sums expended in connection with injuries sustained by their employees.

The estimate for fiscal year 1969 provides for a direct appropriation of $52,691,000 and reimbursements by Federal agencies amounting to $43,928,000, for a total of $96,619,000. This is a net increase of $4,098,000 or 4.4 percent over the estimated obligations of $92,521,000 for fiscal year 1968.

The increases for employee compensation are $1,700,000 to handle additional cases expected due to expanding Federal employment and $1,998,000 for adjustments necessitated by the 3.7 percent rise in the Consumer Price Index and by

the Federal pay raise. Based on actual expenditure trends in the past several years, $900,000 is also required for increased medical costs. The estimated increase in reimbursements from Federal agencies, commonly referred to as the "charge-back plan," amounts to $7,468,000. This permits a decrease of $3,370,000 in the direct appropriation.

A decrease of $400,000 in the Armed Forces reservists benefits activity is anticipated. This activity should continue to decrease each year since the legislation for coverage of these reservists was repealed in August 1956. The decrease of $100,000 in the other benefits activity is based on actual experience during the past several years.

Mr. FLOOD. What do you have to say about it?

Mrs. PETERSON. I think the statement shows what we are asking for, just an increase to take care of the added Federal employment that we will be expecting.

Do you have anything to add to the statement?

MANDATORY PAYMENT

Mr. TINSLEY. No. The amount that we are asking for is the amount that we anticipate we will have to pay. We have no control over this particular item.

Mr. FLOOD. I was going to ask you that. The costs under this program are beyond your administrative control?

Mr. TINSELY. That is correct.

Mrs. PETERSON. That is right.

Mr. FLOOD. Whatever the bills are, you have to pay them?

Mrs. PETERSON. We have to pay them. It is a factual situation.

STATUS OF 1968 FUNDS

Mr. FLOOD. What is the status of your 1968 funds? Are they sufficient for the whole year of 1968?

Mr. TINSLEY. As of this moment I do not believe there will be sufficient funds for the entire year. This is partially due to the fact that during the past year we had to make two adjustments, one based upon the Federal salary increase, which increased the minimum and the maximum amount of compensation payable, and the fact that people will come on at a higher rate of pay.

The second was an increase based upon the 3-percent increase in the Consumer Price Index, which meant an automatic adjustment in a number of cases that occurred prior to July of 1966.

CURRENT OUTLOOK FOR 1969 SUPPLEMENTAL APPROPRIATIONS

Mr. FLOOD. If you do not have enough money for the full year of 1968, where are you going to get it?

Mr. TINSLEY. In all probability we will have to use the provision that is in the appropriation act that permits us to draw on next year's appropriation.

Mr. FLOOD. That means a supplemental in fiscal year 1969.

Mr. TINSLEY. In all probability.

Mr. SHRIVER. As of now, what do you think the shortage will be?

Mr. TINSLEY. If I were giving a "guesstimate" right now, it looks like the shortage will be in excess of $2.5 million.

Mr. FLOOD. Mr. Miller, this is the third situation of this kind we have run into. Would you give us some kind of a "guesstimate" as to

what we might look forward to in supplementals, and what the source of the funds might be to fulfill these shortages?

Mr. MILLER. Yes, sir.

Mr. FLOOD. Supplemental appropriations or reprograming.

Mr. MILLER. We will have to seek additional funds over and above what is in the present budget and not reprogram.

(The information follows:)

There are three appropriation items that do not have sufficient funds in the 1969 President's budget to carry the programs as they are now estimated. They are:

A. UNCONTROLLABLE PAYMENTS

Unemployment compensation for Federal employees and exservicemen

The additional amount needed is now estimated at $26,800,000. This comes from two causes:

1. $13 million is the amount that 1968 funds are estimated to be short, even with the $28,800,000 supplemental. This shortage will be advanced from the 1969 appropriation under the authority contained in the appropriation language and must be replaced in 1969.

2. $13,800,000 is estimated to be needed, over and above the original 1969 estimate, because of the increasing number of weeks compensated to the beneficiaries.

Claims and expenses, Bureau of Employees' Compensation

The additional amount needed in 1969 is to repay funds that need to be advanced into 1968 under the authority contained in the appropriation act. These funds must be replaced in 1969.

This amount is now estimated at $3 million:

1. $175,000 is related to the increased salary rates enacted in the last session of Congress.

2. $510,000 is needed because of a cost-of-living increase as required by the Federal Employees' Compensation Act. This increase was determined to be required at the end of October 1967 and became effective in January 1968.

3. $700,000 is the result of higher costs (e.g., medical) than was anticipated when the estimate was submitted in the 1968 budget.

4. $1,615,000 is needed for higher than anticipated payments of disability and death payments based on experience during the first 6 months of fiscal year 1968.

B. CONTROLLABLE PROGRAMS

To meet the requirement of staffing the one-stop veterans' centers as announced by the President on January 30, 1968, it will be necessary to seek an amendment to the Labor-Management Services Administration budget for the Office of Veterans' Reemployment Rights. This will require 21 jobs and $235,000.

Total

The 1969 budget of the Department of Labor is now estimated to need an additional $3,035,000. Budget amendments are being sought from the Budget Bureau.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. While the requested appropriation of $52,691,000 is a reduction of $3,370,000 from the 1968 appropriation, the total requirements are estimated to increase from $92,521,000 this year to $96,619,000, and the difference is to be made up, of course, by reimbursements from Federal agencies. This is in accordance with the 1960 amendments under which all benefits for injury or death that occurred since that year are covered by such reimbursements. That is your situation?

Mrs. PETERSON. Yes.

Mr. FLOOD. I guess that disposes of that.

Mr. SHRIVER. May I ask a question?

Mr. FLOOD. Yes.

Mr. SHRIVER. Did I understand you to say these figures were based upon the increased number of employees of the Federal Government?

Mrs. PETERSON. Yes.

Mr. SHRIVER. The request for increases?

Mr. TINSLEY. Not completely. Part of the increase is the result of increased employment because we will have an increase in the number of cases reported to us and the number of claims received.

Mr. SHRIVER. Is the computation based upon the increased number of Federal employees? What figure is that?

Mr. TINSLEY. This figure represents the number of cases we anticipate being reported next year. That has a direct relationship to the total number of Federal employees.

Mr. SHRIVER. What I am trying to get at is what is the increase in Federal employment you are anticipating upon which that figure is based.

Mr. TINSLEY. We anticipate the increase, and here we use Civil Service Commission figures, to bring us up to in excess of 3 million. In fact the latest figures we have right now seem to indicate that our coverage right now is about 3 million.

Mr. SHRIVER. That is both civilian and military?

Mr. TINSLEY. It does not include the military but it includes more than just what one would consider the regular classified service of the Civil Service Commission.

For example, there are other groups that we cover that are not normally considered Federal employees; for example, the Job Corps, VISTA, the ROTC, the Civil Air Patrol and a number of others to whom Congress has extended the benefits of this act.

Mr. SHRIVER. Anyone that receives a check from the Government?

Mr. TINSLEY. Almost, but not quite.

MONDAY, FEBRUARY 26, 1968.

THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED

WITNESSES

HAROLD RUSSELL, CHAIRMAN
WILLIAM P. McCAHILL, EXECUTIVE SECRETARY
BERNARD POSNER, DEPUTY EXECUTIVE SECRETARY

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

HAROLD RUSSELL

Harold Russell was appointed Chairman of the President's Committee on Employment of the Handicapped by President Lyndon B. Johnson on April 18, 1964, succeeding the late Maj. Gen. Melvin J. Maas, USMCR, retired. He has served as a member of the President's Committee since 1948, and as Vice Chairman from 1962 to 1964 following his appointment by the late President John F. Kennedy.

The President's Committee was established in 1947 to promote nationwide interest in rehabilitation and employment of the handicapped by obtaining and maintaining cooperation from Government agencies, private groups, and individuals. It is composed of more than 600 public-spirited citizen organizations and individuals representing business, civic, handicapped, industry, labor, mass media,

medical, professional, rehabilitation, religious, veterans', women's, and other groups. Associate members include all Cabinet officers and several major Federal agency heads.

Although Russell devotes a major portion of his time to the duties of the office and travels extensively promoting the training and employment of handicapped persons throughout the United States, he serves without compensation except for travel expenses.

Russell, who lost both hands in a wartime training accident in the Army, skyrocketed to fame and became a national symbol of courage in meeting the challenge of disability when he was selected to portray the role of Homer Parrish, a handless sailor in the movie, "The Best Years of Our Lives." The role was largely based on Russell's own experiences in overcoming a handicap to take a normal place in society. For his performance he was presented with two Motion Picture Academy Award "Oscars," one for the best supporting performance and the other for "bringing aid and comfort to disabled veterans through the medium of motion pictures."

The accident occurred while Russell, a sergeant and paratrooper instructor, was training troops at Camp Mackall, near Pinehurst, N.C., June 6, 1944. A defective fuse cap unexpectedly set off an explosive charge he was holding. The following day his shattered hands were amputated 3 inches above the wrists and later he was transferred to Walter Reed Hospital in Washington, D.C., where he was fitted with artificial limbs and pointed down the road to rehabilitation. Through seemingly ceaseless practice he became extremely proficient in the use of the hooks.

Mr. FLOOD. We are very pleased to have an old friend of the subcommittee and a special friend of mine to testify in support of the President's Committee on Employment of the Handicapped. I speak of the Chairman of that Committee, Mr. Harold Russell.

Mr. RUSSELL. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Russell, do you have a statement to submit?

Mr. RUSSELL. I have a statement which I think is already before the committee. What I would like to do is make a very short summary of my statement.

Mr. FLOOD. If there is no objection, we will insert Mr. Russell's statement in the record and then you can ad lib as you see fit.

Mr. RUSSELL. Thank you.

GENERAL STATEMENT

We have some other material in support of our program which we would like to submit for the record.

(The statement follows:)

STATEMENT BY HAROLD RUSSELL

SALARIES AND EXPENSES, WAGE AND LABOR STANDARDS ADMINISTRATION

Mr. Chairman and members of the committee, I appreciate your invitation to appear before you today.

The President's Committee has built up a great record of achievement over the years. It has made many contributions in breaking down barriers against employment of physically and mentally handicapped citizens. However, I have no intention of reciting past history to you. You are fully aware of it. You have supported us generously year after year. You have always displayed a deep understanding of what we do. We shall always be grateful for your support and your confidence.

What I want to do today is suggest that at the present time the President's Committee plays a somewhat different and more crucial role in America than it has in past years.

This present-day role is one that merits your continued full support.

In these times of national concern with the disadvantaged of society, we must not forget that the poor have far more than their just share of the physically

and mentally handicapped. Someone has estimated that there are three times more handicapped persons among the disadvantaged than among the rest of the American population.

As we promote jobs for the handicapped, we make certain that we do not overlook the disadvantaged handicapped, with the multiplicity of problems they face. We realize how important proper training and proper attitudes are in today's job market—and so we try to motivate the handicapped themselves to prepare for jobs and to adopt a healthy attitude toward jobs. For example, we recently published a booklet on how to get a job, written for the mentally retarded themselves. The advice in the booklet is sound; and now we find it is in great demand in secondary schools in the slums of our cities—a "bonus benefit."

As you so well know, even though there is poverty, there also is great national affluence. There are job shortages in many categories. "Help Wanted" signs are on the doorways of many employment offices. The times are ripe, we believe, to promote jobs for seriously handicapped men and women who, in a loose job market, would not have much of a chance of finding jobs. If a person offers the right skills and the right attitudes, he should not have too much difficulty finding an opening—handicapped though he may be.

Therefore, the President's Committee has offered to join forces with the Nation's voluntary health agencies, to engage in joint promotional efforts in behalf of the more seriously handicapped among us—epileptics, the cerebral palsied, those with multiple sclerosis and muscular dystrophy, the blind, the deaf, all the others with severe disabilities. I include, of course, those seriously disabled veterans coming back in greater numbers from the war in Vietnam.

These people—with the proper training and motivation—can become a valuable manpower resource in the America of the sixties and seventies and, hopefully, beyond. They deserve our intensive promotional efforts.

I have given you some of our major thrusts for the years ahead because I feel you would be interested in knowing that the President's Committee is very much in the mainstream of our Nation. You can look over the details at your leisure—in the brief narrative description of our program which you have, and in the kits of our recent material which we have prepared for you. I particularly call your attention to the excellent reports of four standing committees of the President's Committee (women, student competition, rural areas, and mentally handicapped) which were presented at the November 29 meeting of our executive committee. I should like to respectfully request permission of the chairman to have these four reports (but not pamphlets) placed in the record of these hearings following my remarks.

Yet all of this material, and all of these pamphlets, and all of the narrative descriptions of our activities, and all of my testimony here today cannot begin to sum up America's activities in behalf of job opportunities for her disabled veterans and other handicapped citizens. All these are the one-fifth of the iceberg that shows above water. There is so much more that we cannot possibly show in so brief a time.

I have in mind the individual efforts of the 600 member organizations and individuals of the President's Committee, engaged in scores of projects of various kinds.

And I have in mind the dedicated efforts of Governors' Committees on Employment of the Handicapped in all the States of the Union and in Puerto Rico, the Virgin Islands, and the District of Columbia—carrying on at the State level the same kind of promotional efforts that the President's Committee carries on nationally.

And I have in mind the approximately 1,000 to 1,500 local community committees across our vast country—a tremendous grassroots effort bringing promotional activities to the level where employers are and where workers are.

And I have in mind the fine efforts of the major Federal agencies with which we work closely—both their headquarters and field offices—doing so much to create fuller opportunities for the handicapped.

And I also have in mind our own dedicated staff of 34 employees of the President's Committee with a record of accomplishments that is almost unbelievable.

And I also have in mind the Congress of the United States—in particular, this committee—for supporting our work with sympathy and understanding for so many years.

I pledge to you that we shall move ahead in the months to come, attempting to be even more effective than we have in the past. To this end, we are engaged

in some hard soul searching and self-evaluation after our 20 years of serving America; and we have enlisted the voluntary services of six evaluation groups to recommend what we should do in the areas of internal organization, membership, State relationships, public information, basic programs, and our executive committee.

Based on the findings of these evaluation groups, based on our own assessment of what is needed for the handicapped and for America, based on the wishes of the Congress and the people of America, we shall move ahead in those areas of greatest urgency and greatest need. This will involve modifying our present programs and shifting our present personnel—operating within our present level of resources.

And this brings us to a problem.

In these times of stress, of bold new approaches to age-old problems of society, of urgent needs for expanded opportunities—the President's Committee finds itself hampered by an artificial appropriations ceiling which not only prohibits any expansion but actually forces us above our statutory ceiling in order to take care of mandatory increases.

When I last appeared before Congress, I said that I had asked for relief from our ceiling. The President made such a request to Congress, and Congressman Perkins and Senator Hill introduced legislation calling for removal of the ceiling. No action has been yet taken on either the House or Senate bills. No hearings have been scheduled. I am certain that action will be forthcoming this session—but it will come too late in terms of the current budget as submitted by the President.

In this year of fiscal austerity, I do not know whether we would have been able to make a case for even a modest increase in our funds. The point is, even if a modest increase were warranted—and I feel it is—we are in no position to suggest it.

Saying this, I wish to thank members of this committee for the extra $38,000 granted to the President's Committee over last year's basic budget presentation. But I should like to remind you that this increase was at the expense of our good friends in the Bureau of Labor Standards. I hope that for the 1969 budget, the $38,000 given us last year will not again be charged against the appropriation and personnel ceiling of our friendly neighbors, Labor Standards Bureau.

We observed our 20th anniversary this past September. Speaker McCormack and Senator Randolph were kind enough to place in the Congressional Record summaries of our two decades of service. In closing, I refer you particularly to an editorial in America magazine, which I also would appreciate being placed in the record of these hearings.

This America editorial expresses a great truth that has dominated the President's Committee these past 20 years: There is no limit to the amount of good that mankind can accomplish.

I hope that all of us working together can continue to do great good for mankind in the years ahead. Our efforts are needed. I know we can rise to the challenge.

[From America, Sept. 2, 1967]

PRESIDENT'S COMMITTEE ON THE HANDICAPPED

Accustomed as we are to charges of failure, corruption, and bureaucratic bungling in Government welfare departments, it is pure refreshment to run across one Federal agency that no one attacks. The President's Commission on Employment of the Handicapped is unique among Government agencies, and its 20th anniversary cannot be allowed to pass unnoticed.

How can any part of Government escape criticism for 20 years? First of all, the Committee has no natural enemies. Liberals appreciate its humanitarian goals; conservatives approve of its removing men from welfare rolls: State governments welcome its cooperation; employers find following its advice a path to public service that, incidentally, supplies them with skilled labor. And, of course, the handicapped appreciate its help in maintaining their dignity.

Second, it is successful. This fall the President's Committee can celebrate its 20th anniversary with pride. The organization was founded in the fall of 1947 at the suggestion of President Truman. The President's major concern was to help veterans permanently maimed in World War II to find job opportunities and training. Each President since has expanded the program. Eisenhower asked it to include civilian handicapped; Kennedy included the mentally retarded.

Johnson announced a new Federal hiring policy (the Federal Government now employs some 17,000 handicapped men and women).

Perhaps the Committee's most successful undertaking, to date, has been its campaign to reduce psychological barriers among employers. Intensive studies supported by the Committee have convinced many skeptical businessmen of the often superior capabilities of partially disabled workers. Another campaign still in progress is aimed at reducing architectural barriers in public buildings and schools, particularly universities.

A third reason the Committee has no enemies is that it is not political. The Chairman and Vice Chairman are appointed by the President and serve without compensation (though the staff is supported by Congress). The Committee itself has no facilities to train or place personnel. Rather, it works in a public relations capacity. It also serves as a focal point and clearinghouse for interested Federal, State, and local organizations, of which there are now more than 600.

Finally, the cost of the Committee is almost nominal. Operating this year on a budget of $463,000, it will more than pay for itself in the income taxes it brings. (It is estimated that the handicapped wage earners helped over the past two decades have paid nearly $200 billion in taxes into the Federal Treasury.)

The President's Committee for the Employment of the Handicapped now faces two challenges. The integration of mentally retarded persons into the work force at job levels they can handle is a momentous task. Second, the stream of disabled veterans returning from Vietnam must be rehabilitated and placed.

The success of the Committee depends on its keeping other organizations informed of the rights and needs of handicapped persons. In its 20 years of existence it has proved that a Federal agency, cooperating with State and local organizations, can advance the cause of justice. We hope its next 20 years will be equally successful.

REPORT OF WOMEN'S COMMITTEE TO THE EXECUTIVE COMMITTEE, NOVEMBER 29, 1967

The Women's Committee presents the following report of accomplishments and developments:

1. Mrs. Jayne Baker Spain succeeded Dr. Dorothy S. Stratton as chairman of the Women's Committee on April 26, 1967. Dr. Stratton, who remains on the committee as chairman emeritus, received the President's committee Distingushed Service Award from Chairman Harold Russell at the Women's Committee banquet in April. In July 1967, Mrs. Spain received one of the "Top Hat Awards" given by the National Federation of Business & Professional Women's Clubs for her contribution toward advancing the status of employed women.

2. Miss Chloe Gifford resigned as vice chairman at the April meeting. She continues as an individual member of the Women's Committee.

3. Dean Virginia Y. Trotter of the University of Nebraska has replaced Dr. Elizabeth E. May as head of the former "Handicapped Homemaker" subgroup, now called "Homemaker Rehabilitation."

4. Two more distinguished women have accepted membership on the Women's Committee as individual members: Mrs. David Chavez, Jr., of Santa Fe, N. Mex., wife of the chief justice of the State supreme court, and Mrs. Erwin Griswold, wife of the newly appointed Solicitor General and dean of the Harvard Law School for the past 21 years—the Griswolds have just moved to Washington, D.C. from Belmont, Mass. Mrs. Chavez has long been interested in problems of the handicapped and Mrs. Griswold, a polio victim since 1937, is internationally known for her travels with her husband and her many activities despite her physical limitations.

5. The fall meeting was held in Washington, October 10–11, 1967. The main theme of the meeting was to promote cooperative endeavors by the member organizations in order to better serve the needs of the handicapped. Speakers included Miss Mary Hallaren, executive director of WICS (Women in Community Service), and Miss Jayne Shover, associate director of the national Society for Crippled Children and Adults, Inc., Who told of their interagency cooperation. Miss Mary Switzer, first administrator of the newly formed Social and Rehabilitation Service (SRS), HEW, gave the members a general overview of her new responsibilities. The members were enthusiastic about the possibility of more community involvement to assist the handicapped in the future. The Honorable J. Edward Day, former Postmaster General, was the guest speaker at the dinner in the diplomatic rooms

of the State Department. His theme was "One Day's Look at Women's Organizations."

6. Project Earning Power became a corporate body in the District of Columbia in April 1967 and Mrs. W. Willard Wirtz was elected Chairman of the Board of Directors. Mr. Thorburn Reid was selected as Presdient of Project Earning Power, Inc. in September with new headquarters at 1824 Jefferson Place, NW., Washington, D.C. The National Society for Crippled Children and Adults will transfer control and funds to the new corporation when final arrangements are completed. The VRA and OMPER grants were renewed for another year in the amounts of $76,800 and $177,000, respectively.

The Los Angeles task force, known as Phoenix Products, Inc., now in the pilot commercial phase, received additional funds amounting to $250,000 to provide technical assistance through December 1967. The gift housewares which passed the pilot marketing tryout so successfully last Christmas, are now being sold in about 15 large cities in their leading stores. Three of the Women's Committee member organizations—Altrusa International, Quota International, and the National Council of Catholic Women—have contacted their members through their publications and special letters, urging them to encourage purchases of the attractive gift items for Christmas. This is just a starter for the big job ahead, and Mr. Gordon Petrie, president of Phoenix Products, Inc., will be in Washington during the State chairman and secretaries meeting this week, to work out plans for their assistance in expanding their base of operations which will lead to more employment of the severely handicapped.

Phoenix Products were introduced in Washington on November 14, 1967, at a brunch given by Woodward & Lothrop who are the exclusive outlet for the products. The affair was cohosted by Mrs. W. Willard Wirtz, chairman of Project Earning Power, Inc., board of directors, and D. Randolph Buckingham, senior vice president of Woodward & Lothrop. Attending were Secretary Wirtz, wives of the Secretaries of Commerce, Interior, and Transportation, and other prominent public and private individuals who have been working with the program.

7. Architectural barriers.—A 5-year progress report and the state of Women's Committee organizations' related programs was presented in October with particular emphasis on the fine work of the Junior Leagues, in publishing citywide directories for handicapped travelers. The status of Federal legislation was also discussed and the members agreed to support the architectural barriers bill currently before the House Public Works Committee. The pending final report of the National Commission on Architectural Barriers, due about the first of the year, was discussed with its expected mandate to the Women's Committee to become more deeply involved in the informational program to reduce architectural and environmental barriers. The 1968 "Ability Counts" theme—"The Challenge of Employment Barriers to the Handicapped—A Community Survey"—was presented and the conferees expressed their interest in supporting the contest at the local and State level.

8. Homemaker rehabilitation.—Dean Trotter presented the film, "Homemaker Unlimited" made through the Nebraska Heart Association. This film has excellent potentials for use by the Women's Committee organizations but the two existing prints are too worn for use and need to be replaced. Dr. Trotter hopes to find the means of remaking the whole film with revisions aimed at nationwide usage. Funds will probably be requested from the Social and Rehabilitation Service of HEW if they cannot be obtained elsewhere. The organizational members were very enthusiastic about using such a film to inform their members about the importance of homemaker rehabilitation, and how it can be accomplished.

9. The Women's Committee will hold its next meeting on May 1, 1968. The fall meeting is scheduled for November 19–20, 1968.

REPORT OF THE STUDENT COMPETITION COMMITTEE TO THE EXECUTIVE COMMITTEE, NOVEMBER 29, 1967

A mail survey has just been completed among the State winners of the "Ability Counts" contest to get some idea of the influence this project has had on those students who placed first in their statewide judging during the past 5 years.

Admittedly, these are years of rapid mobility for these young people, with college, career, military, or marriage demanding their prior attention. It was grati-

fying, nonetheless, to receive a return rate of about one-third to our questionnaire. The responses were so satisfying that our conviction in the benefit of this program has been renewed and strengthened.

The long-range advantage of acquainting high school students with the abilities of handicapped workers has been apparent since the first annual contest was conducted 20 years ago. It now seems obvious that more immediate and deeper influences from this contest are encouraging young people to take an active interest in community programs for the handicapped, and to even direct their choice of careers.

Without exception the replies (which were unstructured) gave assurance that participation in the contest had helped to form a healthy and realistic attitude toward the problems of the handicapped, an understanding of their needs, and a conviction of their abilities.

As one young man said, "I believe it to be one of the finest programs of its type in America today, for, through it, one is able to gain, perhaps for the first time, a true insight into the problems of the physically handicapped. A vital part of the contest is the unequaled opportunity it affords to meet and talk with handicapped people. It is through this personal contact that one is made aware of the great contributions which the handicapped have to offer our society." His comments are typical of almost every respondent.

By far the majority of those replying to our survey told of volunteering their spare time in working with the handicapped. They have been working as counselors in summer camps with handicapped children; they have been donating their services to local health agencies; they have been tutoring retarded children and acting as their teachers in Sunday School. Some have influenced their college sororities to take on specific projects with handicapped children. They have taken an increased interest in the work of Goodwill Industries, the Red Cross, the mental health agencies. Some rather poignant letters describe how the contest has brought about a deeper understanding of a close family member who is handicapped. A few students told how, for the first time, they learned of the problem of architectural barriers to the handicapped, and how they have been trying to create an awareness of this problem in their home communities. One said, "I am certain that as a future architect, I will take their problems into consideration, creating designs fully accessible to the physically handicapped."

Perhaps most meaningful of all are those replies which describe how the contest has dictated a choice of career in health and rehabilitation. Several have become nurses; some are planning to become physicians. Quite a few are planning careers in special education, where they will be teaching handicapped children. Some plan to become rehabilitation counselors, speech therapists, and physical therapists.

A typical reaction is described by one young student: "Since my visit to Washington in April 1966, I have performed physical therapy on a brain damaged child in our neighborhood. I have visited hospitals and tried to keep abreast of discoveries and advancements made in the field of treatment and rehabilitation of the handicapped. I have delivered a speech to a group of businessmen of a Rotary Club. Finally, I am presently enrolled as a sophomore where my major is biology and which, I hope, will prepare me for participation in the medical field."

The effects of the contest are summed up by one correspondent: "The most important feature of the contest was that it did not just affect my family or myself. It caused a change in the attitudes of many of my friends and classmates. It is the young people whose attitudes are just beginning to take specific directions that this program influences the most."

REPORT TO THE EXECUTIVE COMMITTEE, NOVEMBER 29, 1967

Rural Areas Committee, Roy Battles, chairman.—At a meeting of the Rural Areas Committee in Washington on November 6, 1967, a subcommittee was named to prepare recommendations for a pilot project in rural areas, and report back to the full committee at its next meeting in Washington on March 4, 1968.

Leon Urben of the National Safety Council was named chairman. Committee members are: J. K. Stern, American Institute of Cooperation; Edward W. Kiley, National Rural Electric Cooperative Association, and Dr. Bond Bible, American Medical Association.

Consultants to the subcommittee are Norman L. Harvey, U.S. Department of Labor: E. J. Niederfrank and Mrs. Helen Turner, U.S. Department of Agriculture: and Milton L. Shurr, U.S. Department of Health, Education, and Welfare.

The subcommittee was asked to develop recommendations to the full committee in two areas:

(1) Formulate guideposts for a pilot project or projects including tentative recommendations as to where those pilot projects might be located, in order that these projects would serve the purpose of providing a pool of experience useful in setting up a national program to bring about location, training, and employing the handicapped.

(2) Formulate recommendations as to how all segments of rural America may become acquainted with the employment problems of the handicapped and facilities now available for solving these problems.

Things that must be done are:

1. Identify the handicapped.
2. Inform the handicapped.
3. Rehabilitate and assist the handicapped that are interested.
4. Find employment for those rehabilitated.

The subcommittee will hold its first meeting in Washington at the Department of Labor building on December 13, 1967, starting at 10 a.m.

COMMITTEE ON THE MENTALLY HANDICAPPED

Following are highlights of actions by the Committee on the Mentally Handicapped in promoting jobs for the mentaly retarded and the mentally restored:

I. Projects

1. "How to get a job."—This is the first publication in the country ever written specifically for mentally retarded adults. It contains sound advice on jobseeking. It never mentions the words "mentally retarded." Just off the press, it already is in heavy demand.

2. Teachers' Guide.—A companion Teachers' Guide has been prepared. Its purpose is to help special education teachers introduce "How To Get a Job" into the curriculum as required reading for retarded students. Through this, not only will the retarded read the pamphlet; they will discuss it in class.

3. National Association of State Mental Health Directors.—This organization has been urging State mental hospitals throughout America to take aggressive steps to involve local employers in their activities—as a first move to improving job prospects for ex-mental patients. Response has been fine.

4. National Association for Retarded Children.—This organization is continuing its promotional efforts for jobs for the retarded. Highlights: An "employer of the year" awards program which this year drew 70 entries; mass media promotion; emphasis on employment by local chapters everywhere.

5. Manpower projects.—The Institute of Industrial Launderers is continuing its project to train and hire 1,000 retarded workers in laundries all over America. The NARC also is continuing its manpower project of opening up 2,000 jobs for the retarded in retail and service industries everywhere. Both projects are finding the retarded to be outstanding workers for many kinds of jobs.

6. National Association for Mental Health.—This organization is considering the possibility of a nationwide awards program honoring employers who have done most to open up opportunities for the mentally restored.

7. Mass media promotion.—The Advertising Council has been stressing employment in its current campaign for the retarded. As a result of Ad Council ads, businessmen have been writing in for further information about setting up hiring programs for the retarded. Also, magazines and TV networks have approached the President's Committee for assistance in preparing features about employment of the retarded.

8. Federal Government.—More than 3,000 retarded workers now are employed by the Federal Government under a special hiring program. The Government also has stepped up employment of the mentally restored.

II. Plans

1. "Fifty-three jobs."—This will describe successful placements of the mentally restored in every one of America's States and territories. It will demonstrate to employers the wide scope of employment that's possible for ex-mental patients.

2. Aiming for professionals.—"Memo to Psychiatrists," a pamphlet describing facilities available to train and employ ex-mental patients, was very well received. Similar pamphlets are planned for other categories of professionals: social workers, clinical psychologists, others who come in contact with ex-mental patients.

3. Employer involvement.—Greatest success in jobs for the mentally restored comes when employers become definitely involved in the affairs of nearby mental hospitals. We plan to encourage further involvement in communities everywhere. One device: the President's Committee newsletter, "Involvement." Another: serving as an idea exchange, through which hospitals can share experiences and ideas.

4. Policy statements.—We want to encourage more employers to adopt written policy statements calling for job equality for the mentally retarded and/or mentally restored—such as the statement of the W. T. Grant Co.

SHIFT IN ROLE OF THE PRESIDENT'S COMMITTEE

Mr. RUSSELL. I would like to briefly suggest that the role of the President's Committee has changed in the last few years. One of the reasons is because we are so much more concerned as a nation with our disadvantaged.

Mr. FLOOD. How would it be changed? The purpose and the intent has not been changed.

Mr. RUSSELL. The purpose and intent has not changed, but I think the emphasis has changed in this regard. We are now trying to concentrate as much as we possibly can upon the members of the poor people who are handicapped. Our material shows us that the handicapped are much more numerous in the disadvantaged group than among the so-called affluent.

In our promotional efforts we are making very much sure we devote——

Mr. FLOOD. Mr. Russell, I am sure that is true of the so-called hard-core poor and the poor people generally, but then you go to the other extreme and say rather than the affluent. We are not neglecting that great body of the middle-class people who are not affluent and who are not poor under our Government definitions? They are not being neglected in our anxiety to direct all these attentions at the authentic poor, are we?

Mr. RUSSELL. No, certainly not. We are going ahead with all phases of our program. But we are trying to make a special emphasis on our seriously handicapped.

As we pointed out today, there are many job shortages in this type labor market so we think the time is right now to promote a major campaign among our volunteer and professional groups for the very seriously handicapped people, the people who have not really had the advantages in the past.

Mr. FLOOD. This thing has developed in the communities nationwide to a fantastic degree in the last number of years since you came out of the war.

Mr. RUSSELL. Yes, it has. There is no question. We work with Governors' committees in all States.

Mr. FLOOD. And a lot of volunteers.

Mr. RUSSELL. Eighty percent of our program is our volunteer people. We could not begin to get this job done. We have more than 300 national organizations of all groups.

Mr. FLOOD. This reaches out to the small towns and rural areas as well as the great city areas.

Mr. RUSSELL. That is right. This is obviously where the problem is. This is where our handicapped people are, in the small communities and localities. This is where the jobs are and the employer is. It is

a question of getting enough people involved especially on a volunteer basis in the communities in order to get the job done, bringing the trained handicapped to the attention of the employer and putting them to work. This is the whole program.

Mr. FLOOD. Do you work with the new commission that Mr. Ford is operating in the private sector to strike at the hardcore? Do you have a piece of that, too?

Mr. RUSSELL. We are hoping to do this kind of thing through our close cooperation with the national voluntary health organizations who have affiliates throughout the country, especially among the disadvantaged, and so forth. This will be the kind of thing we are doing. Also, through our employers committee, interesting them in all the handicapped groups, especially the seriously handicapped, those that are in the disadvantaged area.

ATTENDANCE AND SICK LEAVE RECORD OF THE HANDICAPPED

Mr. FLOOD. What is the record of attendance and sick leave for handicapped people who get a job finally?

Mr. RUSSELL. From every single record, and we have tried to look very closely at this thing, we found out for the most part they have a safer record on the job than the so-called nonhandicapped individuals. I guess it is because being handicapped they are aware of the problems of disability and they are just naturally more careful. But their actual record is better in terms of fewer injuries and disabling accidents. We found that most employers that we have talked to and others have talked to, they would rather employ a qualified—and I stress the word qualified and trained handicapped person—because they get an employee who stays on the job longer. All in all we find they stack up very well. I use the word very modestly, they are superior to many of the so-called nonhandicapped individuals. We are very proud of the record. We have more than 7 million handicapped people working in industry today. We have more than 200,000 working for the Federal Government. We have more than 4,000 mentally retarded who are employed by the Government in special kinds of jobs.

INDUSTRIAL SAFETY PROGRAM

Mr. FLOOD. Do you tie into this drive now being made to improve safety in industry to reduce the appalling accident figures the Secretary gave us the other day? While we are talking here so many people will get killed and so many people will be injured throughout the country. Do you tie in with them in any way as a personal example of what can happen if you get hurt?

Mr. RUSSELL. Not directly. We support this kind of a safety program. I remember attending a conference in Denver, Colo., a week or so ago and one of the doctors bringing out the fact we had 24 million automobile accidents alone which accounted for so many disabling accidents. We stress the kind of preventive rehabilitation. Our mission is to make sure those who unfortunately become handicapped through accident of war or disease receive the employment opportunities they are trained and qualified for. This is basically our mission. I would be very happy if there were no need for the President's Committee.

Mr. FLOOD. You have enough to do in your own Commission, but I was thinking that if they had a meeting at one of the Ford factories, people could stand and talk all day about safety and have no effect. But if you got up on the stage in front of a couple of thousand workers and you hold up your hands—and you don't have them because of the war—safety would improve in that plant overnight; don't you think? I do.

Mr. RUSSELL. I would hope it would. Taking into account human nature as it is, sometimes you wonder. It is a problem. Many millions of our people are handicapped through accidents alone, not only automobile but industrial accidents. As industry expands more and more they become handicapped every day and more and more there is a need for this kind of message.

ECONOMIC RETURNS ON INVESTMENT IN REHABILITATION

Mr. FLOOD. There is a dollar loss, too, that is fantastic.

Mr. RUSSELL. It is actually unbelievable. I did see some figures that indicated that the returns of hiring a trained handicapped person are unbelievable. I believe every dollar expended by the Federal Government on rehabilitation brings more back in tax dollars every year. This does not include the fact that the person is not on the welfare roll and takes care of his family and becomes a normal citizen of the community. This is part of the great dividends that come from a qualified handicapped person.

Mr. FLOOD. Where were you born?

Mr. RUSSELL. In Canada.

Mr. FLOOD. You sound like Boston.

Mr. RUSSELL. I do come from Boston. I arrived in Boston when I was 6 years old and went to school there.

Mr. FLOOD. Is that all you have to state?

Mr. RUSSELL. I just wanted to make one point, if I may, and that is in regard to a problem we have. As the President's Committee, we are hampered by an artificial ceiling which prevents orderly planning for the future. In this regard Congressman Perkins and Senator Hill introduced legislation which called for the removal of this ceiling. No action has been taken. We are hoping very much this kind of action which will remove this ceiling will be forthcoming this year. Actually, in closing my statement, I want to thank all of the members of the committee and you for your wonderful support and specifically for the extra $38,000 that you granted us over last year's budget.

As you are very much aware, I am sure, this increase was at the expense of our good friends in the Bureau of Labor Standards. So we sincerely hope for the 1969 budget this $38,000 will not be charged against them. I just want to say in closing we are very proud of the work we have done in this committee, not what the committee has done, but the fact we have had so many volunteer people working many hours, as you well know, to advance this great cause. I think there is a great challenge before us and I think all of us, working together, will really meet this challenge. We appreciate so very sincerely and deeply the support of you, Mr. Chairman, and all the members of this most important committee. We think we are going to do a real job for you.

Mr. FLOOD. We are very proud of you. I knew you when you first came to town after the war and you were a real gung-ho operator.

Mr. RUSSELL. Thank you, sir.
Mr. FLOOD. Mr Casey.

MINIMUM WAGES AND SHELTERED WORKSHOPS

Mr. CASEY. Mr Russell, I have had one or two letters with reference to some of the sheltered workshops and the effect of the new minimum wage rulings and so forth. I am not too familiar with their complaint. Has that been brought to your attention?

Mr. RUSSELL. Yes, it has.

I will let my expert, Mr. Posner, speak on that subject but there is no question that some of these shops are having a difficult time meeting this minimum wage. Mr Posner has gone into this quite thoroughly and maybe he can answer that question.

Mr. POSNER. Sir, in the area of sheltered worshops and minimum wages we are more or less observers. We are not directly involved. Certainly we have heard talk that some of the sheltered workshops have been hurting by reason of having to pay higher wages. We have heard other reports that they have not been hurting. I really believe this is something that the wage and hour people could speak to much more thoroughly and intimately than we.

Mr. RUSSELL. I might say that this whole area is something that has really been opened up in the last few years. These workshops for the most part have been with us for many, many years, but we have never had the kind of attention directed to them as in the last few years. Now we hope to think that through the support of a lot of people and experts on this program a real close look at these workshops as to the part they play in the community, the labor market, and the rehabilitation and their whole status in this whole general area what can be done will be forthcoming as a result of this close examination.

I think the new national association that has been formed in the last few years will play an important part in the rehabilitation field. I am not enough of an expert in this matter of labor relations to know how this minimum wage fits into them but it does affect them. There is no question about that.

Mr. CASEY. I can certainly understand you have no part in determining that. As you say, you are strictly on the sideline. But I would think in view of the question that has been raised about it that as the President's Committee on Employment of Handicapped you should be consulted to see whether or not this is resulting in the abolition of jobs for some of these people you are trying to keep working, and whether or not in the long run it is going to work out all right.

Mr. MCCAHILL. We have been consulting with the people in Wage and Hour. We have been talking with Mr. Gerald Bush, whom the Secretary has asked to take a close look at this, we have met with the people from the National Association of Sheltered Workshops and the top level of Goodwill executives on this very problem in an endeavor to be helpful, and partly to bring some of the people together so that they could talk about their problems. Mr. Posner mentioned we have been observers on the sidelines as far as the specifics of the wage levels are concerned, that is correct. In many other areas we have been working very closely to help the workshops, through Project Earning Power which will give them a new vision of what can be

done in the workshops. Through a survey of workshops, also. For the first time our office did compile a list of all the workshops which is now in use by the Labor Department and by the National Association of Sheltered Workshops and other groups.

Just recently Mr. Russell saw the head of the GSA in an effort to get Mr. Knott to open up more subcontracts to workshops. He has also met with the Assistant Secretary of the Department of Defense and they are putting out material to all contractors asking them to consider sheltered workshops wherever they may be. We are doing whatever we can within our own area.

Obviously, with a congressional law before us, we cannot do much.

Mr. CASEY. You are trying to generate more work for them.

Mr. MCCAHILL. That was not the purpose. We are trying to generate more work and higher wages.

Mr. RUSSELL. And try to get the workshops to be able to fulfill the kind of demand that is placed on them by the quality goods.

Mr. CASEY. I don't know. All I hear is one side of it in the publicity that has been released by those operating the workshops.

Mr. RUSSELL. There are many problems.

Mr. MCCAHILL. I think the witness on Wage and Hour will be a more appropriate spokesman on workshops.

Mr. CASEY. Thank you.

Mr. FLOOD. I am aware of this problem. I have heard this raised in different ways.

Mr. Natcher.

Mr. NATCHER. I don't believe I have any questions.

JUSTIFICATION MATERIAL

WAGE AND LABOR STANDARDS ADMINISTRATION
SALARIES AND EXPENSES

Introductory Statement

The Wage and Labor Standards Administration, Salaries and Expenses, appropriation request for 1969 - submitted in this form for the first time - represents a proposed consolidation of three existing appropriations within the Department of Labor. These appropriations are:

Bureau of Labor Standards, Salaries and Expenses
Women's Bureau, Salaries and Expenses
Bureau of Employees' Compensation, Salaries and Expenses

In addition, the Employees' Compensation Appeals Board, which was formerly in the "Office of the Secretary, Salaries and Expenses" appropriation, is proposed for incorporation in this account. The amounts in the 1968 column of this submission are shown as comparative transfers.

This consolidation is proposed to implement the objectives of the new Wage and Labor Standards Administration which was created by the Secretary of Labor. A major reason for the creation of this Administration is the inter-relationship of the programs involved and the need for coordinating their common problems and activities. The three bureaus and the Federal Employees' Compensation Appeals Board retain their separate organizational identity within the Administration and are shown as separate activities within the new budget structure.

The proposed activity structure is as follows:

1. Executive direction, planning and evaluation. (This activity includes the immediate Office of the Administrator and the Office of Planning.)

2. Appeals from determinations of Federal employee claims. (This activity describes the Employees' Compensation Appeals Board.)

3. Improving safety and other working conditions of wage earners. (This activity describes the work of the Bureau of Labor Standards and comprises activities 1, 3 and 4 of the 1968 Bureau of Labor Standards, Salaries and Expenses Appropriation.)

4. Promoting employment of the handicapped. (This activity describes the President's Committee on Employment of the Handicapped, and was activity 2 of the 1968 Bureau of Labor Standards, Salaries and Expenses Appropriation.)

5. Advancing opportunities and status of women. (This activity describes the Women's Bureau program.)

6. Providing compensation for persons covered by Federal Workmen's Compensation Laws. (This activity describes the administration of the Bureau of Employees' Compensation.)

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or Estimate	--	$12,177,000
Comparative transfers from:		
Bureau of Labor Standards, Salaries and Expenses	$4,419,000	--
Bureau of Employees' Compensation, Salaries and Expenses	5,425,000	--
Longshore Trust Fund	68,000	--
Women's Bureau, Salaries and Expenses	920,300	--
Office of the Secretary, Salaries and Expenses	247,970	--
Amount reserved under H.J.Res. 888 (P.L. 90-218)	- 290,000 1/	--
Amount of reserve applied to increased pay costs	290,000 1/	--
Appropriation or Estimate, revised	11,080,270	12,177,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968 Pos.	Amount	Estimate 1969 Pos.	Amount	1969 Change Pos.	Amount
1. Executive direction, planning and evaluation	9	$ 147,770	19	$ 417,500	+10	+$ 269,730
2. Appeals from determinations of Federal employees claims	9	142,700	9	149,800	--	+ 7,100
3. Improving safety and other working conditions of wage earners	300	3,886,100	313	4,313,200	+13	+ 427,100
4. Promoting employment of the handicapped	34	512,400	34	518,000	--	+ 5,600
5. Advancing opportunities and status of women	76	920,300	76	967,000	--	+ 46,700
6. Providing compensation for persons covered by Federal Workmen's Compensation Laws	579	5,471,000	579	5,811,500	--	+ 340,500
Total obligations	1,007	11,080,270	1,030	12,177,000	+23	+ 1,096,730

1/ Bureau of Labor Standards $121,000
Women's Bureau 19,000
Bureau of Employees' Compensation 150,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate 1969	1969 Change
Total number of permanent positions	1,007	1,030	+23
Average number of all employees	929	985	+56
11 Personnel compensation	$ 8,588,991	$ 9,415,692	+$ 826,701
12 Personnel benefits	710,574	774,621	64,047
21 Travel and transportation of persons	499,370	572,070	+ 72,700
22 Transportation of things	38,850	38,250	- 600
23 Rent, communications, and utilities	337,392	364,014	+ 26,622
24 Printing and reproduction	352,811	380,575	+ 27,764
25 Other Services	155,340	196,354	+ 41,014
Services of other agencies	194,026	236,530	+ 42,504
26 Supplies and materials	118,318	133,196	+ 14,878
31 Equipment	84,598	59,698	- 24,900
42 Insurance, claims and indemnities	--	6,000	+ 6,000
Total obligations	11,080,270	12,177,000	+1,096,730
Working Capital Fund items included above	(454,850)	(550,450)	(+ 95,600)

SUMMARY OF CHANGES

	Appropriation		Trust Fund		Total Available	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1968 Enacted Appropriation.....	--	--	--	--	--	--
Comparative transfers from:						
Bureau of Labor Standards, Salaries and Expenses....	336	$ 4,419,000	--	--	336	$4,419,000
Women's Bureau, Salaries and Expenses.....	76	920,300	--	--	76	920,300
Bureau of Employees' Compensation, Salaries and Expenses.....	574	5,425,000	--	--	574	5,425,000
Longshore Trust Fund.....	--	--	7	$68,000	7	68,000
Office of the Secretary, Salaries and Expenses....	14	247,970	--	--	14	247,970
Amount reserved under H.J.Res.888 (P.L. 90-218)	--	- 290,000 1/	--	--	--	- 290,000
Amount of reserve applied to increased pay costs.....	--	290,000 1/	--	--	--	290,000
1968 Appropriation, revised.....	1,000	11,012,270	7	68,000	1,007	11,080,270
1969 Estimate.....	1,030	12,177,000	--	--	1,030	12,177,000
Total Change.....	+ 30	+1,164,730	-7	-68,000	+ 23	+1,096,730

Mandatory Items (page 14)

Increases:

Net additional pay increase costs not completely funded in 1968.....	--	+ 380,930
Net additional costs of within-grade promotions effective for part year in 1968.....	--	+ 46,600
Net cost of within-grade promotions becoming effective in 1969.....	--	+ 77,500
To provide for one extra day of pay in 1969 for current year staff.....	--	+ 37,500
Sub-total, increases.....	--	+ 542,530

Decreases:

Decreased cost for Federal Telecommunications System Services	--	- 11,800
To provide for a net decrease in contributions to the Federal Employees' Compensation Fund	--	- 1,500
Sub-total, decreases	--	- 13,300
Total, Mandatory Items	--	+ 529,230

Financing Items

To provide for full cost of centralized services purchased from the working Capital Fund	--	+ 77,200

Program Items:

Increases:

To provide additional staff for policy development, program coordination and research ($168,100 personal services; $95,500 non-labor costs) (page 17)	+10	+263,600
To expand safety and health inspection to additional establishments covered by Federal procurement contracts ($157,600 personal services; $56,400 non-labor costs) (page 25)	+13	+214,000
To provide for General Fund Financing for the Administration of the Longshoremen's and Harbor Workers' Act ($60,030 personal services; $7,970 non-labor costs) (page 46)	+ 7	+ 68,000
To provide for the cost of benefits for compensation under Section 44 of the Longshoremen's and Harbor Workers' Act ($6,000 non-labor costs) (page 46)	--	+ 6,000
Net full year cost of new positions approved in 1968 ($40,620 personal services; $7,280 non-labor costs) (page 45)	--	+ 47,900
Sub-total, increases	+30	+599,500

Decreases:

Decrease in the transfer from the Longshoremen's and Harbor Workers' Trust Fund ($60,030 personal services $7,970 non-labor costs)(page 46).....	- 7	- 68,000
Non-recurring costs of new positions approved in 1968 ($41,200 non-labor costs)(pp. 50 and 51).....	--	- 41,200
Sub-total, decreases.....	- 7	- 109,200
Total, Program Items.....	+23	+ 490,300
Total Change.....	+23	+$1,096,730

1/ Bureau of Labor Standards $121,000
Women's Bureau 19,000
Bureau of Employees' Compensation 150,000

Activity 1. EXECUTIVE DIRECTION, PLANNING AND EVALUATION (1968 $147,770, Pos. 9; 1969 $417,500, Pos.19)

Narrative Description of Program

The Wage and Labor Standards Administration was established by Secretary's Order No. 15-67 on July 21, 1967. The Order delegated to the Assistant Secretary for Wage and Labor Standards the authority vested in the Secretary of Labor for wage and labor standards programs and established a Wage and Labor Standards Administration. The Assistant Secretary serves as Administrator.

In establishing the Administration the Order noted that there is need for one central body in the Federal Government to identify and monitor those working conditions, problems and needs of the American worker, that fall within the Wage and Labor Standards area. The bureaus that are a part of this Administration have responsibilities in such areas as occupational safety and health, workmen's compensation, equal pay, child labor, status of women workers and consumer problems of workers. The immediate Office of the Administrator and the Office of Planning have been established to provide unified executive direction, policy planning and budgeting for the entire Wage and Labor Standards Program.

In 1968 steps have already been taken to assure that the inter-relationships of the several wage and labor standards programs are taken into account in formulating consistent Administration policies and in developing unified approaches to problems cutting across bureau lines. A wage and labor standards policy development committee, chaired by the Administrator, has been established. In addition, a number of research and cost benefit analysis projects are being developed dealing with major problems (e.g., reducing the time-lag between the date Federal employees are injured and the date they receive compensation, exploring the potential of a youth wage policy for increasing youth employment.) A consolidated budget is being presented and an Administration-wide research inventory is being developed to avoid duplication of research. It is expected that this inventory will eventually embrace all research, both governmental and non-governmental, in the wage and labor standards area.

Changes for 1969

Mandatory changes amount to (page 13).....+$ 6,130

Program changes amount to .....+ 263,600

Positions.....+ 10

The Administration has begun - with a small staff and very limited resources - to carry out some of its responsibilities. However, it has not been able to undertake many of the activities and projects which are vital to its effective operation. An additional ten positions and $263,600 is requested for:

1. A program officer and three program analysts who will conduct a continuing review and analysis program, identify program problems and participate in the development of solutions; recommend, in conjunction with the bureaus, new legislative proposals to the Administrator; and initiate and coordinate bureau research projects.

   Among the projects planned are on-site evaluations of bureau operations and the development of a coordinated wage and labor standards research program. Specific studies planned, for accomplishment in conjunction with the bureaus, are: a review of the need for extending Federal workmen's compensation coverage to "left out" workers who are not presently covered by any workmen's compensation law, an identification from inadequate working conditions, and an examination of the Federal role in the setting of occupational safety standards.

2. A budget officer to coordinate all Administration budget activities.

3. A special assistant to the Administrator to work on consumer and other major problems of workers and on an Administration-wide information system.

4. Four clerical positions to support the above professional positions.

Base

Positions: 9 Estimated Cost: $147,770

Additional Cost:

Positions: 10 Man-years: 8.9 Estimated Cost: $263,600

Basis for the Estimate

This estimate is based upon the resources being used to accomplish the very limited objectives for Fiscal Year 1968. The current volume of special projects, reports, evaluations, legislative proposals, budget documents, correspondence, and liaison contacts with other agencies - governmental and non-governmental - indicates that the requested positions and funds will be needed to sustain an even moderately effective Office of the Administrator and Office of Planning. Savings will be realized through using permanent staff rather than consultants to the maximum extent possible in the conduct of evaluations.

Activity 2. APPEALS FROM DETERMINATIONS OF FEDERAL EMPLOYEE CLAIMS (1968 $142,700, Pos. 9; 1969 $149,800, Pos. 9)

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 1966	Actual 1967	Estimate 1968	Estimate 1969
Pending cases, beginning of period	97	68	88	75
Appeals docketed	298	288	300	300
Cases closed	-327	-268	-313	-300
Pending cases, end of period	68	88	75	75
Cases in which hearings were held	66	37	50	50
Opinions rendered	267	221	250	250

Changes for 1969

Mandatory changes amount to (page 13) +$7,100

Program changes - NONE

Basis for Estimate

This estimate is based on the number of cases, the complexity of each case and the estimated man-hours needed for each determination.

Activity 3. IMPROVING SAFETY AND OTHER WORKING CONDITIONS OF WAGE EARNERS (1968, $3,886,100, Pos. 300; 1969, $4,313,200, Pos. 313)

Narrative Description of Program

This program provides for carrying out safety promotional and inspectional activities in the maritime industries; providing consultative services to Federal agencies and serving as secretariat for the Federal Safety Council; providing safety engineering, consulting and training services for personnel of State governments, private industry, municipal, public and labor organizations; conducting research directed toward establishment of safety codes and standards; obtaining compliance with minimum safety standards which are applicable to contractors engaged in performing services or furnishing goods to the Government; serving as a national resource for technical information on all types of labor laws and administrative techniques; reviewing economic and legal developments and appraising State experience as a basis for development of new or improved standards for giving advisory technical assistance to State labor departments; and directing the work of the Bureau of Labor Standards

In 1967 under the Maritime Safety program preliminary figures indicate that man-hours of covered employment will equal or exceed the all-time high of 234 million reached in 1966. In 1965 total man-hours were 206 million. These continuing increases reflect higher employment, longer hours and multiple shifts.

In terms of specific actions and results:

1. Accident rates in the shipyard industry declined 9 percent, employers reporting a rate of 23.6 in 1966 as opposed to 25.9 in 1965. Accident frequency rates in longshoring decreased 6 percent in 1966 to a rate of 81.4 comparable with 86.9 in 1965 per million hours of work. This still represents the highest injury rate of any industry.

2. Based on the 1960 accident rates, it is estimated that 22,051 additional injuries would have occurred up to 1966. Many authorities set the medical and compensation costs of the average injury at $1,500. On the basis of this figure the program saved for employers $33,076,500 in the first 6 years of operation. During this same period, administrative costs have totaled $7 million in appropriated funds.

3. A total of 24,834 work operations were inspected; 4,857 violation notices issued; and 8 legal actions instituted.

In contract safety specific enforcement actions for approximately 400,000 employees of Public Contracts Act suppliers provided improved safety and health conditions.

Twenty-four hearing actions were conducted to enforce compliance under the Public Contracts Act. As a result, 3 firms became ineligible to receive Federal supply contracts for a period of 3 years.

The Bureau took the following steps to implement and improve the Contract Safety program:

1. Developed safety and health regulations for the Vocational Rehabilitation Act and assisted Health, Education and Welfare in recruiting consultants to make safety inspections of workshops under the Act.

2. Developed safety and health regulations for the Arts and Humanities Act.

3. Conducted a public hearing and then implemented safety and health regulations for the Service Contracts Act.

4. Conducted a series of meetings with State officials and interested groups from the private sector on the actions and plans under the Contracts Safety program.

5. Participated in the Secretary's issuance of a Federal standard for radiation exposures in uranium mining.

6. Began joint inspections of over 150 uranium mines with U. S. Bureau of Mines personnel and instituted action to bring mines into conformance with the Federal radiation standard.

Federal Employee Safety -- 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 program currently covers 2.8 million Federal civilian employees.

During 1967 --

1. An overall improvement of 5.5 percent in the Federal injury frequency rate occurred with a total improvement of 12.7 percent recorded toward the President's 30 percent goal.

2. Estimated direct savings of nearly $8 million have been achieved, exclusive of avoidance of costly damage to equipment, materials, and facilities. (Number of injuries averted (10,628) times average compensation cost case ($720) equals $7,652,160.)

Research and Training -- The Bureau gave 25,443 trainee hours of safety training to State employees, labor unions, and industrial groups; and 55,513 trainee hours were given to Federal employees.

A total of 31 new safety texts, bulletins, and data sheets were published, most of which were put on sale by the Superintendent of Documents and given national circulation.

A comprehensive State safety law library and index was developed and made available and used by the general public, institutions, members of Congress, States, industry, and unions.

The technical staff participated as working members of the Federal Radiation Council in reviewing and analyzing matters concerned with safety and health problems arising out of the use of high energy sources.

Staff participated in almost 200 standards-setting and development activities with United States of America Standards Institute to strengthen national safety codes.

Other Labor Standards -- The bureaus' promotion of improved wage and labor standards by State legislative enactment has a greater impact on the disadvantaged than on high wage workers, conferring on them relatively greater protection than on other segments of the population, which are more apt to be enjoying the benefits of collective bargaining agreements or more favorable employer practices. This is especially true of minimum wage laws which bring the lowest wage earners in the economy closer to a decent standard of living.

In February 1967, State minimum wage laws covered over 3 million of the 11.4 million nonsupervisory employees not covered by the Federal Fair Labor Standards Act. In addition, State laws also covered millions of the 41.4 million Federally covered employees. Moreover, the majority of the State laws contain one or more standards that exceed Federal standards, thereby providing more favorable wage, overtime or trip-allowance protection to employees covered by State law irrespective of Federal coverage. In February 1967, 8.3 million nonsupervisory employees were not covered by either Federal or State laws. Since that time, 19 States and Puerto Rico took minimum wage action, disproving earlier forecasts that extension of the Federal law would deter State activity in this field. This recent State action thus reached a portion of the 8.3 million employees not covered by either law in February 1967 and dipped further into the millions already covered by Federal law, but a quantitative measure of this change has not yet been determined.

1967 was a very active year both in the volume and range of legislation enacted in the States and in the demands made on the Bureau for technical information and advisory services. Almost 3,200 specific labor proposals (incorporated in some 6,000 bills) were introduced into the 47 State legislatures

and Puerto Rico which met in regular session. Six hundred laws had been enacted. These represented a broad spectrum of improved laws. Especially impressive are the gains made in States west of the Mississippi. Illustrative of the legislative accomplishments are:

--a new minimum wage law in Nebraska and substantial wage improvements in Minnesota, Connecticut, Idaho, Indiana, Maine, Maryland, Nevada, New Mexico, Rhode Island, Vermont, Washington.

--increased protection either in State safety or workmen's compensation laws for workers exposed to ionizing radiation in 17 States. Four of the New England States have entered into the New England Compact on Radiological Health Protection to share information, personnel and resources to promote such programs.

--a ban on discharges because of wage garnishment in Hawaii and Connecticut, and increased wage protection for garnished workers in Arkansas, Connecticut, Maine, and Tennessee.

--improved labor relations for public employees in Hawaii, Montana, Minnesota, New Jersey, New York, North Dakota, Rhode Island, Vermont, and Washington.

--a new State labor relations act in Vermont, a first-time prevailing wage law in Wyoming.

--wage assignment authority on wage claims in Idaho and Montana.

--improved workmen's compensation protection in about half the States.

The Bureau's staff gave 1,180 on-the-spot technical services in 41 State government agencies on almost all aspects of labor administration.

Services were also provided to such non-government groups as unions, employer associations, church, civic, and consumer groups in an effort to develop interest in and support for improvements in State laws and their administration.

Other activities included participation in Departmental activities relating to (1) a Federal proposal to prohibit age discrimination in employment; (2) a reassessment of Federal child labor standards; (3) a study and evaluation of women's protective laws in the light of Title VII of the Civil Rights Act; and (4) leadership in a detailed examination of wage garnishment problems and activities. A revised issue of the popular bulletin "Growth of Labor Law in the United States" was prepared, as was a draft bill to regulate the commercial practice of debt-pooling and another covering a suggested prevaling wage bill. On-site consultative follow-up service was provided the Territory of Guam in establishing a labor department and drafting a labor code.

The Bureau's standards-setting responsibilities under the Fair Labor Standards Act affect, directly or indirectly, over 6 million boys and girls 14 through 17 years of age who worked at some time during the past year. These regulations serve to prevent exposure to injuries in certain specific hazardous occupations without substantially affecting overall youth employment opportunities. Effective January 1, 1968 nearly 800,000 youngsters under 16 who work in agriculture will be protected from exposure to injuries in particularly hazardous agricultural occupations. This extended coverage will not unduly restrict agricultural employment opportunities for youth.

To implement its new responsibilities under the 1966 amendments to the Fair Labor Standards Act, the Bureau:

--initiated, in cooperation with the States, procedures to issue Employment Certificates to minors under 16 employed in agriculture.

--investigated work situations in schools, hospitals, hotels and motels, and amusement and recreation facilities to determine suitable areas for employment of 14- and 15-year olds.

--developed and held public hearings on a proposed interim Hazardous Occupations Order in Agriculture for employment of youth under 16.

--completed an initial investigation of school bus drivers under 18 years of age, as part of a comprehensive revision of hazardous orders.

The most significant proposals resulting from review of the Hazardous-Occupations Orders and child labor regulations are those of general application designed to encourage the wider use of formal training programs as an avenue of possible increased employment of youth, consistent with adequate considerations for their health, education and general well-being.

In 1968, in maritime safety, under newly-appropriated funds, maritime safety specialists will be recruited, trained and stationed in district offices where workload pressures are greatest.

Some 335,000 maritime employees covered by the Safety Act represent every mechanical craft. Last year over 400,000 longshore operations and 35,000 shipyard work operations in some 500 large and small ports took place on ocean coasts, inland waterways and the Great Lakes.

An overall 6 percent reduction of injuries will be sought during fiscal year 1968 to continue the downward trend which began with the onset of the program seven years ago.

Developmental work will be initiated for regulations covering new hazards arising out of change in industry technology, particularly with regard to the increasing use of container-type ships, representing a new and complex series of work operations in longshoring.

Contract Safety -- Existing staff of Public Contracts field safety engineers permits no more than a token inspectional and compliance effort. Deployment of the 10 engineers throughout the country must necessarily be responsive to critical or complaint situations rather than to any sort of systematized inspectional plan. To the extent possible--and feasible--scheduling of inspections will take into account particularly hazardous operations, larger Federal contractor plants, increased work assignments, and utilization of other (e.g., maritime) inspectors to cover Public Contracts Act work in shipbuilding or similar activities. In Service Contracts, inspectional activity will be initially directed at a cross section of diverse activities to determine the most effective way to cover this broad Federal procurement area.

Federal Employee Safety -- Major emphasis will continue to be placed on services tied into Mission SAFETY-70. Despite decreases in the Federal injury rate in the 1964-1966 period, Bureau of Employees' Compensation data for the first six months of 1967 indicate a 10-15 percent increase in employee injuries, attributable in part at least to higher employment levels.

Program objectives include:

1. Further percent reduction of Federal work injuries.

2. Seminars and training sessions stimulating off-the-job safety where maximum results are obtainable.

3. Intiating improved methods for Federal accident reporting and accounting systems.

4. Increase coordination between the Civil Service Commission training program and the Bureau's Federal safety training activities.

Research and Training -- Training and educational programs for Federal, State, and local governments, unions, special industry associations and management groups will continue at approximately the fiscal year 1968 level.

Participation on safety standards setting committees and boards will be continued and direct promotional activities undertaken to establish new and updated national safety standards.

Participation with individual agencies and working committees at the setting of radiation hazards and exposure standards by the Federal Radiation Council.

Compile and analyze employee radiation exposure records reported by employers to determine adequacy of standards and worksite protection needs.

State safety code comparison studies will concentrate on high-hazard industries such as construction.

Continue service as a national safety informational center by enlarging technical library and abstracts.

Other Labor Standards -- The Bureau will intensify its promotional and resource role in achieving corrective action to remedy wage garnishment problems. Information and technical advisory services to the States will be continued through the Bureau's field consultants.

A major program activity of the Bureau will be to stimulate and expand research at all levels -- Bureau, State, and local -- on existing working conditions of minors. These program plans include collection of data on work injuires of minors and information about on-the-job supervision of young workers, particularly those from underprivileged economic surroundings.

In addition, program plans include publication of increased employment opportunities in nonhazardous occupations and further investigation of new or changing occupations warranting coverage as a result of changing technology in industrial processes.

A private contractor is now studying Federal-State relationships in the labor standards area to recommend possible improvements (e.g., methods of dealing with the problems caused by dual coverage). When field interviews now nearing completion in the 12 States under intensive study are analysed, detailed information will have been compiled from 30 jurisdictions and partial information from 10 more. Some 34 labor and business groups from 25 States have replied to questionnaires as "consumers" of Federal-State labor administration. Work on initial drafts of the final report and recommendations will start in January 1968. Much of the follow-up coordination will fall on the Bureau.

Changes in 1969

Mandatory changes amount to (page 13)	+$204,400
Financing changes amount to (page 13)	+ 18,100
Program changes amount to	+ 204,600
Positions	+ 13

Program expansions and accurate workload measurements have indicated a doubling of the workload in the Contracts Safety Program. The Department has established new regulations for radiation in the mining industry which because of the technical aspects of inspection and enforcement require above-normal-manhour-per-case time. This budget request for 13 safety engineers assist the Bureau in carrying out the Contract Safety Program somewhat closer to minimum acceptable levels.

The extent of expanded program workloads can be seen by the following indicators:

--Public Contracts Act contract awards in Department of Defense alone are up from 100,000 in 1965 to 225,000 in fiscal year 1967.

--Workers covered under Public Contracts Act are up from 15 million in fiscal year 1966 to more than 27 million in fiscal year 1968, an 80 percent increase of required worker protection.

--In fiscal year 1967, initial Service Contract workload estimates were projected to be 14,000 work locations and approximately $15 billion for all Government agencies. Reports from Department of Defense indicate that it alone allotted that amount for contracts valued at $10,000 or more.

--Antiquated, reopened plants and "pressure production" require more inspection hours per plant, thus reducing total inspection output coverage of our safety engineers.

The cumulative impact of these facts has caused a serious dilution of an already vastly-understaffed operation.

The minimum frequency of inspectional service for a regulatory function recommended by States, regulatory agencies, and insurance companies calls for at least an annual inspection and preferably quarterly inspections where high-hazard ratings are involved.

At the present award level, this would require 75,000 worksite inspections per year for Department of Defense awards alone. Existing staff allows only 2,550 inspections per year for all Government contractors.

Limited inspection activities to date reveal:

--Every plant inspected large or small operates with hazardous violations.

--There are still many conditions existing long identified as killers, i.e., (lead poisoning, asbestosis, toxic atmospheres, etc.), which are ignored by plant operators.

- -

--Conditions that repeatedly take their toll go uncorrected, i.e., just recently one plant with a long series of arm and hand amputations had no intention of corrective action until Department enforcement action was instituted.

--Staff limitations necessitate concentration in large employment centers, but experience has shown that small plants offer little hazard control and have high unreported incidents.

--Present capabilities limit inspection to prime contractors to exclusion of subcontractors, i.e., General Motors has 127 plants working on contracts, with 36,000 small companies subcontracting.

The proposed increase is for 13 additional safety engineers to work in the Public Contracts program area, and will provide a staff of 23 engineers. It is anticipated the overall inspection ratio will increase from 2 to 4 percent of total worksite operations. A doubling of activity will also require follow-up and re-inspections in pursuing legal actions of a time-consuming nature.

In the scheduling, priority will be given to high-hazard operations and operations with high incidence of injuries.

Utilization of the safety inspection services of the six operating States will be expanded and the cooperation of other qualified States will be sought.

Base

Positions: 300 Estimated Cost: $3,886,100

Additional Cost:

Positions: 13 Man-years: 13 Estimated Cost: $ 204,600

Basis for the Estimate

Using our latest firm figure on the number of worksites, 75,000 and setting a modest target of inspectional activity (10 percent of worksites), the Bureau would require a Public Contract Inspection staff of 50 safety engineers. The 13 additional positions requested will allow us to inspect about 4 percent of the worksites involved, a significant step toward our eventual goal of 10 percent.

WORKLOAD STATISTICS

	Actual 1966	Actual 1967	Estimate 1968	Estimate 1969
Maritime:				
Number of inspections	23,521	24,384	29,900	29,900
Number of corrective actions	3,103	4,857	5,000	5,000
Trainee hours	21,826	31,202	31,700	31,700
Number of technical services given to State agencies, union, others	129	552	550	550
Trainee hours	37,664	25,443	25,500	25,500
Individual technical services given to Federal agencies	431	684	685	685
Trainee hours	52,727	55,513	55,500	55,500
Inspections under Contracts Acts	1,577	1,339	2,550	3,850
Violations	1,480	1,283	2,346	3,542
Number of safety standards and materials produced	1,975	1,820	1,900	1,900
Reports prepared and services given to States	1,969	2,170	2,060	2,060
Draft laws prepared	73	80	98	98

Activity 4. PROMOTING EMPLOYMENT OF THE HANDICAPPED (1968 $512,400, Pos. 34; 1969 $518,000, Pos. 34)

Narrative Description of Program

This program provides for services 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.

In 1967, a long-range campaign for jobs for the very severely handicapped and efforts to remove architectural and transportation barriers was launched with major national health agencies.

A Retail Merchandising Committee held its first meeting with the President of W. T. Grant Company presiding and adopted a program for promoting jobs among the Nation's retailers.

The Education Committee obtained adoption by several national education associations of resolutions favorable to employing handicapped persons in education. AMVETS National Service Foundation made available to the Committee two $1,000 scholarships for a handicapped young man and woman.

The Committee continued guidance to and cooperation with the National Association for Retarded Children in its intensive awards and job promotion campaigns. With Committee assistance, several firms entered into Federal contracts to train the retarded. Aimed at the mentally retarded, a pioneering guide "How To Get a Job" is useful to anyone.

The Nation's mental hospitals were encouraged to organize employers' groups as a link between hospitals and communities and to give valuable job-seeking guidance to patients.

Project Earning Power, a project enlisting the Nation's top designers to create products that can be made by the handicapped in sheltered workshops, rapidly moved forward during the year. Funding has been provided by Rehabilitation Services Administration and the Department of Labor; also funds for a pilot commercial demonstration have been furnished by non-profit corporation, Phoenix Products, developed a beautiful line of coordinated gift housewares for sale in leading department stores.

The Committee consultations with foreign government experts greatly increased and international contacts were expanded.

In 1968, a second conference with national volunteer health agencies has produced much greater involvement with the President's Committee. The National Multiple Sclerosis Association has engaged in a joint promotional effort with the Committee to create more job opportunities for employable multiple sclerosis victims.

The Transportation Committee is encouraging mass urban transportation facilities and other public transportation systems to consider the needs of the handicapped in future planning. Also, the Committee has proved an effective catalyst in encouraging appropriate Federal agencies to conduct research and demonstration projects in the transportation needs of the handicapped.

The Committee is working with General Services Administration on subcontracts, Department of Commerce on procurement clinics, and Small Business Administration on management training and counseling, to encourage more Federal assistance for sheltered workshops serving the handicapped.

The Rural Areas Committee plans a pilot study in five States to determine the rehabilitation and employment needs of the handicapped. Comprehensive guidelines in hiring the handicapped, prepared by the Department of Agriculture in cooperation with the President's Committee, will be widely distributed.

The Committee will accelerate its cooperative efforts (Operation Transition) with the employment service, veterans organizations, Veterans Administration and the military medical officials to insure that severely disabled veterans from Vietnam receive all necessary medical rehabilitation and employment assistance required and seek to remove roadblocks such as the architectural barriers presently found on nearly all college campuses which effectively bar disabled veterans in wheel chairs from continuing their college education.

Assistance is being given Governors' Committees in sponsoring employer seminars, exploring insurance aspects, selective placement problems, and labor-management cooperation. A 2-day workshop provided 52 Governors' Committee spokesmen from 39 States an opportunity to discuss plans and problems with Washington officials.

A project with the National Association of State Mental Health Program Directors encourages more community involvement in employment problems and more workshops at mental institutions. A new thrust in employment of the mentally restored includes the need for good work habits and good work attitudes and proper work motivation. The guide "How to Get a Job" is the first step to reaching the retarded directly through promotional material.

The President's Committee pamphlet for psychiatrists describing rehabilitation and employment programs for the mentally restored was so well received that similar ones will be prepared for social workers, psychologists, educators, clinical psychiatrists, and hospital administrators.

The Committee is encouraging other agencies to develop programs similar to the Federal Aviation and Post Office awards programs which recognize outstanding handicapped workers.

Changes for 1969

Mandatory changes amount to (page 13).....+$6,800

Program changes amount to.....-$1,200

Positions..... 0

With experience in putting the mentally restored to work, America must now evaluate their capabilities for employment. The Committee will encourage research organizations and others to study work capabilities and capacities of the retarded on the job. Similar studies of the mentally restored will be encouraged.

Jointly with the National Institute of Mental Health, we will encourage newly-established community mental health centers to engage in campaigns urging acceptance of the mentally restored in jobs.

A campaign will be conducted to encourage employers to redesign jobs so that the mentally retarded (and physically handicapped) can perform them.

The Committee will undertake to enlist the Nation's youth in service projects aiding rehabilitation of handicapped workers. This ambitious drive envisions harnessing the vast reservoir of youthful volunteers through a "Handbook for Youth".

Joint meetings of labor, employer and medical representatives in the workmen's compensation field should produce improved State legislation, increase emphasis on rehabilitation in compensation and increased education of all involved groups.

A major program will be engaged in with the Insurance Rehabilitation Study Group to promote wider acceptance of physically and mentally handicapped persons in the casualty, life and health insurance fields.

The Speakers Bureau should be set up and operating as a useful national tool for securing speakers for business and other groups.

WORKLOAD STATISTICS

	Actual 1966	Actual 1967	Estimate 1968	Estimate 1969
Reports prepared and services given to the States.....	902	1,091	1,200	1,200

Basis for the Estimate

The Committee arrived at the above estimates based on priorities decided upon by the Chairman, Vice Chairman, Executive Committee and staff working in close harmony with the public and private groups cooperating in this national effort. Priorities are recommended by standing committees, reviewed by the staff and decided upon by the Chairman with or without consultation with the Executive Committee, depending upon urgency, newness, or expense of the involvement.

Activity 5. ADVANCING OPPORTUNITIES AND STATUS OF WOMEN (1968, $920,300, Pos. 76; 1969, $967,000, Pos. 76)

Narrative Description of Program

This program provides for promoting the welfare of wage earning women. While particular objectives have changed with changing economic and social developments over the years since the Women's Bureau's establishment in 1920, the basic purpose of its program remains unchanged and the need for a focal point of concern within the Federal Government continues.

The Women's Bureau is primarily a promotional and service agency, the methods through which its expertise and knowledge become effective are technical assistance and 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 stimulates - at the national, State and local levels - interest in, and activity toward bringing about, needed changes in institutions, attitudes and laws 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 within the Federal Government on questions relating to the utilization of womanpower and the economic, legal and civil status of women. It provides the secretariat and serves as the staff resource for the Interdepartmental Committee and Citizens' Advisory Council on the Status of Women. 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 other 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 for specialized international agencies and for use of United States delegates at international conferences such as International Labor Organization and the United Nation's Status of Women Commission.

Today, with more than 28 million women in the labor force and the likelihood that nine out of every 10 girls will engage in paid employment at some time in their lives, the Bureau's work is relevant to practically all women

in the country. Reflecting the national need for fuller utilization of all our human resources, a major focus of the Bureau's present program is on the special employment-related problems of low-income women and girls and the underutilization of American womanpower generally.

Nearly 12 million women, including girls 16 years of age and over, live in poverty in the United States, Of these, 1.9 million are heads of families, 40 percent of whom work but still are unable to lift their families out of poverty. Of all families living in poverty in the United States, 28 percent are headed by a woman. Of all nonwhite families in poverty, 37 percent have women heads. Many others are working wives in families in which the husband also works and still the family is poor. There are nearly 1 million such families. In addition, in many impoverished families, women and girls need and want work but are often unable to find it. The unemployment rate (annual average as of November 1967) is especially severe for nonwhite girls 16 to 19 years--29.5 percent as compared with 23.9 percent for nonwhite boys. For nonwhite women 20 years of age and over the unemployment rate is 7.1 percent and for nonwhite men, 4.3 percent. In some cases these women in poverty lack the essential education and training to qualify for a job even though job openings might be available in the community. In other cases child care or other supportive services are lacking in the area where they live. Moreover, many of the women who work and still are poor are engaged in very low-paid, relatively less skilled occupations.

Many of the employment related problems of women in poverty are reflections of the underutilization of womanpower resources generally. Although over 28 million women are in the labor force -- representing 36 percent of the total labor force and 47 percent of all women 18-64 years of age -- they are increasingly and disproportionately concentrated in the less skilled, less rewarding, and less rewarded occupations. 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 was 60 percent that of men's in 1963, 1964, and 1965, and only 58 percent in 1966. In 1955 it was 65 percent. Twenty-six percent of the women working year-round full-time had incomes of less than $3,000 in 1966, as compared with about 9 percent of men with similar income.

The staff and resources available for carrying out the Bureau's program are limited and emphasis has been placed on developing innovative approaches and techniques to maximize program effectiveness. Especially in recent year the Women's program has been substantially redirected to employ multiplier techniques which involve the participation of ever-widening circles of organizations and individuals. Among the factors necessitating this approach were the issuance of the report of the President's Commission of 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, and the establishment of a national program to combat poverty. All basic

research has been transferred out of the Bureau, great flexibility has been introduced into the Bureau's program and intensive efforts have been made to encourage the development of needed informational material to meet the Bureau's information and service requirements by other Bureaus and Departments.

Illustrative of the outreach approach, the Women's Bureau through the efforts of its national office and field staff has stimulated the establishment of commissions on the status of women in the 50 States, two municipalities, the District of Columbia, and the Virgin Islands. These Commissions have provided a new instrumentality at the State level for identifying and promoting action which will permit women to increase their contribution to the National economic life.

Other techniques used by the Bureau to enable it to serve as a catalyst for far-reaching action include the stimulation of unified effort by voluntary organizations in areas of mutual concern, the use of pilot conferences sponsored or cosponsored by the Bureau, and cooperative programs with other Federal agencies and departments.

In 1967 accomplishments were indicative of the ways in which the Women's Bureau serves as a vital promotional and service agency and as a central point of information, policy, and leadership for the nation with respect to the advancement of women's employment opportunities and status. They evidence the growing emphasis on stimulating increased public awareness of the special employment-related problems of low-income girls and women. Highlights of accomplishments follow.

The Women's Bureau cosponsored 14 major conferences with such organizations and agencies as State Commissions on the Status of Women, National Association of Colored Women's Clubs, American Guidance and Personnel Association, Illinois Department of Labor, Southern Illinois University, Maryland State Department of Education, University of California Extension, Southern Methodist University, the National Council of Jewish Women, the Children's Bureau, U. S. Department of Health, Education and Welfare, Directions Seminar, National Committee on Household Employment, and YWCA of Metropolitan Chicago and of Illinois. The conferences covered such topics as expanding employment opportunities for women, household employment, need for day care facilities, continuing education for women, counseling and guidance for women and girls, and women in poverty. Bureau staff participated in some 830 conferences and meetings, serving as speakers, panelists, workshop leaders and resource persons and provided, upon request, 14,371 technical and advisory services.

The Bureau issued 31 new and 35 revised publications, and more than 677,000 publications were distributed. Background materials were furnished

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for articles appearing in leading national magazines, journals, and many newspapers and other publications, and some 14 articles for books and periodicals were authored in the Bureau. In addition, 15 major speeches of the Bureau Director were reproduced for national distribution, other than those published in conference reports.

At the specific invitation of a group of nine voluntary educational and day care organizations, the Bureau took the leadership in organizing a conference on working women and day care needs. Convened jointly by Directions Seminar, the Children's Bureau and the Women's Bureau, representatives of 62 national organizations attended this conference held in the Department of Labor. A report is in preparation which will be widely distributed and provide the basis for similar meetings at the State and local level. The Bureau assisted in planning and conducting a day care conference sponsored by the Amalgamated Vlothing Workers Baltimore Regional Joint Board, in connection with the first of several day care centers to be sponsored jointly by the union and theindustry for the children of union members. Both of these conferences represent important breakthroughs in the child care field in their demonstration of interest and concern on the part of unions, employers, and educational organizations. One Bureau publication, "Federal Funds for Day Care Projects," brought together for the first time information concerning the sources of Federal funds for day care available from 13 different Federal agencies and met a long-felt need. These Bureau activities have contributed to the growing awareness of day care needs which is increasingly evident.

Demands on Bureau staff for assistance from State Commissions on the Status of Women were unexpectedly heavy in 1967 because of the large number (20) of new governors taking office at the beginning of that year Early in 1967, Texas and New Mexico established commissions by administrative action, making a total of 50 State commissions plus commissions in two municipalities, the District of Columbia, and the Virgin Islands. Chairmen of 35 State commissions met with Bureau staff in Washington, D.C., in May 1967 to discuss developments and means of strengthening current programs.

The upgrading of household employment was promoted as another means of assisting disadvantaged women and girls who often turn to this type of employment because they lack other skills.

The Bureau continued to collect and collate data on the special problems of disadvantaged girls and women in their relation to the labor force. Fact sheets were prepared on "Working Wives--Their Contribution to Family Income" and "Women in Poverty--Jobs and the Need for Jobs." A study, "Underutilization of Women Workers," also was published. Revised were: "Why Women Work," "American Family in Poverty," "Women's Earnings in Poor Families," and "Who Are the Working Mothers?"

Technical assistance and advice were provided in a number of States where major improvements in minimum wage laws were effected. The Bureau issued numerous publications relating to women's stake in improved minimum wage legislation, especially its importance in the war on poverty, to assist the many women's groups which play a leadership role in the improvement of State wage standards. Since July 1966 new statutory minimum wage laws have been enacted in two States and increases in statutory minimum wage rates in 10 States.

Connecticut and Vermont enacted laws requiring premium pay for overtime, and exemptions or procedures for flexibility in administrative were provided in the hours-of-work laws in five States. "Highlights of 1966 State Legislation of Special Interest to Women--Labor Laws" and a similar report for 1967 were published and "Summary of State Labor Laws for Women," was revised.

The Bureau worked closely with State commissions on the status of women and others in Indiana and Nebraska where equal pay laws were enacted, bringing the total of States having legislation of this kind to 31.

The Bureau analyzed existing information on laws, programs and policies prohibiting sex discrimination, to provide technical assistance and advice to public and private agencies concerned with equal employment opportunities for women. "Laws on Sex Discrimination in Employment" was updated and related materials were prepared. The prohibition against sex discrimination in Title VII of the Civil Rights Act of 1964 stimulated continuing interest of Federal and State governments. Since July 1966 four States have added a prohibition against sex discrimination to their fair employment practice programs.

The Chairman of the Citizens' Advisory Council on the Status of Women appointed four task forces to review and update recommendations of the President's Commission on the Status of Women--Family Law and Policy, Health and Welfare, Labor Standards, and Social Insurance and Taxes. The Secretariat arranged for staffing of the task forces by experts from the Departments of Justice, Health, Education, and Welfare, Treasury, and Labor and is coordinating the work of the task forces. The Bureau is providing information and technical assistance.

The Secretariat assisted the Chairman in preparation of three bulletins to members of the Council, State Commissions, and heads of women's organizations. A staff paper on participation of women in national service and selective service was prepared by the Secretariat for the use of the Council members in responding to a request for advice from the National Advisory

Commission on Selective Service. The Council sent statements to the Equal Employment Opportunity Commission in connection with its public hearings on advertising and flight attendants.

The Interdepartmental Committee recommended the form of an executive order to prohibit discrimination because of sex in Federal employment; recommended an Administration position on H.R. 643, a bill, "To provide equality of treatment for married women employees of the Federal Government and for other purposes;" and recommended inclusion of a prohibition against discrimination because of sex in the civil rights model law of the National Conference of Commissioners on Uniform Laws.

Bureau programs continued to emphasize the need for more realistic vocational counseling and guidance and for education and training opportunities for women and girls. A fact sheet "Expanding Opportunities for Girls: Their Special Counseling Needs" was issued. Two publications were geared to mature women seeking to enter or reenter the work force "College Women Seven Years After Graduation" and "Continuing Education Programs for Women."

A new series of leaflets designed to encourage girls to prepare for professions other than the traditional ones of teaching and nursing and to meet anticipated manpower shortages was initiated, and the first one entitled "Why Not Be An Engineer?" was published.

The Bureau joined with the Office of Economic Opportunity in calling and planning a conference on "Women in the War on Poverty." It also undertook demonstration pilot projects in the District of Columbia, recruiting volunteers for a telephone canvass of local employers to locate summer jobs for teenagers and to man an information center in a U. S. Employment Service office to interest youth in summer enrichment and recreation programs.

In the field of women's civil and political rights, the Bureau issued "Highlights of 1966 State Legislation of Interest to Women--civil and Political Status," and a similar report for 1967, capsule summaries of family and property law in several States, and charts on marriage and divorce laws. 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 which excluded women denied them equal protection of the law in violation of the 14th Amendment to the Constitution. Following this decision a number States improved their laws governing women's eligibility for jury duty. Intensified activities with respect to the improvement of marriage laws, due in part to a Supreme Court decision that legal impediments to marriage based on race violated the equal protection clause of the 14th Amendment, brought requests for technical assistance and advice from a number of concerned organizations.

An increasing interest in the work and publications of the Women's Bureau and in the status and role of women in the United States has been evidenced by visitors and requests for information from other countries, especially the developing countries. Orientation sessions on the role of women in the economy of the United States were provided for 124 members of teams and individuals from other countries. In addition 70 leaders from 34 countries had separate discussions with Women's Bureau staff. A number of position papers for U. S. Delegates to intergovernmental meetings, and reports for international agencies were prepared.

In 1968, it is planned, with the same resources, to carry forward the same level of operations, with major emphasis on programs related to disadvantaged women and girls. The Bureau held a small consultation on the special problems of low-income women and girls to assist in developing new directions or emphases and in preparing especially adapted promotional materials and a two-day conference to promote the fuller utilization of woman physicians which was cosponsored by the American Medical Women's Association and the President's Study Group on Careers for Women. The Bureau is organizing one or two pilot projects to demonstrate the usefulness and workability of volunteer service in Department of Labor programs directed toward job development, training, placement, and advancement of low-income young people and adults. During the year the Bureau will hold six regional conferences of State Commissions on the Status of Women to focus on implementation of prior recommendations to government and other community service programs at all levels. The Bureau will be responsible for organizing in June the fourth national conference of the Commissions on the Status of Women in cooperation with the Citizens' Advisory Council on the Status of Women. Major publications will include the "1967 Handbook on Women Workers" and career leaflets on nine careers for the series initiated last year, as well as a special study on "Women Workers: Their Special Training Needs."

In 1969, it is planned to further identify the special employment-related needs of low-income women and girls and stimulate new, and expand on-going programs to meet these needs. The Bureau will stimulate and encourage the fuller utilization of all womanpower resources through the development and/or promotion of programs which (1) expand training and retraining and education opportunities adapted to the needs of girls and women at all skill levels; (2) provide vocational counseling and guidance to mature women entering or re-entering the labor force; (3) 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; (4) stimulate business and industry to make fuller use of the training and talents of women; and (5) promote the achievement of legislation applicable to all but of particular significance to women. This includes improved minimum wage legislation, State equal pay

legislation, State fair employment practice legislation and other legislation relating to working conditions and opportunities. The Bureau will serve as 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.

The established on-going work of the Women's Bureau includes important programs to assist the 12 million women and girls who now live in poverty. The Bureau is already devoting a substantial part of its resources to stimulating the expansion of child care services, upgrading private household employment, promoting minimum wage legislation, encouraging the establishment of new entrance level job ladders, and preparing informational material concerning girls and women in poverty to focus greater attention on their special problems and needs. The Bureau proposes to intensify and expand these programs and to implement others.

Volunteers, the great majority of whom are women, have long represented a substantial unpaid manpower resource in the United States and many of the programs of voluntary organizations and of the State Commissions on the Status of Women are based on volunteer efforts. The Women's Bureau presently maintains continuing working relations with approximately 80 national organizations whose members number in the many millions, as well as cooperating with the 50 State Commissions on the Status of Women. In the past, the Women's Bureau has worked closely with many programs conducted by able and dedicated volunteers. The Bureau believes that such individuals can be of tremendous value in helping to develop, expand, coordinate, and staff new types of community supportive services related to poverty problems. They can also provide increased outreach to women and girls in poverty and encourage them to take greater advantage of the services.

Following the experimental projects iniated in Fiscal Year 1968 in selected areas, the Bureau proposed to arrange consultations with representatives of the major national organizations concerned with volunteer service and of State Commissions on the Status of Women, with a view to developing coordinated goals and programs for the intensified utilization of volunteers in national, State and local programs related to the meeting of needs of the disadvantaged.

WORKLOAD STATISTICS

	Actual 1966	Actual 1967	Estimate 1968	Estimate 1969
Major conferences cosponsored by Women's Bureau and State agencies, universities, or other groups.....	10	14	14	14
Participation in conferences, conventions, and other meetings, regional and departmental.....	675	830	800	800
Technical and advisory services re rendered.....	13,685	14,371	14,490	14,490
Washington Office.....	5,950	6,089	6,130	6,130
Regional Offices.....	7,735	8,282	8,360	8,360
Number of requests for materials....	29,948	42,006	38,000	38,000

Changes for 1969

Mandatory changes amount to (page 13).....+$36,700

Financing changes amount to (page 13).....+$10,000

Program changes ..... NONE

Basis for the Estimate

The tabulation of workload statistics shows a growing volume of services which 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 years 1968 and 1969 would be at the same general level of productivity as the estimates for fiscal year 1967, since the increases from 1965 to 1966 and from 1966 to 1967 with no additional resources would make further productivity increases difficult to achieve. Requests received in the Bureau for conference participation and for materials in 1967 which the Bureau was able to meet exceeded original estimates and they may do so in 1968 and in 1969.

The redirection of program has involved the use of staff time released from primary research to the analysis of data and development of promotional materials to meet the current demands for more highly service-directed information, interpretation of significant developments and trends, and a larger volume of technical and advisory services. In implementing this redirection further in 1968, the Bureau is transferring two positions out of the Division of Legislation and Standards to other Divisions--a GS-12 position has been added to the Field Division and a GS-9 position to the Division of Economic Status and Opportunities. We are now in the process of redirecting the activities of 2 of the positions in the Labor Law Branch which

have previously been engaged in labor law research. Labor law research will be performed by the Bureau of Labor Standards and will be accomplished by that Bureau in the future with no additional resources. The remaining positions in the Branch of Labor Law have already been redirected to high priority activities within the Bureau providing technical assistance and promoting programs to advance the position of employed women, particularly those most disadvantaged.

The Bureau plans to continue its operations at the same high level of efficiency and economy and can make no further identifiable savings at this time.

Activity 6. PROVIDING COMPENSATION FOR PERSONS COVERED BY FEDERAL WORKMEN'S COMPENSATION LAWS (1968, $5,471,000, Pos. 579; 1969, $5,811,500, Pos. 579)

Narrative Description of Program

This activity, administered by the Bureau of Employees' Compensation, provides compensation for persons covered by the Federal Employees' Compensation Act and the Longshoremen's and Harbor Workers Compensation Act and its extensions.

The Federal Employees' Compensation Act provides coverage to over 3 million employees of the Federal Government. The purpose of the Act is to ease the burden imposed on individual workers and their families as a result of job connected injury or death. The large majority of the workers are in unskilled or semi-skilled occupations, and the financial burden imposed by such injuries or by death are often overwhelming. It is the Bureau's primary responsibility to provide speedy, efficient and equitable service to these individuals or their families.

The Longshoremen's and Harbor Workers' Act provides workmen's compensation benefits and vocational rehabilitation services for certain employees of private employers who are engaged in maritime activities and other activities covered under extension of the Act. In addition to administering the benefit provisions of this Act, the Bureau makes studies of the causes of accidents, determines the authority of insurance carriers to write workmen's compensation issuance under the several laws and determines the authority of employers to act as self-insurers under such laws.

In 1967 under the Federal Employees' Compensation Act the Bureau administered the program at an approximate cost of $21 per case or $3,602,000. Benefit payments increased from $75,175,000 in 1966 to $89,146,000, an increase of 18 percent while administrative costs increased from $3,390,000 in 1966 to $3,602,000, an increase of less than 6 percent. Administrative costs amounted to 4 percent of benefit payments. This figure is considerably lower than the 10 to 15 percent administrative costs prevalent in the private insurance industry.

121,321 reports of new injuries were received and processed, an increase of some 13,000 new injuries reported in 1966. In large part this increase was due to increased Federal employment, particularly in high-injury rate agencies.

During Fiscal Year 1967 the "Federal Employees' Compensation Act Amendments of 1966" were enacted (signed July 4, 1966). This legislation brought numerous major changes, including a number of increases in compensation awards - such as those brought about by changes in the minimum and maximum allowance on monthly compensation, elimination of the limitation on dependency compensation in disability cases, raising the ceiling in allowances to medical attendants, and cost of living increases based on changes in the Consumer Price Index. Other changes include continuation of benefits to unmarried children attending school on a full-time basis after age 18 up to 23, or until they complete 4 years of education beyond high school; reemployment rights to beneficiaries who meet certain requirements; 24-month lump sum compensation payments to widows or dependent widowers who remarry; and informal hearings in instances where a beneficiary disagrees with a decision of the Bureau. The Bureau was able to make all of the necessary compensation adjustments resulting from these changes during 1967.

In 1968 it is estimated that new injury reports will total 125,000. Benefits payments are estimated at $92,521,000. Again, these increases are in large part due to increased Federal employment.

The Bureau is engaged in making compensation adjustments necessitated by the 3.7 percent increase in the Consumer Price Index (effective January 1, 1968), and by changes resulting from the new Federal Employees' Pay Act and the increase in health insurance rates.

The new hearings and review activity has been implemented and operations have begun in 1968. This activity permits claimants to furnish evidence to the Division of Hearing and Review once a preliminary determination has been made to deny the claim. The Division reviews such cases in the light of any additional evidence furnished by the claimant, before a final determination is issued. As of the end of December 1967 a total of 30 cases has been referred to the Division and 21 informal hearings had been completed. One result of the Division's work will be the furnishing of a complete file of material to the Employees' Compensation Appeals Board in cases that finally come before it.

In both 1967 and 1968 numerous policy and procedural instructions were prepared to carry out the provision of the latest Amendments. This activity was carried out without additional staff.

Specifications for a study on program administration and organizational relationships have been prepared and are being reviewed by Departmental staff before invitations to bid are released. The primary purpose of this study is to reduce the time-lag in the payment of compensation benefits to injured employees.

In 1969 it is estimated that the Bureau will receive and process 130,000 new injury reports which together with 30,000 reopened cases and 22,500 cases maintained on regular payment rolls will bring the total caseload to 182,500 for the year. This compares with the 1967 total of 168,926 and the estimated 1968 caseload of 175,000.

Efforts will be made to reduce the existing backlog. The hearings and review activity will continue with emphasis placed on rapid decisions and expeditious handling of cases reviewed.

It is anticipated that the results of the administrative study will be available for analysis during 1969. Changes contemplated as a result of the analysis will be reflected in the 1970 budget submission.

The Bureau will probably be required to make a number of increases in existing compensation awards as a result of further increases in Federal salaries (i.e., each increase in Federal salaries establishes new minimum and maximum compensation levels.)

In 1967 under the longshoremen's and harbor workers' program new injuries reported totaled 100,897 a 2.6 percent increase over 1966. This increase in workload was absorbed by the Bureau. The increase in workload was greater than the overall 2.6 percent increase in injuries since the reports requiring greater staff time, time lost and fatal cases, increased 25 percent. The increase in injury reports is due largely to the increased maritime activity involved in the Vietnam war effort.

In 1968, 102,000 new injuries are estimated; this increase again due in large part to the effect of the Vietnam war effort in the maritime industry and in 1969, 104,000 new injuires are estimated.

In 1968 the administration and management services program of the Bureau established an Office of Program Analysis and Evaluation to provide for the review and evaluation of all field office operations. For some time the need for a comprehensive review and evaluation of operations in both major programs has been recognized, not only within the Bureau but by the General Accounting Office.

In 1969 it is anticipated that field office evaluations will result in recommendations relating to changes in the bureau's policies, procedures, and regulations. Nine evaluations are planned for the remainder of 1968 and 18 for 1969.

Changes for 1969

Mandatory changes amount to (page 13)	+$268,100
Financing changes amount to (page 13)	+ 49,100
Program changes amount to	+ 23,300
Positions:	0

The program changes for 1969 involve no positions. They are in two areas. An increase of $47,900 is requested to provide for the full year financing of 50 new positions for the Federal Employees' Compensation Act program financed for only a part year during 1968. This amount is partially offset by a decrease of $30,600 for non-recurring costs of these positions, thus a net increase of $17,300 is requested to finance these positions in 1969.

The other program changes are a result of the continuing deficit in the Longshoremen's and Harbor Workers' Trust Fund set up under Section 44 of the same Act. In 1968 and prior years costs for the administration of the Longshoremen's rehabilitation program were financed by transfer from the Trust Fund.

At the present time it is anticipated that the funds available are only sufficient to finance this program through fiscal year 1968. At the end of the current fiscal year the total resources in the Fund will be reduced to a level of $20,500 in securities.

The status of the Fund as of the end of fiscal year 1968 will not permit the financing of this program in total for fiscal year 1969. With the availability of only $20,500 in securities and anticipated receipts of $14,000 for a total of $34,500 and estimated expenditures of $108,500 it has been necessary to request a direct appropriation to continue this program.

$68,000 is shown as an increase for the administrative costs of the program. This is offset by a $68,000 decrease in trust funds for 1969.

An additional $6,000 is requested for partial financing of the benefit costs under the program. Thus a net increase of $6,000 is requested with an overall increase of $74,000 in appropriated funds requested to continue the program.

Basis for the Estimate

The estimate for fiscal year 1969 provides for a continuation of the fiscal year 1968 base plus mandatory financing and program changes which are shown under changes for 1969. It is anticipated that there will be an increase in workload under both the Federal Employees' Compensation Act and Longshoremen's and Harbor Workers' Act. The estimated workload of both programs has been on the basis of experience from 1966 to the present date. An analysis of workload factors and related man-hours is contained in the 1968 budget submission.

BUREAU OF EMPLOYEES' COMPENSATION
CLAIMS AND EXPENSES

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate.....	$56,061,000	$52,691,000
Reimbursements from other agencies (P.L. 86-767)...	36,460,000	43,928,000
Appropriation or estimate, revised.....	92,521,000	96,619,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968 Amount	Estimate, 1969 Amount	1969 Change Amount
1. Federal civilian employees benefits.....	$40,251,000	$37,381,000	-$ 2,870,000
2. Armed forces reservists benefits.....	12,900,000	12,500,000	- 400,000
3. War claims act benefits.....	500,000	500,000	.....
4. Other benefits.....	2,410,000	2,310,000	- 100,000
Total direct obligations.....	56,061,000	52,691,000	- 3,370,000
1. Federal civilian employee benefits financed by reimbursements from other agencies.....	36,460,000	43,928,000	+ 7,468,000
Total obligations.....	92,521,000	96,619,000	+ 4,098,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
42 Insurance claims and indemnities...	$92,521,000	$96,619,000	+$ 4,098,000
Deduct:			
Reimbursements from other agencies...	36,460,000	43,928,000	+ 7,468,000
Total direct obligations.....	56,061,000	52,691,000	- 3,370,000

SUMMARY OF CHANGES

	Direct Appropriation	Authorization by Transfer	Estimated Available
1968 Appropriation or transfer ...	$56,061,000	$36,460,000	$92,521,000
1969 Estimate	52,691,000	43,928,000	96,619,000
Total Change	- 3,370,000	+ 7,468,000	+ 4,098,000
Mandatory Items:			
Federal civilian employee benefits: Increase in benefits for this activity are attributed to: (a) increase in disability and death compensation (page FUND-7).....	+$ 1,700,000	....	+$ 1,700,000
(b) increased medical based on experience (page FUND-7).....	+ 900,000	....	+ 900,000
(c) increase for full year cost for pay increase and consumer price index adjustments (page FUND-7).....	+ 1,998,000	....	+ 1,998,000
Federal civilian employee benefits: Increase to be recovered from federal agencies for injuries or deaths to their employees occurring after 12/1/60 as provided by Section 209 of P.L. 86-767 approved 9/13/60, amending Section 35 of the Federal Employees' Compensation Act (5 U.S.C. 785) (page FUND-8).....	- 7,468,000	+$ 7,468,000	....
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 August 1, 1956 (page FUND-9).....	- 400,000	....	- 400,000
Other benefits: Programs under this activity involve coverage of relatively small groups. An overall decrease is anticipated in fiscal year 1969 (page FUND-11).....	- 100,000	....	- 100,000
Total Change.....	-$ 3,370,000	+$ 7,468,000	+$ 4,098,000

Activity 1. FEDERAL CIVILIAN EMPLOYEES' BENEFITS (1968, $76,711,000; 1969, $81,309,000)

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 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, the increased cost of medical expense, adjustments in benefits for cost-of-living increase based on the Consumer Price Index, educational benefits for dependent children, lump-sum payments to widows and dependent widowers upon remarriage, and other adjustments provided by the passage of the 1966 amendments to the Federal Employees' Compensation Act.

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.

The total increase for this activity is $4,598,000 and is distributed as follows:

Disability and death benefits.....	$1,700,000
Medical costs.....	900,000
Federal pay costs and consumer price index adjustments.....	1,998,000
	$4,598,000

This increase is offset by an increase in reimbursements under the "Chargeback" program of $7,468,000 for a net decrease of $2,870,000 in the direct appropriation.

An estimated increase of $1,700,000 in disability and death compensation payments is conservatively based upon the trend of expenditures for the past several years. The principal reasons for this trend are due to increases in Federal employees salaries, Federal employment and workload.

Federal employment figures in fiscal year 1967 ranged from 2.8 million to 3.0 million, with an average of 2.9 for the entire fiscal year. New injuries reported in fiscal year 1967 were 121,321 or an increase of 11.9 percent over the previous year. Estimated new injuries for fiscal year 1968 are 125,000 and 130,000 for fiscal year 1969 which is a 7.2 percent increase over actual injuries reported in fiscal year 1967. In spite of these increases in new injuries reported, which coincide with increased Federal employment, the frequency rate in injuries is declining. This means that even though new injuries increase the number of injuries occurring per million man-hours worked are decreasing.

Medical expenditures from the compensation fund for fiscal year 1967 reflect a continuing increase in both private and government facilities. In 1967 the cost has risen to $13,596,920, or an 18.4 percent increase over fiscal year 1966. While the estimate in fiscal year 1968 is of a lesser amount it is anticipated that actual expenditures will be higher. The amount requested for fiscal year 1969 is $14,220,000 and represents a conservative increase of $900,000.

During fiscal year 1967 the Bureau was required to make many adjustments in benefit payments to carry out the revisions provided under P.L. 89-488 "Federal Employees' Compensation Act Amendments for 1966". These initial adjustments were in excess of $12,000,000 and are continuing costs in subsequent fiscal years.

One of the major provisions in the 1966 amendments provides for an automatic cost-of-living adjustment in compensation payments based on the Consumer Price Index. The first adjustment made under this provision was an increase of 12.5 percent effective October 1, 1966. This adjustment was based on an annual average price index for calendar year 1958 and the price index for July 1966 (1958, 100.7 -- July 1966, 113.3). The law provides that subsequent adjustments will be made when the price index has risen 3 per centum over the most recent base period (July 1966) and remains at that level for three months. The Consumer Price Index level reached 116.9 (3.2 percent) in August, 1967, 117.1 (3.4 percent) in September and 117.5 (3.7 percent) in October, with all three months exceeding 3 per centum over the base period.

Further adjustments are being made in the minimum and maximum benefits under the Federal Employees' Pay Act (P.L. 90-206) and will be completed by February 1968. It is estimated that expenditures from the compensation fund will increase, due to these adjustments, by $685,000 in 1968 and $1,998,000 for fiscal year 1969.

Reimbursements to the Compensation Fund by other agencies will total $43,928,000, an increase of $7,468,000 over 1968. Nine establishments, namely the Post Office Department, Departments of the Army, Navy, Air Force, Agriculture, Interior, and Transportation, the Veterans Administration, and the Tennessee Valley Authority comprise 88.6 percent of the reimbursements under the "Chargeback" program.

CHANGES FOR 1969

Mandatory changes amount to:	+$4,598,000
Direct appropriation	- 2,870,000
Reimbursements	+ 7,468,000

Activity 2. ARMED FORCES RESERVISTS BENEFITS (1968, $12,900,000; 1969, $12,500,000)

NARRATIVE DESCRIPTION OF PROGRAM

For a number of years, the benefits of the Federal Employees' Compensation Act were extended to members of the Reserve components of the Armed Forces for injuries occurring in the line of duty. Public Law 881, approved August 1, 1956, repealed legislation providing compensation for reservists in respect to casualties occurring after December 31, 1956.

The "Federal Employees' Compensation Act Amendments of 1966" provided educational benefits to dependent children and lump-sum awards to dependent widows upon remarraige.

In 1967 there were approximately 3,500 cases on the compensation roll. The payments under this activity continue to decrease each year as the beneficiaries remarry and dependent children become of age. In 1968 it is estimated there will be approximately 3,300 cases and in 1969 approximately 3,100 cases or a decrease of 200 cases per year.

CHANGES FOR 1969

Mandatory changes amount to: ..... -$400,000

Activity 3. WAR CLAIMS ACT BENEFITS (1968, $500,000; 1969, $500,000)

NARRATIVE DESCRIPTION OF PROGRAM

Sections 4(c) and 5(f) of the War Claims Act of 1948 cover 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 1968.

No new injuries are anticipated under this program. However, as the present beneficiaries become older, more medical expenses are incurred.

CHANGES FOR 1969

NONE

Activity 4. OTHER BENEFITS (1968, $2,410,000; 1969, $2,310,000)

The table below reflects the changes under this activity:

Program	Actual 1966 Cases	Actual 1966 Amount	Actual 1967 Cases	Actual 1967 Amount	Estimate 1968 Cases	Estimate 1968 Amount	Estimate 1969 Cases	Estimate 1969 Amount	Change Cases	Change Amount
Civil Air Patrol....	43	$ 75,078	43	$ 92,247	43	$ 95,000	43	$ 95,000	....	....
Reserve Officer Training Corps ...	2	11,309	2	17,264	2	20,000	2	20,000	....	....
Relief Work Employees	866	682,585	818	1,739,533	818	1,868,000	800	1,825,000	-18	-$ 43,000
Employees of Government Contractors .	12	77,596	6	95,064	6	100,000	6	100,000	....	....
Civilian War Benefits	35	30,826	34	29,189	34	30,000	33	25,000	- 1	- 5,000
Maritime War Risk Benefits	38	96,063	38	90,639	38	92,000	37	90,000	- 1	- 2,000
Anti-poverty Benefits	17	6,939	11	37,762	50	150,000	50	100,000	....	- 50,000
Administrative Expenses for Legal Services ...	....	....	....	51,641	....	55,000	....	55,000	....	....
Total	1,013 1/	$980,396	952 1/	$2,153,339	991	$2,410,000	971	$2,310,000	-20	-$100,000

1/ Number of cases on payrolls as of June 30, 1966 and June 30, 1967.

Programs under this activity involve coverage of relatively small groups. Estimates for fiscal year 1969 are based on a projection of the 1966 and 1967 experience.

CHANGES FOR 1969

Mandatory changes amount to:..... -$100,000

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 1967 costs for reimbursement in Fiscal Year 1969	Increase or Decrease over payments for Fiscal Year 1968
Department of Agriculture	$ 2,202,147	$ 538,226
Department of Commerce	272,372	- 51,187
Department of Defense	5,087	98
Defense Atomic Support Agency	32,042	5,989
Defense Communications Agency	270	- 110
Defense Intelligence Agency	8,472	- 4,930
National Security Agency	20,430	- 7,198
Defense Supply Agency	400,811	170,631
Department of the Air Force	4,756,832	498,791
Department of the Army	4,867,285	1,062,823
Corps of Engineers Civil Functions	655,599	31,182
National Cemeteries and Ryukyu Islands Civil Administration	43,685	23,915
National Guard	233,333	51,937
Department of the Navy	7,623,483	1,051,236
U. S. Marines	241,640	28,062
Department of Health, Education and Welfare	451,671	75,113
Department of Housing and Urban Development	75,071	- 881
Department of Interior	1,534,920	217,879

	Fiscal Year 1967 costs for reimbursement in Fiscal Year 1969	Increase or Decrease over payments for Fiscal Year 1968
Federal civilian employees benefits (continued)		
Department or Agency		
Department of Justice	$ 344,005	$ 62,474
Department of Labor	52,575	- 19,302
Department of State	128,537	78,577
Agency for International Development	223,454	63,242
International Boundary and Water Commission	4,659	- 4,622
Peace Corps	515,077	127,592
Department of Transportation	966,815	966,815
Department of Treasury	235,243	- 100,244
Internal Revenue Service	495,150	132,725
Post Office Department	11,883,865	1,767,567
American Battle Monuments Commission	57	9
Atomic Energy Commission	81,003	46,851
Architect of the Capitol	27,784	86
Bureau of the Budget	1,288	- 3,757
Civil Aeronautics Board	4,537	1,033
Civil Service Commission	14,873	4,292
Export-Import Bank of Washington	21,728	17,139
Executive Office of the President	....	- 193
Federal Aviation Agency	....	- 504,874
Federal Communications Commission	1,596	716
Federal Deposit Insurance Corporation	13,180	7,367

	Fiscal Year 1967 costs for reimbursement in Fiscal Year 1969	Increase or Decrease over payments for Fiscal Year 1968
Federal civilian employees benefits (continued)		
Department or Agency		
Federal Home Loan Bank Board	$ 20,016	$ 1,968
Federal Power Commission	50	38
Federal Maritime Commission	....	- 1,695
Federal Mediation and Conciliation Service	145	67
Federal Reserve System	191	- 150
Federal Trade Commission	2,233	- 4,389
General Accounting Office	21,768	5,893
General Services Administration	519,030	144,524
Government Printing Office	75,009	- 7,852
Interstate Commerce Commission	18,611	- 3,451
Library of Congress	1,679	- 1,787
National Aeronautics and Space Administration	386,611	111,128
National Capital Housing Authority	1,002	943
National Capital Transportation Agency	159	- 190
National Labor Relations Board	15,287	12,471
National Mediation Board	....	- 220
National Science Foundation	82	82
Office of Economic Opportunity	54,817	47,802
Office of Emergency Planning	51	51
Railroad Retirement Board	7,492	6,913
Renegotiation Board	32	9

	Fiscal Year 1967 costs for reimbursement in Fiscal Year 1969	Increase or Decrease over payments for Fiscal Year 1968
Federal civilian employees benefits (continued)		
Department or Agency		
Saint Lawrence Seaway Development Corporation	$	$ - 8,976
Selective Service System	42,066	20,356
Securities and Exchange Commission	11,507	7,195
Small Business Administration	36,821	18,471
Smithsonian Institution	17,126	806
National Gallery of Art	394	- 180
National Zoological Park	3,407	422
Soldiers Home	10,454	8,000
Subversive Activities Control Board	....	- 32
Tennessee Valley Authority	1,608,320	262,143
The White House Office	....	- 25
U. S. Courts	2,105	- 982
Supreme Court	....	- 12
U. S. House of Representatives	3,883	- 1,480
U. S. Information Agency	46,621	9,232
U. S. Senate	6,202	- 162
U. S. Tariff Commission	121	121
Veterans Administration	2,555,859	523,439
Veterans Canteen Service	18,167	3,651
Virgin Islands Corporation	....	- 8,024
Total	$43,927,894	$7,464,134
ROUNDED	$43,928,000	$7,468,000 1/

1/ Increase in "Chargeback" as reflected on the Summary of Changes.

Employees' Compensation Claims and Expenses
Statement of Actual and Estimated Benefit Payments

	Actual 1966			Actual 1967			Estimate 1968			Estimate 1969		
	Payments	Unit Cost	Total Cost	Payments	Unit Cost	Total Cost	Payments	Unit Cost	Total Cost	Payments	Unit Cost	Total Cost
Total disability	162,136	$ 228	$36,930,993	181,997	$ 247	$44,932,133	167,189	$ 273	$45,642,500	173,100	$ 283	$48,921,000
Total medical	154,895	74	11,481,688	174,864	78	13,596,920	170,700	78	13,320,000	173,330	82	14,220,000
Total death	65,149	184	11,985,904	66,411	230	15,250,610	66,648	260	17,328,500	66,648	266	17,748,000
Miscellaneous costs	7,190	59	423,832	7,218	57	409,364	7,000	60	420,000	7,000	60	420,000
1. Benefits Federal civilian employees	389,370	156	60,822,417	430,490	172	74,189,027	411,537	186	76,711,000	420,078	194	81,309,000
2. Reservists of the Armed Forces	50,213	256	12,859,844	47,205	261	12,342,007	46,600	277	12,900,000	44,200	283	12,500,000
3. Civil Air Patrol	509	149	75,078	544	170	92,247	559	170	95,000	559	170	95,000
4. Reserve Officer Training Corps	93	122	11,309	138	125	17,264	160	125	20,000	160	125	20,000
5. Federal Relief Work Projects	11,098	62	682,585	10,613	164	1,739,533	10,511	178	1,868,000	10,224	179	1,825,000
6. Employees of government contractors	535	145	77,596	606	157	95,064	700	143	100,000	700	143	100,000
7. Civilian war benefits	441	70	30,826	440	66	29,189	450	67	30,000	373	67	25,000
8. Maritime war risk benefits	506	190	96,063	490	185	90,639	500	184	92,000	489	184	90,000
9. Economic Opportunity Act	35	198	6,939	176	215	37,762	750	200	150,000	500	200	100,000
Total benefits, F.E.C.A.	452,796	165	74,662,657	490,702	181	88,632,732	471,767	195	91,966,000	477,283	201	96,064,000
Employees of government contractors	1,755	119	208,331	1,669	119	198,417	1,778	119	212,000	1,778	119	212,000
Civilian American Internees	2,693	113	303,967	2,384	110	262,738	2,826	102	288,000	2,826	102	288,000
10. Benefits under War Claims Act	4,448	115	512,296	4,053	114	461,155	4,604	109	500,000	4,604	109	500,000
Sub-total	457,244	164	75,174,955	494,755	180	89,093,887	476,371	194	92,466,000	481,887	200	96,564,000
11. Administrative Expenses for Legal Services			....			51,641			55,000			55,000
Grand Total	457,244	164	75,174,955	494,755	180	89,145,528	476,371	194	92,521,000	481,887	201	96,619,000

WAGE AND HOUR DIVISION

WITNESSES

THOMAS R. DONAHUE, ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
JOHN C. SHINN, DEPUTY ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
BEN P. ROBERTSON, DEPUTY ADMINISTRATOR
IRVING LEVINE, ASSISTANT ADMINISTRATOR
WILLIAM R. REISE, CHIEF, DIVISION OF PROGRAM PLANNING AND EVALUATION
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

Salaries and Expenses

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	16,387	17,916	19,455
Positions other than permanent	126	90	113
Other personnel compensation	46	63	64
Total personnel compensation	16,559	18,069	19,631
Personnel benefits	1,327	1,463	1,601
Travel and transportation of persons	1,234	1,280	1,234
Transportation of things	113	76	83
Rent, communications, and utilities	622	646	699
Printing and reproduction	345	303	287
Other services	42	46	49
Services of other agencies	2,054	2,146	2,407
Supplies and materials	88	84	89
Equipment	65	139	176
Insurance claims and indemnities	1		
Total obligations, Wage and Hour Division	22,452	24,252	26,255

PERSONNEL SUMMARY

Total number of permanent positions	1,804	1,954	2,029
Full-time equivalent of other positions	23	17	21
Average number of all employees	1,726	1,837	1,959
Average GS grade	9.5	9.5	9.5
Average GS salary	$9,615	$10,170	$10,275

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Program by activities:			
1. Enforcement	18,293	19,853	21,642
2. Wage determinations and regulations	1,432	1,766	1,839
3. Research and legislative analysis	1,591	1,819	1,895
4. Administration and management services	789	813	878
Total program costs, funded	22,104	24,252	26,255
Change in selected resources [1]	347		
Total obligations	22,452	24,252	26,255
Financing:			
Receipts and reimbursements from: Federal funds	−41	−44	−45
Comparative transfers to other accounts	288		
Unobligated balance lapsing	17		
New obligational authority	22,716	24,207	26,211
New obligational authority:			
Appropriation	22,256	24,166	26,211
Transferred to other accounts	−21	−32	
Transferred from other accounts	481		
Appropriation (adjusted)	22,716	24,134	26,211
Proposed transfer from other accounts for pay increases		73	
Relation of obligations to expenditures:			
Total obligations	22,452	24,252	26,255
Receipts and other offsets (items 11–17)	247	−44	−45
Obligations affecting expenditures	22,699	24,207	26,211
Obligated balance, start of year	962	1,527	734
Obligated balance, end of year	−1,527	−734	−945
Adjustments in expired accounts	−41		
Expenditures	22,092	25,000	26,000
Expenditures are distributed as follows:			
Out of current authorizations	21,229	23,473	25,266
Out of prior authorizations	863	1,527	734

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $85,000; 1967, $432,000; 1968, $432,000; 1969, $432,000.

Mr. FLOOD. I understand Mr. Donahue is going to present the justification for the Wage and Hour Division, salaries and expenses.

GENERAL STATEMENT

I see here a statement, Mr. Donahue. Do you want it inserted in the record and then follow with your comments?

Mr. DONAHUE. That is right.

Mr. FLOOD. Without objection, that will be done. And may you proceed.

(The statement follows:)

STATEMENT BY CLARENCE T. LUNDQUIST

Mr. Chairman and members of the committee, the Wage and Hour Division's request for fiscal year 1969 is $26,211,000, which provides $2,003,800 more than the revised appropriation for 1968. The changes for 1969 include the following:

	Positions	Funds
Administration of the added coverage and minimum wage and overtime changes to take place under the Fair Labor Standards Act in 1969	+75	+$774,400
Full-year cost of new positions financed for a part year in 1968		+120,200
Financing and mandatory changes such as career ladder promotions, within-grade promotions, and pay raise increases		+1,267,200
Management improvement and cost reduction savings in travel and printing costs		−158,000
Total change	+75	+2,003,800

Changes resulting from legislation

The 1966 Fair Labor Standards Act amendments provided for successive annual changes extending coverage and increasing the minimum wage and overtime standards under the act. The minimum wage was increased from $1.25 to $1.40 an hour effective February 1, 1967, and from $1.40 to $1.60 an hour effective February 1, 1968, for the 33 million employees whose employment was previously covered under the act. For the 8.5 million employees (other than Federal employees and those employed in agriculture) whose employment was covered for the first time as a result of the 1966 amendments, a minimum wage of $1 an hour was 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 became subject in 1967 to an overtime standard requiring not less than 1½ times the regular rate of pay after 44 hours. This initial workweek standard is reduced to 42 hours February 1, 1968, and to 40 hours February 1, 1969. Agricultural employees whose employment is covered as a result of the 1966 amendments were entitled to a minimum wage of at least $1 an hour beginning February 1, 1967, with increases to $1.15 an hour February 1, 1968, and $1.30 an hour February 1, 1969. No overtime provisions are applicable to agricultural employment and employees of hotels and restaurant establishments.

In addition to the changes in the standards described above, the 1966 amendments to the Fair Labor Standards Act provided for a further extension of coverage which becomes effective February 1, 1969. On that date the "annual gross volume" test which defines coverage for certain enterprises is reduced from $500,000 to $250,000. This change will have the effect of bringing under the act an estimated 100,000 establishments and 1.2 million employees not previously subject to either the Federal minimum wage or overtime standards. With this change, it is estimated that nearly 1.9 million establishments and 42.8 million employees will be subject to the act's standards.

As a result of changes in the minimum wage standards for covered employees effective February 1, 1968, nearly 7.3 million workers in 1968 will be entitled to increased earnings totaling approximately $2.3 billion at an annual rate. To the extent that overtime is being worked, additional increases in earnings will be provided for newly covered employees as a result of the reductions in the overtime standard to 42 hours in 1968 and 40 hours in 1969. The $1.30 minimum wage rate which becomes effective in 1969 will mean raises for workers brought under the act in 1967 as well as in 1969.

Enforcement program

With 1,024 investigator positions in 1967, the same number as authorized prior to the 1966 amendments, the Wage and Hour Division investigated 58,159 establishments. Of these, 20,896 were investigated on the basis of complaints received from the public and 37,263 as a result of other indications of possible violations. Some 368,582 employees were found to have been underpaid a total of $76,092,726.

Since February 1, 1967, the effective date of the 1966 Fair Labor Standards Act amendments, the Wage and Hour Division has experienced a 45-percent increase in the number of complaints received per month as compared with the monthly average for the preceeding year. It is presently estimated that of the 68,000 investigations which will be made in 1968, 30,000 will be as a direct result of complaints from the public. The number of complaints requiring investigation is expected to increase to 32,000 in 1969 with the additional changes in the provisions of the act.

To avoid a retrogression in the existing level of compliance, an increase of 50 investigator positions is requested for 1969. With the extension of coverage in 1969 to an additional 100,000 establishments and 1.2 million employees, this increase in staff would maintain approximately the same ratio of investigators to covered establishments as was authorized for 1968.

With respect to other acts administered, the Wage and Hour Division was recently delegated the functions assigned to the Secretary of Labor by Reorganization Plan No. 14 of 1950 for coordinating the enforcement activities of Federal contracting agencies with respect to the Davis-Bacon Act, the Contract Work Hours Standards Act, and related acts. No increase in funds is being requested for this purpose, since responsibilities are still limited to coordination with contracting agencies.

Public information and education program

As a result of the successive changes in the standards of the Fair Labor Standards Act following the 1966 amendments, information and education programs

have been intensified to inform employees and employers of their rights and obligations, and to assist employers in avoiding unintentional accumulations of back-wage liability under the act.

In 1967 and 1968 information brochures containing highlights of the amended act, an official notice to employers, and other explanatory material concerning changes in the provisions of the act were mailed to approximately 1.9 million employers. A copy of this material is here and offered for inclusion in the record. Extensive use has been made of mass media channels of communication to inform employees of their rights, including daily, weekly, labor, foreign language, and other specialized press; trade journals and other periodicals; and radio and television. It is estimated that some 8 million pieces of informational material will be printed in 1968 and distributed to the public, including both technical interpretations of the act and to the maximum extent possible pamphlets written in layman's language to insure ready comprehension.

To facilitate contacts with the public, special efforts are made to place the Division's offices in locations where access is easiest. Presently the Division maintains regional and district offices in 17 major metropolitan centers, field offices in 100 cities, and deploys investigators in approximately 300 other cities and communities across this Nation. Speeches explaining the act's provisions are made to employer, employee, and other organizations at the National, State, and local level, and informational contacts are maintained with governmental officials, business and employee associations, and local community organizations. These efforts have been extremely rewarding, and will be continued in 1969.

Wage order program.—Puerto Rico-Virgin Islands-American Samoa

The 1966 amendments to the Fair Labor Standards Act required an automatic 12-percent increase in wage rates for previously covered industries effective April 1, 1967, unless a hardship review was granted and resulted in different rates. During 1967, 12 requests for the establishment of hardship review committees were received from industries in Puerto Rico. These resulted in two committees being appointed in addition to the five committees required to establish wage rates for newly covered industries in Puerto Rico, the Virgin Islands, and American Samoa. Wage orders were issued, either as a result of committee activity or automatic increases, for all 42 broad industry groupings in 1967.

Increases of an additional 16 percent are scheduled to go into effect in April 1968 for previously covered industries in Puerto Rico and the Virgin Islands. Industries covered prior to the 1966 amendments were entitled to request a hardship review for these otherwise automatic increases. Nine applications for such "hearing action" were received. The Puerto Rican sugar and handkerchief industries which are included among these industries which have applied for such a hearing have been granted a hardship review in lieu of the automatic (16 percent) increase. Action on the applications of the seven other industries is pending. In 1969, the regular biennial "hearing action" review program will be resumed. The law requires that the wage levels in Puerto Rico, the Virgin Islands, and American Samoa reach mainland applicable minimum rates as rapidly as possible, provided that the wage levels established "will not substantially curtail employment in the industry, and will not give any industry in Puerto Rico or in the Virgin Islands a competitive advantage over any industry in the United States outside of Puerto Rico and the Virgin Islands". Reviews are scheduled for half of the industries in Puerto Rico, plus all of the covered industries in the Virgin Islands and American Samoa in fiscal year 1969. These will result in the issuance of about 20 wage orders in 1969.

Special minimum wage program

More than 20,000 special minimum wage certificates were issued in 1967 authorizing the employment of full-time students, handicapped workers, student learners, apprentices, and learners at rates below the statutory minimum. This was an increase of more than 6,000 over the number of certificates issued in 1966. Over 13,000 certificates have been issued so far in 1968, or nearly as many as were issued annually before the 1966 amendments. The increases have been almost entirely in the number of certificates for student-learners, full-time students, and handicapped workers. It is estimated that about 24,500 certificates will be issued in 1968 and that this number will rise to approximately 27,000 in 1969 with continued increases in minimum wage standards.

As directed by the 1966 amendments, a special study was completed on the wages paid to handicapped clients in sheltered workshops and on the feasibility of raising existing wage standards in such workshops. This report was submitted

to the Congress in September 1967. While no specific legislative proposals were recommended, the Secretary stated that serious consideration should be given to several forms of wage supplements for handicapped clients of sheltered workshops as outlined in the report.

Government contracts wage determination program

Fiscal year 1967 was the first full year of operations under the McNamara-O'Hara Service Contract Act. During the year, 757 determinations of prevailing minimum wages and fringe benefits were issued by the Wage and Hour Division. These determinations were applicable to more than 4,000 of the agency notices of intention to make a service contract received by the Wage and Hour Division from contracting agencies. As the cumulative number of wage determinations in effect increases, the percentage of the total number of covered service contracts awarded that are affected by wage determinations will also increase. Where no determination is issued, the Fair Labor Standards Act minimum wage ($1.40 per hour as of February 1, 1967, and $1.60 per hour as of February 1, 1968) is applicable. In 1967, about one out of four notices of intention to award a contract was covered by a wage determination. It is anticipated that in 1968 one out of every three contract notifications received will be covered by a determination and that in 1969 this will increase to 40 percent. In 1969, it is estimated that a total of 1,200 determinations will be issued. These wage determinations are based on wage surveys conducted by the Bureau of Labor Statistics. The Bureau of Labor Statistics currently makes annual surveys of wages for some 86 metropolitan areas in the United States. Eighty-five special area wage surveys and four special industry studies have been requested by the Divisions for 1968, and approximately the same number will be required in 1969.

An omnibus determination was issued in 1967 which raised the minimum wage level under the Walsh-Healey Public Contracts Act to $1.40 an hour unless a previous higher determination applied. A similar omnibus determination effective February 1, 1968, will raise the minimum rate to $1.60 an hour to conform to the basic standard of the Fair Labor Standards Act. No Public Contracts Act industry wage determinations are planned in 1969.

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 effects of the act and recommendations for further legislation. Supplementing this year's report are special studies on the effects of the 1966 amendments with respect to newly covered employees in the hotel and motel industry, eating and drinking places, and food-service workers in retail trade. Also included was the first part of a three-part comprehensive study of hired farmworkers which is designed to evaluate the economic effects of the $1-an-hour wage effective in 1967, and the implications and subsequent effects of the successive increases to $1.15 in 1968 and $1.30 in 1969.

Research was undertaken during 1967 and final reports were submitted to the Congress during the first part of 1968 for two studies directed by the 1966 amendments to the act. The first of these dealt with wage payments to handicapped clients of sheltered workshops, and the feasibility of raising existing wage standards in these workshops. The second report submitted to the Congress was a study dealing with premium payments for overtime work, including the effects of fringe benefits on overtime practices. A third study directed by the 1966 amendments is being made in cooperation with the Department of State and Defense. This report concerns the wage rates payable to Federal employees in the Canal Zone and the requirements for effective and economical operation of the Panama Canal, and is to be submitted to Congress by July 1968.

Additional economic studies begun in 1968 will be completed in 1969. A nationwide study of consumer and wholesale prices will be made to determine the extent to which price changes accompany increases in the minimum wage. The second part of the study of hired farmworkers will be completed evaluating the economic effects of the $1.15 increase and implications of the $1.30 increase. A followup study of wage rates and employment in sheltered workshops will be made to update the previous report submitted to the Congress this year.

In addition to the farmworker study, three studies are being planned for submission in connection with the report required by section 4(d) of the act in January 1969. A study of agricultural processing industries will focus on the overtime exemptions now provided for the handling and processing of farm products and the need for changes. The two other studies will ascertain the effects of the

1967 and 1968 minimum wage and overtime standards on employment, wages, and hours of work in two relatively low-wage newly covered industries: laundries and nursing homes. As a byproduct, these studies will also provide information on the implications of the new standards which will become effective on February 1, 1969.

Summary

While the 1966 amendments provided very meaningful changes in coverage and wage standards, much remains to be done from an enforcement standpoint to insure that the 42.8 million workers who have been guaranteed fair labor standards will obtain the full benefit of these standards. The Wage and Hour Division's request for 1969 will provide the basis for such actions.

Mr. DONAHUE. Mr. Flood, I am here to present the statement for Wage-Hour only because of the incapacity of Mr. Lundquist. Mr. Lundquist came to the office this morning, was taken ill and was taken home from the office and is unable to appear today.

Mr. FLOOD. Not seriously, we hope.

Mr. DONAHUE. I hope not, sir. I just do not know. He was on his way to the doctor's and we have not heard yet. Consequently, I will be pinch-hitting for him in terms of making the presentation.

SUMMARY OF GENERAL STATEMENT

The request for the Wage-Hour Division for fiscal 1969 is $26,211,000. That provides $2,003,800 more than the revised appropriation for 1968. The changes for 1969 are four in number.

First, an additional amount of $774,400 and 75 positions for the administration of the added coverage and minimum wage and overtime changes which will take place under the Fair Labor Standards Act effective in 1969.

Secondly, an additional $120,200 for the full-year cost of new positions which were added for a part-year basis in 1968.

Thirdly, an additional $1,267,200 for financing and mandatory changes such as career ladder promotions and within grade and pay raise increases.

And fourthly, a decrease of $158,000 in travel and printing costs.

I will not attempt to recite to you, Mr. Chairman and other members, the changes in the Fair Labor Standards Act with which you are all familiar. The pertinent changes in fiscal 1969 which occasion the request for an increased work force here are the increase in the minimum wage for newly covered workers as of February 1969 to $1.30 an hour, the reduction in overtime from a 42-hour standard to a 40-hour standard for those workers who have been newly covered by the 1966 amendments; and the reduction in the annual gross dollar volume test for enterprise coverage from a half-million dollars to a quarter of a million dollars. That change will bring under the act another 100,000 establishments and about 1.2 million employees not previously covered.

With that change, the act will cover approximately 1.9 million establishments and about 42.8 million people.

The full run of the 1966 amendments will not be achieved finally until February 1971 when the minimum wage for persons newly covered by the 1966 amendments, with the exception of those in agriculture, will reach $1.60.

During this past year the Wage-Hour Division has experienced a 45-percent increase in the number of complaints alleging violations of the act. In 1969 we estimate that those complaints will rise to 32,000 with the additional changes in the act.

The Wage-Hour Division's enforcement program will need to be stepped up in 1969 to service those complaints and with the additional coverage will need to be stepped up to avoid a retrogression in the existing level of compliance.

I might just indicate to you some of the statistics which give a picture of the scope and effect of the activities of the Wage-Hour Division.

Our best estimate is that about 68,000 investigations will be conducted in 1968, a substantial increase from the 1967 level. We hope, with the additional positions in the fiscal 1969 budget, to be able to make a total of 75,000 investigations. This year about 35,000 employers will be found in violation of the monetary provisions of the act with an estimate of 38,000 for the following year attributable to the increased number of investigations.

In 1969 approximately a half-million employees will be found underpaid an amount which we estimate to be about $90 million. This compares to some $82 million we anticipate will be found to be due 450,000 employees in 1968.

The average amount of back wages due to each underpaid employee in 1969 should be about $180. That average is going to be slightly less than in 1967 because the new areas of coverage have primarily affected groups of people in the lowest wage rate areas and the period of time those standards will be in effect will be shorter than the usual 2-year investigation period.

In terms of other activities, in 1968 we expect to issue about 1,000 wage determinations under the McNamara-O'Hara Service Contract Act and to issue about 1,200 of those determinations in fiscal 1969.

We estimate in 1968 that the wage determinations under that act will apply to about 6,500 contracts and in 1969 to about 10,000 Federal contracts.

During 1968 a total of 20,000 minors are expected to be found employed in violation of the child labor provisions in the act and some 21,000 or 22,000 the following year. All in all, the Division efforts will be intensified in 1968 and in 1969 to insure that the direct and indirect benefits intended by the Fair Labor Standards Act and other acts administered by the Division are fully realized.

I think I will conclude my opening statement with that and address myself to any questions you have.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. The budget for 1968 is $24,207,000. The request for 1969 is $26,211,000, an increase of $2,004,000, and 75 new jobs.

Mr. DONAHUE. Yes.

Mr. FLOOD. Of course, over half of the dollar increase is to cover the increased salary costs under the last pay act, and other mandatory expenses. All of the funds for new positions, as I understand, are to provide for administration of the increases in 1969 of coverage and standards provided in the 1966 amendment.

Mr. DONAHUE. Yes; that is right.

LEVEL OF COMPLIANCE

Mr. FLOOD. On page 11, you say this and I quote:

> Increases in both coverage and standards have outstripped increases in staff. As a result, the level of compliance has probably not risen since 1965.

Suppose you elaborate on that statement and tell us how what you call "the level of compliance" in 1969 will compare with 1968 if you get this increase you ask for?

Mr. DONAHUE. Essentially, with the increase we will be able to maintain the same kind of ratio between investigators and number of establishments that we have in fiscal 1968. This should result in the same level of compliance and maintain the same percentage of investigation of establishments.

Without the increase, without the added investigative staff—that ratio of investigators to covered establishments has to decrease. And, consequently, we will be able to investigate a smaller percentage of the covered establishments. I would expect that the level of compliance would drop under those circumstances.

Mr. FLOOD. What would happen if you get no increase in personnel for 1969?

Mr. DONAHUE. The net effect will be that the ratio of investigations to covered employees and establishments covered will go down. Consequently, we will be discovering a smaller percentage of the violations, and that will have its effect on the level of compliance.

INVESTIGATION RESULTS

Mr. FLOOD. I direct your attention to the table on page 17 of your justifications which is entitled "Investigation Results, Fiscal Year 1967, and Estimated Results for Fiscal Years 1968 and 1969."

I direct your attention to that line which says "number of employees underpaid." I presume that number of employees underpaid means those who have not received the minimum wage and also have not received overtime pay.

Mr. DONAHUE. That is right.

Mr. FLOOD. For 1966 your estimate for number of underpaid employees, 428,778. Your 1969 estimate is 500,000. You next list the amount of underpayments. This is dollar talk, $89,929,756, that is actual for 1966?

Mr. DONAHUE. Yes.

Mr. FLOOD. And the estimate for 1969—$90 million. The amount agreed to pay, actual 1966, $27,430,911. Estimated 1969, $33 million.

Now watch this. Complaints received, actual 1966, 23,431. Estimated 1969, 32,000. How are you going to reconcile with these other estimates that things are going to be about the same in 1969 as they were in 1966?

Mr. DONAHUE. I do not think you can assume because one figure goes up by a certain percentage that the others will necessarily go up by the same percentage.

Mr. FLOOD. These are your figures. I am writing a short story, I am reading from your justifications. The last one, complaints received during 1966, 23,431; estimate 1969, 32,000. Then you go up to the amount of underpayment you found in 1966, $89,929,756, to the estimate for 1969, $90 million.

Mr. DONAHUE. Yes, sir.

Mr. FLOOD. You can breathe across that gap?

Mr. DONAHUE. I would be happy to address myself to it.

Mr. FLOOD. Go ahead.

Mr. DONAHUE. The increase between 1966 and 1969 in the number of employees underpaid is the figure I have given—estimated at about 71,000 to 72,000. The amount of underpayment increases only slightly for the reason I mentioned—the additional violations found will be largely in the newly covered area. The average amounts recovered will drop because the newly covered areas are going to be those at the $1.15, $1.30 figure, and the period of time for which the violation existed is going to be a shorter period of time. It is not the traditional situation in which we investigate a violation of the minimum wage and establish that that wage has been violated for a 2-year period. Here we will be finding a violation that may have existed only for a matter of months. Consequently, the amount of individual recoveries may be smaller though the number of violations and the number of employees underpaid will increase. The amount agreed to be paid, the increase from some $27 million to $33 million, simply reflects the additional effectiveness that we are getting out of our efforts to obtain payment from employers of these moneys due.

The percentage of moneys recovered and the numbers of employers who are paying have been increasing steadily.

Mr. FLOOD. It is not a very exciting set of figures.

Mr. DONAHUE. The increase is from $27 to $33 million. There is a $6 million increase in the amounts agreed to be paid.

Mr. FLOOD. Does that take your breath away in 50 States in the United States and its possessions?

Mr. DONAHUE. I think it is substantial.

ENFORCEMENT OF THE FAIR LABOR STANDARDS ACT

Mr. FLOOD. What percent of compliance do you think you are getting in the United States of America under the wage and hour law?

Mr. DONAHUE. I do not know the answer to that, Mr. Flood.

Mr. FLOOD. Of course you do not. You would not say it is substantial?

Mr. DONAHUE. I am sorry, I do not mean to get hung up in semantics in terms of our definition of substantial.

Mr. FLOOD. You used the word. Substantial is a very elastic term. That is why you used it. Now I throw it back to you. It is equally elastic on this side of the table, you know. That is semantics. Well, what about it? Do you think substantial compliance is being obtained, substantial enforcement is being executed, substantial cooperation is obtained, and when you refer to the Department of Justice, substantial enforcement is being executed? Do you think all of these things follow—substantially?

Mr. DONAHUE. I do. If I did not, I do not think we could be at all satisfied, in any degree satisfied with the work that we are doing in trying to enforce the act. So I think our efforts——

Mr. FLOOD. I do not know whose fault it is. It might be the fault of Congress for not giving you enough money and employees to do it. I am not criticizing the work being done by you, I just raise the ques-

tion, "Is the law being complied with substantially in the United States." I do not think it is. I do not think I know anybody but you who thinks so, even in your office. Do you really think so?

Mr. DONAHUE. I speak for my office and for the Department on this subject.

Mr. FLOOD. All right. Go ahead.

Mr. DONAHUE. The point of this budget I think, sir, is that we are trying to maintain the level of investigation that we have been able to maintain up to now.

Mr. FLOOD. You are using to their full value the weapons that are in your hands, is that it?

Mr. DONAHUE. I think that is true.

Mr. FLOOD. But I am not talking about that. I do not debate that. That was not my question, was it, or did you misunderstand me?

Mr. DONAHUE. Perhaps I misunderstood your question.

Could the act be a better act——

Mr. FLOOD. I am not talking about the merits of the act. The act as it is, good, bad, or indifferent, is not being enforced even substantially, is it, nationwide? What is your answer to that?

Mr. DONAHUE. My judgment is that the act is being enforced, sir, and that we are pursuing the evidence of noncompliance to the extent that it is possible to do so within the budgetary limitations within which we operate.

Mr. FLOOD. I raised that last parenthesis. It may be the fault of Congress.

NUMBER OF INVESTIGATED ESTABLISHMENTS IN VIOLATION

Let's look at page 17 again—total number of establishment investigations. Actually investigated in 1966, 57,625 1967, actual, 58,159.

Now, how many in 1966 and in 1967 were found to be in violation? Do you know that off the top of your head? Does anybody here know?

Mr. DONAHUE. Of those establishments?

Mr. FLOOD. I gave you the figures for investigations in 1966 and 1967. How many were found to be in violation?

Mr. DONAHUE. I am sorry, we do not have that figure.

Mr. FLOOD. Does anybody else have it? You certainly ought to have that.

Mr. DONAHUE. We will be happy to supply it.

Mr. FLOOD. If you do not have it here, you will have to. What is the purpose of giving me these two figures if you cannot tell me the violations? That is what it is all about, is it not?

Mr. DONAHUE. Yes, sir. We will include those figures for you.

(The information follows:)

	1966	1967	1968	1969
Number of investigations	57,625	58,159	68,000	75,000
Establishments in violation	33,390	31,665	35,000	38,000

Mr. DONAHUE. Let me say I think I understand now more fully your question about substantial enforcement of the act. I said that I think there is substantial compliance with the act.

You are addressing yourself to whether or not that number of investigations represents a substantial enforcement activity given the 1.9 million establishments covered. I agree.

Mr. FLOOD. There is very unsubstantial compliance with the act and that is commonly known.

Mr. DONAHUE. I agree on the basis of the 75,000 investigations we do. Obviously you would not want us to do the 1.9 million. Whether a million or half a million or quarter of a million is appropriate level, I do not know. The 75,000 is what we estimate we can and should do in order maintain the kind of enforcement activity which we now carry out.

Mr. FLOOD. Now you have these new amendments piling one thing upon another. Do you think that your office is attacking the problem with full force and with adequate effect of enforcement?

Mr. DONAHUE. I think we are aggressively enforcing the act within the limits of the resources available.

Mr. FLOOD. That is not what I asked. That is the same record.

Mr. DONAHUE. I have the figure now on the number of establishments in violation. The 1967 actual figure for the number of establishments found in violation of monetary provisions of the act is 31,665. That would relate to your figure in front of you of 58,159 total investigations.

Mr. FLOOD. That is a little better than half?

Mr. DONAHUE. Yes.

Mr. FLOOD. Is that substantial?

Mr. DONAHUE. That represents substantial noncompliance by the firms we investigated.

Mr. FLOOD. All right. Think it over.

DAVIS-BACON ACT AND CONTRACT WORK HOURS STANDARDS ACT

How much work is involved in responsibilities that have been delegated to you this year in connection with the Davis-Bacon Act and the Contract Work Hours Standards Act?

Mr. DONAHUE. I think I would refer that question to Mr. Robertson. What has been delegated to Wage-Hour is the coordination of compliance activities with respect to the Davis-Bacon Act.

Mr. FLOOD. And the other one I mentioned?

Mr. DONAHUE. Yes.

Mr. FLOOD. Have you picked up a lot of work?

Mr. ROBERTSON. We are doing the work formerly performed in the enforcement area by the Office of the Solicitor. We are referring cases to the contracting agencies, we are reviewing the reports of such investigations as are made by them; we are accepting or approving or disagreeing with their recommendations for a proposed basis of settlement, the assessment of liquidated damages under the Contract Work Hours Standards Act, concurring or not concurring with their recommendations for the imposition of sanctions for violations. It so far has been the imposition of a workload of review, correspondence, analysis of their reports of their investigations.

Mr. FLOOD. Of course you have not had these new responsibilities very long, have you?

Mr. ROBERTSON. No, sir; we have not.

Mr. FLOOD. Do you get any additional funds to carry out these additional responsibilities?

Mr. ROBERTSON. No, sir; we do not.

RESEARCH AND LEGISLATIVE ANALYSIS

Mr. FLOOD. Now you have $1,819,000 and you are asking for a very small increase for 1969 for research and legislative analysis.

Would you give us some specific examples of worthwhile results from these activities?

Mr. ROBERTSON. Yes, sir; I think there have been worthwhile results.

Mr. FLOOD. You know the next question I am going to ask you is would the heavens fall if we cut this out of your budget in this year of stress and strain?

Mr. ROBERTSON. We could not fulfill our statutory responsibilities in certain areas if the money were eliminated.

Mr. FLOOD. Will some world-shattering things result from this?

Mr. ROBERTSON. The 1966 amendment to the Fair Labor Standards Act extended the coverage to hotels, motels, restaurants, hospitals, nursing homes, schools, the last remaining pockets of really deplorable wage payments in the United States.

We extended also the minimum wage for the first time to employment on large farms. These legislative actions were in large part predicated upon the findings which were made in certain studies that had been carried out in prior years and incorporated into the reports to the Congress which are required under the statute in section 4(d) of the FLSA.

The Secretary has the responsibility to make studies to assess the impact on employment opportunities of the minimum wage and annually to recommend further legislation if he perceives the need. So I think that great good has resulted from some of the research that has been carried on and some of the studies and reports which have been prepared.

Mr. FLOOD. What was the last report the Secretary issued regarding the impact on employment of the new and latent minimum wage legislation that you just detailed? There was a report dealing with that, was there not?

Mr. ROBERTSON. Yes, sir; there was a report dealing with the impact of the increases in the minimum wage resulting from the 1966 amendment.

Mr. FLOOD. And what was the conclusion?

Mr. ROBERTSON. As I recall, there were some scattered instances of layoffs or discontinued employment; in the overall picture employment continued to increase in those industries which were most severely affected from a wage standpoint.

Mr. FLOOD. There is a school of thought, I do not know how widespread, but certainly vocal, that takes an opposite position.

Mr. ROBERTSON. We are aware of that, sir. We handle considerable correspondence on that subject.

Mr. FLOOD. But you stand by your guns?

Mr. ROBERTSON. Yes, sir.
Mr. FLOOD. Mr. Shriver?

MOTIVATION BEHIND VIOLATIONS

Mr. SHRIVER. Do you find most violations are on purpose or due to lack of familiarity with the new provisions?

Mr. ROBERTSON. We do not feel there is an element of willfulness in most of the violations that we discover. If there were willful violations, we would have the obligation to bring court action—to possibly prosecute them criminally.

Mr. SHRIVER. I know that.

Mr. ROBERTSON. We feel that the violations in large part are the result not only of lack of information, but that element in human nature which leads employers to interpret the law advantageously to themselves as they consider its possible application to their own operation. It is very easy to say, "Well, if my business is subject to their law, I must pay $1.60 an hour, but there is an exemption for retail establishments. Therefore, I am exempt and will not pay despite the fact that my volume of business exceeds $250,000." If he had read the full exemption he would have found the establishment did not qualify.

PROMOTION OF COMPLIANCE

Mr. SHRIVER. You have requested $689,000-plus for 50 new investigators and 20 supporting positions to help make 32,000 complaint investigations and 43,000 other investigations of suspected violation. In view of what you just said, would this money not be better spent on better communications projects to inform more people of the new provisions and particularly to enlighten them as to the interpretation that you have placed upon the law that you just explained?

Mr. ROBERTSON. We carry out what we believe to be a balanced program through which we disseminate literally millions of pieces of information and material each year. We have just completed mailing a self-mailer to all covered employers, advising them of the changed provisions of the act. We even have a coupon which they are free to mail back to request additional information from us.

Our people make thousands of speeches across the country every year. We use the mass media, we use the trade publications, we use trade associations. I think we attempt to carry out a program of promoting compliance through a vigorous information program as well as promoting compliance through a program of investigation.

SOURCE OF COMPLAINTS

Mr. SHRIVER. How do you find out about the violations?

Mr. ROBERTSON. About potential violations?

Mr. SHRIVER. Yes.

Mr. ROBERTSON. From many sources. We have, of course, the direct complaints from employees, increasingly from trade unions and from trade associations. Also, based upon the knowledge of our field personnel as to industry practices. We schedule investigations where potential violations exist.

Mr. FLOOD. Do you act upon anonymous complaints?

Mr. ROBERTSON. Yes, sir; we do.

Mr. FLOOD. In writing or by telephone?

Mr. ROBERTSON. In either form. We will go wherever we have reason to believe that violations of this law are occurring. It may be found upon investigation that the anonymous complaint is less reliable than that received from someone who signs his name, but we will investigate it.

Mr. FLOOD. That is the history of anonymous complaints in all fields?

Mr. SHRIVER. On page 20 of the justification, you state:

COURT LIMITATIONS ON ADMINISTRATION OF WALSH-HEALEY PUBLIC CONTRACTS ACT

"No new industry wage determinations under the Walsh-Healey Public Contracts Act are planned for 1969 in view of the continuing limitation imposed by the courts."

Will you explain that in greater detail, what the obstacle is there?

Mr. ROBERTSON. The obstacle basically, sir, is in the use of wage survey data which historically was obtained for the Wage and Hour and Public Contract Division by the Bureau of Labor Statistics. It turns on the question of confidentiality of this data.

In the court case referred to here, if the court were to accept as valid a wage determination based upon this data, the information would have to be made available in detail with identification by source. The Bureau of Labor Statistics is of the opinion that such revelation of their data with identification of source would tremendously impair their ability to compile the data which is their primary function. And until some solution to this problem is found, the substitution perhaps of other data gathered by someone else other than the Bureau of Labor Statistics or made available through industry sources, we have not been able to proceed with the wage determination program under the Walsh-Healey Act.

Mr. SHRIVER. Thank you.

Mr. FLOOD. Mr. Casey?

SPECIAL MINIMUM WAGE CERTIFICATIONS

Mr. CASEY. I note in your statement as well as in your justification you make special note of the number of special minimum wage certifications that have been issued in 1968, 27,000, and you anticipate in 1969, 30,000, which I presume affects 165,000 jobs; is that right, in 1968 and 180,000 anticipated in 1969?

Mr. DONAHUE. That is right.

Mr. CASEY. Then I note on page 23 of your justification that you plan to issue special bulletins on some of your regulations, and you list them out there on the bottom of page 23.

In view of this great effort of trying to get people employed, and especially the youth, in which I am sure you are concerned too, as I can tell from some of your testimony, do you not think it would be a good idea to issue a bulletin calling out more decisively the possibility of some of these jobs being eligible for certification to stimulate more youth employment. I am sure it is ignorance on the part

of some of the employers. They just take a look at some of the labor laws and say, I cannot use you.

I notice in this bulletin I have been handed here that has been issued with reference to your new rates under the 1966 act, the only mention of it is under the child labor provision. You state:

> The child labor provisions in general prohibit the employment in covered jobs of boys and girls under 16 years of age. For occupations declared particularly hazardous or detrimental to the health of the child, the minimum is 18 years.

And the only other mention is:

> Minors 14 and 15 years old may be employed outside school hours in certain occupations and under specified conditions.

I think in view of the effort we are making to see that youths who want jobs can get them, some effort ought to be made to educate the employers to the fact that they should be encouraged to apply for certificates. This is not a whole lot to brag about when you talk about 180,000 jobs. And I am sure there are probably another quarter of a million if employers were stimulated to take the effort to seek your counsel and advice on it, and get the certifications and put some of these boys and girls to work.

Mr. DONAHUE. Do you mean those would be an additional quarter of a million created jobs?

Mr. CASEY. I think so. I really do. I think they look at this and a youngster comes in and they say, "No, look here. The child labor provisions in general prohibit employment of covered jobs for boys and girls under 16 years of age. I am sorry."

Mr. DONAHUE. We do have publications which detail these exemptions and the provisions under which they can be sought. The real effort to increase summer employment of youth has been carried out by the Vice President's Committee on Youth Employment, and they have produced a great amount of material on the utility of creating additional jobs for summer youth, on the beneficial effect of the creation of those jobs, and I am sure that some of that material has additionally pointed to these exemptions.

Mr. CASEY. Let's not put this all on the Vice President's Committee. Let's put it in your bulletin. You ought to put in there, "Write for bulletin so-and-so."

If you do not have room to put it all in there, "In an effort to assist in creating jobs we invite you to write for bulletin so-and-so, which gives you an explanation of how you may open additional jobs to the youth of this Nation." Something like that.

I think you ought to do it instead of having the hard rule. You try to find in here any encouragment to somebody to employ anyone under 16. You have additional warning on anyone under 18. It is all a negative approach.

It is true you have to point out the prohibition, but let's also take some positive attitude on this. Let people know you are interested in this.

Mr. DONAHUE. I meant only to point out that this is a piece of paper which addresses itself to the changes in the act and what conditions of employment are required.

The kind of thing to which you are addressing yourself is a positive effort to create additional jobs.

Mr. CASEY. Sure.

Mr. DONAHUE. Which has been more appropriately handled, we think, by the Vice President's Committee than by the Wage-Hour and Public Contracts Divisions.

Mr. CASEY. I go down to Houston and they say, "All right, we have this big poverty program going and they will not let me hire children."

I say, "Yes, they will under certain circumstances, depending on what you have to offer."

He asks me what. I do not have a bulletin on it and the Vice President's Committee has not gotten to him. You are talking about the special bulletins you plan on issuing and it all has to do with your interpretive bulletins. On page 23 you list them:

Determination of retail concepts under Fair Labor Standards Act as applied to various types of goods and services;

Revised interpretive bulletin on overtime pay;

A new interpretive bulletin on general and enterprise coverage;

A new separate interpretive bulletin on agriculture;

Interpretive bulletin on the minimum-wage requirements of Fair Labor Standards Act.

All of these have to do with not encouraging any employment but it is strictly a hard and fast form to tell these people what your limitations are. Let's encourage them to explore what other horizons they have. Why do you not work up a bulletin on that?

Mr. DONAHUE. This list, as you will recognize, is addressed to providing information on the changes in the act as of 1969 and new interpretations as of 1969. There is material in existence which details the regulations which affect the employment of minors and the conditions under which these special subminimum rates are available.

DISTRIBUTION OF BULLETINS

Mr. CASEY. How are you going to distribute these bulletins?

Are you going to wait for somebody to ask for them?

Mr. DONAHUE. The determinations and the interpretive bulletins are generally issued in the form of announcements initially released in the Federal Register. They are then, where there is a demand for them, reproduced in brochure or pamphlet form.

Mr. CASEY. How was this one distributed?

Mr. DONAHUE. That was mailed separately to each of the covered establishments.

Mr. CASEY. I am now showing the bulletin marked "Important" with attached printed letter from Mr. Lundquist, Administrator, Wage and Hour and Public Contracts Division, dated Washington, and it is a printed letter and notice of the changes under the 1966 law. How was this distributed?

Mr. DONAHUE. That was mailed to all covered employers under the act, and it is a notice of the changes in the minimum wage as of February 1, 1968.

Mr. CASEY. How many of these were distributed then under that list?

Mr. ROBERTSON. Approximately 2 million.

Mr. CASEY. I would think if you get a bulletin and furnish it to all of the newspapers and just to one-tenth of the major employers, you might have some results in creating some jobs. I think the employers are completely ignorant as to their ability to hire some of these people.

SUMMER JOBS

Mr. ROBERTSON. We do normally carry out a summer job program at the time to coincide with the closing of schools where we put out press releases at the various levels at which we operate offices throughout the country, emphasizing that there are areas in which youngsters 14 and 15 may be employed, and giving the address of our local offices. We attempt to localize the releases to the extent we can. This is an annual thing with us.

Mr. FLOOD. I think you should know this: Mr. Casey feels very strongly about this specific matter, and he has impressed this subcommittee with the merits of his position. But it is not at all clear that he has impressed the Department of Labor. I would suggest that out of an abundance of caution, if for no other reason, that in your conferences and so on you do not go over once lightly Mr. Casey's repeated and consistent concern with this specific problem with almost every bureau of your Department.

Mr. DONAHUE. If I may respond to that.

Mr. FLOOD. That is a red flag.

Mr. DONAHUE. The Department of Labor is very conscious of Mr. Casey's and this committee's interest in this problem, and has a very real interest in this itself. I was addressing myself only to the creation of, or issuance of, certificates for the payment of subminimum wages.

The Department of Labor has developed annually and continues to develop a very aggressive program to promote the employment of youth in the summertime.

Mr. FLOOD. You understand, Mr. Casey and the subcommittee do not think so. That is the point we are making now. You go on from there.

Mr. CASEY. I do not think you have much to brag about at all about having 30,000 certificates issued in a country this large. Maybe I am wrong. Maybe I do not know just how strict your limitations are. But of the applications—you turn very few down of those you receive, according to your record.

I just do not think that the employers as a whole know that they can come to you and say, "Look, I have particular types of jobs that will qualify." I just do not think they know it. They just take the attitude that kids are out. That is what every small businessman I ever talked to says.

Mr. DONAHUE. Do they say the kids are out or "if I have to pay $1.60 I will not hire a kid, I will hire an adult"?

Mr. CASEY. No.

Mr. DONAHUE. Because they are perfectly able to hire all the kids they want and we encourage them to do that. I do not know if it is desirable to increase the number of kids who work at below minimum rates. That is the basic issue, and I do not know that that is desirable.

WORK INCENTIVE

Mr. CASEY. That is where you and I again may disagree a little.

As I stated to Mrs. Peterson, right now we are spending billions of dollars on adults trying to give them the incentive to work. They have lost the incentive. They have never had it maybe. And you have families in the same cycle. I say I do not care what kind of a job, if you

give a 14-year-old boy a job it is on-the-job training, giving him incentive to work.

Mr. DONAHUE. I agree.

Mr. CASEY. That is where I get in disagreement with some of you on the minimum wage, and sometimes a kid is not worth $1.60 an hour.

Mr. DONAHUE. I agree it is desirable to promote employment of kids if that does not interfere with their schooling or health or whatever.

Mr. CASEY. I will not argue about that.

Mr. DONAHUE. I would and do question whether or not an expansion of a subminimum wage program will have an adverse effect on the employment of their elders at the minimum rate. You understand that is part of the conflict.

CERTIFICATION OF BELOW MINIMUM WAGE

Mr. CASEY. Show me what you do certify below the minimum wage other than the handicapped?

Mr. DONAHUE. We would be happy to supply information.

Mr. CASEY. You do not need to put it in the record unless you want to.

Mr. DONAHUE. I will be happy to discuss this separately with you and supply all of the information you wish.

Mr. CASEY. Last year I asked for the forms that someone should file and the information they needed to file such a form and I never got it.

Mr. FLOOD. Why is that?

Mr. CASEY. I do not know.

Mr. FLOOD. Who did you ask?

Mr. CASEY. I think I asked the Secretary himself. That is my recollection. He probably delegated it to somebody else.

Mr. FLOOD. Would you see that inquiry is examined and these forms, if they exist, are supplied, and if there are not any forms, why are there not?

Mr. ROBERTSON. I think it is a misunderstanding. It was our understanding from the record that we would study and review these forms from the standpoint of simplifying to the extent possible.

Mr. CASEY. I do not even know what they look like.

Mr. FLOOD. Mr. Casey said he asked for certain forms. Specifically what forms would you like to see, Mr. Casey?

Mr. CASEY. I want to know how I, as an employer, would go about seeking an application for one of these certificates.

Mr. FLOOD. Are there such forms?

Mr. ROBERTSON. Yes, sir.

Mr. FLOOD. Can you supply it to Mr. Casey?

Mr. ROBERTSON. Yes, sir.

Mr. CASEY. And also tell me the criteria to qualify.

Mr. FLOOD. You should have them in the morning.

Mr. DONAHUE. We will be happy to supply all of that information and pursue this question further with you and supply any and all information you wish on it.

The question I meant to point up is the desirability of promoting the $1.60 minimum wage and the potential conflict presented by a vastly increased number of subminimum wage certificates.

Mr. FLOOD. Your point is very clear and very well taken. We understand that.

Mr. CASEY. You are going to pay for it one way or the other. They all want the Federal Government to supplement wages, let the employer pay for it and the Government pay the rest.

Frankly, I do not think you would have trouble getting youngsters to work on their first job so they would learn something and get the incentive to work, and I do not think you would need to worry about finding anyone to take the job at less than $1.60.

Mr. DONAHUE. If a subminimum wage program would result in the creation of additional jobs and thereby increase the total amount of employment, that might be a good thing. But the question remains whether or not that would be true, or whether these jobs——

Mr. CASEY. Would displace?

Mr. DONAHUE. An adult worker at $1.60.

Mr. CASEY. I understand that and that was the argument given me by one of the very able labor leaders that appeared before this committee.

I pointed out we have all sorts of regulations we enforce around here and I certainly think it could be policed to some extent.

Mr. DONAHUE. Let me say one additional thing.

I think we ought to note that the vast majority of jobs in which kids are employed in the summertime are really not the $1.60 jobs, they are the $1.15 jobs, and were the $1 jobs last summer. I do not know how much of an impact the imposition of $1 minimum or $1.15 minimum has on the employment of children in those industries. I have a personal feeling that it is very little, if any.

I do not know that there is any substantial employment of youth in the $1.60 industries. Kids who come out of school for the summer are employed in hotels or restaurants or other kinds of service jobs and those are the $1.15 jobs. They are really not employed to any great extent in the $1.60 jobs.

Mr. CASEY. How about your retail stores doing over a quarter million?

Mr. DONAHUE. They will not be covered until next year, but retail firms with dollar volume of over a half a million are now covered at $1.15. These are really the jobs that are traditionally summer employment for youth.

Mr. CASEY. Thank you, Mr. Chairman, and thank you, Mr. Donahue.

Mr. FLOOD. We will recess until 2 o'clock, gentlemen.

JUSTIFICATION MATERIAL

AMOUNTS AVAILABLE FOR OBLIGATIONS

	1968	1969
Appropriation or estimate	$24,166,000	$26,211,000
Amount reserved under H. J. Res. 888 (P. L. 90-218)	-658,000	---
Amount of reserve applied to increased pay costs	658,000	---
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increases (P. L. 90-206 effective October 8, 1967)	73,000	---
Non-recurring rental costs transferred to GSA	- 31,800	---
Appropriation or estimate, revised	24,207,200	26,211,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968		Estimate, 1969		1969 Change	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1. Enforcement	1,720	$19,852,800	1,790	$21,643,200	+70	+$1,790,400
2. Wage determinations and regulations	87	1,766,400	89	1,838,900	+ 2	+ 72,500
3. Research and legislative analysis	72	1,819,200	73	1,895,500	+ 1	+ 76,300
4. Administration and management services	75	768,800	77	833,400	+ 2	+ 64,600
Total obligations	1,954	24,207,200	2,029	26,211,000	+75	+ 2,003,800

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
Total number of permanent positions	1,954	2,029	+ 75
Positions other than permanent	17	21	+ 4
Average number of all employees	1,837	1,969	+132
11 Personnel Compensation	$ 18,069,100	$ 19,629,500	+$ 1,560,400
12 Personnel benefits	1,463,100	1,601,000	+ 137,900
21 Travel and transportation of persons	1,279,500	1,233,500	- 46,000
22 Transportation of things	76,000	82,700	+ 6,700
23 Rent, communications, and utilities	646,100	698,600	+ 52,500
24 Printing and reproduction	302,600	287,100	- 15,500
25 Other services	2,102,200	2,364,200	+ 262,000
Services of other agencies	45,500	49,200	+ 3,700
26 Supplies and materials	84,100	88,700	+ 4,600
31 Equipment	139,000	176,500	+ 37,500
Total obligations	24,207,200	26,211,000	+ 2,003,800
Working Capital Fund items included above	(533,900)	(747,800)	(+ 213,900)

SUMMARY OF CHANGES

	Pos.	Amount
1968 Enacted Appropriation	1,954	$24,166,000
Amount reserved under H. J. Res. 888 (P. L. 90-218)		- 658,000
Amount of reserve applied to increased pay costs		658,000
Proposed transfer from "Office of Manpower Administrator Salaries and Expenses" for pay increases (P. L. 90-206 effective October 8, 1967)		73,000
Non-recurring rental costs transferred to GSA		- 31,800
1968 Appropriation, revised	1,954	24,207,200
1969 Estimate	2,029	26,211,000
Total Change	+75	+ 2,003,800

Mandatory Items (page WH-8)

Increases:

Net additional pay increase costs not completely funded in 1968		+ 795,400
Net additional cost of within-grade promotions effective for part year in 1968		+ 74,100
Net cost of within-grade promotions becoming effective in 1969		+ 109,300
To provide for one extra day of pay in 1969 for current year staff		+ 83,800
To provide for career ladder promotions of investigators		+ 47,000
Sub-total, increases		+ 1,109,600

Decreases:

To provide for a net decrease in contributions to the Federal Employees' Compensation Fund		- 11,400
Sub-total, decreases		- 11,400
Total, Mandatory Items		+ 1,098,200

	Pos.	Amount
Financing Items:		
To provide for full cost of centralized services purchased from the Working Capital Fund		+ 169,000
Program Items:		
Increases:		
To provide for full-year cost of new positions which were financed for a part year in 1968 (page WH-16)		+ 120,200
To provide for administration of the increases in coverage and standards in 1969 under the Fair Labor Standards Act ($553,600 personal services; $220,800 non-labor)(pages WH-16, 24, 28, 30)	+ 75	+ 774,400
Sub-total, increases	+ 75	+ 894,600
Decreases:		
Management Improvement and Cost Reduction savings from travel ($128,000) and printing ($30,000) (pages WH-16, 24, 28)		- 158,000
Sub-total, decreases		- 158,000
Total, Program Items	+ 75	+ 736,600
Total Change	+ 75	+ 2,003,800

Activity 1. ENFORCEMENT (1968 $19,852,800, Pos. 1,720;
1969 $21,643,200, Pos. 1,790)

Narrative Description of Program

This program provides for obtaining compliance with three related statutes containing labor standards which 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. Information and enforcement activities are conducted to obtain compliance with the minimum wage, equal pay, child labor and overtime standards of these Acts. In addition, the Wage and Hour Division administers the prevailing wage rate provisions of the National Foundation for the Arts and the Humanities Act, and has been delegated the enforcement responsibilities of the Secretary of Labor with respect to the Davis-Bacon Act, the Contract Work Hours Standards Act, and related acts.

With the extensive changes which have taken place or will take place as a result of the 1966 amendments to the Fair Labor Standards Act, the standards and coverage of the Act are closer than at any time in its history to meeting the original objectives, i.e., the elimination of "labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers." However, much remains to be done from an enforcement standpoint to insure that the 42.8 million workers who have been guaranteed fair labor standards will obtain the full benefit of these standards.

Obtaining compliance with the minimum standards of the Fair Labor Standards Act is the primary goal of the Division's staff. Despite improvements in the enforcement and information programs, increases in both coverage and standards have outstripped increases in staff. As a result the level of compliance has probably not risen since 1965 when 18 percent of the establishments covered by the Act were not in current compliance with the monetary provisions of the law. Minimum wage and overtime violations continue to be found in about half of all establishments selected for investigation. While great strides have been made in eliminating the oppressive use of child labor in covered industries, some 18,000 minors are still found employed in violation of the child-labor provisions each year. Progress is also being made in guaranteeing equal pay for equal work regardless of sex, but much remains to be done. More than 5,000 workers are found in violation annually of the equal pay provisions of the Act.

Economic growth and the 1966 Fair Labor Standards Act amendments have increased the number of covered workers by about 9.7 million and the number of covered establishments by about 700,000. The 1966 amendments also established a minimum wage of $1.60 for non-agricultural workers to be reached in February 1968 for previously covered workers and February 1971 for newly covered workers. Successive annual changes in the Act's provisions as a result of the 1966 amendments are shown in the table below. The Division's enforcement staff must keep pace with these changes in coverage and standards to prevent a serious worsening of the level of compliance.

Effective Date	Previously Covered 1/ Minimum Wage	Newly Covered (Other than Agricultural and Federal Employees) Minimum Wage	Newly Covered (Other than Agricultural and Federal Employees) Overtime Standard	Newly Covered Agricultural Employees Minimum Wage
February 1, 1967	$1.40	$1.00	44 hours	$1.00
February 1, 1968	1.60	1.15	42 hours	1.15
February 1, 1969		1.30	40 hours	1.30
February 1, 1970		1.45		
February 1, 1971		1.60		

1/ Applies to newly covered Federal employees.

In 1967, the minimum wage standard was increased from $1.25 to $1.40 an hour effective February 1, 1967 for approximately 33 million employees previously covered by the Act and employees of the Federal Government. On the same date, coverage was extended to some 600,000 establishments and an estimated 8.5 million additional employees (including 400,000 farm workers) requiring the payment of minimum wages of at least $1.00 an hour and time-and-one-half for overtime after 44 hours (unless otherwise exempted). The 600,000 newly covered establishments included additional retail and service establishments; schools, hospitals, and institutions for the care of the sick or aged; hotels and motels; laundries; restaurants; small construction firms; certain farms; and establishments handling or processing agricultural commodities under specified conditions. Of the newly covered workers, almost 1 million were earning less than $1.00 an hour prior to the effective date of the amendments. It is estimated that wage increases of $304 million annually were required to raise these employees to the $1.00 level. To meet the new $1.40 an hour minimum wage for previously covered employees, an estimated 3.7 million employees were due increases amounting to $800 million annually.

With 1,024 investigator positions in 1967, the same number as authorized prior to the Fair Labor Standards Act amendments, the Wage and Hour Division investigated 58,159 establishments. Of these, 20,896 were investigated on the basis of complaints received from the public and 37,263 as a result of other indications of possible violations. Statistics on investigations completed during 1967, including underpayments disclosed with respect to minimum wage, overtime, equal pay, and service contract standards and violations of the child labor provisions, are shown in the table on page WH-17. The total number of establishments investigated in 1967 represented only approximately 1 out of every 30 establishments covered at the end of year. With the resources provided in 1966 and preceding years approximately 1 out of every 20 establishments covered by the Act was investigated during any given year.

Information and education programs were intensified to inform employees and employers of their rights and responsibilities under the 1966 amendments and to permit maximum effective utilization of the Division's limited enforcement capabilities. These programs will be continued in 1968 at approximately the same level.

In 1968, the $1.60 minimum wage which became effective February 1, 1968 for previously covered employees for the first time approximately equals the $3,300 poverty income level as defined by the Social Security Administration for a family of four, based on full-time year around employment. This change requires increases in wage payments totaling $2 billion for nearly 6 million employees. With the increase to $1.15 for newly covered employees, an estimated 1.3 million additional employees are entitled to receive higher wages totaling $325 million. In total, therefore, changes in the Act occurring in 1968 will mean raises amounting to $2.3 billion for more than 7 million workers. Based on experience during the first half of the year, it is expected that the number of complaint investigations completed in 1968 will reach 30,000 compared to 20,896 in 1967. The number of investigations made as a result of other indications of possible violations will be approximately the same as in 1967, resulting in an estimated total of 68,000 investigations during 1968. Additional statistical data for 1968 is included in the table on page WH-17.

Due to the need to inform employers, employees, and other interested groups as to how they are affected by the successive changes in the Fair Labor Standards Act, including the February 1, 1968 increases in the minimum wage for all covered employees, informational programs similar to those initiated in 1967 are being carried out. Specific programs of this sort include the following:

An information brochure containing highlights of the amended act, an official notice to employees, and a request form for obtaining additional information was mailed to 2 million employers.

Informational packages are being prepared with regard to changes in the Hazardous Occupations orders for minors between 16 and 18 years of age, and will be mailed to affected employers.

Employees are being apprised of their rights through extensive and repeated use of mass media channels of communications including the daily, weekly, labor, foreign language, and other specialized press; trade journals and other periodicals; and radio and television stations.

Additional pamphlets and other materials are being developed and distributed to the public to acquaint them with the new provisions. Where possible, these pamphlets are put into laymen's language to ensure ready comprehension. In all, it is estimated that some 8,000,000 pieces of informational material will be printed in 1968.

Speeches are made to employer and employee organizations, and other interested groups, at the national, state, and local level.

To facilitate contacts, special efforts are made to locate the Division's field offices in cities and areas which are readily accessible to the public.

Cooperative arrangements have been established with the AFL-CIO for the expeditious handling and forwarding of complaints of both union and non-union workers.

The scope of the Wage and Hour Division's enforcement responsibilities and efforts continues to increase as additional points of law are clarified, new standards are promulgated, and service contract wage determinations are issued. Of particular note are revisions in the Hazardous Occupations Orders for minors, and new interpretive positions with regard to the application of the provisions requiring equal pay for equal work regardless of sex.

During the first half of 1968, the Wage and Hour Division also was delegated enforcement responsibilities with respect to the Davis-Bacon Act, the Contract Work Hours Standards Act, and related Federal construction and assistance acts. Under the authority delegated to the Secretary by Reorganization Plan No. 14 of 1950, the Division will coordinate the enforcement activities of the contracting agencies with respect to the wage and hour provisions of these acts. Actual investigations are performed primarily by the contracting agencies. The Division will initiate enforcement actions based on complaints received, review and evaluate compliance actions and enforcement reports of the contracting agencies, and in cases of serious violations make recommendations regarding actions necessary to obtain compliance including action to place violating contractors on the ineligible list. An estimated 1,000 investigations by the contracting agencies will be initiated annually as a result of complaints received by the Department, with an additional 800 investigation files expected to be referred by the contracting agencies for compliance action.

Changes for 1969

Mandatory changes amount to: (Page WH-8) ..... +$ 931,800

Financing changes amount to: (Page WH-9) ..... +$ 169,000

Program changes amount to: ..... +$ 689,600

Positions ..... +70

Proposal: To perform the additional 2,000 complaint investigations anticipated in 1969 as a result of changes in the coverage, minimum wage, and overtime standards of the Fair Labor Standards Act, and to maintain approximately the same ratio of investigators to covered establishments which was authorized for 1968.

The Need: Based upon 1967 employment data, it is estimated that 1.2 million additional employees and 100 thousand additional establishments will become subject to the standards of the Fair Labor Standards Act as a result of the lowering of the annual dollar volume test for enterprise coverage to $250,000 which becomes effective February 1, 1969. This will bring the total number of covered establishments as a result of the 1966 amendments to about 1.9 million and the number of covered employees to about 42.8 million, an increase of some 29% in covered employment and almost 60% in establishments since 1966. The minimum wage rate for about 33 million employees covered

prior to the 1966 amendments will increase to $1.60 an hour on February 1, 1968. Changes in the minimum wage and overtime standards provided for the 9.7 million employees newly covered as a result of the amendments will take place in progressive yearly steps. Effective February 1, 1969, the minimum wage for most workers newly covered in 1967 will be increased to $1.30 an hour and the basic overtime standard for most newly covered workers (other than agricultural workers and employees of hotel and restaurant establishments) will become 40 hours. An estimated 2 million newly covered workers will be entitled to wage increases. As a result of these changes in coverage and standards, the number of complaints received is expected to reach 32,000 in 1969.

The number of establishments subject to the provisions of the Fair Labor Standards Act is currently 50% greater than prior to the 1966 amendments to the Act, but the Division's authorized investigator strength has increased only 12% since the amendments became effective. These two factors coupled with the higher minimum standards provided by the 1966 amendments have led to a sharp reduction in the ratio of investigators to covered establishments, to covered employees, and to the number of employees entitled to wage increases as a result of the amendments:

(1) The estimated number of employees entitled to a wage increase as a result of the February 1968 changes in the minimum wage to $1.60 and $1.15 an hour was 7,260,000 as compared to 2 million in 1956 and 2,569,000 in 1962.

(2) The estimate of employees entitled to wage increases following statutory changes is currently 6,330 per investigator position as compared to 2,621 in 1956 and 1962.

(3) The ratio of covered establishments to investigator positions is 1,548 per position in 1968, an increase of 48% over 1956 and 36% over 1962.

With the February 1969 extension of coverage to an additional 1.2 million employees and 100,000 establishments, and with the other changes in the Act's standards, an increase in investigator positions is needed in 1969 to prevent a further deterioration in these ratios and a lowering of levels of compliance with the minimum standards established by the Act.

The Program: The fifty new investigator positions and 20 supporting positions being requested will enable the Wage and Hour Division to perform the additional 2,000 complaint investigations anticipated in 1969 as a result of changes in the coverage, minimum wage, and overtime standards of the Fair Labor Standards Act, and to otherwise maintain approximately the same level of enforcement capability with regard to covered establishments as in 1968. A total of 32,000 complaint investigations are projected for 1969. The 1,197 investigator positions requested for 1969 will enable the Wage and Hour Division to complete these investigations, and to make 43,000 investigations of other establishments where compliance problems are believed to exist. The information program, special investigation programs related to the equal pay and child labor standards, and investigations of government contractors under the Walsh-Healey Public Contracts Act and the McNamara-O'Hara Service Contract Act will continue at approximately the same level as in 1968.

The table on page WH-17 provides summary statistics on investigation results and related activities for 1966 and 1967, and projected results for 1968 and 1969. The total amount of underpayments estimated for 1968 and 1969 are affected by the length of time that the new higher standards have been in effect, increased emphasis on low wage areas, and the smaller size of the establishments newly covered by the Fair Labor Standards Act. Minimum wage underpayments in 1969 are expected to increase in relation to overtime underpayments, but will not reach the unusually high rate disclosed in 1966. In 1966 there were 43 cases with underpayments of $100,000 or more, totalling $10.3 million and including large amounts of minimum wage underpayments. The circumstances which resulted in these large cases have been corrected and are not expected to recur.

Base:

Positions 1,720 Estimated Cost: $19,852,800

Additional Cost:

Positions 70 Man-years 63.0 Estimated Cost: $689,600

Basis for the Estimate

Program changes are based on the need to complete an additional 2,000 complaint investigations in 1969 as a result of publicity concerning changes in the coverage and standards of the Act, and to perform additional non-complaint investigations as a result of extended coverage. The increase in covered establishments which will take place in 1969 is 5.6%. The increase in investigator positions being requested for 1969 is 4.4%. The table on page WH-18 summarizes the relationships between investigator positions, coverage under the Act, and employees entitled to wage increases following statutory changes.

The estimate for this activity is based upon continuing improvements in 1969 in the number of investigations per investigator position, particularly with respect to investigations scheduled on the basis of other than a formal complaint. It also reflects increased output and a fund increase of $120,200 for the full-year costs of new positions authorized in 1968. $715,600 is provided for the 70 additional positions requested in 1969 for this activity. Program decreases of $116,200 for travel and $30,000 for printing and reproduction costs will be accomplished through continuing management improvement and cost reduction efforts.

Investigation Results, Fiscal Year 1967 and Estimated Results for Fiscal Years 1968 and 1969

	Actual 1966	Actual 1967	Estimated 1968	Estimated 1969
Available investigator * staff (Man-Years)	971	970	1,034	1,115
Total number of establishments investigated	57,625	58,159	68,000	75,000
Covered employees in investigated establishments	2,020,087	1,844,143	2,000,000	2,175,000
Number of employees underpaid	428,778	368,582	450,000	500,000
Underpayments disclosed in current workweek	$ 1,107,155	981,005	1,200,000	1,300,000
Amount of under payments	$89,929,756	76,092,726	82,000,000	90,000,000
Minimum wages	$28,371,174	18,839,742	23,500,000	26,500,000
Overtime	$59,460,982	53,737,920	54,000,000	58,500,000
Equal pay	$ 2,097,600	3,252,319	3,500,000	3,900,000
Service contracts	-----	262,745	1,000,000	1,100,000
Amount agreed to pay	$27,430,911	26,693,123	30,000,000	33,000,000
Number of employees whom employers agree to pay	205,728	194,496	210,000	230,000
Number of minors illegally employed	18,550	18,536	20,000	21,000
Agriculture	5,487	4,201	5,000	5,000
Non-agriculture	13,063	14,335	15,000	16,000
Complaints received	23,431	24,857	30,000	32,000
Litigation filed	1,672	1,817	1,850	1,950

* Includes training time for new investigator positions.

COMPARISON OF INVESTIGATOR POSITIONS TO COVERAGE AND EMPLOYEES ENTITLED TO PAY RAISE

	1956 1/	1962 2/	1968 3/	1969 4/
Investigator positions	763	980	1,147	1,197
Total number of covered establishments	800,000	1,113,390	1,776,000	1,876,000
Total number of covered employees	24,000,000	28,500,000	41,562,000	42,778,000
Number of employees entitled to wage increase following statutory change	2,000,000	2,569,000	7,260,000	8,000,000 5/
Ratio of investigator positions to covered establishments	1:1,048	1:1,136	1:1,548	1:1,567
Ratio of investigator positions to covered employees	1:31,455	1:29,082	1:36,235	1:35,738
Ratio of investigator positions to employees entitled to wage increase following statutory change	1:2,621	1:2,621	1:6,330	1:6,683

1/ Statutory minimum wage increased from $.75 to $1.00 an hour effective March 1, 1956.
2/ Statutory minimum wage increased from $1.00 to $1.15 an hour and 3.6 million newly covered employees subject to $1.00 an hour minimum wage standard effective September 3, 1961.
3/ Statutory minimum wage for previously covered employees will increase from $1.40 to $1.60 an hour and minimum wage for employees newly covered under 1966 amendments will increase from $1.00 to $1.15 an hour effective February 1, 1968.
4/ Reflects increase of 50 investigator positions proposed for 1969 in connection with statutory changes effective February 1, 1969 under 1966 FLSA Amendments. Statutory minimum wage for newly covered workers will increase from $1.15 to $1.30 an hour effective February 1, 1969 and an estimated 1.2 million employees in 100,000 establishments will be covered by the Act for the first time on that date.
5/ Includes 7,260,000 employees due wage increases as a result of statutory changes effective February 1, 1968.

Activity 2. WAGE DETERMINATIONS AND REGULATIONS (1968, $1,766,400, Pos. 87; 1969, $1,838,900, Pos. 89)

Narrative Description of Program

This program provides for development of regulations, administrative and wage determinations, and administrative interpretations required for the administration of the Fair Labor Standards Act, the Walsh-Healey Public Contracts Act, the McNamara-O'Hara Service Contract Act, and the Arts and Humanities Act. Under provisions of the McNamara-O'Hara Service Contract Act, determinations are made of prevailing wage rates paid and fringe benefits given different groups of service employees. These determinations apply to Federal service contracts exceeding $2,500 and set the minimum wage rates and fringe benefits that contractors covered by the determination must provide to their employees. Special minimum wage certificates for learners, handicapped workers, student-learners, student-workers, apprentices, sheltered workshops, and full-time students in retail or service establishments or in agriculture are issued under Section 14 of the Fair Labor Standards Act to the extent necessary to prevent the curtailment of employment opportunities. Also under this act, industry committees establish special minimum wage rates for Puerto Rico, the Virgin Islands, and American Samoa.

Government Contract Wage Determinations

In 1967, the first full year of operations following the effective date of the McNamara-O'Hara Service Contract Act, 757 wage determinations were issued under the Act. These determinations were issued in response to notices by Federal contracting agencies of their intention to make a service contract exceeding $2,500. Within 30 days of receipt of such notifications, the Administrator of the Wage and Hour Division is required to notify the contracting agency of the applicable wage determination for the locality and classes of service employees to be employed under the intended contract, or if no determination will be applicable, that the minimum wage standards of the Fair Labor Standards Act will apply. Most of the determinations issued are based on wage surveys conducted by the Bureau of Labor Statistics, which currently makes annual published surveys of wages and certain fringe benefits for some 86 metropolitan areas in the United States. However, during 1967 an additional 60 special area surveys and two industry studies were conducted at the Wage and Hour Division's specific request.

No new industry wage determinations were issued during 1967 under the Walsh-Healey Public Contracts Act as a result of difficulties arising from adverse court decisions. An omnibus determination was issued effective February 1, 1967, increasing the minimum wage applicable to Federal supply contracts under the Act to at least $1.40 an hour in all industries, the same level required by the Fair Labor Standards Act, unless a higher individual determination applies.

In 1968, it is planned to issue approximately 1,000 wage determinations under the McNamara-O'Hara Service Contract Act. Eighty-five special area wage surveys and four industry studies have been requested. Effective February 1, 1968, an omnibus determination under the Walsh-Healey Public Contracts Act increases the minimum wage in all industries subject to a lower determination, including industries subject to the 1967 omnibus determination, to at least $1.60 an hour. No individual industry determinations are planned in 1968.

In 1969, it is planned to issue approximately 1,200 wage determinations under the McNamara-O'Hara Service Contract Act. As a result of previous wage determination activity, it is estimated that wage determinations under this Act will be applicable to an estimated 10,000 of the 25,000 agency notices expected during 1969. The increased number of agency notices of intention to make a service contract expected in 1969 is a reflection of the greater awareness on the part of agency contracting officers of the requirements of the Act. Also, the publication of interpretive positions and revised administrative procedures is expected to help foster government-wide compliance with the Act and to clarify agency responsibilities under the Act. Approximately the same number of special area wage surveys will be requested in 1969 as in 1968, at an estimated cost of $700,000. These surveys are to be repeated at regular intervals to ensure that determinations are based on current wage data. No new industry wage determinations under the Walsh-Healey Public Contracts Act are planned for 1969 in view of the continuing limitations imposed by the courts.

Government Contract Wage Determination Activity 1966 - 1969

	1966	1967	1968	1969
Notices of intention to make a service contract received	7,119	15,233	20,000	25,000
Wage determinations issued	166	757	1,000	1,200
Notices to which wage determinations apply	677	4,064	6,500	10,000

Special Minimum Wages

In 1967, as a result of the 1966 amendments to the Fair Labor Standards Act, the volume of applications for special minimum wage certificates pursuant to Section 14 of the Act increased more than 40% over the previous year. The 1966 amendments not only increased the statutory minimum wage for previously covered workers and substantially increased coverage, but also materially modified the provisions of Section 14 with respect to full-time students and handicapped workers. Changes were made in the ten supplemental learner regulations, in the full-time student regulations, and in the two regulations dealing with handicapped workers in industry and in sheltered workshops. Full-time student, student-learner, and handicapped worker

certificates accounted for the increase in certificates issued. In response to Congressional requests, procedural requirements were examined to ensure that compliance by the public is facilitated to the extent possible within the frame work of the Act's statutory requirements.

In 1968, a somewhat smaller increase in applications, primarily for full-time student, student-learner, and handicapped worker certificates, is anticipated. It is estimated that 24,500 certificates will be issued. During 1968, revisions will be considered for six additional regulations.

In 1969, an increase of approximately 10% is expected in the number of special minimum wage certificates issued as a result of the changes in coverage and standards which will take place, and the increased emphasis being placed on the creation of job opportunities for youth and handicapped workers. The operation of the revised regulations and procedural requirements will be closely studied in 1969, and further revisions will be made as found necessary.

Special Minimum Wage Certification Activity 1966 - 1969

	1966	1967	1968	1969
Applications Received	14,885	21,191	27,000	30,000
Certificates Issued	14,032	20,420	24,500	27,000
Employment Authorized	107,508	114,222	165,000	180,000

Wage Order Program

In 1967, as a result of the twelve percent statutory increase in wage order rates in Puerto Rico and the Virgin Islands, applications for the appointment of a hardship review committee were filed for 12 of the 31 wage order industries in Puerto Rico. Workload associated with applications for hardship review committees is equivalent to the preparation of economic reports during the biennial review of an industry, involving the collection of wage and other economic data, the analysis and evaluation of the effects of proposed action on the various segments of the industry concerned, and the preparation of economic reports of findings. In view of the automatic increase in wage order rates, which maintained comparability with the statutory increases in minimum rates on the mainland, the regular biennial review was suspended. However, ten industry committees were appointed to establish minimum rates for newly covered employment in the Virgin Islands. One industry committee was appointed for American Samoa which considered minimum rates for all newly-covered as well as previously covered employment. As a result of the automatic increases, the hardship review committee reports, and recommendations of the special industry committees, forty-two wage orders were issued in 1967.

In 1968, it is anticipated that 8 to 12 applications for hardship review will be filed in connection with the automatic increase in wage orders effective during this period. No provision is made for a hardship review with respect to automatic increases of the wage order rates issued in 1967

for newly covered employment. Either automatic increases, or wage orders resulting from hardship reviews, will be issued in 1968 for all industries in Puerto Rico and the Virgin Islands.

In 1969, the regular biennial review program required by the Fair Labor Standards Act will be resumed. This program is designed to bring wage rates in Puerto Rican industry up to the mainland standard as quickly as possible without curtailing employment opportunities or the development of industry. Wage orders issued in 1967 in Puerto Rico contained wage rates for forty broad industry categories. Of these industries, 5 were up to mainland standards, 30 had at least some rates at mainland levels, and all rates in the remaining 5 industries were below the mainland standards. Rates for one-half of the forty industries in Puerto Rico will be reviewed in 1969 and the remainder in 1970. The review of the minimum wage rates in the Virgin Islands and American Samoa will also be made in 1969. This will result in the issuance of 22 wage orders in 1969.

Regulations and Interpretations

In 1967, four of the major regulations under the Fair Labor Standards Act were revised extensively to reflect the new and changed provisions incorporated into the Act by the 1966 Amendments. Regulations and interpretative bulletins are codified in the Code of Federal Regulations. One regulation dealing with the exemption from the minimum wage and overtime provisions for executive, administrative, or professional employees was updated and expanded to include academic administrative personnel and teachers. Material changes were made in the recordkeeping regulations to provide for workers employed in agriculture, hospital employees, and tipped employees. Because of substantial changes in the exemptions for agricultural processing, revisions were made in the regulations dealing with industries of a seasonal nature and all previously issued determinations of eligibility were reissued to conform to the amendments. General regulations pertaining to the Arts and Humanities Act also were issued during the year. In the area of interpretations, the equal pay bulletin was revised to add new concepts developed in administering the equal pay provisions. Guidelines were published on the employer-employee relationship between landowners and sharecroppers and an explanatory statement was issued on the application of the Fair Labor Standards Act to funeral homes and ambulance service operations. Specialized publications were developed on coverage in industries brought under the Act by the 1966 Amendments.

The interpretive function requires constant coordination between the Wage and Hour Division and the Office of the Solicitor of Labor. During 1967, in conjunction with the Solicitor's Office, interpretive positions were formulated with respect to all major provisions of the amended Fair Labor Standards Act. For example, definitive positions were developed on the employer-employee relationship in training programs for nurses, laboratory technicians, and radiologists in hospitals; the exemption for employees in the range production of livestock; the relationship between farmers and employees furnished by labor contractors or crew leaders; and whether food service employees of hospitals and nursing homes are entitled to the complete overtime pay exemption or subject to the more restrictive standards generally

applicable to employees of such establishments. These positions were developed from the study and analysis of potential problems as well as in response to individual inquiries and resulted in the promulgation of hundreds of opinion letters. When a sufficient body of material has been developed on a subject, the interpretations are formalized and published in the Federal Register as an interpretative bulletin.

In 1968, the regulations and interpretations activity will continue at approximately the same level as 1967. It is estimated that approximately 20 regulations, interpretative bulletins, and other explanatory materials will be developed or significantly revised during 1968. Revised regulations concerning "fair value" of board, lodging, and other facilities have been published. Regulations and interpretative positions dealing with the McNamara-O'Hara Service Contract Act are being prepared for publication this year which will provide a complete and comprehensive compilation of interpretative positions and legal opinions developed during the two years since the effective date of the Act. Seasonal industry determinations this year include determinations applicable to the dairy products industry, to the cottonseed processing industry, the cotton storing and compressing industry, and the Puerto Rican sugar industry. Also in process is a comprehensive review of the need for additional determinations within particular industries concerning the application of the retail exemptions provided by the Fair Labor Standards Act.

In 1969, it is planned to continue the regulations and interpretations activity at approximately the same level. The need for continued activity at this level is attributable to the extent and complexity of the 1966 amendments to the Fair Labor Standards Act, and the continual refinement of previous interpretative positions to reflect statutory changes, court decisions, legal opinions, and changes in industry practices. The 1966 amendments have generated a workload in the interpretations area which surpasses all previous experience with the exception of the period immediately following the enactment of the original Act in 1938. Included in the scope of planned activity for 1969 are the following:

Determinations of retail concept under the Fair Labor Standards Act as applied to various types of goods and services
Revised interpretative bulletin on overtime pay
A new interpretative bulletin on general and enterprise coverage
A new separate interpretative bulletin on agriculture
Interpretative bulletin on the minimum wage requirements of the Fair Labor Standards Act
Revised interpretative bulletin on hours worked
Revised regulations on salary tests for the executive, administrative, and professional employee exemptions
Additional specialized publications explaining the application of the Fair Labor Standards Act to specific industries

Changes for 1969

Mandatory changes amount to: (Page WH-8) .....+$ 61,900

Program changes amount to: .....+$ 10,600

Positions ..... + 2

Proposal: To meet the anticipated increased demand for special minimum wage certificates in 1969.

The Need: Due to increased emphasis on creating job opportunities for the handicapped and youth, in combination with the higher standards and extended coverage which go into effect February 1, 1969, applications for special minimum wage certificates are expected to increase from 21,191 in 1967, and approximately 27,000 in 1968, to 30,000 in 1969. All applications must be acted upon promptly in accordance with the requirements of the Administrative Procedures Act, whether or not a certificate is actually issued. The Wage and Hour Division has no control over this workload, which is externally generated and requires a satisfactory level of service to the public.

The Program: The increase is based entirely on the additional numbers of applications for full-time student, student learner, handicapped worker, and sheltered workshop certificates, which are expected to account for ninety percent of the applications received. Two additional positions, plus continuing improvements in the management of this workload, will be needed to act upon the additional 3,000 applications anticipated in 1969.

Base:

Positions 87 Estimated Cost: $1,766,400

Additional Cost:

Positions 2 Man-years 1.8 Estimated Cost: $ 10,600

Basis for the Estimate

Estimates are based upon experience at current program levels, plus previous experience with changes in the standards provided by the Acts. / reduction of $9,200 in travel funds reflects cost reduction measures and reduced administrative travel requirements.

Activity 3. RESEARCH AND LEGISLATIVE ANALYSIS (1968 $1,819,200, Pos. 72; 1969 $1,895,500, Pos. 73)

Narrative Description of Program

This program provides for planning and conducting research and analysis on the effects of the provisions of the Fair Labor Standards Act, the Walsh-Healey Public Contracts Act, and the McNamara-O'Hara Service Contract Act; with developing material for use in connection with legislative matters and the administration of these acts; and with providing statistical and economic analyses for use in enforcement and wage determinations activities. Section 4(d) of the Fair Labor Standards requires the Secretary of Labor to submit annually to the Congress a report including an evaluation of the standards established by the act and recommendations for possible new legislation. Preparation of these and other reports is an on-going, year-round program that involves planning the dimensions of proposed studies, making economic surveys, analyzing the statistical data collected, and making recommendations based on these analyses. Studies often require surveys to be made over a period of several years to accurately reflect the effects of changes in the provisions of the acts on the economy and on society.

In 1967, a major part of the research was completed for two studies required by the 1966 amendments to the Fair Labor Standards Act which dealt with (1) wage payments to handicapped clients of sheltered workshops and the feasibility of raising existing wage standards in these workshops, and (2) premium payments for overtime work, including the effects of fringe benefits on overtime practices, to determine whether the present overtime standard is an effective deterrent to excessive hours of work. Reports of these studies together with the recommendations of the Secretary were submitted to the Congress during the first half of 1968. In addition, the following major studies were completed which supplemented the annual report and evaluation required of the Secretary by Section 4(d) of the Act:

- A nation-wide study of employee earnings and hours of work in retail trade in June 1966 completed a five-part program designed to evaluate the effects of the 1961 amendments to the Fair Labor Standards Act on the retail industry. The study also provides a basis for analyzing the impact of the 1966 amendments on both previously covered and newly covered retail establishments;
- Nation-wide studies of the laundry and cleaning services industry and of non-Federal hospitals provide a basis for measuring the impact of the 1966 amendments to the Fair Labor Standards Act on these newly covered industries. The data gathered on employment, earnings, and hours of work were compiled using such characteristic breakdowns as geographic location and occupation;
- A study of the wages and hours in the motion picture theater industry provides information on the possible need for, and the feasibility of, extending minimum wage and overtime protection to employees of the industry. The data were evaluated by such characteristics as occupation, type of theater, receipts-size, and geographic area.

Seven research projects were undertaken to aid in reviewing or making new regulations and interpretations under the acts administered by the

Wage and Hour Division, and additional research was conducted to obtain economic data required in support of litigation. One case of particular significance was that of Maryland v. Wirtz, testing the constitutionality of the 1966 amendments relating to State and local employees of schools and hospitals. Information on types and rates of coverage in effect in the States, and on the need for possible further extensions of coverage to additional employees of State and local governments, was obtained as part of a continuing program of research and analysis. Wage impact tables were prepared for the 12 hardship reviews which were requested in connection with the Puerto Rican wage order program. Within the Division's regular statistical program, compilations and analyses of investigation findings and workload output were made at regular intervals. Coverage estimates by such characteristics as industry, geographical area, and sex were updated to reflect changes in the economy, national growth patterns, and new coverage resulting from legislation.

Although these research activities were carried out primarily for purposes of studies directed by the Congress, legislative recommendations, determinations required by the Act, and in support of litigation, the results of such research also have important application to the operating programs of the Wage and Hour Division. Statistics on operations and estimates of coverage changes in 1967 provided a basis for the regional allocation and geographic distribution of investigators in the field for the enforcement activity. The study of wage rates in sheltered workshops resulted in a planned program of intensive sheltered workshop investigations in 1968. Economic studies of newly-covered and low-wage industries provided a basis for determining enforcement needs in these industries.

In 1968, it is planned to continue the research and analysis activity at approximately the same levels as 1967. Thus far in 1968 economic data has been obtained and analyzed in connection with five litigation cases. Further research will be required in the case of Maryland v. Wirtz. Wage impact tables will be required for the 8 to 12 hardship review applications anticipated under the Puerto Rican wage order activity. A feasibility study and initial planning have been completed to undertake the design of an automated system for updating coverage estimates in greater detail, and by additional characteristics, than has been possible by manual methods. Also the feasibility of developing a method of measuring compliance on a continuing basis will be explored.

A three-part comprehensive study of hired farm workers is being undertaken. The first part will be completed in 1968 and will provide an evaluation of the economic effects on agriculture of the $1.00 an hour minimum wage and implications of the $1.15 rate for employees of certain large farms. Field surveys are conducted in conjunction with the annual enumerations of the Department of Agriculture. The second survey, which will be conducted a year later, will examine the effects of the increase in the minimum wage to $1.15 effective in 1968, and the implications of the $1.30 minimum wage effective in 1969. These surveys will provide information on employment, earnings, weekly hours, and perquisites, by region, type of farm, employment status, and method of wage payment.

Three separate studies are being conducted to provide information on the effects of the 1966 amendments to the Fair Labor Standards Act on other newly covered employees. These studies are concerned with the hotel and motel industry, eating and drinking places, and food service workers in retail trade. Data on employment, earnings, and hours of work will be tabulated for characteristics such as geographic location, occupation, tipping status of employees, supplemental pay provisions, split-shift arrangements, and establishment sales size.

A general, nation-wide study is underway to permit an analysis of the extent to which price changes accompanied the increase in the minimum wage. Price indices will be developed for selected consumer items at the retail level and manufacturing industries at the wholesale level for both the South and the rest of the country. The South is being separated out because increases in the minimum wage will probably have greatest impact in that area.

In cooperation with the Department of Defense and the Department of State, a study is being made of the wage rates payable to Federal employees in the Canal Zone, and the requirements for effective and economical operation of the Panama Canal. Public Law 89-601, which amended the Fair Labor Standards Act, requires the Secretary of Labor to report to the Congress not later than July 1, 1968, the results of this study together with such recommendations as he deems appropriate.

A study is being initiated which will be completed in 1969 to evaluate the effects on sheltered workshop wages and employment of the changes in rates paid to handicapped clients required on February 1, 1968. This will be a comprehensive study which will update the previous report on sheltered workshops as well as determine the progress made by individual clients in these workshops. Another study which will be completed in 1969 involves the salary tests for executive, administrative, and professional employees.

In 1969, much of the work begun in 1968 will reach its fruition. The price study will be continued to capture the full effects of the increase to $1.60 in the minimum wage, and the second of the three-part hired farmworkers study on the effects of the minimum wage on agriculture will be completed. The third part of this study evaluating the impact of the final increase in the agriculture minimum wage to $1.30 in 1969 will be completed in 1970. Follow-up studies based on the hardship reviews of industry wage orders for Puerto Rico will be completed to provide an evaluation of the effects of the Fair Labor Standards Act amendments.

Three studies are currently in the planning stage for submission in connection with the report required by Section 4(d) of the Fair Labor Standards Act. One, on agricultural processing industries, will focus on the changes in the overtime exemptions now provided for the handling and processing of farm products. This study will provide data on the number of weeks of peak activity, and the hours worked in those weeks, to permit an evaluation of the continued need for these exemptions. The other two studies will be nation-wide two-payroll period surveys of two relatively low-wage newly covered industries, laundries and nursing homes. The purpose of these studies is to ascertain the effects on employment, wages, and

hours of work of the changes in the minimum wage and overtime standards effective in February 1967 and 1968. As a by-product, these studies will also provide information on the implications of the standards which will become effective on February 1, 1969.

The two studies initiated in 1968, involving an evaluation of the effects of rate changes effective February 1, 1968 for handicapped clients, and the salary tests for executive, administrative and professional employees, will be completed during 1969. The statistical program is expected to continue at approximately the level of previous years. With the resumption of the biennial industry committee reviews in Puerto Rico and the Virgin Islands, wage impact tables for approximately 22 wage order industries will be prepared in 1969. Based on previous years, it is expected that economic research will be required in support of 12 to 16 litigation cases.

Changes for 1969

Mandatory changes amount to: (Page WH-8) ..... + $ 66,000

Program changes amount to: ..... + $ 10,300

Positions ..... + 1

Proposal: To perform case study analyses in local areas of the degree to which the economic positon of workers is affected by changes in the standards of the Fair Labor Standards Act, according to worker characteristic.

The Need: Current economic studies of the effects of changes in the Act's standards and coverage are based on industry surveys. Better information is needed concerning the effects of these changes on economic conditions in local areas so that a greater degree of flexibility in the direction of programs can be attained.

The Program: The additional position will be utilized to undertake a number of local studies within particular communities, to provide information concerning the effects of changes in the statutory standards on employment and the economic position of workers residing in the area. These studies will be made on-site and in depth, analyzing the economic effects of changes in terms of a variety of worker and employment characteristics.

Base:

Positions 72 Estimated Cost: $1,819,200

Additional Cost:

Positions 1 Man-years .9 Estimated Cost: $ 10,300

Basis for the Estimate

Estimates are based on experience at current program levels. A reduction of $2,600 in travel funds reflects cost reduction measures and reduced administrative travel requirements.

Activity 4. ADMINISTRATION AND MANAGEMENT SERVICES (1968 $768,800; Pos. 75; 1969 $833,400; Pos. 77)

Narrative Description of Program

This program provides management staff leadership and coordination in the planning of bureau-wide program activities and administrative policies. Plans and programs are designed to meet the social and economic goals and objectives of the acts administered by the Wage and Hour Division. Specifically, actions are conducted or directed in the fields of program planning, personnel administration, budget and fiscal administration, organization and management, and systems management, with necessary administrative services provided in support of the execution of programs.

Specific goals and objectives are established for each of the Division's programs. Alternative methods of attaining these targets are analyzed to ensure that the most effective use is made of the resources available, and to provide the basis for estimating future resource requirements for programs. Specific studies are made of manpower resource needs by geographic area to develop staff deployment plans. Manpower and other resources are allocated to program managers to provide local management flexibility and a better basis for reviewing accomplishments or problems encountered. As part of a continuing program of management improvement and cost reduction, surveys are conducted periodically to review and evaluate the organization, functions, workload, systems and procedures, and the utilization of resources by program managers.

Of continuing importance in the achievement of the Division's goals and objectives is the recruitment, training, development, utilization, and retention of well qualified people. This involves efforts ranging from the promotion of deserving individuals to the handling of employee or union grievances. With the greater complexities of the acts administered, the processes of review and analysis of job requirements, training, and employee utilization are being expanded to ensure that adequate and capable staff are available for each program.

In addition to continuing program support to the national office and the field, the following actions and accomplishments are noted:

In 1967, significant responsibilities for administrative and financial management were delegated to regional managers. This has led to substantially greater regional participation in the planning, programming, and review of activities which significantly affect the scope and direction of the Division's programs. In addition, the decentralization of these responsibilities has established a reliable basis for financial control and cost awareness at the organizational level where expenditures are incurred. Two new district offices were established in Cleveland and Detroit under the jurisdiction of the Chicago Region, based on the initial successful operations of the district office established in Los Angeles the year before. These offices offer a higher level of representation and improved services to the public in major metropolitan areas, as well as improved supervision of field operations in the geographic areas served, without increasing the costs or size of the field organization.

The acquisition of dictating equipment for investigators and the use of additional clerical support personnel were tested in 1967. Also during 1967 a general systems review was made to identify areas of potential ADP applications. As an aspect of the management improvement program, 369 employee suggestions were evaluated and 106 were implemented.

In 1968, it is planned to continue to increase the field's responsibilities for regional management. Instructions were issued for regional participation in a program for the quarterly review and analysis of goals and accomplishments. The implementation of an ancillary accounting system for the handling of back wage underpayments recovered as a result of legal action, involving the distribution of approximately $3.5 million to some 30,000 employees through the use of Federal deposit facilities, will be completed before the end of the year.

During 1968, additional district offices were established in Dallas, Houston, Oklahoma City, Philadelphia, Pittsburgh, and San Francisco. In cooperation with the Department of Defense and components of the Department of Labor, arrangements were made to receive notices of defense agency procurement actions by magnetic tape and instructions are being developed for a computer edit to be used in conjunction with investigation programming under the McNamara-O'Hara Service Contract Act and the Walsh-Healey Public Contracts Act. Efforts are continuing to simplify and minimize reporting requirements of investigators and to free investigator time otherwise spent in routine operations.

Changes for 1969

Mandatory changes amount to: (Page WH-8) ..... +$ 38,500

Program changes amount to: ..... +$ 26,100

Positions ..... +2

Proposal: To continue efforts in the areas previously reported, and to provide additional program support in those areas which will contribute most significantly to the effective utilization of manpower and program resources.

The Need: In anticipation of the increased program responsibilities resulting from the 1966 amendments to the Fair Labor Standards Act, the additional responsibilities for administration and enforcement of the Davis-Bacon and related acts, and requested increases in the overall employment of the Wage and Hour Division for the accomplishment of these responsibilities, the requested positions are needed to meet the additional demands for administration and management in the areas of budgeting and personnel.

The Program: The two additional positions will be utilized to develop and carry out improved management systems in the areas of budgeting and financial control, and to provide for increased responsibilities in the areas of personnel management and development.

Base:

Positions 75 Estimated Cost: $768,800

Additional Cost:

Positions 2 Man-years 1.8 Estimated Cost: $ 26,100

Basis for the Estimate

Program estimates are based on experience at the current level of administration and management support, plus the costs of two additional positions and mandatory changes.

TUESDAY, FEBRUARY 27, 1968.

BUREAU OF LABOR STATISTICS

WITNESSES

ARTHUR M. ROSS, COMMISSIONER
BEN BURDETSKY, DEPUTY COMMISSIONER
PETER HENLE, CHIEF ECONOMIST
SOL SWERDLOFF, ECONOMIST
HAROLD GOLDSTEIN, ASSISTANT COMMISSIONER
ARNOLD E. CHASE, ASSISTANT COMMISIONER
THOMAS W. GAVETT, ASSISTANT COMMISSIONER
RAY S. DUNN, JR., CHIEF, DIVISION OF FISCAL MANAGEMENT AND SERVICES
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	11,016	11,684	12,925
Positions other than permanent	273	341	345
Other personnel compensation	212	179	181
Total personnel compensation	11,501	12,203	13,450
Personnel benefits	850	905	1,000
Travel and transportation of persons	683	756	708
Transportation of things	39	20	20
Rent, communications, and utilities	1,196	1,162	1,227
Printing and reproduction	692	704	656
Other services	1,541	1,456	1,650
Services of other agencies	3,824	3,538	3,658
Supplies and materials	206	179	191
Equipment	55	120	167
Total obligations	20,586	21,043	22,727

PERSONNEL SUMMARY

Total number of permanent positions	1,387	1,391	1,478
Full-time equivalent of other positions	67	74	74
Average number of all employees	1,293	1,302	1,397
Average GS grade	8.3	8.6	8.6
Average GS salary	$8,969	$9,658	$9,770
Average salary of ungraded positions	$4,867	$4,867	$4,867

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Manpower and employment	8,172	8,331	8,564
2. Prices and cost of living	3,106	3,501	4,144
3. Wages and industrial relations	3,349	3,504	3,972
4. Productivity, technology, and growth	1,402	1,205	1,422
5. Foreign labor and trade	440	453	472
6. Program staff services	1,304	1,660	1,709
7. Administration and management services	2,281	2,389	2,444
Total program costs, funded	20,054	21,043	22,727
Change in selected resources [1]	532		
Total obligations	20,586	21,043	22,727
Financing:			
Receipts and reimbursements from: Federal funds	−52	−58	−58
Comparative transfers to other accounts	24		
Unobligated balance lapsing	30		
New obligational authority	20,588	20,985	22,669
New obligational authority:			
Appropriation	20,350	20,933	22,669
Transferred to other accounts	−5	−2	
Transferred from other accounts	243		
Appropriation (adjusted)	20,588	20,931	22,669
Proposed transfer from other accounts for pay increases		54	
Relation of obligations to expenditures:			
Total obligations	20,586	21,043	22,727
Receipts and other offsets (items 11–17)	−28	−58	−58
Obligations affecting expenditures	20,558	20,985	22,669
Obligated balance, start of year	1,641	1,379	1,164
Obligated balance, end of year	−1,379	−1,164	−1,165
Adjustments in expired accounts	−80		
Expenditures	20,740	21,200	22,668
Expenditures are distributed as follows:			
Out of current authorizations	19,324	19,821	21,504
Out of prior authorizations	1,416	1,379	1,164

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $662,000 (1967 adjustment −$535,000); 1967, $658,000; 1968, $658,000; 1969, $658,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Arthur M. Ross, Commissioner of Labor Statistics

Arthur M. Ross became Commissioner of Labor Statistics, U.S. Department of Labor, in October 1965.

In this capacity, he directs the overall operations of the Bureau of Labor Statistics, the Federal Government's chief fact-finding agency in the field of labor economics.

The data that BLS collects, processes and analyzes is vital in framing Federal economic and social policy and in business and labor decisionmaking.

The Bureau studies such basic questions as employment and unemployment, wages, prices, industrial relations, productivity and technological change, industrial injuries, economic growth, and foreign labor conditions.

Mr. Ross, on leave of absence from the University of California, Berkeley, as professor of industrial relations, has been a faculty member at the university since 1946.

From 1954 to 1963, he served as director of the University of California's Institute of Industrial Relations.

Mr. Ross' Government experience, dating back to World War II, has been broad. It includes:

1941–45: Positions with Office of Price Administration, War Manpower Commission, War Labor Board.

1951–52: Chairman of Regional Wage Stabilization Board, San Francisco, and Member of National Wage Stabilization Board, Washington, D.C.

1953–58: Member of President's Atomic Energy Labor-Management Relations Panel.

1959–60: Chairman, Governor's Commission on Employment and Retirement Problems of Older Workers (California).
1961: Presidential Emergency Board, Pan American World Airways case.
1962: Chairman, Presidential Emergency Board, Chicago & Northwestern Railroad case.
1962: Chairman, Board of Inquiry, Lockheed Aircraft case.
1964: Presidential Emergency Board, Railway Shop Crafts dispute.
1964 to date: National Manpower Policy Task Force.

Before entering Federal service, Mr. Ross was active in private arbitration for about 20 years and lectured widely abroad at the invitation of the State Department and Asia Foundation.

He has also published widely. His books and monographs include: "Trade Union Wage Policy," University of California Press, 1948; "Industrial Conflict" (with Kornhauser and Dubin), McGraw-Hill and 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; "Industrial Relations and Economic Development," proceedings of conference held at Geneva by International Institute of Labour Studies (edited), Macmillan, London, 1966; and "Employment, Race, and Poverty" (edited with Herbert Hill and contributed two chapters), Harcourt, Brace & World, Inc., 1967.

Born May 1, 1916, Rochester, N.Y., he received an A.B. from Harvard College, magna cum laude, in 1937, and a Ph. D. from the University of California in 1941.

Mr. Ross is a member of the Industrial Relations Research Association (executive board, 1953–56, and president, 1965–66); National Academy of Arbitrators (board of governors, 1953–56); American Economic Association, and American Academy of Political and Social Science.

He and his wife, the former Jane Noble Valiquette of Seattle, Wash. have four children, Mrs. Audrey Schneider, Mrs. Wendell Stanley, Richard Allan Ross and Leslie Ann Ross. They live at 4840 Loughboro Road, NW, Washington, D.C.

Mr FLOOD. We have with us now the Bureau of Labor Statistics.

The presentation will be made by the Commissioner, Mr. Arthur M. Ross.

Mr. Ross, you have, I see, a statement.

GENERAL STATEMENT

Mr. Ross. If it pleases you, Mr. Chairman, I would put in the record and summarize briefly.

Mr. FLOOD. Without objection, the statement will be placed in the record.

(Mr. Ross' statement follows:)

BUREAU OF LABOR STATISTICS SALARIES AND EXPENSES

The Bureau of Labor Statistics is the basic source of facts and figures on vital aspects of the American economy—consumer prices, wholesale prices, family budgets, wages and working conditions, collective bargaining practices, labor force, employment and unemployment, short- and long-term occupational outlook, productivity, labor costs, industrial injuries and other topics. The output of the Bureau is frequently indispensable for decisions made by business, labor, consumer, legislative bodies and Government officials.

The Bureau's budget for the current fiscal year is $20,985,000. For fiscal year 1969, we are requesting $22,669,000, an increase of $1,684,000. Of this increase, $928,000 is for mandatory and financing items and $756,000 represents improvements in programs.

Let me cite a few ways in which the Bureau's activities during the past year have contributed to knowledge in urgent and special areas.

We have begun to issue regularly employment and unemployment data for the 15 major metropolitan areas and the nine largest cities within them. This is the first time these data have been made available.

A forthcoming study "Tomorrow's Manpower Needs" will furnish guides to States and localities to provide data that can help them plan their education and training programs.

A special analysis, "Social and Economic Conditions of Negroes in the United States," was prepared jointly with the Bureau of the Census and in response to a special request from the President.

A revised budget for a four-person city worker's family, living according to a moderate standard, was published for each of 39 metropolitan areas, and four regional classes of nonmetropolitan areas, and also for the U.S. urban average. Within the next few months, additional budgets based on a lower and a higher standard will be issued.

The program for improvement of the Consumer Price Index included reworking specifications of items to incorporate better quality attributes, introduction of improved procedures for the meaturement of rent and food price changes, and exploration of better methods of measuring changes in hospital room rates and overall hospital costs.

The reference period for the professional, administrative, technical, and clerical salary survey was advanced in order to give Congress more nearly current data for their consideration of the Government pay scale. Professional, administrative, technical, and clerical data were also provided to States for their wage administration work.

For the first time, quarterly series of output per man-hour and unit labor cost for the private economy and its major sectors were released. The Bureau was asked to furnish information by the Joint Economic Committee.

During the past year the 50th monograph on labor law and practice in foreign countries was completed. These studies used, for example, by American businessmen overseas, provide information on such subjects as wages, hours, and other conditions of employment, social insurance, and labor management relations, as well as a description of the labor force and of social and cultural factors which affect manpower utilization.

A forthcoming study of the iron and steel industry will provide comparable data on unit labor costs in the United States, the United Kingdom, Germany, and France.

Our regional offices have been reorganized to provide greater capability for exploiting more efficiently and in greater scope the local and regional data which are collected by Bureau of Labor Statistics. They are making greater efforts to get useful information on such subjects as employment and unemployment, family budgets, prices, wages, and vocational guidance into the hands of local users.

Now I should like to indicate four major areas where additional funds are requested for work we consider to be essential.

Information is urgently needed on prices in sectors of the economy that are covered inadequately or not at all. We have good data on price levels and trends at the consumer level but statistics of similar quality are lacking for many segments of the economy which contribute to the final product and its price. For example, there are no indexes for transportation, finance and insurance, or construction. We have no measures of prices paid by Federal, State, and local governments in their purchases of goods. Even in the purchase of materials by manufacturers, our price indexes are deficient since they reflect list prices rather than transaction prices actually paid. This is information that busness, labor, and Government need to chart economic decisions for the future ($410,000 and 39 positions).

A particularly large gap in our price data, and one which recent events have highlighted, concerns prices of U.S. products in foreign markets. How do prices of American products compare competitively with those of comparable foreign items? More information on the relative prices of United States and competing foreign countries is needed to evaluate the potential effects of the Kennedy round and of the devaluation of the British pound. At the present time, only the scantiest of data are available on which to base any judgments on these issues. The funds requested would initiate an energetic program to develop the needed information ($123,000 and 12 positions).

The other two new programs for which we are requesting funds are concerned with wages and industrial relations. At the present time, information on general wage and benefit changes is obtained and analyzed only for nonsupervisory workers in manufacturing. Almost no data exist on wage changes

in nonmanufacturing establishments. Yet these establishments employ fully three quarters of all the workers in the United States.

How can we form a useful judgment on the significance of wage developments when information is lacking on changes in wages for most employees? For example, in hospitals which employ about 1.3 million workers or a sixth of all workers in the service industry, wage changes in 1966 (according to a one-time pilot survey) averaged 7.6 percent, compared with 3.3 percent in manufacturing. Funds are requested to gather and analyze wage changes for nonmanufacturing industries, comparable to those currently collected for manufacturing ($207,000 and 21 positions).

Finally, the Bureau is requesting funds to develop an intensive program of studies and information concerned with employee-management relations in Federal, State, and local governments. This area of the economy has grown so rapidly that governments now employ almost 12 million persons, with over 9 million in State and local units. The rapid expansion of personnel and the heightened interest in collective representation has led increasingly to points of friction between unions and government managers. Numerous employee organizations have been developed to handle the burgeoning problems of relations with management, but inexperience on both sides and a lack of information on which decisions can be based often make it difficult to reach amicable agreements. The Bureau proposes to initiate a continuing program of analytical studies of employee organizations, collective-bargaining agreements, and experience in settling disputes in the public sector. These studies would be similar to those currently available on industrial relations in the private sector which have found complete support among both union and management negotiators. ($166,000 and 15 positions.)

Mr. Ross. Mr. Chairman, the request for the Bureau of Labor Statistics comes to $1,684,000. The bulk of that consists of mandatory items, particularly the salary increase. However, there is a total of $756,000 representing program items. There are four specific program items and, with your permission, I will just say a little about each of them.

PRICE INFORMATION

The largest one is an item of $410,000 for critically needed price information, or filling up deficiencies in critically needed price information at a time of great concern about inflation and price movements.

While, of course, we do have much price information, there are some very important industries for which we do not have indexes, such as the construction industry, the transportation industry, the insurance industry, and the purchases made by Government, either Defense purchases or non-Defense purchases.

Mr. Flood. Why don't you have information on industries of that stature this late, in February of 1968?

Mr. Ross. For one thing, Mr. Chairman, these are difficult industries to get prices on, because of the problem of putting together prices for a wide variety of activities. There are so many forms of transportation, there are so many types of construction and, of course, Government now purchases so many thousands of items. So there is a large fact-gathering job here that we have not had resources for.

Mr. Flood. They have not changed very much in the last x years, have they, any of these elements?

Mr. Ross. Well, we don't really know. For example, we cannot tell you the extent of the inflationary trend in the construction industry.

Mr. Flood. Why not?

Mr. Ross. Because we don't have an index for that industry.

Mr. Flood. Why?

Mr. Ross. There have been requests in past years which we have not been able to meet for indexes for industries of that type.

Mr. Flood. Transportation, construction?

Mr. Ross. Yes, sir.

Mr. Flood. That is the main ring.

Mr. Ross. Those are very much in the heart of the economy. It is very difficult, I know, to dramatize the need for price information. It is used by many people in many different ways.

Mr. Flood. That is what you did last year. I remember that you dramatized it rather well last year.

Mr. Ross. Yes; I try.

I might mention on this particular item that in the Economic Report of February 1968 the President refers to several new statistical efforts which can be rapidly and inexpensively translated into improved guides for private and public decisions. He says that accurate, comprehensive, and timely statistics are essential to the development of sound economic policies.

Mr. Flood. Nobody is going to debate that; are they?

Mr. Ross. No, sir.

Mr. Flood. He cannot lose that argument.

Mr. Ross. No, sir.

At a later point in the report the Council of Economic Advisers sets out the President's program of statistics that he regards as of particular importance. One of the priority items is improved price indexes covering individual industries systematically, emphasizing actual transactions rather than quoted prices.

I might say that in many of the wholesale fields, again because of the fact we have not had the resources to do otherwise——

Mr. Flood. What do you mean "wholesale fields"? I was talking about transportation and construction.

Mr. Ross. They are nonconsumer items. That is, most transportation is used by business or by Government, although, of course, consumers consume some of it. Construction is considered a wholesale field. Many other industries are not.

Mr. Flood. I was concerned primarily, in view of the importance of those two industries to the economy, with why they have been neglected this long. Why don't we know anything about them?

Mr. Ross. I think I could only say, Mr. Chairman, that, first, they are industries that present difficulties and, second, requests have been made in the past but we have not been able to get the money for that.

Mr. Flood. All right.

DISTINCTION BETWEEN LIST AND ACTUAL WHOLESALE PRICES

Mr. Ross. Now, if I could just mention the other problem with these prices; that in many of the wholesale fields we have to satisfy ourselves with the list prices.

Mr. Flood. How do you use the term "wholesale"?

Mr. Ross. Wholesale are sales made within the business economy before it gets to the final consumer.

Mr. Flood. Then you mean the same thing as is generally meant by the term? It is not a special technical term, "wholesale"?

Mr. Ross. Yes, sir. It is an important part of this program to find out the actual price that it is sold at, which is often very different from the list price.

Mr. FLOOD. That is not peculiar to any wholesale business, is it?

Mr. Ross. Well, it is not peculiar to any, but it is found more in some than in others.

Mr. FLOOD. I am sure of that.

Mr. Ross. For example, machinery, some electrical apparatus, chemicals. There are some fields where the deviation is greater between the list price and the wholesale price.

Mr. FLOOD. Yes. I have been reading some of the Department of Justice reports in the last several years.

Mr. Ross. Yes, sir. I just wanted to mention one other thing which I happened to see in the Business Week for this week. A member of the Federal Reserve Board gives the opinion that economic policy in the 1950's went wrong because they didn't realize that there was a distinction between the list prices and the actual transaction prices. Now, this is Governor Brimmer, who says that he thinks this was something which led the Federal Reserve and other authorities back in 1957 and 1958 to make decisions which were not the best.

Mr. Chairman, that is the first item on the needed price information.

MEASURING COMPETITIVENESS OF AMERICAN GOODS IN FOREIGN TRADE

The second item is also in the price field, an item of $123,000, to measure the competitiveness of American goods in foreign trade. Certainly, I don't need to tell this committee how much concern there is about our competitive power in world markets and the concern about the balance of payments. This is a program which we have, I believe, worked up to the point now where it will furnish to importers, exporters, and the Government a great deal of useful information on how well our goods are doing in foreign trade. That is to say, price indexes for the imports, price indexes for the exports, and a comparison between the American price and, say, the Japanese price or the German price, or whatever it might be, in terms of the major competing nations.

Mr. FLOOD. It would be handy if you have a border tax, wouldn't it?

Mr. Ross. It certainly would be relevant to that; yes.

Mr. FLOOD. Very.

Mr. Ross. The third item, Mr. Chairman, is a request for $207,000 to measure general wage changes in nonmanufacturing industries. Now, that is to say all the industries, aside from manufacturing, and they make up the bulk of the economy these days. We do have authorization and we do make annual surveys of wage changes in manufacturing, but the bulk of workers are employed outside of manufacturing and we would like to have the authorization to do that, too.

I think perhaps, Mr. Chairman, you have noted that so many of the difficult problems of industrial relations are found outside of manufacturing, in the construction field or in the transportation field or in services.

Mr. FLOOD. That is how we started this conversation.

Mr. Ross. Yes, sir. Services, the hospitals, so many other areas of that kind.

Here again I will just mention that the President in the Economic Report calls attention to the need for filling in our economic measures for the nonmanufacturing industries. In general, we know a lot more about manufacturing than all the other parts of the economy.

LABOR-MANAGEMENT RELATIONS IN THE GOVERNMENT SECTOR

Finally, Mr. Chairman, there is an item of $166,000 for developing a program of fact gathering and information about labor-management relations in government. That is to say, the Federal Government, the State governments, and the local governments.

Mr. FLOOD. Yes. I have heard something about that lately.

Mr. ROSS. Yes, sir. If you recall, the teachers' strikes; also, the refuse collectors' strikes, the social workers' strikes, and other disputes. We do see that public employment is right now at the heart of a great many of the most difficult labor-management problems. Union membership in the public field has increased about 40 percent in the last 6 years. I have been following the strike statistics in this field. It might interest you that up until 1965 there were a fairly small number of strikes in the public field.

Mr. FLOOD. Since you are talking about that, one of the increases you are requesting is $166,000 and 15 new jobs for a study of employee-management relations in Federal, State, and local governments.

EXAMPLE OF BLS STUDY

Now, as long as I can remember agencies like yours have come to the Congress requesting x dollars for studies. All right, let's pick one. Who is going to make study A?

Mr. ROSS. These are studies made by the Bureau of Labor Statistics.

Mr. FLOOD. You make this within your own shop, do you? This is an in-house study?

Mr. ROSS. Yes.

Mr. FLOOD. What do you study? Suppose you pick one study, let's not talk about five, just pick one.

Mr. ROSS. We hope to get a file of the collective-bargaining agreements in the public sector and to analyze them.

Mr. FLOOD. This is going to be done by your own shop?

Mr. ROSS. Entirely.

Mr. FLOOD. All right. Now, what would be the nature of the study? Do you have a series of questions? It is 10 o'clock in the morning; you sit down to study. What is the first thing somebody says or does?

Mr. ROSS. One of the things would be to get together what has happened in this public field in terms of collective-bargaining agreements, how different problems have been handled, problems of settling disputes, problems of handling wages and different types of work as among teachers.

Mr. FLOOD. Federal, State, and local?

Mr. ROSS. Yes. And to analyze them and to develop publications, for which there is a tremendous demand on the part of public administrators and, of course, the unions in public service.

EXPECTED RESULTS OF STUDY IN LABOR-MANAGEMENT RELATIONS IN GOVERNMENT

Mr. FLOOD. What worthwhile results do you hope to obtain from these studies, plural? Now, they are completed, there they are. What worthwhile result falls out from these?

Mr. ROSS. The main result is to develop better understanding and better education among the people who are directly involved in public employee-management relations. In a sense, it is back where we were in the private area, perhaps 30 years ago. Right now there are so many of these union members who are new, the union leaders are relatively inexperienced. The personnel directors of cities or similar people at State and Federal levels are not very experienced in this labor-management area. It is hard to show, you know, with specific times and places, but I think all the information in the private sector is relevant.

Mr. FLOOD. Let me show you why this worries me as one member of the subcommittee. I think I know these members pretty well. This subcommittee, thank goodness, thinks pretty much on the same plane or level about these basic things.

Now, I never tire of pointing out that I have been sitting on the Defense Appropriation Subcommittee since World War II. That is a long time. Defense, that is no place for boys. I have been here 24 years and I am low man on the Democratic side. So you can imagine, that is the varsity.

Mr. ROSS. Yes, sir.

Mr. FLOOD. And we are always being confronted with faits accomplis, problems nobody anticipated. The place is full of battle plans for all kinds of contingencies but we never have a battle plan for what happens. By battle plan I don't just mean shooting; I mean all kinds of contingencies. Nobody ever seems to have thought about "that one." Anything else, they can pick out by the armful. You name it, they've got it figured, except "that one" that happened last Tuesday.

Now this is what worries me. You are good, we have great respect for you. You are doing a great job in this statistics business.

Mr. ROSS. Thank you.

Mr. FLOOD. Why wouldn't you have given birth to this idea before this morning? Didn't you ever think about this before, that there would be trouble with these people?

Mr. ROSS. Yes, sir; we have been doing what we can in the Bureau with our existing organization to get started, and we have a few people working on it to the extent we can. There is, I guess, a kind of lag in Government statistics. I guess we don't get around to problems fast enough. I don't know that I have a very good explanation for the fact that we are here in 1968. This is the third year of the crisis, really, in the public employment field. It may be the Bureau has asked for this item in the past; I don't know, because I am relatively new here, as you will recall.

Mr. FLOOD. Yes.

Mr. ROSS. But in any case, if you are saying that the time is overdue when we should be able to put together and analyze the experience in this field——

Mr. FLOOD. That is exactly what I am saying. With all the researchers in your organization, nobody every thought about this one?

Mr. Ross. Sir, we have thought about it.

We have a number of efforts underway surveying the unions in this field, trying to organize the basic information. However, we think the time has come to try to do the kind of job in the public sector that the Bureau has done in the private sector. If you feel that it is overdue, I could not agree more.

Mr. FLOOD. Then that is the end of the discussion. All right. Go ahead.

Mr. Ross. Well, that is the summary, Mr. Chairman. These are the four items that we are requesting.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. Now, the budget for 1968 is $20,985,000. The request for 1969 is $22,669,000.

Mr. Ross. Yes.

Mr. FLOOD. That is an increase of $1,684,000, and $906,000 of that is for new and expanded activities.

Mr. Ross. No. I believe $756,000 is for the new and expanded activities.

Mr. FLOOD. Well, you have an agrument.

Mr. Ross. Well, there are some decreases.

Mr. FLOOD. You are taking out the $78,000 and $72,000 decreases. I have the total of $906,000 which are pluses.

Mr. Ross. Yes, sir; that is correct.

INCREASE TO OVERCOME PRICE INFORMATION DEFICIENCIES

Mr. FLOOD. Half the program increase is, and I quote "to overcome critical price information deficiencies." I will bet you never thought that one up. Where do you hide the people who give birth to these phrases? O. Henry could never write some of this.

Tell us what these deficiencies are, and why it is important we spend more money to correct them. In the opinion of many, this is a year of fiscal crisis, this is a tough year for appropriations, very, very tough. You want to give birth to this program expansion right in the middle of this, do you?

Mr. Ross. Mr. Chairman, I do know how tough it is.

Mr. FLOOD. Oh, no, you do not.

Mr. Ross. Well, I am sure of that. But we know it is tough. This item has survived in our budgetary considerations. I think it has survived after pretty critical scrutiny. Perhaps if I could say once more, it is in the President's list of what he and the Council of Economic Advisers regard as really top priority items of information necessary for economic policy.

Mr. FLOOD. Do you understand that what you are saying is informative to the Congress. It is not dogma.

Mr. Ross. No. I point that out merely because it is in the Economic Report.

Mr. FLOOD. Yes. But this is the legislative branch.

Mr. Ross. Of course; and the legislative branch must decide whether it is worthwhile under these very difficult budgetary circumstances.

Mr. FLOOD. And that begins right here. Look around this table.

Mr. ROSS. Yes, sir.

Mr. FLOOD. This is where you begin. Well, I don't know what more you can say. Do you?

Mr. ROSS. Well, it is hard, with these price statistics. As I say, it is hard to dramatize them. I have never been very successful in doing so. There are just a great many people who need to know what the price trends are in some of the industries which I mentioned.

Mr. FLOOD. I know, but must everybody know everything now, under all the circumstances?

Mr. ROSS. No.

Mr. FLOOD. I am not quarreling with the need. I am not quarreling with the demand or its values to the inquirers, or your efforts. But I am asking you to look, under all the circumstances, at this question: Must everybody have everything now? This is a question of too much fudge.

Mr. ROSS. Well, I think it is a question of priorities. As you say, the executive must have its own ideas and legislative branch must have its ideas on priorities.

The executive branch does regard this as a high-priority item even in a tight budgetary situation.

COMPARISON OF CHANGES IN THE WHOLESALE AND RETAIL PRICE INDEXES

Mr. FLOOD. In this field of prices, what is your explanation for the fact that the retail price index has gone up two and a half times as much as the wholesale price index from this base period 1957–59?

Mr. ROSS. Yes. I think one of the major reasons is that consumer services are in the consumer price index but not the wholesale price index. The big difference is the services, such as medical services. They are in the consumer price index. Rent, repair services of all kinds, auto repair, household repairs, appliance repairs, hotels, restaurant services, entertainment, all those things have gone up more.

Mr. FLOOD. The standard of living?

Mr. ROSS. They are prices that have gone up more than other prices. One reason is that the manufactured goods have technological improvements which makes it possible to pay the higher wages, and so forth, without raising prices as much. In the services, typically there isn't that technology, so that their prices do go up more than the manufactured goods.

Mr. FLOOD. No, I am talking about the retail index vis-a-vis the wholesale index. The retail price index is up two and a half times more than the wholesale. Why? You did not answer that.

Mr. ROSS. I meant to by saying that the services are in the retail index.

Mr. FLOOD. The direct service?

Mr. ROSS. Direct to the consumer.

Mr. FLOOD. Yes, but wholesale is a service industry to the retailer.

Mr. ROSS. No.

Mr. FLOOD. It was 5 minutes ago in the transportation and construction trades.

Mr. Ross. Well, the service industries are consumer services. I am using the term that way.

The wholesale indexes services come out of the index. And one reason is—you mentioned some of the service industries that we would like to measure, such as transportation.

Mr. Flood. No. You said you wanted to measure them. All I said was "Why didn't you do it before?"

Mr. Ross. All right. If they were measured, they would be in the wholesale index, but we don't have measures for them.

PRICE COMPETITIVENESS OF U.S. PRODUCTS IN WORLD MARKETS

Mr. Flood. Now, the next increase is $123,000 and 12 jobs, and you mention "to provide for the development of statistical measures of price competitiveness of U.S. products in the world markets." Well, that one isn't so bad. I can understand that one.

Suppose you tell us what is involved, not only for 1969, but use a crystal ball on this one. What about cost for future years? I have been in Washington a long time, and this is a foot-in-the-door business. This could be the camel's nose under the tent.

Mr. Ross. Mr. Chairman, I wouldn't want to commit future Commissioners by saying that there would never be any further request in this field.

Mr. Flood. You can't commit them. I can't commit the next Congress, I am sorry to say.

Mr. Ross. We do not have in mind further requests. I believe you asked how would we go about using this money?

Mr. Flood. Yes. What is involved?

Mr. Ross. Well, it would be a survey of the U.S. firms that manufacture or sell or purchase commodities in foreign trade. There would be a survey of documents, commercial documents entering at the major ports, invoices, manifests, bills of lading, and whatnot, because much information comes from them.

Then we would be collecting information from bids offered to governmental agencies when they are procuring commodities, U.S. bids and foreign bids.

From these various sources we will put together information on comparative prices and then price indexes to see whether our prices are going up more rapidly than those in other countries.

Mr. Flood. I want the record to show the potential of this program. Of course, you say that has nothing to do with you; you are talking about 1969. But you cannot sell a program like this for 1969 alone. You have to tell the committee something about what to expect in the years ahead, or you have nothing.

Mr. Ross. Yes. I would say that if the Bureau were able to get all the resources it would like, which is a big "if," then this program in the next 5 or 6 years would expand to several hundred thousand dollars.

Mr. Flood. This is the kind of collection of statistics that every country in the world would like to have. There isn't a country in the world worthy of the name that wouldn't like to have this kind of project, without any doubt.

Now, why isn't this a natural for an international statistical organization? Wouldn't that be the most efficient way of gathering data? My spies tell me there is such an organization.

Mr. Ross. The staff tells me there is the OECD, the Organization for Economic Cooperation and Development. We will get what we can from them. They do have some information.

Mr. Flood. Well, that is good.

Mr. Ross. They do have some information on foreign trade. However, countries, including Japan, Germany, United Kingdom in particular, now have available data for their nationals, much greater than we have in the United States and much greater than can be obtained through the OECD.

Mr. Flood. This is a bilateral arrangement, is it? Are they friendly powers?

Mr. Ross. Yes; but they collect it themselves for their own purposes because even with friendly powers there is competition in the trade field.

Mr. Flood. And Gimbel won't tell Macy about this one?

Mr. Ross. A little bit of that; yes, sir.

Mr. Flood. That is all right. I am for that.

SURVEYS ON GENERAL WAGE CHANGES

You are requesting an increase of $207,000 and 21 jobs to initiate a program of surveys of nonmanufacturing industries to obtain information on general wage changes. As you can gather that word—and I quote it for the purpose of emphasizing it "initiate"—that always makes the Congress wonder what in the world are we getting into now? What is your short-range and long-range plan on this program? Since you brought it up in passing before, suppose you make a special reference in this answer to the medical area.

Mr. Ross. Yes. The short range is the long range. In other words, this is the total request in this area.

This will suffice, if it stays in the base, it will suffice to accomplish the satisfactory measurement of wages in the nonmanufacturing industries. So that this is not a case where the $207,000 would be an entering wedge.

Mr. Flood. Then this is not on your list of long-range programs?

Mr. Ross. Yes, sir. That is what I meant when I said the short-range was the long range.

Mr. Flood. If that isn't the fallacy of a major premise, I never studied logic. How do you get a conclusion out of that?

All right. You are an economist, I am afraid, aren't you?

Mr. Ross. I am afraid so.

Mr. Flood. Oh, well, you will live that down.

Mr. Ross. I am finding it difficult to live it down.

Mr. Flood. Mr. Michel?

BUDGET FOR A FOUR-PERSON CITY WORKER'S FAMILY

Mr. Michel. Mr. Ross, on page 2 of your testimony you speak of a revised budget for a four-person city worker's family living accord-

ing to a moderate standard was published for each of 39 metropolitan areas, and so forth. Is that the study that the results of which were publicized just about the time we had that postal pay bill up? As I recall, I got an article from a postal worker saying that in order to be really getting the minimum, a four-person family ought to get about $9,100, $9,200, something like that. I wondered where in the world he got those statistics. I wonder if that is the same study.

Mr. Ross. I believe that is the study to which you refer.

Mr. MICHEL. Where did those figures come from? That is, where did the figures for a four-person family's needs appear, as a minimum which makes the poverty level look like about a third of the minimum?

Mr. Ross. We never said that—

Mr. MICHEL. This is the way these articles came out. I was flabbergasted when I had these things thrown in my face saying, "For God's sake, you are way behind the times. We are only asking for 75 percent of what your Bureau of Labor Statistics says is needed as the bare minimum for a four-member family." I had to write back and say that I don't believe those figures, you are all wet. If you talk to the average fellow on the street, he doesn't make anywhere near that. I said at the time that I was going to come back and ask you folks where the devil did you come up with the figures in the first place to make up that kind of a statistic.

Mr. Ross. Let me say we did emphasize very strongly that this was not a minimum and it was not an average for a four-person family. This represents a standard for a well-established family with teen-age children, the man has been working for 20 to 25 years typically, in the majority of cases he owns his home, he is well established. It is his standard, not a minimum level but at the middle or moderate level. It is not affluent, to be sure, but it is not the minimum, it is not poverty.

Mr. MICHEL. It isn't and that is the point I am making. Who makes the determination? The figures were just so phony to my way of thinking that whatever explanation you gave to it I don't know how you could ever arrive at that figure. Why wasn't it what some families realized on an average after 10 years of family life, or 5 years? Why 15 or 20? Who makes that kind of a judgment?

Mr. Ross. Let me answer this in two ways. Where did we get the figures? The figures on housing needs, space needs for housing adequacy, came from panels or specialists of people who are experts in the housing industry.

Special panels who advise Housing and Urban Development. The figures on how much is needed for adequate diet, for a family this size at this level of consumption, came from similar panels of experts at the Agriculture Department. The figures on other things such as clothing, medical care, drugs, and so forth, came from a study of consumer patterns, a study of consumption on the part of families of this type. In most of the cities an automobile was regarded as part of his living standard.

Mr. MICHEL. What priced automobile? What kind of an automobile?

Mr. Ross. I can answer that if I have a minute to look it up.

Mr. CHASE. A used car.

Mr. Ross. How much per year was used?

Mr. FLOOD. Would you introduce your assistant, Mr. Ross?

Mr. Ross. I am sorry. This is Mr. Arnold Chase, Assistant Commissioner for Prices and Living Conditions.

Mr. CHASE. Roughly every 4 years.

Mr. Ross. The assumption was that the car would be replaced every 4 years, and it would be——

Mr. CHASE. A 2-year-old used car.

Mr. Ross. Two-year-old used car once every 4 years.

Now, you might say, secondly——

Mr. MICHEL. Is there a television set included for everybody? Is it color or is it black and white?

Mr. Ross. Can you answer that?

Mr. CHASE. Yes, the television set is included. It is a black-and-white set. I would have to look to see how often it is replaced.

Mr. Ross. Once every 8 years in metropolitan areas and less often in nonmetropolitan areas.

I would like, if you do not mind, to give you a copy of this. You might want to study these quantities, because when I first heard the figure it sounded like a lot to me. Then when I studied the quantities and when I got mail from housewives saying, "We are trying to live at this standard and we cannot do it on my husband's earnings; I have to go out to work also"—I began to think that it wasn't so wrong. I personally vouch for this, as I think it is a pretty accurate survey. Now, we are making studies which will be coming out this spring, at a higher scale of living, and also a more minimum scale of living which might be closer to the poverty line. We also are showing what the difference is if a family only has one child, or if the children are babies instead of teenagers. Also, what the difference would be if the family had three or four children. So we try to emphasize all these differentials, but I have to agree with you that despite all of the precautions we try to take, there were some people who did misuse the figures, through misunderstanding.

Mr. MICHEL. I have no objection to that figure being used in conjunction with any other at that time that might have been appropriate, but it seems to me taking one out of the thin air and saying this is so, is fantastic. If I ask for a figure on all of those people, giving and taking some because of the timelag in the gathering of statistics, could you give me, within a few percentage points, the number of families or people in this country making $3,000 a year, $4,000 a year, in increments of 1,000?

Mr. Ross. Yes. Would you like that in the record?

Mr. MICHEL. No; I just want to know if I came up with that simple question I could get that.

Mr. Ross. Yes. I might say at this point, that the average four-person family makes more than $4,000. The average family makes somewhere between $7,000 and $8,000. The average family is not as well established as this particular family we used as a prototype.

Mr. MICHEL. That is why I say this is distorting. You do not even give an average. We know there are many, many people far below that.

Mr. Ross. This may not be an explanation, but these budget studies do go way back into the 19th century and for some reason or another the four-person family with one teenager and one almost a teenager has become standard as a statistical family. It is not a very good explanation, I guess, but this is the same family that has always been the prototype family in budget studies. But we do try to adjust it for other types of families.

HOSPITAL COSTS IN CONSUMER PRICE INDEX

Mr. MICHEL. In your computation of the Consumer Price Index, are hospital costs a factor in that computation at the moment?

Mr. Ross. Yes. They have been a big factor. Hospitals and medical services in general have been one of the principal factors in the increase in the cost of living in recent years, and, of course, the wage problems, salary problems in that field are very difficult also because with nurses, custodial workers, and so forth, the hospitals have traditionally been a low-wage industry. They are having to move up rather rapidly to hold on to their help. This is one of the industries that would be high priority if we were able to study the wage changes in the nonmanufacturing industries.

WAGE SURVEYS OF HOSPITAL PERSONNEL

Mr. MICHEL. You anticipated an area of my next several questions, that being a subject closely akin to that where you discuss the hospitals which employ 1⅓ million workers, or a sixth of all workers in the service industry, and the wage changes in 1966, according to a pilot survey, average 7.6 percent increase compared with 3.3 in manufacturing.

When you publicize a figure like that, you surely amplify with background material or something to the effect that the passage of the minimum wage law and the inclusion of hospital people who are way down at the low end of the scale, make it natural that their increase would be considerably larger percentagewise than the industrial worker who already is making three times as much per hour as they are. But if you do not accompany those figures with some kind of explanation, then UAW and the farm equipment workers and everybody else say, "Well, look here, boys, within the last year we have only come up 3.3 percent and these people out here come up with seven or eight," and you get a hang-up in the bargaining system. Am I wrong in that?

Mr. Ross. No. And, of course, there is only a mention of it in our budget statement. We have an industry wage survey for nursing homes published in 1966 which goes on to 74 pages. So it does go into a great deal of the necessary details.

Mr. MICHEL. How many people read that kind of a survey or study?

Mr. Ross. I will ask Mr. Gavett. Mr. Gavett is Assistant Commissioner for Wages and Industrial Relations, Mr. Chairman.

Do you know how many people read our industry surveys?

Mr. GAVETT. I could not answer how many read it. Approximately 1,500 copies go out in addition to a summary release which has a distribution of about a thousand copies.

Mr. MICHEL. On the strength of the distribution of 1,500, do you think it is worth the price of its makeup?

Mr. GAVETT. Yes.

In the case of the nursing home study, it also has been requested by the Wage and Hour Division. So it is being used both for our purposes in keeping track of what has happened to wages in certain critical industries and theirs.

Mr. FLOOD. I have had six requests for that in about 3 or 4 months, and I attribute them all to the medicare and medicaid program, people who want to go into this business of nursing homes.

Mr. MICHEL. I have no objection to the figures being distributed. My point is, if we are going to the expense of gathering them, I would hope they would serve some good useful purpose.

On first blush, 1,500 nationwide does not seem to be too many.

Mr. Ross. Perhaps I could at this point enter some figures on the distribution of this type of publication because I think 1,500 would be at the low end of circulation of this type of publication. I know we distribute many more copies, over 10,000 for some industry surveys.

(The information follows:)

Sales and free distribution in excess of 10,000 copies were made for industry wage surveys covering hospitals, life insurance, machinery, and banking.

MONOGRAPH ON LABOR LAW AND PRACTICE IN FOREIGN COUNTRIES

Mr. MICHEL. Commissioner, on page 3 in your first sentence you say:

During the past year the 50th monograph on labor law and practice in foreign countries was completed.

Is there any increase in the amount requested in that to carry on that activity this year over last year?

Mr. Ross. No, there is no request for an increase for that. We do have an item in the base which carries out this program. It is a particular service I think to corporations and other business firms that do business abroad, when they have to go into Guatemala or Turkey, as the case may be, and they want to know how to get ready for the conditions they will confront there.

Mr. MICHEL. I have no objections to that. It would just seem to me, however, that with national policy apparently being currently to discourage foreign investment of American corporations abroad, it would be working at cross-purposes if, at the very time we are trying to discourage this, we would increase amounts of money to furnish Amer-

ican business with the kind of statistics that would encourage them to do just what the Government says they do not want them to do.

Mr. Ross. I do see the point. There is no request for an increase here.

UNIT LABOR COSTS HERE AND ABROAD

Mr. MICHEL. I see that a forthcoming study of the iron and steel industry is to provide comparable data on unit labor costs in the United States, United Kingdom, Germany and France. Have you any idea how soon this will be ready?

Mr. Ross. It will be out during the next few months.

Mr. MICHEL. In determining unit labor costs in these foreign countries, are you going to go into that amount of subsidy these countries pour into that basic industry as a means of competing and giving their domestic steel industry an advantage over ours in competing in worldwide market? There is no question, I can tell you right off, per unit labor cost is going to be less in every one of these countries than in our own country. That of itself does not tell the entire picture.

I ask what publicity is given to those figures when you do not as a matter of fact include Federal subsidies that a foreign government gives to its basic steel industry that our industry does not get? Mr. Flood and I would both be faced with the same problem in that respect coming from our type district.

Mr. Ross. These costs do not tell the whole story, that is true. And unit labor costs would not take account of export subsidies that may be paid in some countries or other advantages given to exporters by the Government.

Mr. MICHEL. It would be confined to direct labor costs?

Mr. Ross. It would include wages, all kinds of wage subsidies, fringe benefits and supplements. It is the first study of the kind, the first comparative study of unit labor costs that has been made, but it does not go into all aspects.

If we do go ahead on a comparative price measure that we have discussed, this would fill in a good deal more of the total story of the international competition.

Mr. MICHEL. I am not criticizing your going into the area. As a matter of fact, I applaud you for that segment. There may be others who have a similar interest in another area.

What is the determining factor in moving you to make a study as you have indicated here of the steel industry? Have you made one in textiles or toys?

Mr. Ross. In the steel industry—we try to be sensitive to expressions of need or interest on the part of the people in the industry, on the part of the labor organizations, on the part of the Government agencies who work with that industry.

I believe, I am sure you will agree, there has been much concern about international competition in iron and steel and we were asked

to make the study, and we try to oblige when we are able to. We have done a good deal of work on textiles as well.

LABOR DISPUTES IN THE PUBLIC SECTOR

Mr. MICHEL. Finally, on page 5 where you have asked for these 15 additional positions and $166,000, proposing to initiate a continuing program of analytical studies of employer organizations, collective bargaining agreements, et cetera, has this anything to do with the threat of strikes in the public sector?

Mr. Ross. It would certainly be part of such a program to study how disputes in the public sector are settled, to study new institutions of mediation or voluntary arbitration, laws passed by various States to deal with the strike problem in public service, to pull together the experience under all of these.

Mr. MICHEL. Have we ever done anything in your shop in this area?

Mr. Ross. Very little. There was a few years ago one study made of some of the contract provisions in Federal collective bargaining agreements under President Kennedy's Executive Order 10988.

As I mentioned a little while ago, we are now beginning to pull together some additional information. This study of the Federal agreements is about our only publication so far and that was a number of years ago.

Mr. MICHEL. It would seem to me in view of the prevalence of these strikes and the increasing frequency of those that we are hearing about, this probably is one area where we ought to have some better information than what we have at the moment to deal with them because it would seem that they might very well pose considerable threat.

Mr. Ross. Last year there were more than 200 strikes in public service around the country, 1967. In 1966, there were 147. And prior to that it was somewhere between 10, 20, 25 per year. So the past couple of years it really has skyrocketed.

Of course in 1968, already there are the teachers' strikes in Florida, New Mexico, problems in Oklahoma and of course the teachers' strike in Montgomery County in Maryland, the garbage collectors' disputes in Memphis and New York City. This is a field that is kind of running away. I think a lot of work has to be done to get on top of it.

DATA PROCESSING

Mr. MICHEL. How much of your budget request is going toward increasing your data processing?

Mr. Ross. You mean the computer work?

Mr. MICHEL. Yes.

Mr. BURDETSKY. $45,000.

Mr. MICHEL. Out of a budget of how much?

Mr. BURDETSKY. We are just talking about the increases this year.

Mr. MICHEL. Let me first put this question then. What amount of your overall budget is in the area of computerizing or data processing,

automating of all things? In a department that has a principal objective of gathering of statistics, if we are not automated in your shop to the *n*th degree, we are sure missing the boat.

Mr. BURDETSKY. We are automated. We have $1,627,000 allocated to data processing activities.

Mr. MICHEL. And what increase are you asking for this year?

Mr. BURDETSKY. $45,000.

Mr. MICHEL. Is it right to assume that by the increased amounts for data processing or in automation here we are in effect replacing people or doing better than we could if we hired *x* number of bodies to compute one thing and another?

Mr. BURDETSKY. Much of what we do, we could not do without a computer. We have increased a great deal our output, our ability to produce materials without increasing staff in many cases. The computer enables us to do a lot of things that were impossible before.

Mr. MICHEL. Is there any possible way of evaluating in dollars and cents what automation has given your shop by way of savings if you were not automated, if you did not have this data processing, and still to provide the same kind of material we are getting today?

The point I am trying to get at, as I recall every year we are getting an increase, an increase in positions and increase in money at the same time we are also automating. And some would tend to believe when we become automated and modernized, we really do not need so many people around because we have mechanized ourselves hopefully to improve the quality of the statistics and also to cut down on the costs of gathering and analyzing.

Mr. BURDETSKY. This is a fair statement.

You might say that if we were not able to use the computer, the funds we are asking for would be substantially higher to pay for pools of people to tabulate the data and to do all of the hand editing that has to be done where machine processing is not available.

Mr. MICHEL. Is there any significant improvement with the innovation of data processing and your mechanization here in the quality of the statistics which you have been able to gather and to analyze?

Mr. BURDETSKY. We like to think there is.

We are able to do much more expansive editing, for example, with the use of the machine. The computer is able to determine and detect data problems much quicker, and enables us to go back to the respondent faster to get the data improved. Thus, we are better able to work the correct figures into our releases, and to release our reports much closer to the reference date of the data.

Mr. MICHEL. Do you have a system of check on your own operation?

Mr. BURDETSKY. Yes, sir. Quality control in the statistical programs is critical.

Mr. MICHEL. I think that is all.

Mr. FLOOD. Mr. Natcher?

Mr. NATCHER. No questions, Mr. Chairman.

Mr. FLOOD. Mr. Smith?

Mr. SMITH. No questions.

EMPLOYMENT INFORMATION ON LAW ENFORCEMENT AGENCIES

Mr. FLOOD. Inquiry was made of me by the National Office of the Fraternal Order of Police with reference to H.R. 4996. Hearings were held before the Select Subcommittee on Labor of the Committee on Education and Labor of the House in the 90th Congress, first session, on this bill to require the Secretary of Labor to collect and disseminate employment information regarding local law enforcement agencies. In view of the great concern with that subject generally, and now specifically the riots in the streets, what is the status of this legislation?

Are you pushing it?

Mr. ROSS. No, sir. We received an inquiry from the Member of the House who introduced the bill, I believe, with respect to our ability to furnish statistics. I would like Mr. Gavett to rise and give some details on that.

Mr. GAVETT. My predecessor in the job, Leonard Linsenmayer, testified before the House select committee last June on this and indicated that it would be hoped that in time we might be able to propose a wage collection program which would give us the sort of information that the House committee wanted on firefighters and law-enforcement officials.

It was recognized that this would cost a substantial amount of money and that it was not possible for us to ask to produce such a substantial increase this year because of budgetary restraints. We have kept this in mind for the future.

REMARKS REGARDING COMMISSIONER

Mr. FLOOD. I have just taken a look at your biographical sketch, Mr. Ross, and you said to me when I had you under direct examination that you were new here. Why, you go back practically to the War Between the States in your government service.

Mr. ROSS. But not in this position.

Mr. FLOOD. OPA. I did not think anybody but myself had been around that long.

Mr. ROSS. I was afraid that might come up.

Mr. FLOOD. You have given very long and honorable and fruitful service to the Government and the taxpayers, in which we are interested, and I know you are.

You have been a very interesting and refreshing and very successful Commissioner. I understand you are leaving your position soon. The committee hates to see you go.

Mr. ROSS. July 1.

Mr. FLOOD. That is too bad, but you will go with our best wishes for your future.

Mr. ROSS. Mr. Chairman, since it is my last appearance here, I would like to say it has been a privilege to appear before you and your committee and I have also been grateful for the consideration you have given us and the fairness of your determination.

Mr. FLOOD. Thank you very much.

Mr. ROSS. Thank you for your good wishes, sir.

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate	$20,933,000	$22,669,000
Amount reserved under H.J. Resolution 888 (P.L. 90-218)	-487,000	-
Amount of reserve applied to increased pay costs	487,000	-
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increases (P.L. 90-206 effective October 8, 1967)	54,000	-
Non-recurring rental costs transferred to General Services Administration	- 2,000	-
Appropriation or estimate, revised	20,985,000	22,669,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968 Pos.	Amount	Estimate, 1969 Pos.	Amount	1969 Change Pos.	Amount
1. Manpower and employment	345	$ 8,295,000	345	$ 8,528,400	-	+$ 233,400
2. Prices and cost of living	309	3,478,900	360	4,122,300	+51	+ 643,400
3. Wages and industrial relations	321	3,504,400	357	3,972,300	+36	+ 467,900
4. Productivity, technology and growth	96	1,205,100	96	1,422,100	-	+ 217,000
5. Foreign labor and trade	41	453,100	41	471,500	-	+ 18,400
6. Program staff services	153	1,659,900	153	1,708,600	-	+ 48,700
7. Administration and management services	126	2,388,600	126	2,443,800	-	+ 55,200
Total obligations	1,391	20,985,000	1,478	22,669,000	+87	+ 1,684,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
Total number of permanent positions	1,391	1,478	+ 87
Positions other than permanent	74	74	...
Average number of all employees	1,302	1,397	+ 95
11 Personnel compensation	$12,152,100	$13,398,700	+$1,246,600
12 Personnel benefits	900,730	996,030	+ 95,300
21 Travel and transportation of persons	754,200	706,700	- 47,500
22 Transportation of things	20,000	20,000	...
23 Rent, communications, and utilities	1,161,470	1,226,270	+ 64,800
24 Printing and reproduction	704,300	655,800	- 48,500
25 Other services	1,455,100	1,650,100	+ 195,000
Services of other agencies	3,538,000	3,658,400	+ 120,400
26 Supplies and materials	178,700	190,300	+ 11,600
31 Equipment	120,400	166,700	+ 46,300
Total obligations	20,985,000	22,669,000	+ 1,684,000
Working Capital Fund items included above	(953,000)	(1,016,000)	(63,000)

SUMMARY OF CHANGES

	Pos.	Amount
1968 Enacted Appropriation	1,391	$20,933,000
Amount reserved under H.J. Resolution 888 (P.L. 80-218)	-	-487,000
Amount of reserve applied to increased pay costs	-	487,000
Proposed transfer from "Office of Manpower Administrator" for pay increases (P.L. 90-206 effective October 8, 1967)	-	54,000
Non-recurring rental costs transferred to General Services Administration	-	- 2,000
1968 Appropriation, revised	1,391	20,985,000
1969 Estimate	1,478	22,669,000
Total Change	+87	+ 1,684,000
Mandatory Items (page BLS-8)		
Increases:		
Net additional pay increase costs not completely funded in 1968	-	+ 619,500
Net additional cost of within-grade promotions effective for part year in 1968	-	+ 71,700
Net cost of within-grade promotions becoming effective in 1969	-	+ 95,200
To provide for one extra day of pay in 1969 for current year staff	-	+ 55,300
Payments to states for increased salary rates in connection with the Cooperative Employment Statistics and Labor Turnover Programs (Non-labor $95,000)	-	+ 95,000
Sub-total, increases	-	+ 936,700
Decreases:		
To provide for a net decrease in contributions to the Federal Employees' Compensation Fund	-	- 10,000
Sub-total, Mandatory Items	-	+ 926,700

	Pos.	Amount
Financing Items:		
To provide for full cost of centralized services purchased from the Working Capital Fund	-	+ 1,300
Program Items:		
Increases:		
To overcome critical price information deficiencies ($330,700 personal services; $79.300 non-labor costs) (page BLS-23-24)	+39	+ 410,000
To provide for the development of statistical measures of price competitiveness of U.S. products in world markets ($96,000 personal services; $27,000 non-labor costs) (page BLS-24-25)	+12	+ 123,000
To initiate a program of surveys of non-manufacturing industries to obtain information on general wage changes ($160,100 personal services; $46,900 non-labor costs) (page BLS-31-32)	+21	+ 207,000
To initiate studies of employee-management relations in Federal, State and local governments ($134,800 personal services; $31,200 non-labor costs) (page BLS-32-33)	+15	+ 166,000
Sub-total, increases	+87	+ 906,000
Decreases:		
Management Improvement and Cost Reduction savings in travel and transportation of persons	-	- 78,000
Management Improvement and Cost Reduction savings in printing and reproduction	-	- 72,000
Sub-total, decreases	-	- 150,000
Sub-Total, Program Items	+87	+ 756,000
Total Change	+87	+ 1,684,000

Bureau of Labor Statistics
(Salaries and Expenses)

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 costs. The fact must be emphasized that Bureau methods and procedures are under continual review with respect to (1) the data required to meet major governmental and private needs, and (2) the most efficient ways of meeting these needs.

The estimated cost of the Bureau's programs for fiscal 1969 is based upon long and cumulative experience in the operation of complex statistical programs involving survey planning, data collection, tabulation and summary of data, and the preparation of analytical reports.

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 and data tabulation.

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 in the south) will require a larger sample than would be needed for national estimates alone.

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

BASIS FOR ESTIMATES (continued)

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. A program of pilot studies is under way to determine the most effective methods of obtaining accurate occupational employment statistics from establishments - by mailed questionnaire, by a combination of mailed questionnaire and personal visits, or the addition of special questions to the occupational wage surveys. 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, monthly data on both the labor force and prices appear to represent the minimum frequency required for both government and private decision making. 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. 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 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. A data bank based on a comprehensive system of storage, retrieval, and analysis of numeral information has been developed by the Bureau of Labor Statistics for nearly three years.

BASIS FOR ESTIMATES (continued)

Its major attribute is that it gives the Bureau's social scientists direct use of the computer as a common tool in the analysis of economic affairs while by-passing the need for writing a computer language program on a job-by-job basis.

Finally, the fith 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 collection in the vial areas in which the Bureau deals.

Activity 1. MANPOWER AND EMPLOYMENT (1968, $8,295,000, Pos. 345; 1969, $8,528,400, Pos. 345)

Narrative Description of Program

The Bureau's Manpower and Employment Statistics program measures the activity and health of the economy and of each of its industrial and geographical sectors, including urban slum and other problem areas, in terms of employment, hours, earnings, and labor turnover; it also shows the economic status of workers in terms of their employment, unemployment, and labor force participation in relation to their personal characteristics. Projections of labor supply and manpower requirements for the economy and for each industry and occupation provide a basis for anticipating manpower problems, planning training and educational programs, and vocational guidance. 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, and Unemployment Analysis--Household Survey

Each month the Bureau analyzes significant developments in the labor force, and in employment and unemployment as revealed by statistics from the Current Population Survey of 52,500 households conducted for the Bureau of Labor Statistics by the Bureau of the Census. Supplementary surveys are also conducted in conjunction with the regular surveys, providing an average of 10 special reports a year on such subjects as the employment experience of out-of-school youth, and the relationship of unemployment and geographic mobility.

In fiscal year 1967, the three-year program of testing improved measures of employment and unemployment was completed. In January 1967, changes in the definition of employment and unemployment were instituted, and new probing questions to clarify the concepts were added to the basic questionnaire. At the same time, the number of households included in the survey was increased by 50 percent--to 52,500 each month. Combined with the sharpened definition, the sample expansion increased considerably the reliability of the monthly employment-unemployment figure.

The Bureau published projections of the labor force by color for 1970-1980, and State labor force projections for 1970 and 1980. In addition, studies were published on "Low Earners and Their Incomes" and on "Work Limitations and Chronic Health Problems."

Thirteen slum areas in ten cities in the United States and Puerto Rico were also surveyed during the year jointly by the Bureau of Employment Security and the Bureau of Labor Statistics. During the last half of the year, an experimental, methodological program was undertaken in three cities to test methods of measuring labor force experience of slum residents and to test techniques for improving coverage of slum area population in employment and unemployment surveys.

In fiscal year 1968, tabulation and analysis of the results of the experimental surveys conducted in the three cities will be completed. If possible, additional surveys of slum areas will be started in the last half of the fiscal year. These data are essential in planning and carrying through training and other manpower programs in central cities.

The Bureau is also publishing new labor force statistics on employment and unemployment characteristics for the 15 major metropolitan areas and the 9 largest cities within them. These statistics are expected to shed new light on the underutilization of human resources. In addition, the Bureau will publish the results of a study of men 20 to 64 years old who are not in the labor force and a study of multiple jobholders.

In fiscal year 1969, the program will continue without substantial change.

Industry Employment Statistics-Establishment Survey

The Bureau of Labor Statistics cooperates with State agencies in collecting data each month on employment, hours, and earnings from a sample of establishments in all nonagricultural activities. Approximately 195,000 reports are collected from establishments each month, of which 155,000 relate to employment, man-hours, and payrolls, and 40,000 relate to labor turnover. Monthly estimates of employment are published for 402 industries, hours and earnings data for 357 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 203 local areas, and hours and earnings data are published for 172. Labor turnover data are published for 93 major local areas.

Two major publications are issued annually, one providing all national series from 1909 forward, and the other providing State and area data from the beginning date of each series.

In fiscal year 1967, activity in the industry employment statistics program continued to be directed toward the expansion of establishment reports on employment, hours, and earnings. Although no additional funds were provided for this program in fiscal year 1967, results from earlier allocations to cooperating State agencies became evident and considerable progress was made toward fulfillment of the objective to improve the reporting sample by the addition of 10,000 establishments, thereby strengthening the estimates for service industries and providing more area detail. A significant achievement was the development of monthly hours and earnings series covering all production or nonsupervisory payroll workers in the private nonagricultural economy.

In fiscal year 1968, the new hours and earnings series, covering all production and nonsupervisory workers, are being extended back to 1947 on an annual average basis.

In fiscal year 1969, the program will continue without substantial change.

Occupational Employment Statistics

The Bureau collects data on employment in scientific and technical occupations, and is developing a broader program covering other important occupations. Employment data for scientific and technical personnel by occupation and function are collected by mail from approximately 25,000 industrial establishments, 2,800 State Government agencies, and, less frequently, from 8,200 local government units.

In fiscal year 1967, the annual survey of employment of scientific and technical personnel in industry was conducted. Work on the development of data in other occupations included a pilot study of the computing and accounting machinery industry to test the feasibility of collecting across-the-board occupational employment statistics by a mail questionnaire. An exceptionally high response rate of 80 percent was recorded for this survey. A second pilot study, a survey of occupational employment in the communications industry, is being completed.

In fiscal year 1968, preparations for the first major collection of occupational employment statistics (other than scientific and engineering occupations) are underway, beginning with about 50 occupations in the metalworking industry. A report entitled Occupational Employment Statistics 1960-1966 will be published, bringing together from a number of sources the currently available statistics on employment by occupation in the U.S. and in a limited number of industries.

In fiscal year 1969, the program will continue without substantial change.

Manpower and Occupational Outlook

Information is prepared on future occupational and industrial manpower requirements and resources covering the entire spectrum of manual, white-collar, and service jobs, and all major industries. The information is based on intensive research, including interviews with employers, unions, and professional societies, and data from other programs of the Bureau and other Government agencies. The Occupational Outlook Handbook, the major publication of the program, is issued every other year. It provides comprehensive information on about 700 occupations and 30 industries. Additional information is published in the

Occupational Outlook Quarterly, and in special reports and bulletins. This 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.

In addition, special manpower studies are prepared that provide information in greater depth, on the changing industrial structure and occupational composition of American industries, such as railroads, civil aviation, and electronics. Other special studies provide more technical information and projections of manpower requirements and resources in specific occupations and industries, or for specific groups of workers--such as teachers, technicians, and nonwhite workers.

In fiscal year 1967, a new edition of the Occupational Outlook Handbook was completed for publication in early 1968. A major accomplishment of the Bureau was the drafting of a report "Tomorrow's Manpower Needs." This study provides industrial and occupational manpower information on a national basis and is intended to serve as a guide to State Employment Service offices for developing estimates of future occupational manpower requirements as a basis for planning vocational education and training programs under the Vocational Education Act of 1963. Other accomplishments included a health manpower study prepared at the request of the Intradepartmental Committee on Health Manpower; a study of State and local government employment for a Bureau report requested by the President; and a report on Federal Government employment for a Presidential Task Force.

In fiscal year 1968, major projects include completion of a study of seasonal employment and unemployment in the construction industry, as a part of a report on the industry which the President requested from the Secretaries of Labor and Commerce.

In fiscal year 1969, the program will continue without substantial change.

Injury Statistics

Annual reports, based on data from approximately 110,000 establishments, provide information on work-injury frequency and severity measures for 670 manufacturing and nonmanufacturing industry classifications. Technical service, including staff training and review of procedures, is provided to insure uniformity in survey operations of the 16 States with which cooperative arrangements exist for the compilation of work-injury statistics.

In fiscal year 1967, quarterly surveys of injury statistics were discontinued to release resources which would permit more rapid and adequate processing of the annual surveys. Studies were published on work injury rates and causes of work accidents in concrete brick and block manufacturing establishments, in school lunchrooms, and in hotels.

In fiscal year 1968, improvements in processing the annual statistics on work injuries will be realized as a result of new computer procedures. The new procedures will also allow for expansion of the sample of establishments used in the annual work-injury frequency and severity measures. Studies on work injury causes in hospitals, fire departments, and foundries will be completed.

In fiscal year 1969, the program will continue without substantial change.

Statistics on Current Job Opportunities

In fiscal year 1967, results of pilot surveys in 14 Standard Metropolitan Statistical Areas, made in 1966 in cooperation with the Bureau of Employment Security and State agencies, were analyzed. These experimental surveys demonstrated the feasibility of collecting data on job opportunities in conjunction with the labor turnover data collection program.

In fiscal year 1968, a continuing survey in two Standard Metropolitan Statistical Areas is being undertaken to develop operating and analytical experience.

In fiscal year 1969, the program will continue without substantial change.

Changes for 1969

Mandatory changes amount to (Page BLS-7) ..... + $266,400

Program changes amount to ..... - $ 33,000

Positions ..... None

Proposal:

- Management improvement and cost reduction in travel and transportation of persons ..... - $ 9,500

Management improvement and cost reduction in printing and reproduction ..... - $ 23,500

Activity 2. PRICES AND COST OF LIVING (1968, $3,478,900, Pos. 309; 1969, $4,122,300, Pos. 360)

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 and the major metropolitan areas; for pricing of industrial and agricultural products and for development and publication of wholesale price indexes on a commodity and industry basis; for development of standard family budgets; and for price and index number research.

Consumer Prices

The Consumer Price Index (CPI) for urban wage earners and clerical workers has been available as a continuous series for more than 50 years. The CPI is used extensively to measure changes in purchasing power of the consumer dollar. It is the basis for most estimates of changes in real earnings of labor, and for comparison with productivity measures. One of the principal uses of the CPI is in wage adjustments and collective bargaining negotiations. It is estimated that about 2 and a quarter million workers are covered by contracts which provide for automatic wage increases based on changes in the index.

Compiled and published monthly, the index is currently based on prices and quotations for about 400 items in 56 urban areas obtained mostly by personal visits to approximately 18,000 retail establishments, and rents of 40,000 tenants. The national index report includes about 375 different group index series for the United States and for 23 large metropolitan areas. In addition, average retail prices for nearly 100 food items are published for the U.S. and for the same 23 metropolitan areas.

In fiscal year 1967, improvements were made in various procedures used in constructing the CPI. A major revision of the food store sample was carried out, including reallocation of the sample by type and size, and revision of store weights, based on the 1963 Census of Retail Trade. Also, rent samples, which had fallen seriously below desired strength, were augmented and reallocated to make them more representative of current housing in individual cities; building permit data from the Bureau of Census were used. A critical examination of techniques used in adjusting price comparisons for quality differences was completed.

Progress was made on planning and development of procedures for mechanical processing of data for the CPI. An electronic data processing system was developed. Processing procedures involving the quality comparability of price quotations for food items in large cities were improved, and compilation of the used car index was programmed on the computer. New collection schedules, for nonfood commodities and

services, adapted to machine punching were tested in a few cities, and plans for test computation of certain phases of the final index calculations by machine were worked out.

A comprehensive bulletin, "The CPI: History and Techniques," was released. It combines an historical summary of the scope and basic methods of compiling the CPI since its inception during World War I with a detailed explanation of present index techniques and a description of the comprehensive revision completed in 1964.

The Bureau participated in a special report to answer the question "Do the Poor Pay More?", which was issued in three parts in early 1967. Extra pricing of food was conducted in four separate months in all CPI cities to assess the importance of week-end specials on food prices.

In fiscal year 1968, work continues on adapting the CPI to the computer, with an overlap period in which both manual and computer processing will have been done. The additional funds provided in fiscal year 1968 allow development of more precise specifications defining quality-determining characteristics. This will result in a significant improvement in the precision of the index as a measure of actual price changes, by allowing for changes in the quality of goods and services. These funds also permit tests to be made of new procedures for better measurement of prices for hospital services and home purchases.

In fiscal year 1969, the program will continue without substantial change.

Industrial Prices

The current program of industrial (non-retail) pricing is centered largely in the Wholesale Price Index (WPI), which includes monthly prices for some 2,300 commodities, based on about 7,000 quotations. Summary indexes are published for 15 principal groups of products with separate details for 86 subgroups and 287 product classes, as well as for most of the individual commodities. The commodities are grouped according to a commodity classification which takes account of market structures and products having related uses.

Using essentially these same data, price indexes are compiled and published monthly for 67 manufacturing, mining, and agricultural industries grouped according to the Standard Industrial Classification.

The Wholesale Price Index is used by government and private research agencies for many purposes, including market analysis, escalation of long-term purchase and sales contracts, formulation of monetary policies, and as an indicator of economic trends. The index also is used by buyers and sellers of commodities--purchasing agents and sales managers.

In fiscal year 1967, a number of steps were taken to improve the measurement of wholesale price changes. The Wholesale Price Index was completely reweighted and 201 commodities were added. A much needed reclassification was accomplished, and a new calculation procedure and machine program were put into effect. A new preliminary estimate was developed to provide an earlier measure of wholesale price trends.

Coverage of industry price indexes was expanded from 52 industries to 67 industries.

In fiscal year 1968, some additional commodities are being added, principally in the electronics area. Work continues on storage of primary market historical data in the Bureau's retrieval system for easier access in economic analysis and more economical reproduction.

Price Research

Conceptual and technical research is conducted on the measurement of price change. The Bureau also carries on continuing analyses and interpretations of price developments in relation to major factors affecting price behavior.

In fiscal year 1967, a long-term program of basic research on the functioning of prices under modern market conditions was begun. Linkages between the Wholesale Price Index and the Consumer Price Index were studied. In the field of international prices, the Bureau undertook limited developmental research, including an evaluation of existing sources of price data.

Research into the interrelationship of prices and other aspects of the economy was undertaken. Information on the price impact of the manpower supply situation was prepared for use in the Department's periodic reports on manpower requirements and resources. A beginning was made on the exploration of factors affecting consumer service prices. Throughout the year, the Bureau furnished the Council of Economic Advisers and the Secretary of Labor with a special weekly report containing information not available elsewhere on current and future price developments, and, as pertinent, related economic factors.

In fiscal year 1968, the first in a series of market studies incorporating supply and demand analysis will be completed, and a second nearly completed. A model explaining price behavior for eleven categories of personal consumption expenditures is being tested for use in projecting price developments. Preliminary results of research on industry price behavior in several industries will be available, and different theories explaining the linkages between prices at various stages of production are being tested.

Standard Budgets

The program involves the development and maintenance of standard budgets for a city worker's family and a retired couple at three levels: (a) minimum adequate; (b) moderate; and (c) a higher standard. Scales of equivalent income 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.

In fiscal year 1967, the moderate budget for a four-person city worker's family was updated to the level of the autumn of 1966. A revised family equivalence scale for use in estimating budget costs for families of different size, composition, and age of the head of the family was calculated.

In fiscal year 1968, the city worker's moderate budget has been published; the budget for the retired couple will be published by the end of the year. Additional interpretative and analytical reports necessary for understanding the uses and limitations of the budgets are underway. Some exploratory work on comparative living cost indexes has been begun. Regional differentials in actual average prices for individual items are being measured and analyzed to the extent that available data permit. Individual consumers who inquire are supplied with specific details of the standard budgets to assist them in their own family budgeting.

In fiscal year 1969, the program will continue without substantial change.

Consumer Expenditure Surveys

These surveys are made periodically. None have been scheduled since 1960-61.

In fiscal year 1967, a monograph was completed on the design, methods, and evaluation of the 1960-61 Survey of Consumer Expenditures, the most recent such survey. A bulletin on clothing expenditures by sex-age groups was prepared.

In fiscal year 1968, exploratory and developmental work for a new large-scale Consumer Expenditure Survey is underway. (The survey is planned for 1972 to provide up-to-date weighting factors for the 1975 revision of the Consumer Price Index.)

In fiscal year 1969, the program will continue without substantial change.

Changes for 1969

Mandatory changes amount to (Page BLS-7) ..... + $139,300

Program changes amount to ..... + $504,100

Positions ..... + 51

Increases:

Overcoming Critical Price Information Deficiencies

Proposal: To develop and publish price indexes for sectors of the economy not presently covered, including transportation, finance and insurance, and government purchases of goods, including defense-related items; and to improve existing indexes, such as those for construction and manufacturing.

The Need: Data on prices are lacking for many sectors of the economy and are seriously deficient for others. As a result, business, government, and labor are handicapped in their efforts to evaluate price developments and to make economic decisions for the future. For example, business firms need data on levels and trends in prices of insurance and transportation as well as of costs of wages and materials in order to establish their own pricing policies. Both business and labor need more information on prices in order to assess more accurately wage-price-productivity relationships when bargaining over wage agreements. All segments of the public, and Government as well, should know, and have a measure of, the prices paid by Federal, State, and local governments for goods--defense and nondefense--purchased in their behalf. Finally, because of lack of adequate price information, both Government and private economists find it difficult to evaluate adequately 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 and to achieve price-level stability.

To meet these needs it is not only necessary to develop new indexes for sectors not previously covered, but it is also imperative to improve the limited indexes now available. For example, certain indexes for manufacturing, one of the most comprehensively covered sectors, are deficient because they fail to measure actual transactions prices, reflecting instead list prices that may be discounted by various amounts depending on demand. These indexes miss some critical turning points in price trends, as the sluggish list prices lag behind changes effected through raised or lowered discounts.

The Program: The achievement of a comprehensive price information system commensurate with present and future requirements for such data will take several years. In fiscal year 1969, the Bureau plans to begin the collection of data for transportation and for Government purchases of goods, and to work on the improvement of construction price indexes. All newly covered series will be on an actual transactions price basis with data being obtained from buyers where necessary, rather than from sellers.

Base:
Positions: 14 Estimated Cost: $100,000

Additional Cost:
Positions: 39 Man-years: 35 Estimated Cost: $410,000

Basis for Estimate

The average cost of collecting, processing, and analyzing a single price quotation until it is published as part of an index was used to obtain the $410,000 estimate for this program. The average cost may be somewhat higher than for the usual index since more information is required from buyers to assure that prices reflect actual transactions. The program should require about 25,000 price quotations to achieve the stated ends.

Measures of International Price Competitiveness

Proposal: To develop statistical measures of the price competitiveness of U.S. products in world markets. These price data would permit improved comparisons of price trends between the United States and its trading partners and could also be used, with supplemental information on competing foreign products to compare price levels at a given point in time.

The Need: The continuing crisis in the balance-of-payments position of the United States calls for a continuing body of knowledge on the price competitiveness of U.S. commodities in world markets. The President's program announced January 1, 1968, as well as earlier events in the international trade and finance area, points up the urgent need for data to evaluate the effect of these actions on the U.S. balance-of-payments position. In November 1967, the United Kingdom devalued the pound sterling and several other countries adjusted their exchange rates. Both government and business have been hampered in their evaluation of these monetary decisions, including their effect on prices of internationally traded commodities, by the lack of international price data. Similarly, such data are needed for adequate evaluation of results of tariff reductions negotiated at the Kennedy Round meetings in Geneva.

A number of agencies of the U.S. Government have indicated an interest in the development of a program to measure international price competition. The Treasury and Federal Reserve Board are actively interested in the proposed program which would provide data for assessment of financial policies and appraisal of the U.S. balance-of-payments position. The Commerce Department needs such information for operation of its export promotion program, as do other government officials concerned with specific problems in international trade. In addition, these measures would help American businessmen in their efforts to increase export sales. The program would provide businessmen with international price competitiveness information required to select the commodity groups for which export promotion efforts would be most likely to succeed.

Other countries are giving increasing attention to the development of international price measures to the extent that technical discussions have been held within the framework of the Organization for Economic Development.

The Program: The Bureau proposes to compare U.S. export prices for commodities that are important in world trade with those in other selected countries. New price indexes will be developed based on the actual transaction prices of items. In its initial phase, the project will involve collection of export prices for selected metal and machinery products from U.S. firms engaged in the manufacture, sale or purchase of internationally traded commodities, from commercial invoices accompanying imports entered at major U.S. ports, and from bids by foreign and domestic suppliers for products procured by government and international agencies. In addition, the Bureau will participate in the international cooperative effort in the Organization for Economic Development to secure some of the foreign price data required.

Base:
Positions: 4 Estimated Cost: $ 45,000

Additional Cost:
Positions: 12 Man-years: 10.7 Estimated Cost: $123,000

Basis for Estimate

Indexes of price competitiveness for durable manufacturers will require pricing about 1,000 U.S. exports, sampling of 3.8 million import invoices per year, and collecting collateral data on prices in third country markets. Since durables, particularly machinery and equipment are important to U.S. trade but difficult to compare over time, a substantial amount of specification data will also have to be collected for each product. Based on experience of other organizations, such as the National Bureau of Economic Research, that have developed more limited indexes and the costs the Bureau has incurred in collecting, analyzing, and processing price quotations for existing programs, a minimum of 12 positions are considered necessary.

Decreases:

Management improvement and cost reduction in travel and transportation of persons ..... - $20,100

Management improvement and cost reduction in printing and reproduction ..... - $ 8,800

Activity 3. WAGES AND INDUSTRIAL RELATIONS (1968, $3,504,400, Pos. 321; 1969, $3,972,300, Pos. 357)

Narrative Description of Program

This program provides for the collection and analysis of basic data on wages, salaries, and supplementary benefits; changes in wages and related benefits, including the preparation of indexes and wage chronologies; employer expenditures for employees' compensation, including fringe benefits, and the composition of payroll hours.

Detailed analytical studies are made of the provisions of collective bargaining agreements and employee benefit plans, and a representative file of such agreements is maintained for public use. Reports are prepared on the structure, membership, and activities of American trade unions. Data on work stoppages are compiled.

Wage Studies

Several types of studies of occupational wages and salaries are made for use in wage and salary administration and evaluation:

Metropolitan area studies - Annual surveys of wages and salaries are made on a cross-industry basis in 185 metropolitan areas. Data are collected from 17,000 establishments - by personal visit to 14,000, by mail questionnaire to 3,000. These surveys provide straight-time earnings, work schedules and supplementary benefits information for about 70 work levels of office clerical, professional and technical, maintenance and power plant, and custodial and material movement occupations. These data are used in setting and adjusting pay rates for Federal blue-collar workers as well as for other governmental and private uses.

Industry studies - These studies provide information on wage rates, work schedules and supplementary benefits for occupations peculiar to 50 individual manufacturing and 20 nonmanufacturing industries in selected regions or localities. Surveys are made by personal visit on a 5-year cycle.

Professional, administrative, technical, and clerical salary studies - This annual survey, which is linked with the area wage surveys, provides information on salary levels and distributions in both metropolitan and nonmetropolitan areas for about 80 occupational work levels in 21 job categories. Data are collected from about 2,600 establishments by personal visit. The results of this survey, are used by the Federal Government in its administration of the Federal pay comparability principle prescribed by the Federal Pay Reform Act of 1962.

Union wage scales - Annual surveys of 4,000 local unions yield data on wage scales and hours of work for selected crafts in four highly unionized industries (building construction, printing, local transit, local trucking) in 68 cities of 100,000 population or more. Quarterly data are collected from 700 local unions for seven building trades in 100 cities.

Earnings distribution - Surveys are made to provide frequency distributions, on a non-occupational basis, of employee earnings and hours in major industry divisions.

In fiscal year 1967, the Bureau concentrated on the improvement of existing programs. For the Professional, Administrative, Technical, and Clerical Pay Survey, new job standards and descriptions were written for selected jobs and adjustments were made in survey specifications, in cooperation with representatives of the Civil Service Commission. Preliminary estimates of annual earnings of workers in eight industries were made from data obtained from the Social Security Administration.

In fiscal year 1968, the number of occupational pay surveys will be maintained. Recent increases in the sample size and amount of detail of some of these surveys will be absorbed through increased productivity.

In fiscal year 1969, the program will continue without substantial change.

Compensation Studies

Employer Compensation Expenditures and Payroll Hours

These studies provide measures of the level of expenditures for each element of compensation (leave, overtime, health and welfare, etc.), the trend in those levels, and comparisons between groups of employees, industries, areas, and differing characteristics of the employment situation. The data, collected primarily by personal interview, relate to about 60 manufacturing and nonmanufacturing industries.

Employee Welfare and Benefit Plans

Reports are prepared periodically of the principal features of 150 major selected health and insurance plans and 150 pension plans. Analyses are made of developments in the field regarding pension plan coverage for older workers and adapting group health insurance to Medicare.

In fiscal year 1967, considerable progress was made in developing a system of reporting total compensation, including fringe benefits. Such data were collected for six manufacturing and five nonmanufacturing industries, and the biennial cross-industry survey of calendar 1966 was begun. This survey covers, for the first time, all classes of employees in the nonfarm private economy.

Reports were completed on a decade of pension plan terminations, on health insurance benefits for laid-off workers, and on recent changes in major negotiated health and insurance plans. In addition, the Bureau's summary of 100 negotiated health and insurance plans was brought up to date.

In fiscal year 1968, the first full cycle of surveys under the new concept of employer expenditures for employee compensation was begun. As noted earlier, this plan calls for biennial cross-industry studies and studies of selected industries in the intervening years. Exploratory work will continue on techniques for developing annual earnings statistics.

Reports were completed on recent changes in the vesting provisions of private retirement plans, on terminations of deferred profit sharing plans, on the characteristics of new private pension plans and deferred profit sharing plans, and on the coverage of older workers by private retirement plans.

In fiscal year 1969, the program will continue without substantial change.

Wage Trend Studies

A monthly report on current wage developments lists and analyzes details of collective bargaining agreements affecting 1,000 or more workers. Quarterly and annual statistical summaries of wage changes in manufacturing are prepared, including nonunion and small union situations. In addition, national indexes of wage and salary changes are maintained for several important occupational groups. Chronologies covering about 40 key collective bargaining situations detail the history of change in the amount and characteristics of wages, benefits, and selected plant practices. This record is brought up to date at the beginning of each new contract term.

In fiscal year 1967, the Bureau initiated pilot surveys to test collection techniques in the construction, trade and finance, and service industries. For the first time, the Bureau made estimates of the "package" for all settlements affecting 5,000 or more workers. The semiannual survey of wage changes in manufacturing was changed to its previous quarterly basis in order to meet the needs of the Council of Economic Advisers for more timely information on wage pressures on the economy.

In fiscal year 1968, five wage chronologies were published covering North American Aviation, the Boeing Company (Washington plants), Aluminum Company of America, American Viscose and Bituminous Coal Mines. Final reports appeared on wage developments in major collective bargaining situations and on wage developments in manufacturing in 1966.

Industrial Relations Studies

A file of approximately 5,000 collective bargaining agreements is maintained for public use; virtually all agreements covering 1,000 workers or more, excluding railroad and airlines, are included in the file. Annually, three to five reports are made, analyzing selected provisions and their prevalence in approximately 1,700 agreements covering about 7.5 million workers.

A directory of National and International Labor Unions in the United States is compiled biennially.

Monthly estimates and detailed annual analyses are provided for all work stoppages in the continental United States which affect 6 or more workers and last more than one shift. Included are the number of stoppages, workers involved, man-days involved, duration, and settlements. Industry studies and special analytical articles are also prepared.

In fiscal year 1967, recurring program activities continued at existing levels. In addition, preparations were begun for studies of employment-management relations in public employment, proposed for fiscal year 1969. Discussions on labor-management activities at the State and local level were held; collection of basic materials (Federal laws, executive orders, and administrative rulings dealing with union activities and collective bargaining for public employees) was begun.

In fiscal year 1968, the biennial union directory will be published. A pilot survey of the characteristics of State employee organizations is being undertaken. Four studies are being completed, each on a particular type of provision in collective bargaining contracts, namely, subcontracting, vacations and holidays, seniority, and wage determination. Each study will include data on the prevalence of the provision and give sample clauses.

Changes for 1969

Mandatory changes amount to (Page BLS-7) ..... + $148,200

Program changes amount to ..... + $319,700

Positions 36

Increases:

Wage Changes in Nonmanufacturing Industries

Proposal: To obtain and analyze information on general wage and benefit changes for nonsupervisory workers in nonunion and small unionized, nonmanufacturing establishments.

The Need: About three out of four workers in the United States are employed in nonmanufacturing industries. Yet our information on wage trends focuses almost exclusively on manufacturing and on organized workers. It is difficult to assess the significance of wage developments to the country's economic structure when information is lacking on changes in wages for most employees.

The limitations of providing data on wage changes in the United States for manufacturing only is evidenced by the fact that a significant part of the rise in the Consumer Price Index in recent years has come from the service industries where labor costs are a high proportion of total costs. For example, in hospitals, which employ about 1.3 million workers or a sixth of all workers in the service industries, wage changes in 1966 (according to a pilot survey) averaged 7.6 percent, compared with 3.3 percent in manufacturing. Hospitals face a critical problem of attracting competent workers and the American Nurses' Association, which is vitally concerned with both standards of pay for hospital employees and general standards of medical care, has pointed to the need for information on wage changes in this industry. Increasing hospital charges affect not only the costs of medicare but health insurance costs for many younger citizens. The President has directed the Bureau of Labor Statistics to keep track of such costs. Yet, under present circumstances, there are no resources available to the Bureau to gather and analyze data on wage changes, one of the major reasons for increases in hospital charges.

The Program: The proposed semiannual sample survey would provide data comparable to those collected for manufacturing establishments. It would cover nonsupervisory workers, including white-collar workers, and provide the basic data for analysis of current wage changes in nonmanufacturing as a whole and for certain industry groups including hospitals.

Combined with the information already available on wage and benefits changes in manufacturing, these data would provide a comprehensive reporting system to government, business, and labor on general wage changes. The data would be used to evaluate the extent to which wage changes contribute to inflationary pressures on prices, the difference in movement of wages in union and nonunion situations, and problems of the availability of workers in lower paid occupations. The data would also

permit a balanced analysis of patterns of wage changes for the economy as a whole and improved forecasts of future wage movements.

Base:
Positions: None Estimated Cost: None

Additional Cost:
Positions: 21 Man-years: 18.9 Estimated Cost: $207,000

Basis for Estimate

The initial survey will cover 9,000 establishments of which 8,700 will be contacted by mail questionnaire and 300 by personal visit by field representatives. The second survey will cover only that portion of the 9,000 establishments which grant increases during the six months after initiation of the survey. An average cost (based on previous experience) for mail collection, personal visit collection, and related costs was applied.

Employee-Management Relations in Federal, State, and Local Governments

Proposal: To develop a continuing program of analytical studies of employee-management relations in Federal, State, and local governments, thus providing to employee organizations and to management in Government some of the Bureau services available to their counterparts in private industry.

The Need: As employment in the public sector has increased over the past decade to over 11 million persons, so has concern regarding ways and means of providing for an effective system of employee management relations. Stimulated by Executive Order 10988, issued in 1962, and by similar action by State and local governments, employee organizations have multiplied. However, some of the new organizations, inexperienced in the methods of bargaining, have demonstrated great impatience with existing procedures. As a result there have been a number of strikes and boycotts, extended and simultaneous sick leave actions, and difficulties in reaching amicable settlements.

The Bureau of Labor Statistics has been aware of these needs and has tried to keep abreast of the developments within the resources not fully committed to other programs. To date, the work has been only exploratory; the proposed program would provide a much more adequate foundation for decision making in public bargaining situations than now exists.

The Program: The program would involve (1) development of an adequate file of agreements and related documents open for public inspection, (2) surveys providing information on characteristics of union and association organizations in the public service, and (3) a systematic series of studies of collective bargaining experiences, selected agreement provisions, and methods of dispute settlement. The initial studies would present a broad view of the status of employee-management relations at the different public service levels. These would be followed by more specialized studies.

The program would also include cross-industry and comprehensive studies of individual groups such as nurses, teachers, engineers, and policemen.

Base:
Positions: None Estimated Cost: None

Additional Cost:
Positions: 15 Man-years: 13.5 Estimated Cost: $166,000

Basis for Estimates

Staff will perform analyses based on an estimated 1,500 Federal contracts and 2,000 State contracts and at least several hundred State and municipal letters of understanding. Based on staff requirements for the conduct of similar studies, a minimum of 15 positions can be effectively utilized.

Decreases:

Management improvement and cost reduction in travel and transportation of persons ..... - $40,400

Management improvement and cost reduction in printing and reproduction ..... - $12,900

Activity 4. PRODUCTIVITY, TECHNOLOGY, AND GROWTH (1968, $1,205,100, Pos. 96; 1969, $1,422,100, Pos. 96)

Narrative Description of Program

This program provides for the preparation of productivity indexes and analysis of productivity trends for the private economy as a whole, separately for the agricultural, manufacturing, and nonmanufacturing sectors, and for individual industries. 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.

The current program also provides for the preparation of projections of employment, output, and productivity of the U.S. economy to 1975 and 1980 based on alternative assumptions as to the rates and patterns of economic growth and technology.

Productivity Measures

Measures of output per man-hour and unit labor cost 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.

Productivity measures are also prepared for 33 different manufacturing and nonmanufacturing industries. For each of these series, indexes of output per man-hour and related data on output, employment, and man-hours are prepared and published on an annual basis.

In addition to the development of productivity indexes, the relation of these measures to other economic variables is analyzed. Studies cover such subjects as the relationship between productivity, wages, prices, labor and nonlabor costs of production. Special studies are also being conducted to relate industry productivity and employment, project industry productivity levels based on the experience of high productivity establishments, and analyze changes in investment, technology, energy and other factors affecting industry levels of productivity.

In fiscal year 1967, some preliminary work was done on evaluation of the problem of non-labor (capital) inputs. Productivity indexes were constructed for four additional industries. Of particular significance is the preparation, of a highly complex index of output per manhour for the motor vehicle industry.

In fiscal year 1968, work began on a single index of productivity based on man-hours worked, for the private economy and nonfarm sectors.

Currently, two series of output per man-hour for the private economy and major sectors are being published, using two different sources of man-hour data. One series is based primarily on payroll (establishment) man-hour data approximating hours paid. The other is based on hours obtained from the labor force (household) survey approximating hours worked. The differences between the two series reflect statistical reporting as well as conceptual differences. A single index will take advantage of new and more comprehensive data on hours worked and constitute a major improvement.

In fiscal year 1969, the program will continue without substantial change.

Construction Labor Requirements

Studies of the labor requirements for various types of construction are conducted annually for one or two major types of construction (schools, hospitals, public housing, etc.). These studies provide information on on-site man-hours worked, by occupations, materials,and equipment used, and the off-site man-hours generated by consumption of materials.

In fiscal year 1967, a study of labor requirements in sewer construction was completed. Progress made toward the integration of construction labor requirements studies with the work of the Economic Growth project enables the Bureau to develop more comprehensive and detailed estimates of on-site and off-site jobs created by construction. These data are used in estimating manpower requirements arising from government expenditures for public works and other projects.

In fiscal year 1968, a study of construction labor requirements for schools will be published.

In fiscal year 1969, the program will continue without substantial change.

Technological Studies

Four major types of technology studies are currently prepared: (1) A periodic survey of over 40 major industries providing summary information on technological prospects over the next 5-10 years and their economic and manpower implications; (2) Industry outlook studies which provide detailed information about technological developments in a specific major industry undergoing significant changes; (3) Technological innovation studies which provide detailed information about the status, outlook, and impact of a major type of development such as computerization, instrumentation, and conveyorization that will affect broad sectors of the economy; (4) Case studies of adjustment to technological change which focus on problems of minimizing employee displacement and explore the results of job redesign and on-the-job training.

In fiscal year 1967, studies were completed on technological change in textiles and health services and on plant adjustment to technological change.

In fiscal year 1968, the Bureau expects to complete a study of the impact of computers in process industries; a report on technological trends in the railroad industry; case studies of manpower adjustments to technological change; and a report on economic aspects of automation.

In fiscal year 1969, the program will continue without substantial change.

Economic Growth

The major objective of the Interagency Economic Growth Project (which involves the Department of Labor and Commerce and the Bureau of the Budget under the guidance of the Council of Economic Advisers) 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. Projections and data from the Economic Growth Project are widely used by government agencies in planning manpower programs and by businessmen in developing economic and market forecasts for long term company planning.

In fiscal year 1967, special projections of Federal, State, and local government expenditures and employment were completed for the Presidential Task Force on Career Development of Government Employees. Special work was undertaken on estimating the volume of employment in each industry attributable to the Viet Nam build up.

In fiscal year 1968, the Bureau will complete 1980 projections of employment, output and productivity, for 80 industries, based on different assumptions about the level of unemployment and patterns of final demand. To meet increasing demands for information on manpower implications of government actions, work is being conducted on estimating for each industry the number of employees affected by exports and imports, defense spending, highway expenditures and other government programs.

In fiscal year 1969, the program will continue without substantial change.

Changes for 1969

Mandatory changes amount to (Page BLS-7)	+$222,700
Program changes amount to	-$ 5,700
Positions	None

Proposal:

Management improvement and cost reduction in travel and transportation of persons	-$ 3,100
Management improvement and ocst reduction in printing and reproduction	-$ 2,600

Activity 5. FOREIGN LABOR AND TRADE (1968, $453,100, Pos. 41; 1969, $471,500, Pos. 41)

Narrative Description of Program

This program provides for the collection, analysis and publication of statistics and other information on labor conditions in foreign countries. Special attention is given to foreign experience which may be of interest to the United States, such as methods of handling industrial disputes, the consequences of particular kinds of labor legislation, and methods of measuring employment and unemployment. The program also includes analysis and international comparisons of wages, levels of living, productivity, trade union activities and working conditions. Research is conducted on the impact of foreign trade on employment in the United States. In all of these areas, policy support is provided on an ad hoc basis.

Foreign Labor Research

The research work on labor conditions in foreign countries includes the acquisition and maintenance of data from both foreign and domestic sources, the preparation of analytical studies, research memoranda, and a monthly publication, Labor Developments Abroad. This publication contains articles and statistical tables presenting data for one or more countries, U.S. Department of State indexes of living costs abroad (annual October issue), and bibliographies on selected subjects.

In fiscal year 1967, material was provided for a reinstituted regular section in the Monthly Labor Review, entitled "Foreign Labor Briefs." A compendium, Labor Digests on Countries in Africa, was published, thus completing the first cycle of such publications for all major countries in the world.

In fiscal year 1968, a series of revised digests on labor conditions in a number of Asian countries will be published.

In fiscal year 1969, the program will continue without substantial change.

International Comparisons

Research and comparative analysis are conducted on trends in unit labor cost and, where possible, the absolute level of labor cost per unit of output as well as per unit of labor input. Similar analysis is also done on unemployment, manpower policies, etc. Special attention is given to the comparison of manufacturing industries and industry groups in other industrial countries with those in the United States.

In fiscal year 1967, a major report, Wages in Japan and the United States, was published jointly by the governments of the two countries.

In fiscal year 1968, a comparative study of unit labor costs in the steel industry in the United States, France, Germany, and the United Kingdom is being published.

In fiscal year 1969, the program will continue without substantial change.

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 Department of Labor representatives and other U.S. agency representatives who are concerned with tariff and trade matters.

In fiscal year 1967, reports were completed on a series of import-sensitive industries for the use of U.S. representatives engaged in the Kennedy Round negotiations. Staff members also participated in several task forces and provided frequent policy support to the negotiations staff on specific products or industries being considered for tariff adjustment.

In fiscal year 1968, staff participation in task force and special studies is continuing. Considerable attention is being given to the textile industry area.

In fiscal year 1969, the program will continue without substantial change.

Changes for 1969

Mandatory changes amount to (Page BLS-7)	+$ 21,200
Program changes amount to	-$ 2,800
Positions	None
Proposal:	
Management improvement and cost reduction in travel and transportation of persons	-$ 1,400
Management improvement and cost reduction in printing and reproduction	-$ 1,400

Activity 6. PROGRAM STAFF SERVICES (1968, $1,659,900, Pos. 153; 1969, $1,708,600, Pos. 153)

Narrative Description of Program

This activity includes the following:

Statistical Standards

Under this program Bureau policies are established for the maintenance of statistical standards and improvements of statistical methodology. Statistical aspects of all Bureau programs are reviewed and evaluated, with special attention to data collection forms, sample design, estimation procedures, and error calculations.

Economic Studies

The Division of Economic Studies conducts programs which interpret current economic developments and provide special analyses of economic and social issues, such as the effect of defense programs on the economy, the problems and needs of a low-income housing market, and decentralization of jobs--putting them out of reach of the city-center poor. Special economic reports are prepared for the Commissioner, the Office of the Secretary and others.

Program Planning and Evaluation

This office initiates, stimulates, and evaluates Bureau programs, budgets, and special projects; develops long-range Bureau plans and programs; coordinates Bureau research and reports involving several program Offices; and reviews, analyzes, and recommends actions on pending legislation or executive orders.

Systems Development

This program develops and insures use of efficient data systems throughout the programs of the Bureau and promotes the standardization and interchangeability of numerical analysis concepts within the Bureau and among its cooperating agencies.

Publication Services and Correspondence

This program plans the publication programs of the Bureau; edits and approves all publications and releases; maintains a central Bureau inquiry service; and 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 1969

Mandatory changes amount to (Page BLS-7) ..... + $71,700

Program changes amount to ..... - $23,000

Positions ..... None

Proposal:

Management improvement and cost reduction in travel and transportation of persons ..... - $ 1,700

Management improvement and cost reduction in printing and reproduction ..... - $21,300

Activity 7. ADMINISTRATION AND MANAGEMENT SERVICES (1968, $2,388,600, Pos. 126; 1969, $2,443,800, Pos. 126)

Narrative Description of Program

This activity includes the following:

Office of the Commissioner

The over-all operation of the Bureau, including plans, program, and administration, is formulated and its implementation is directed by the Commissioner, the Deputy Commissioner, and their immediate staff. This Office provides substantive staff support to the Department and other organizations on economic matters, and represents the Bureau, Department, or the U.S. Government at conferences and other meetings of national or international significance.

Chief Economist

The Chief Economist provides leadership and policy direction to the Bureau's program of economic analysis, undertakes special studies of economic and social issues, and develops and manages a comprehensive system of program planning and evaluation activities.

Chief Statistician

The Chief Statistician provides leadership and policy direction in the use and development of statistical standards and improved statistical techniques and provides for the development and introduction of improved data systems.

Field Administration

Central office: The Bureau's field administrative and operating activities are coordinated through this office.

Management Services

Management planning, personnel coordination, fiscal operations, and service functions are directed by this office. It also has a function to ensure that the administration is responsive to changing Bureau demands, consistent with the highest possible efficiency and productivity. This Office conducts liaison and labor-management activities for the Bureau with the authorized bargaining unit.

Changes for 1969

Mandatory changes amount to (Page BLS-7)	+$ 57,200
Financing changes amount to (Page BLS-7)	+$ 1,300
Program changes amount to	-$ 3,300
Positions	None
Proposal:	
Management improvement and cost reduction in travel and transportation of persons	-$ 1,800
Management improvement and cost reduction in printing and reproduction	-$ 1,500

BUREAU OF INTERNATIONAL LABOR AFFAIRS

WITNESSES

DARWIN M. BELL, DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL AFFAIRS
HERBERT N. BLACKMAN, ADMINISTRATOR
JAMES F. TAYLOR, DIRECTOR, OFFICE OF PROGRAM DEVELOPMENT AND COORDINATION
PAUL K. PASCHKE, DIRECTOR, DIVISION OF ADMINISTRATION AND MANAGEMENT
MRS. MYRTICE M. GOODWIN, BUDGET OFFICER, DIVISION OF ADMINISTRATION AND MANAGEMENT
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

Salaries and Expenses

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimated	1969 estimated
Personnel compensation:			
Permanent positions	850	964	1,028
Positions other than permanent	15	27	27
Other personnel compensation	2	7	6
Total personnel compensation	867	998	1,061
Personnel benefits	64	75	80
Benefits for former personnel		5	5
Travel and transportation of persons	36	44	40
Rent, communications, and utilities	20	32	32
Printing and reproduction	14	20	17
Other services	91	64	67
Services of other agencies	122	89	87
Supplies and materials	10	18	17
Equipment	2	3	4
Total obligations	1,226	1,348	1,410

PERSONNEL SUMMARY

Total number of permanent positions	92	91	93
Average number of all employees	78	81	90
Average GS grade	10.0	9.9	9.7
Average GS salary	$11,631	$12,060	$12,192

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. International organizations affairs	160	147	151
2. Foreign labor policy development	272	265	273
3. Labor and manpower technical services	99	130	159
4. Trade negotiations and economic policy development	334	461	471
5. Administration and management services	349	345	356
Total program costs, funded	1,214	1,348	1,410
Change in selected resources [1]	12		
Total obligations	1,226	1,348	1,410
Financing:			
Comparative transfers from other accounts	−47		
Unobligated balance lapsing	71		
New obligational authority	1,250	1,348	1,410
New obligational authority:			
Appropriation	1,230	1,348	1,410
Transferred from other accounts	20		
Appropriation (adjusted)	1,250	1,348	1,410
Relation of obligations to expenditures:			
Total obligations	1,226	1,348	1,410
Receipts and other offsets (items 11–17)	−47		
Obligations (affecting expenditures)	1,179	1,348	1,410
Obligated balance, start of year	57	86	134
Obligated balance, end of year	−86	−134	−137
Adjustments in expired accounts	4		
Expenditures	1,154	1,300	1,407
Expenditures are distributed as follows:			
Out of current authorizations	1,100	1,214	1,273
Out of prior authorizations	54	86	134

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $30,000; 1967, $42,000; 1968, $42,000; 1969, $42,000.

Special Foreign Currency Program

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Travel and transportation of persons	32	118	100
Services of other agencies			155
Supplies and materials			1
Equipment			19
Grants, subsidies, and contributions			85
Total obligations	32	118	360

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Labor attaché conferences	32	118	50
2. Overseas labor and manpower programs			310
Total program costs, funded—obligations	32	118	360
Financing:			
Unobligated balance available, start of year		−43	
Unobligated balance available, end of year	43		
New obligational authority (appropriation)	75	75	360
Relation of obligations to expenditures:			
Total obligations (affecting expenditures)	32	118	360
Obligated balance, start of year			18
Obligated balance, end of year		−18	−25
Expenditures	32	100	353
Expenditures are distributed as follows:			
Out of current authorizations	32	57	335
Out of prior authorizations		43	18

Mr. FLOOD. We now have before us the Bureau of International Labor Affairs and the presentation will be made by Mr. Darwin M. Bell, Deputy Assistant Secretary for International Affairs.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

DARWIN M. BELL, DEPUTY ASSISTANT SECRETARY OF LABOR FOR INTERNATIONAL AFFAIRS

Darwin M. Bell became Deputy Assistant Secretary of Labor for International Affairs in September 1967.

In this capacity, he coordinates all of the U.S. Department of Labor's programs, functions, and interagency relations in the international area. He assists the Assistant Secretary for International Affairs.

He served with the Peace Corps in Latin America from 1962–67 and, from 1964 until joining the Labor Department, he was the Peace Corps director in Venezuela.

Before his Peace Corps assignment, Mr. Bell served for 3 years as chief of the Overseas Personnel Branch of the Agency for International Development. He also held AID posts in Bolivia and Iran.

In 1953–54, Mr. Bell was an industrial labor relations consultant to the industrial relations council of Utah after working for several years as a training manager of the Chicago Mutual Insurance Co. and as fleet sales representative for the Studebaker Corp., both in Chicago.

Born on December 3, 1922, in Logan, Utah, Mr. Bell served with the U.S. Army from 1942–45.

He received a B.S. degree in business management psychology from the University of Utah in 1948 and an M.S. degree in industrial relations-counseling from the University of Chicago in 1949.

Mr. Bell and his wife, the former Jeanne Sant, of Clifton, Idaho, have two sons, Brad, 17, and Chris, 13. They live at 5805 Osceola Road, Bethesda, Md.

Mr. FLOOD. You have a statement, I see, Mr. Bell. How do you wish to proceed.

GENERAL STATEMENT

Mr. BELL. With your permission, I would like to submit Mr. Weaver's statement for the record and discuss it briefly, summarize it.

Mr. FLOOD. Why is Mr. Weaver not here?

Mr. BELL. Mr. Weaver, the Assistant Secretary for International Labor Affairs, is attending the Conference of the International Labor Organization in Geneva.

Mr. FLOOD. If there is no objection, the statement will be inserted and you proceed as you wish.

Mr. BELL. Thank you, sir.

(The statement follows:)

STATEMENT BY GEORGE L-P WEAVER, ASSISTANT SECRETARY OF LABOR, INTERNATIONAL AFFAIRS

Mr. Chairman, I welcome this opportunity to appear before you. Our estimate for 1969 is for $1,410,000 and 93 positions, an increase of $62,000 and two positions over 1968. The $62,000 increase is primarily for mandatory items.

The two positions will improve the Department's capability for rendering technical assistance to the developing nations through multilateral channels and particularly the International Labor Organization. From the U.S. foreign policy viewpoint, I feel it to be urgent that the best qualified technicians the United States can provide be made available to the International Labor Organization. Funds from all sources for International Labor Organization technical assistance approximates $200 million of 670 technicians, at present only 21 are Americans.

This capability would both directly and indirectly serve the interests of the American people. Directly through increasing the number of U.S. technicians sub-

stantially above the current 21. Indirectly in the knowledge that the interests of the American people are best served when people throughout the world are gainfully and constructively employed in developing to their fullest potential the human and material resources at their disposal.

To accomplish these purpose all the Bureau's programs complement and reinforce each other. Human resource development and utilization is the essence of the Department of Labor's mission. Under the policy guidance of the State Department, our participation in international organizations such as the International Labor Organization, the Organization for Economic Cooperation and Development, the General Agreement on Tariffs and Trade, the United Nations Conference on Trade and Development, and various other United Nations organizations provide a forum to state and advance U.S. objectives with respect to the social and economic development of human resources. The programs of the Bureau of International Labor Affairs serve to assist other nations realize their resource potential through self-help. At the same time, we obtain the benefit of foreign experiences that may be relevant to our domestic programs. For example, each year the Organization for Economic Cooperation and Development reviews the economic development and policies of member countries. These are objective analyses by experts who give us and other countries the benefit of their thinking.

Our participation in the selection and training of foreign service personnel assures that our interests are represented overseas and improves the relevancy of reports. Our assistance in stimulating international interchange and training between trade union and labor ministry officials helps prepare the institutional framework for constructive relations at all levels in all areas—citizen to citizen; businessman to businessman; government to government—between the United States and foreign countries, particularly the developing countries who are preoccupied with nation building.

Ten years ago there were 79 members of the International Labor Organization; now there are 118. The United Nations Conference on Trade and Development did not exist nor did the United Nations Industrial Development Organization—both of these latter organizations in a real sense are creatures of the developing countries and are indications of the extent to which all countries rely on international cooperation, assistance, and communications to achieve national objectives.

We estimate that last fiscal year alone, 5 man-years were expended in the U.S. participation at International Labor Organization meetings. We have the major responsibility for that participation and we expect the burdens on our small staff to increase commensurately with U.S. increasing involvement in the International Labor Organization and other international organizations in which the Department has an interest. We have a vital concern with labor standards for example, and we are using several international forums to take positive action. We have been successful in bringing this to the attention of the General Agreement on Tariffs and Trade: the International Labor Organization has always had a strong interest in this matter and at our urging is pursuing it more vigorously now; and we hope to have it discussed at the United Nations Conference on Trade and Development. Our ability to provide foreign governments with technical assistance to establish effective labor ministries and labor programs will further advance our objectives in the labor standards area. We have made somewhat more progress on this issue in the past year than previously, and I attribute this to the Department's increasing effectiveness in the international community.

This effectiveness is well illustrated by events in foreign economic policy and trade adjustment assistance. We come up here year after year and tell you about our responsibilities to advise the President on escape clause matters—and oftentimes it is difficult to illustrate the substance of this work because no startling event occurs after an escape clause action—although this in itself is a measure of success. But recently, in October 1967, we advised the President that adjustment assistance as presently set forth in the Trade Expansion Act might not adequately handle the employment displacement that might materialize if certain escape clause tariffs were removed. On the basis of that advice, and the advice of other executive branch agencies, the President continued the tariffs on carpets and glass and established a task force to assist the industries and the communities in which they are located in taking the necessary steps required to avoid dislocating workers and firms when the tariffs will be lowered in

1970. We are working on that task force as is the Commerce Department and the Small Business Administration now, and we expect to involve considerable resources of the Bureau and the Department to insure a successful result.

As you know, we are deeply involved in another preventive program, the long-term cotton textile arrangement, which permits the regulation of trade in cotton textiles while safeguarding the interests of 2.4 million workers in textiles and apparel industries in the United States. We have agreements with 22 countries under this program and negotiation of the agreements themselves, or their administration, is going on constantly. The activity in the textile area will continue to increase as the Administration considers what measures are necessary to deal with possible disruption with regard to wool and man-made fiber products.

The adjustment assistance activities of the Bureau are expected to increase also as a result of the implementation of the Kennedy round tariff cuts, proposed liberalization of the Trade Expansion Act eligibility criteria, that workers must meet to gain access to adjustment assistance, and the possibility that the program authorized in connection with the Automotive Products Trade Act will be extended by Congress.

The Department, through the Bureau, is called upon by the Congress to comment on numerous special pieces of trade legislation. In addition, major legislative items—an important Trade Expansion Act package, review of the United States-Canadian Auto Agreement—will be submitted to the Congress by the Administration. The Department is deeply involved in this legislation and will appear before the Congress to present the implications of these major items for labor and the economy. In connection with the American selling price proposal and in connection with the recent congressional interest in textiles, the Department performed a thorough labor force analysis of the chemical and textile industries to provide the Administration and the Congress with a clear picture of the labor force involvement. Both of these studies were coordinated and supervised by the Bureau. This activity is becoming increasingly relevant and important as we realize the potential, as well as the limitations, of our abilities to help workers adjust to mass layoff situations.

Mr. Chairman, I hope I have been successful in conveying to you the substantive nature of the Bureau's work. I have dwelled on certain aspects of our programs to emphasize the direct connection that so-called international activities have to our domestic interests. All elements of our program are equally important to the welfare of the American worker and citizen.

Our technical assistance and trade activities, perhaps have more immediate measurable impact. Yet we must be aware that the millions of words we have exchanged in the past international forums have influenced the groundwork and efficacy of our trade and technical assistance policies. And the words we will exchange in the future similarly will provide the basis for effective programs involving international fair labor standards, orderly marketing arrangements for sensitive U.S. industries, and increased technical assistance in the labor and manpower area provided by U.S. technicians through international organizations.

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. BELL. Our 1969 request is for $1,410,000, covering 93 positions, which is an increase of $62,000 and two positions.

Going back to your earlier statement, I do want to make this summary brief so we can get on with it.

The item I have mentioned is the only increase we are asking your consideration of. The rest of the budget is to cover our normal operations in the Bureau of International Labor Affairs for our work in human resource development and utilization in the international field.

We are the representatives of the U.S. Government in the labor and human resources field in international organizations such as International Labor Organization, the OECD or Organization for Economic Cooperation and Development, the General Agreement on Tariffs and Trades, United Nations Conference on Trade and Development.

As such, it is our responsibility to keep informed and represent the United States and support the Department of State in their representations in the international field. Jointly with the Department of State, we also are responsible for the selection and training of Foreign Service personnel engaged in gathering information for the United States in the general labor field.

Our work with the International Labor Organization has covered a number of years. Over the past decade the ILO has grown in terms of membership from 79 to 117 country members. This is a tripartite forum with which I am sure you are familiar, to represent, to consider, to process resolutions in the international labor and human resources fields.

It is our responsibility to represent the United States and that is where Mr. Weaver is this week.

One of the other items that we are currently striving toward is labor standards in the international field. As a nation involved in international trade and international relations, labor costs, and working conditions overseas are reflected back home. It is up to us to keep in touch with such developments and to encourage, assist, and guide other countries in raising their labor standards.

The other area in which the Department of Labor and our Bureau, is concerned is in trade and economic policy. We have an office and staff who have responsibilities under the Trade Expansion Act, providing backstopping and information in connection with the manpower aspects of trade and tariff agreements.

We also are responsible for providing staff support for the Automotive Products Trade Act. This requires considerable staffwork in support of arrangements between Canada and the United States.

In very short summary, that is our bag, as they say nowadays.

There is one additional submission, sir.

Mr. FLOOD. Quite a mixed bag, as they have said for some time.

STATEMENT ON FOREIGN CURRENCY BUDGET

Mr. BELL. We are asking your consideration of the foreign currency budgets which we have submitted for fiscal year 1969 a total of $360,000 which represents an increase of $242,386 over our previous appropriation. This would provide for proposed labor attaché conferences plus four additional items.

A proposal for your consideration in developing a pool of labor specialists that will be available to our own Foreign Service, to private industry, and to universities. This is an area that has not had much development. We propose to use excess currency to develop such a pool of labor specialists.

The second item is an exchange program between officials of labor ministries of foreign governments and officials of our own Labor Department, as well as State agency people, to bring about an exchange of information between ministries and our U.S. Government.

Mr. FLOOD. At whose expense do they come? Do we pay their expenses here?

Mr. BELL. Yes, sir; under most conditions.

Mr. FLOOD. And they pay our expenses over there?

Mr. BELL. If it is granted out of excess currency.

Mr. FLOOD. Do our people over there, wherever it is, live at the same high level as the foreigners who come here?

I can think of one Member of Congress who is going to ask me that the first thing.

Mr. BELL. You mean in the use of a per diem?

Mr. FLOOD. Would they be wined and dined and partied because they are labor attachés? I find they can change from blue to white shirt awfully fast.

Mr. BELL. Not that I personally know of. In this kind of exchange program, it would be on a minimum basis.

Mr. FLOOD. Not that they should not, but I would just like to know because the question may be raised on the House floor. What is the answer?

Mr. BELL. The answer is "No"; that under an exchange program like this the per diem which would support them during the exchange would be the standard per diem.

Mr. FLOOD. These are not hard dollars?

Mr. BELL. No; they are host-country currencies, India, rupees, and so forth.

The other item covers a proposed study on labor and manpower in Eastern Europe. Again, this will be done in excess-currency countries. We are proposing to get such a study going in Yugoslavia and Poland to gather information——

Mr. FLOOD. You will have no trouble on Poland because we have plenty of zlotys. Of course, there is not as much of this type of currency in Yugoslavia. What about Rumania?

Mr. BELL. I do not believe so.

Mr. FLOOD. For the purposes of your discussion here, it is Yugoslavia and Poland?

Mr. BELL. Yes, sir.

To get information on wage and price data, manpower, labor organizations, relationships between government and labor, this sort of thing.

That is in summary, sir, our submission.

SUMMARY OF BUDGET REQUEST FOR SALARIES AND EXPENSES

Mr. FLOOD. Your appropriation for 1968 is $1,348,000 and your request for 1969 is $1,410,000. That is an increase of $62,000 and two positions, as you fellows insist upon calling them. You do not mind if I call them jobs.

Mr. BELL. No, sir.

U.S. PARTICIPATION IN INTERNATIONAL ORGANIZATIONS

Mr. FLOOD. Roughly what percentage of your Bureau's time and effort results from the demands placed in the Department as a result of U.S. participation in international organizations?

Mr. BELL. I would estimate something less than 30 percent.

Mr. FLOOD. What activities do you carry out in this connection?

Mr. BELL. In terms of our total?

Mr. FLOOD. What do you do for a living?

Mr. BELL. We are the representatives to the International Labor Organization, we are representatives, or support the representatives——

Mr. FLOOD. At Geneva?

Mr. BELL. Yes, sir. To the ILO.

We are also representatives of the U.S. Government in labor and social affairs to the OAS, Organization of American States. We are the representatives to the GATT, General Agreement on Trade and Tariffs. We provided staff to support the representatives at the so-called Kennedy round.

We provided the representation on the Automotive Products Trade Agreement between the United States and Canada.

BENEFITS FROM PARTICIPATING IN INTERNATIONAL ORGANIZATIONS

Mr. FLOOD. I want you to be as specific as you can on this question. What has the United States gained during the last year in participating in these organizations?

Do not go back 10 years. Last year.

Mr. BELL. The United States, through our representatives and the support of other representatives of the Department of State, et cetera, speak for and keep our presence in the international forum.

Mr. FLOOD. So what?

Mr. BELL. We are a power in the world today. We have to do two basic things—gather information about the world around us and, therefore, establish our position in the world, and give information to those who we need to support and bring along with us.

Our organization is a unit that provides this kind of support and information for our own staff as well as to units, as I say, of the State Department who sit in on such international conferences.

Mr. FLOOD. You carry the flag?

Mr. BELL. Yes, sir.

REASONS FOR REQUESTED INCREASE

Mr. FLOOD. You are not asking for a very big increase, but I am sure you know that international activities get rough treatment in Congress and will probably get rougher treatment this year than they have in the past. So, even though your increase is not very big, you had better give the committee a few very good reasons for any kind of an increase in this area this year. This is going to be a tough year.

Mr. BELL. It is to cover two staff positions to provide the skill to select, train, and send overseas, under agreements with other agencies of the U.S. Government, technicians who provide support in the labor and manpower field. Two positions are involved—one professional and a clerical supporting position.

Basically, it will be to buoy up our effort to select—but to give you a specific example, if AID or a host country or international labor organization sees the need of an expert in wage and salary surveys and it is in the interest of the U.S. Government to provide this person, depending on how it is to be provided, we will do the selecting, training, the development of this individual who would then go overseas under

an agreement with AID to provide the expertise, rather than having AID go into the open market, so to speak.

This is our business. We are specialists in knowing where to obtain such people and how best to train them because we have the facilities of the entire Department of Labor at our disposal.

When these technicians finish a tour, for example, be it a 3-month tour as a specialist or a 2-year tour, they can come back and be utilized directly in the Department of Labor until their next assignment comes up. We provide this small nucleus of employees to do the selection, training, and placing of the technician.

FOREIGN TRAVEL BY GOVERNMENT PERSONNEL

Mr. FLOOD. We have heard reports about new regulations governing foreign travel by Government employees. What recent restrictions have been placed on you, if any?

How do these things affect your work?

Mr. BELL. We have had the responsibility—Mr. Weaver must clear on all international travel for the Department of Labor. Within the Department of Labor we have reexamined all pending travel and in conformance with the President's request are in the process now of submitting reports on present travel and planned travel for 1969 with the necessary reductions, giving both what was planned and the reductions. We have already canceled a number of planned trips.

Mr. FLOOD. That is the next question I was going to ask. Go ahead.

Mr. BELL. We canceled the trip of a technician to the OECD. We cut back on our staff to the ILO meeting. We canceled a trip that was proposed but really did not get past the planning stage, to an OAS meeting. We are continuing to examine every trip.

Mr. FLOOD. I have to do a good deal of traveling for the Defense Department. I have for 20 years. I travel alone, but I have seen a lot of these Government agency people overseas, all over the world. They have clerks and assistant clerks and budget officers and disbursing officers, a whole retinue of people.

Do you consider this kind of thing in your review?

Mr. BELL. We certainly do.

Mr. FLOOD. You do not send a rifle platoon, do you?

Mr. BELL. For example, our representation right now in ILO consists of two people, Mr. Weaver and the Director of our International Division.

Mr. FLOOD. Just so you know what is going on.

SPECIAL FOREIGN CURRENCY PROGRAM

With reference to your foreign currency program, the subcommittee has always been pretty favorably inclined toward using the excess foreign currencies for these labor attaché conferences. You are now asking for your appropriation to be increased from $75,000 to $360,000. You want to add four new activities. You have already touched upon those in your statement and they are covered in the justifications.

I cannot think of anything you might want to add to that analysis of those four, can you?

Mr. BELL. No, sir. I think basically they stand alone.

TRANSLATION CONTRACTS

Mr. FLOOD. Would you make direct arrangements for your translation work or do you have some other agency do it, like the Library of Congress?

Mr. PASCHKE. The translations contracts generally are coordinated by the National Science Foundation, although I think their work for the agencies of government is primarily translating foreign language materials to English.

Mr. FLOOD. You do not use any congressional library people? Apparently not.

Mr. PASCHKE. No, sir.

Mr. FLOOD. If there is a specific contract firm, or firms, that you contemplate using, insert that in the record.

Mr. PASCHKE. Yes, sir.

(The information follows:)

ORGANIZATIONS OVERSEAS PROVIDING TRANSLATING SERVICES

Israel Program for Scientific Translation, Jerusalem, Israel.
(Languages—Western and Eastern European)

Indian National Scientific Documentation Center, New Delhi, India.
(Languages—Russian, Japanese, and Western European)

Agence Tunisienne de Public Relations, Tunis, Tunisia.
(Languages—Arabic and Western European)

Central Institute for Scientific, Technical, and Economic Information, Warsaw, Poland.
(Language—Polish)

Nolit Publishing House, Belgrade, Yugoslavia.
(Language—Slavic)

Mr. FLOOD. Mr. Michel?

USE OF FOREIGN CURRENCY

Mr. MICHEL. Mr. Bell, I have some mixed emotions about this big increase in use of foreign currency abroad. I have been trying to get the State Department for several years to sanction American tourists depositing in American banks any amount of money and then draw down in a country where we have these excess currencies abroad as a means of utilizing it, and I always get the response back we do not want to do that because those countries want dollars.

Mr. FLOOD. Do you know how many zlotys we have?

Mr. MICHEL. Bundles, bundles. It is tremendous.

But the thing that does disturb me in your request is the idea that they are there so let's dream up some ways of using them.

Mr. FLOOD. While I am talking about zlotys, let's not forget the rupees.

Mr. MICHEL. Right. And I think in terms of labor and of competition from Japan, from Germany, and from some of these other countries, I think, would it not, be more urgent on your part to be making

studies and gathering statistics in those countries, but you do not simply because we do not have foreign currencies there and it is a lot easier to make a pitch to us as we would just as soon see them used up. How far wrong am I in making that observation?

Mr. BELL. I can say that there is the tendency for us to plan in a direction where, one, there is a need; and two, where there is an ease of movement in terms of not increasing unreasonably staff nor dollar budget.

Should the need demonstrate itself, I am convinced that our labor attachés or our representatives in the State Department would do studies in specific areas and in some cases we have done them. But to answer that part of your question, yes, sir; you are correct, we do plan such studies in areas where there is the excess currency to get the most mileage out of what we can use in our international business.

Mr. MICHEL. Would you be proposing these studies to be made if we didn't have foreign currencies in any one of these countries?

Mr. BELL. For Yugoslavia-Poland, yes. I think it is of utmost interest to us to do that.

BENEFITS FROM STUDIES FINANCED BY FOREIGN CURRENCY FUNDS

Mr. MICHEL. How is that going to benefit someone in Peoria, now that we have authorized the making of those studies over there?

Mr. BELL. It is very indirect, but it will eventually have an effect—you see, part of our basic function is to obtain information from abroad to keep the United States posted in the international field—labor and human resources—and channel it back internally through the various departments to be used in our tariff and trade agreements, and so forth. The more we know about the world around us, the better we are able to adjust to it.

Mr. MICHEL. That makes a nice generalized statement, but can you cite for the record any concrete, specific benefits that an American realizes from that? About the closest thing I can get is information that might have a bearing on what happens in the tariff and trade agreements, but I am pretty hard put to put my finger on some good advantages that we Americans have exacted in those negotiations. We always seem to be on the giving end and we are not getting all those quid pro quos I like to think we are entitled to when we sit across the table and say, "All right, you are entitled to this, but I ought to get this in return."

Is there anything you can really definitely tie to? If you can, and if you can spell it out in the record very succinctly in a couple of clear-cut sentences, such as, "Yes, by gorry, we were able to do this," I think you will have a very receptive attitude on the part of the subcommittee, but when it is kind of a nebulous thing out here such as "Well, we have to know what is going on around us and therefore here is another area in which to gather some more statistics," we are not unmindful that people like to go over to Poland and over to Yugoslavia. It doesn't have to be appropriated dollars and so forth and it is a great trip and one thing and another. I am the last one to say I don't enjoy travel myself, but for the record, I think we ought to make it clear we, as a committee, never travel on counterpart funds, but only on appropriated dollars.

(The following statement was submitted for the record:)

USE OF EXCESS CURRENCY FOR RESEARCH ON LABOR AND MANPOWER IN POLAND AND YUGOSLAVIA

Research on the structure and function of the labor relations mechanisms of these countries, their labor conditions, and their manpower policies and practices is virtually nonexistent in this country. As we engage as a government in what President Johnson called the unfinished task of "Making Europe Whole," it becomes increasingly important that we have a clear picture of the realities of life in these Eastern countries. This is most important for the U.S. Information Agency in determining how to shape its efforts on the Voice of America program and through other media, and for the Department of State and the Department of Labor in formulating meaningful policy toward these countries. For scholars of universities and other research institutions in the United States, the availability of materials on the actual practice in these countries would undoubtedly stimulate analysis and additional research of utility to our efforts to find ways to approach our relations with Eastern Europe. This is of particular interest at a time when reform of the economic system in each country is creating new tensions and pressures at the industrial work site.

Another information gap relates to manpower programs and practices as they relate to wages, hours, and working conditions, and regulations. We have also been interested in European experience for its possible relevance to American domestic programs. We have drawn heavily on Western Europe experience, chiefly that of Sweden. We doubt that the Eastern countries have initiated many undertakings of significance to our more sophisticated economy. However, we know that in some fields, such as the provision of child care of working mothers, of the introduction of women on a large scale into new occupations, and training programs for the handicapped, they have undertaken work which might be of some importance to us.

Mr. MICHEL. This is something that just galls my hide when I read in the paper so many times about how these irresponsible Members of the Congress, you know, don't give a hoot because we just go into these embassies and pick up a big basket full of these local currencies and have a big ball. As a matter of fact, on our committee, it is impossible to travel under those conditions because our chairman, I think very wisely, laid down the rules. It was originally by Mr. Cannon and then Mr. Mahon, that we travel on appropriated funds. I think it is a good rule.

Although, frankly, from the standpoint of being able to use them, if there is a legitimate reason for our being there, I think we ought to be able to use them as well as you do. It is kind of ridiculous. I guess it is sort of a psychological thing.

ILO TECHNICIANS

You mention there are only 21 Americans out of these 670 technicians in the ILO, and that we ought to have more, for whatever reason. Who has the most technicians? What country has the biggest representation in that group, that number?

Mr. BELL. France.

Mr. MICHEL. How do you account for that?

Mr. BELL. I would suspect, from their proximity——

Mr. MICHEL. To Geneva?

Mr. BELL. To Geneva—from the people who early in ILO history worked into positions of responsibility and therefore went into it—probably a factor lies in the international use of French as a language. It makes it easier for them——

Mr. FLOOD. Now?

Mr. BELL. Not now, no. That is why we are moving in.

Mr. MICHEL. What are some of the other larger delegations? How about the Soviet Union? Do they have a big batch there?

Mr. TAYLOR. By all odds the highest percentage is France. Roughly 160 of the 670 ILO technicians rendering technical assistance in the less developed countries are French.

Mr. MICHEL. What percentage does France contribute to the ILO?

Mr. TAYLOR. I would say in the neighborhood of 2 or 3 percent of the total funds for technical assistance administered by the ILO.

Mr. MICHEL. And what percent do we contribute?

Mr. TAYLOR. In the neighborhood of 25 percent in direct contribution to the ILO budget and 30 to 40 percent for all technical assistance administered by the ILO.

Mr. MICHEL. What can we do to bring that thing into a more favorable balance, particularly with the shafting we continually get from that quarter?

Mr. BELL. This is precisely the goal we have been working on. Mr. Weaver has been a member over there for, this is his seventh year, I believe, and as such has had a great influence on the International Labor Organization, and now we have had accepted an American in the personnel end of the business.

Mr. MICHEL. I just want to make the observation, that it would seem to me in view of the events of the last several months and probably several years for that matter, that our people would be of a mind when they get in these international forums, to sound off a little bit and try to make these folks aware of how much more they could be doing, or we might very well say, "Well, that is just too bad. I am sorry. We have got to cut down on our contribution. Either you start pulling your fair share or else," but we don't seem to be getting very far in that direction.

ADDITIONAL PERSONNEL

Mr. BELL. That is why we feel rather strongly about the two positions we are asking for, because it will prepare us——

Mr. MICHEL. If we go on the floor and tell somebody that, they will say, "That is great. You are asking for two more positions, or more money. What do you give us in return?" We are still putting out 30 or 40 percent; France is down to 3 or 4 percent, and they have all the other people in there. From the standpoint of a very practical situation for us to go out on the floor, you haven't given us one doggoned thing. As a matter of fact, you have even made it more difficult.

Mr. BELL. Seeing the condition or organizations the way they are, we have seen the American content, so to speak, increased. We see the change of times in terms of our technical assistance programs under AID changing, and taking on a different character, and for this very reason we want to equip the Department of Labor to select and train and pinpoint people, both in multilateral organizations and in our own bilateral arrangements through AID. In order to play the game, you must have the staff to do the selecting, the training, the pinpointing. For example, in the past month we have been very influential in placing one North American with ILO in Chile. He was never hired by the Department of Labor. He had been in the Peace Corps. He was a member of Ford Motor Co. but, through our connections in the international field, we got Ford Motor to release him for 2 more years for

the ILO. Now there is one more North American in this international milieu.

We want to continue to sharpen up our attack on this very thing that you point out.

STATISTICS ON FEMALE EMPLOYMENT

Mr. MICHEL. Mrs. Goodwin, your presence here prompts me to ask this question: What part of this Bureau of International Labor Affairs has to do with women? Do you gather statistics on women and how they are working in these Eastern European countries? Is that of any good purpose for us? I have been making a point here since we have so many of our women working in this country and citing some social security statistics, 57 percent of the women who are working actually have husbands also working. It was a striking figure for me, that these were the second breadwinners in the family.

Is it significant for us to know that this is the highest it is throughout the world? It is my idea this might very well be. Is this the country where we have the most second breadwinners in the family?

Mr. BELL. I suspect it is the highest of any country.

Mr. MICHEL. Is that good?

Mr. BELL. That is good. For example, we are doing a joint study with Japan. We are most interested in one of the elements—the element we are interested in getting from them is, how do they get people immediately out of school, male and female, to work? Their unemployment is very low. One of the items they want to get out of us is, how come we are lucky enough to have so many women working, filling the needs of industry with all kinds of skilled labor. In this sense, we are going to exchange information.

Going back to the original question, the percentage of women, I would guess—but I certainly can find out for you—because through our affiliation with the ILO and with the various elements of the United Nations, we have these figures available. I will be glad to provide them.

(The information follows:)

Following are tables showing: (1) Female labor participation rates in ten industrial countries, (2) Labor force participation rates for married women in three countries, (3) Married women as percent of female labor force in three countries.

FEMALE LABOR FORCE PARTICIPATION RATES[1] IN 10 INDUSTRIAL COUNTRIES

Country	Date	Lower age limit	Participation rate (percent)
United States	1967	16	41
Belgium	October 1960	15	32
Canada	1966	14	33
France	October 1962	14	42
Great Britain	June 1966	15	42
Italy	1966	14	25
Japan	1966	15	51
Netherlands	October 1960	15	27
Sweden	1966	14	45
West Germany	April 1966	15	39

[1] Female labor force of the listed lower age limit and above as a percent of the female population of the listed lower age limit and above.

Note.—The labor force participation rate figures in the table are not entirely comparable because of differences in the lower age limit for classifying persons in the labor force and because they are based on labor force definitions that differ from country to country. However, with the exception of Great Britain, the data are from labor force surveys that are largely comparable to the U.S. monthly labor force survey.

Labor force participation rates, married women, spouse present:	Percent
United States, 1967	37
Sweden, 1966	45
West Germany, April 1966	34

Married women, spouse present, as percent of female labor force:	Percent
United States, 1967	57
Sweden, 1966	58
West Germany, April 1966	50

INTERNATIONAL LABOR ORGANIZATION

Mr. MICHEL. Just one final question. You say 10 years ago there were 79 members of the ILO and now there are 118. I suppose this increase is mostly with these new African developing nations. Now, what do they learn from this organization? Are they oriented more toward setting up their labor organizations, or are they taking a pattern from us, or from the Soviets? What influence do we have in meetings of that kind? Can we have any influence?

Mr. BELL. Yes, sir; we definitely can.

One of the virtues of the ILO, the International Labor Organization, is that it is tripartite in nature. An employee's representative from a union, an employer's representative from the Chamber of Commerce, and the government representative. In our case it is Mr. Weaver. This is a forum in which to discuss all things that influence the socioeconomic development within the framework of labor organization. Mr. Weaver is constantly receiving resolutions from Geneva that the ILO is working on, getting at all of the various phases of development of labor unions in Africa in all of the new countries.

Secondly, the trade union representatives, through their association with the representatives of unions or employees in the developing nations, are able to sense what the needs are and through their own organization—for example, in Africa it is AALC, American-African Labor Center—to provide training in how to develop a union.

In Latin America it is AIFLD—American Institute for Free Labor Development. They promote free democratic trade unionism for local employees. It is done in the country. When a man moves up in his union, he is eligible for what they call in Latin America a "beca" to the United States to get further training here.

This forum keeps us on top of the development of the labor throughout the world.

Mr. MICHEL. What are the conditions for membership in the ILO? In other words, a new, emerging country comes into being. How do they become a member of ILO? For the sake of brevity, spell that out in the record.

Mr. BLACKMAN. If they are members of the United Nations, they are normally entitled to apply for membership in the ILO.

Mr. MICHEL. No country not a member of the U.N. could be a member of the ILO?

Mr. BLACKMAN. This is possible under the ILO constitution but rare. The Federal Republic of Germany is a member of the ILO but not of the U.N.

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

Mr. FLOOD. Thank you, gentlemen.

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate.....	$1,348,000	$1,410,000
Amount reserved under H.J. Res. 888 (P.L. 90-218).....	- 38,000	---
Amount of reserve applied to increased pay costs	38,000	---
Appropriation or estimate, revised.....	1,348,000	1,410,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968 Pos.	Amount	Estimate, 1969 Pos.	Amount	1969 Change Pos.	Amount
1. International organizations affairs.....	11	$ 147,200	11	$ 151,400	--	+$ 4,200
2. Foreign labor policy development.....	20	264,300	20	272,800	--	+ 8,500
3. Labor and manpower technical services..	8	129,700	10	159,300	+2	+ 29,600
4. Trade negotiations and economic policy development.....	25	461,800	25	470,600	--	+ 8,800
5. Administration and management services.	27	345,000	27	355,900	--	+ 10,900
Total obligations.....	91	1,348,000	93	1,410,000	+2	+ 62,000

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
Total number of permanent positions	91	93	+2
Positions other than permanent	2	2	--
Average number of all employees	82	90	+8
11 Personnel compensation	$ 997,700	$1,061,000	+$63,300
12 Personnel benefits	75,000	80,500	+ 5,500
13 Benefits for former personnel	4,800	4,800	---
21 Travel and transportation of persons	44,100	40,100	- 4,000
22 Transportation of things	100	100	---
23 Rent, communications, and utilities	32,300	31,700	- 600
24 Printing and reproduction	20,100	17,400	- 2,700
25 Other services	64,000	66,700	+ 2,700
Services of other agencies	89,000	86,800	- 2,200
26 Supplies and materials	18,000	17,200	- 800
31 Equipment	2,900	3,700	+ 800
Total obligations	1,348,000	1,410,000	+ 62,000
Working Capital Fund items included above	(75,400)	(75,700)	(+300)

SUMMARY OF CHANGES

	Pos.	Amount
1968 Enacted Appropriation	91	$ 1,348,000
Amount reserved under H.J. Res. 888 (P.L. 90-218)	--	- 38,000
Amount of reserve applied to increased pay costs	--	38,000
1968 Appropriation, revised	91	1,348,000
1969 Estimate	93	1,410,000
Total Change	+ 2	+ 62,000
Mandatory Items (page ILAB-8)		
Increases:		
Net additional pay increase costs not completely funded in 1968		+ 45,000
Net additional cost of within-grade promotions effective for part year in 1968		+ 1,900
Net cost of within-grade promotions becoming effective in 1969		+ 2,300
To provide for one extra day of pay in 1969 for current year staff		+ 4,600
Total, Mandatory Items		+ 53,800
Financing Items:		
To provide for full cost of centralized services purchased from the Working Capital Fund		- 4,000

	Pos.	Amount
Program Items:		
Increases:		
To increase technical assistance to developing countries in creating and strengthening democratic labor and manpower institutions, techniques and standards (pages ILAB 20-21)	+2	+23,800
Decreases:		
Non-recurring equipment purchases (page ILAB-28)		- 400
Management improvement and Cost Reduction savings:		
Security investigations (pages ILAB-14,17, 28 and 31)		- 5,000
Travel costs (page ILAB-28)		- 4,000
Federal Telecommunications Systems services (pages ILAB-28 and 31)		- 200
Printing and reproduction costs (pages ILAB-14,17,20,28, and 31)		- 2,000
Sub-total, decreases		-11,600
Sub-total, Program Items	+2	+12,200
Total Change	+2	+62,000

Activity 1. INTERNATIONAL ORGANIZATION AFFAIRS
(1968, $147,200, Pos. 11;
1969, $151,400, Pos. 11)

Narrative Description of Program

This program provides for a focal point within the Department of Labor for contributing the Department's resources in support of U. S. participation in the International Labor Organization, the United Nations and its family of organizations, the Organization for Economic Cooperation and Development, and other international organizations which have labor or human resources activities.

International Labor Organization

The International Labor Organization, founded in 1919, is a tripartite organization--Government, Workers, Employers-- devoted to the improvement of working and living conditions of workers throughout the world. In 1967, there were 117 countries in the International Labor Organization. The International Labor Organization activities in setting standards, research and technical assistance aimed at improving the economic and social status of the workers provide a unique opportunity for U. S. tripartite influence on the human resources developments in other countries with particular stress on economic and political stability. Conversely, U. S. representatives are constantly on the search for new ideas in the international sphere that could materially contribute to the solution of domestic problems.

The Assistant Secretary of Labor for International Affairs is the U. S. Representative on the Governing Body of the International Labor Office and heads the U. S. delegation to the Annual Conference and other major meetings. Staff support for the Assistant Secretary is provided by the Bureau of International Labor Affairs under this activity. In addition, particularly since the International Labor Organization is tripartite in nature as is U. S. participation, the Department works with the American Federation of Labor and Congress of Industrial Organizations and the Chamber of Commerce of the United States, obtaining and taking into consideration the U. S. worker and employer views with respect to issues arising in the International Labor Organization and, as appropriate, issues arising in other international organizations.

Other International Organizations

The Bureau, under this activity, provides staff support for U. S. participation, as it relates to manpower and labor issues, in the Organization for Economic Cooperation and Development, the regional Commissions of the United Nations, the United Nations

Economic and Social Council, the Commission for Human Rights, the Commission for Social Development, the Commission on the Status of Women, the United Nations Statistical Commission, and Committees II (Economic) and III (Social) of the United Nations General Assembly.

Demands for technical information from the Department for the policy guidance of U. S. delegations to various meetings of the Organization for Economic Cooperation and Development and the United Nations and its specialized agencies are increasing as the activities of these organizations expand. These information requests relate to the field of human resources, labor and social affairs: discrimination, human rights, programs for the disadvantaged, manpower, youth, women's affairs, and levels of living. The demands by the developing countries to international organizations for assistance to industrialize has increased the workload involved for the Department of Labor in furnishing data concerning manpower, vocational training, and labor-institution building.

Accomplishment and Plans

In 1967, there were ten important International Labor Organization meetings, and a number of lesser ones. The delegates to these meetings totaled 95, of which 47 were Government representatives, including State officials, 22 from the U. S. trade union movement, and 26 from U. S. employer organizations. A substantial proportion of these Government representatives was drawn from the Department of Labor. These meetings in total attendance time consumed approximately five man-years by all the U. S. participants.

For the meetings, some 150 position papers were prepared or their preparation supervised by the Bureau. These position papers are in effect U. S. Government instructions for the guidance of U. S. Delegations to International Labor Organization sponsored meetings. The position papers reflect the expertise of the Department of Labor, and frequently they must also reflect the coordinated views of other interested Executive Departments and agencies, the U. S. employers and the U. S. workers. The papers express U. S. Government policies, practices and objectives, particularly in the labor and human resources fields.

In addition, a significant number of questionnaires, requests for documentation, and inquiries concerning law and practice in the U. S. as related to specified technical subjects were prepared for the International Labor Organization, which is developing a system of review and evaluation for improvement of its programs. In this respect, the multilateral technical assistance experience of the International Labor Organization in developing solutions to technical assistance problems may prove of benefit to the U. S. Agency for International Development's bilateral programs. The annual International Labor Organization expenditure in the technical assistance field is approximately $20,000,000. Its total on-going technical assistance programs currently approximate $200,000,000.

The Bureau also represented the Department at three major meetings of the Manpower and Social Affairs Committee of the Organization for Economic Cooperation and Development, while other areas of the Department supplied experts for technical meetings of the Organization. The Bureau supplied a member for the U. S. Delegation to the 41st Session of the United Nations Economic and Social Council, participating on discrimination issues. Representatives of the Bureau participated in a number of intradepartmental and interdepartmental meetings, where basic issues were discussed and policy formulated with respect to labor and human resources issues in other international meetings. For these activities essential position papers were prepared.

In 1968, during the second half of the fiscal year it is planned to prepare for, and to participate in four major meetings, including the General Conference and sessions of the Governing Body. In addition, there will be several meetings of experts called by the International Labor Organization to discuss such questions as Youth Services, Programming of Prevocational Training Schemes, and Statistical Wages and Employee Income. The Annual Conference of the International Labor Organization will consider agenda items covering agricultural workers and social security in which the U. S. has considerable interest. The Bureau will also be represented on the U. S. Delegation to the United Nations Commission on the Status of Women. Departmental experience and expertise will be supplied to the U. S. Delegations to the United Nations Commission for Social Development, Commission for Human Rights, the Industrial Development Board of the United Nations Industrial Development Organization, and the United Nations Economic and Social Council. There will also be several important meetings of the Manpower and Social Affairs Committee of the Organization for Economic Cooperation and Development requiring considerable preparation and relating to the integration of manpower policies in general economic policies.

Based upon the workload during the first half of 1968, it is quite apparent that the overall workload for the year will be every bit as heavy, if not heavier, than previous years. For example, there were a number of major International Labor Organization meetings, and one of the Manpower and Social Affairs Committee of the Organization for Economic Cooperation and Development. Work for the United Nations was heavy, particularly for Committee II (Economic) and Committee III (Social) of the General Assembly. The Department supplied the manpower specialist on the U. S. Delegation to the Industrial Symposium in Athens in November and December 1967, convened by the United Nations Industrial Development Organization.

In 1969, it is planned to continue in the same activities with no significant program changes. However, the program is constantly under review and evaluation to determine how to improve program management and effectiveness. These procedures have led to increased productivity in recent years. Efforts will continue to be made in this direction as well as in improving U. S. participation in international organizations in which the Department has some area of competence. Likewise, every effort will be made to increase over previous years the volume of international experience and developments which may be of use to the domestic programming of the Department.

Changes for 1969

Mandatory changes amount to (Page ILAB-7).....	+$6,200
Financing changes amount to (Page ILAB-7).....	-$ 500
Program changes amount to	-$1,500

Mandatory changes provide for pay increase costs, within-grade promotions and for one extra day of pay in 1969.

Financing changes result from decreases in cost of centralized services from Working Capital Fund.

Program changes result from management improvement and cost reductions for printing and reproduction and security investigations.

Basis for the Estimate

The workload of the Bureau is responsive to and controlled by demands placed upon the Department of Labor as a direct result of U. S. participation in international organizations and their expanding programs. This makes demands on the Department in several ways: attendance at international meetings, preparation for U. S. participation in these meetings, and responding to an unpredictable number of requests deriving directly from U. S. membership. These requests include research on U. S. domestic activities, information concerning domestic programs, and technical data.

Workload forecasts and staff requirements are largely predicted upon past experience, current demands, and positive indications of increasing demands. In the past decade, for example, the membership in the International Labor Organization has grown from 79 to 117, or an increase of 50 per cent. The United Nations as

well as its member organizations have grown correspondingly. These increases in memberships have given rise to an increasing number of problems flowing from the questioning by the new member nations of the role and leadership by the developed countries in international organizations, the redirection and expansion of programs, and corresponding budgetary increases. U. S. participation in this expanded international activity contributes directly to the increasing workload.

A staff of 11 is the absolute minimum required for the program activity to fulfill the responsibilities assigned to the Bureau. For the past several years the present staff in this activity has coped with its increased workload by increasing productivity. Further productivity advances can only be marginal with existing personnel.

Activity 2. FOREIGN LABOR POLICY DEVELOPMENT

(1968, $264,300, Pos. 20;
1969, $272,800, Pos. 20)

Narrative Description of Program

This activity is concerned with providing technical and policy guidance in the development and achievement of U. S. foreign policy goals as related to labor and manpower factors and with developing and executing action proposals for specific countries and geographic areas. Expertise is provided on the labor and manpower implications of political and economic developments abroad. Assistance is rendered in the Department's participation in the labor attache program of the Foreign Service. Substantive support is furnished for the participation by the United States in the specialized labor agencies of the Organization of American States.

In 1967, accomplishments were the analysis of labor and manpower problems and developments abroad and the rendering of advice to officials of the Department of Labor, the Department of State, and other foreign affairs agencies on the implications of such developments in terms of both domestic and foreign policy and program objectives. The proposals were initiated either for new approaches to the attainment of such objectives or as the result of evaluation of existing policies and programs.

Although this activity is carried out primarily on a geographic basis by area specialists, other specialists, on a global basis, followed and reported on developments in the international trade union field and furnished related policy and program advice. On a continuing basis, information was supplied to the U. S. trade union movement on specific activities or developments in the international labor movements and the International Trade Secretariats to assist policy determination or the execution of action programs of the U. S. labor movement in its relations with the international trade union bodies.

This activity provided a focal point in the Labor Department for contacts with U. S. labor attaches and other Foreign Service officers concerned with labor matters in U. S. overseas posts and made recommendations concerning the assignments of such officers as well as the establishment of new posts. The activity collaborated with other offices of the Department in providing guidance, servicing, training, and evaluation of labor attaches. The following table shows the number of labor officers in our missions abroad assigned in each area:

Africa	9
American Republics	23
East Asia and Pacific	11
Europe	19
Near East and South Asia	7

In 1968, it is planned to continue the activities outlined above. Also, increasing emphasis will be given to obtaining and passing on to domestic labor and manpower program officials information on techniques and practices in other countries that might have applicability in solving U. S. domestic problems. For example, an inquiry was sent to selected foreign service posts regarding youth employment on behalf of the Department's Wage and Labor Standards Administration. U. S. officials are looking for more effective programs for coping with unemployment, school drop-outs, racial unrest, shortages of skilled labor, and industrial strife. Most foreign countries have also been plagued with these difficulties at one time or another to varying degrees. The area specialists provided in this activity will make special efforts to identify significant foreign labor developments that might help domestic policy makers.

In 1969, it is planned to continue the same programs as outlined for 1968.

Changes for 1969

Mandatory changes amount to (Page ILAB-7).....	+$11,200
Financing changes amount to (Page ILAB-7).....	-$ 1,000
Program changes amount to	-$ 1,700

Mandatory changes provide for pay increase costs, within-grade promotions, and for one extra day of pay in 1969.

Financing changes result from decreases in cost of centralized services purchased from the Working Capital Fund.

Program changes result from management improvement and cost reduction savings in printing and reproduction, and in security investigations.

Basis for the Estimate

The work under this activity is brought about primarily as the result of developments, domestic or foreign, which affect U. S. interests in the international labor and manpower field. Foreign developments are reported by U. S. officers overseas, primarily the Foreign Service labor attaches. Action thereon involving the Labor Department may be initiated by the State Department or other foreign affairs agency or by the Labor Department, depending on the nature of the problem. Domestic developments which have some relationship to the international scene are identified by domestic program officials and may require special attention or the obtaining of special information from overseas posts. The development or problem is analyzed and either a proposal for action is made or information is passed on to interested officials. Experience has proved that current staff provides no more than the minimum necessary for the activity. The workload has increased over a number of years, as relationships with other countries have multiplied and the staff has been reduced. This has been accomplished in large measure through increases in productivity of the staff.

Activity 3. LABOR AND MANPOWER TECHNICAL SERVICES
(1968. $129,700. Pos. 8;
1969. $159,300. Pos. 10)

Narrative Description of Program

This activity provides for mobilizing and making available technical resources to support the overseas technical assistance programs of U. S. agencies, particularly the Agency for International Development and international organizations particularly the International Labor Organization.

The United States is seeking to assist developing countries to achieve sound economic development within the framework of democratic principles and institutions. An essential element in this process is the effective training and utilization of a nation's human resources through the establishment and implementation of a positive manpower program and the stimulation of viable and effective Labor Ministries and related government-labor institutions.

Three inter-related tools are used in the international technical assistance activity:

1. The Department of Labor International Technical Assistance Corps program to supply American technicians for overseas technical assistance activities under either the Agency for International Development (bilateral) or the International Labor Organization (multilateral) auspices.

2. Technical training courses for foreign nationals through such devices as manpower seminars administered by our International Manpower Institute and similar formalized technical training programs.

3. Technical manuals and resource materials designed for use in less-developed countries in the development of manpower and government-labor institutions.

The eight positions now provided for this activity carry out the tasks of program development, executive direction, policy planning, and other services which cannot properly be charged to other agencies and which are necessary to assure effective Department of Labor controls and coordination.

During the two previous years, the demands from foreign affairs agencies upon the Department for technical assistance support, and the consequent workload, have increased significantly. During the previous year new emphases, particularly related to multilateral technical assistance activities of the International Labor Organization

and other United Nations bodies, required additional work which cannot properly be charged to other agency budgets.

In 1967, through the Department of Labor International Technical Assistance Corps, 58 technical assistance assignments in 25 less-developed countries were handled. This represented more than double the total man-years of on-site technical assistance as compared with the previous fiscal year. None of the 1966 or 1967 were multilateral (International Labor Organization) assignments.

In 1968, it is anticipated that 80 technical assistance assignments will be handled including, for the first time, 4 under International Labor Organization auspices.

In 1969, it is anticipated that the total will increase and the number of assignments under the International Labor Organization auspices will rise.

Changes for 1969

Mandatory changes amount to (Page ILAB-7).....	+$ 6,400
Financing changes amount to (Page ILAB-7).....	-$ 500
Program changes amount to	+$23,700
Positions.....	+2

Mandatory changes provide for pay increase costs, within-grade promotions and for one extra day of pay in 1969.

Financing changes result from decreases in cost of centralized services purchased from the Working Capital Fund.

Proposal: Program changes provide for an increase of two positions.

The Need: The two positions (one professional, one secretarial) are requested to extend the Department of Labor International Technical Assistance Corps and other Department of Labor technical assistance resources to the International Labor Organization. They will assist particularly in facilitating the utilization of the Department of Labor International Technical Assistance Corps in the International Labor Organization and other multilateral international organization technical assistance projects. From the U. S. foreign policy standpoint, it is desirable that additional well-qualified American technicians be employed by the International Labor Organization in

its technical assistance projects in less-developed countries. The International Labor Organization's current over-all technical assistance activity is approximately $200,000,000, including funds from all sources. Of the 670 technicians employed by the International Labor Organization at present in this operation, 21 are Americans.

In recent months, the International Labor Organization has evidenced interest in employing the Department of Labor International Technical Assistance Corps technicians and this will result in improving the imbalance between participation by Americans and the level of United States contributions, thus increasing U. S. influence among the largest possible number of technical assistance projects.

The Program: The two new positions will provide essential staff resource particularly for strengthening U. S. participation in multilateral (particularly the International Labor Organization) technical assistance activities in less-developed countries. The utilization of the Department of Labor International Technical Assistance Corps by the International Labor Organization will involve considerable planning, negotiating, and staff work and the recruitment of qualified American personnel. For example, a high percentage of the International Labor Organization technical assistance posts call for apprenticeship and occupational-trades training technicians with specialized foreign language and technical qualifications. There have been relatively few requests for this type of technician by the Agency for International Development and, consequently, the Department of Labor International Technical Assistance Corps does not yet include many individuals with these particular qualifications. To satisfy, at least partially, the International Labor Organization and the U. S. objectives of providing more American participation in this type of the International Labor Organization assignment will, therefore, require effective positive recruitment efforts to supplement the Department of Labor International Technical Assistance Corps resources.

There is also a need to improve the coordination between bilateral (the Agency for International Development) and multilateral (the International Labor Organization) technical assistance activities in the labor and manpower fields and to stimulate effective direct ministry-to-ministry technical assistance relationships between the labor ministries of less-developed countries and the U. S. Department of Labor.

These activities in addition to requiring positive recruitment efforts will involve development of extensive briefing and technical support to better equip American technicians for the particular demands of the International Labor Organization or other international organization employment, and providing active liaison with those organizations to assure that the objective of increasing the use of American technicians is achieved properly.

Basis for the Estimate

The staff resources requested for this activity directly relate to the Department-wide coordination of technical resources for two purposes. The first, mobilization of the technical assistance capabilities for overseas programs, and secondly, but of equal importance, assuring maximum input into domestic programs of overseas experience. The staff available for this two-way flow represent the minimum needs.

Activity 4. TRADE NEGOTIATIONS AND ECONOMIC POLICY DEVELOPMENT
(1968, $461,800, Pos. 25;
1969, $470,600, Pos. 25)

Narrative Description of Program

This program provides for the staff services required to enable the Secretary of Labor to fulfill the functions assigned to him under the Trade Expansion Act of 1962 and to determine the eligibility of groups of workers and firms to receive adjustment assistance under the Automotive Products Trade Act of 1965 and Executive Order 11254. It also provides the Departmental participation in the work of international trade organizations such as the General Agreement on Tariffs and Trade, the Organization for Economic Cooperation and Development, and the United Nations' Committee for Trade and Development. The Department's participation in the development of trade policy and trade negotiations is designed to assure that full consideration is given to issues involving domestic employment in the United States and other manpower problems and policies.

Commodity and Industry Problems, Textiles

In 1967, accomplishments included extension of the Long-Term Cotton Textile Arrangement for an additional three years; active participation in the administration of the Arrangement in the United States; and the negotiation and maintenance of 22 bilateral arrangements, covering the trade in specific cotton textile and apparel products with individual countries. The Bureau provided the Departmental representation on the six-member Interagency Textile Administrative Committee responsible for administering the Long-Term Cotton Textile Arrangement in the United States, and the Management-Labor Textile Advisory Committee which met with the Interagency Committee each month. The Long-Term Cotton Textile Arrangement is designed and administered to insure that employment opportunities for U. S, workers in the textile and apparel industry are not impaired by disruptive import competition.

In 1968 and 1969, it is planned to maintain the Long-Term Cotton Textile Arrangement to insure that excess of imports, either in total or for specific groups of commodities, do not disrupt U. S. markets. The various bilateral agreements, which will number over 30 by the end of the fiscal year 1968, will require constant surveillance and maintenance as new suppliers arise and negotiations are undertaken with them. An intensive study is currently under way to determine

whether or not some form of import limitation should be applied to wool and man-made textile articles rather than be confined solely to cotton articles. The Department is making special studies of the labor force in the textile and apparel industry to assist in these determinations.

Commodity and Industry Problems, Except Textiles

During 1967, accomplishments included participation by the Bureau in a series of reviews of outstanding escape clause actions under the Trade Expansion Act following Tariff Commission reports on the economic effects of such action. The escape clause reviews involve extensive interagency deliberation and coordination. The Bureau represented the Department on staff interagency work related to all tariff and trade issues. In accordance with the Trade Expansion Act, the Secretary of Labor is required to render advice to the President before any change in a tariff rate including extension, modification, or termination of an escape clause rate can be made. In particular, the Department concentrated on the problems of the effects of proposed changes in tariffs on employment opportunities in the affected industries. In his determination to extend until January 1, 1970, the escape clause tariff rate for Wilton carpets and sheet glass, the President indicated that he was guided by the opinion of the Departments of Commerce and Labor. The Departments stated that the adjustment assistance provisions of the Trade Expansion Act were not at that time an adequate remedy for the dislocations which would result from terminating the escape clause. The President further appointed a task force of representatives of the Departments of Commerce and Labor and the Small Business Administration to work out long-term solutions to the problems of the industries, communities, and job dislocation involved.

In 1968, it is planned to develop a solution to the problem of increasing exports of logs from the Pacific Northwest to Japan with a consequent disruptive effect on workers in the smaller saw mills and plywood plants in the area. Negotiations with the Japanese are being undertaken to attempt to devise a program involving their purchase of more finished lumber, diversification of their purchases geographically and by species, and financial assistance in the cost of opening new logging territories. These programs will be designed, among other considerations, to improve employment opportunities in domestic sawmills and plywood plants and not decrease employment among the port and transportation workers. Work on problems of specific industries will also be greatly intensified. Currently, there are before the Congress a multitude of proposals to apply quotas or other restrictions against imports of products ranging from mink, steel, shoes, electronics, to glassware, etc. The actual and potential

domestic employment impact of both increased imports and the effect on our exports of restricting imports are most important in consideration of the merits of each proposal. The Department of Labor is uniquely qualified to supply and evaluate such information. In the first six months of 1968, the Bureau staff and personnel from other agencies prepared analyses of 125-130 bills in response to requests from the House Ways and Means Committee and the Senate Finance Committee for Department views. Many of these bills required interagency coordination and deliberations. In 1968, the Department carried out a survey of the labor force in the dye and pigment segment of the chemical industry as a basis for evaluating the possible employment impact of eliminating the American Selling Price System of customs valuation for such products.

In 1969, it is planned to continue and expand our work on the problems of specific industries, many of which will carry over from 1968. For example, the proposed solutions to the problems of the carpet and glass industries must be submitted to the President early in the year. 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 and there is no apparent reason to expect a significant decline in this type of activity in 1969.

Adjustment Assistance

In 1967, accomplishments were determinations and payments of adjustment assistance authorized by the Automotive Products Trade Act of 1965. This Act implements an agreement between the United States and Canada for duty-free trade in selected automotive products and provides that firms or groups of workers who suffer dislocation as a result of the U. S.-Canadian Agreement may petition for a determination of their eligibility to apply for the adjustment assistance described in Title III of the Trade Expansion Act of 1962. The responsibility for these determinations is assigned to the Automotive Agreement Adjustment Assistance Board, chaired by the Secretary of Labor. The Department of Labor furnishes staff support and the Executive Secretariat necessary to the Board's operations in rendering decisions.

In 1967 and 1968, the Automotive Agreement Adjustment Assistance Board rendered decisions on 17 cases for relief filed by groups of workers. The Board issued certifications of eligibility covering approximately 2,500 individual workers, some 1,900 of whom actually filed for and were found eligible to receive assistance. Total benefit payments, including training allowances were approximately $3 million. (Payments include reimbursement to the States for unemployment insurance paid to these individuals.)

In 1968, it is also planned that the Automotive Agreement Adjustment Assistance Board will act upon at least another 5-10 petitions for assistance filed by groups of workers. It is not possible to forecast the number of individual workers who may be covered by such petitions.

No new petitions for adjustment assistance under the Automotive Products Trade Act may be filed after the end of Fiscal Year 1968. However, since the adjustment of the industry to duty-free treatment does not appear to have been completed, the Congress may be expected to receive requests for extension of the filing period. Regardless of the decision with respect to extension, cases filed up to June 30, 1968, will require determinations in Fiscal Year 1969, and earlier certification can result in payments of benefits through 1971. Terminations of certifications issued in earlier years will also require Board, and staff, activity in 1969. Terminations are made when the Board determines that the operation of the Agreement is no longer the primary factor causing layoffs of workers in a particular plant.

The standards of eligibility for adjustment assistance for firms and workers under the Trade Expansion Act of 1962 have proven too rigid for any petitions to be certified by the Tariff Commission. Proposed revisions in these standards were prepared in Fiscal Year 1967 and Fiscal Year 1968 and are expected to be submitted to the Congress in the second half of Fiscal Year 1968.

The Automotive Agreement between the United States and Canada calls for a major intergovernmental review during Fiscal Year 1968, including consideration of possible modifications. The Bureau represents the Department on the U. S. team and participates intensively, both because of the employment aspects of the Agreement and as the staff arm of the Automotive Agreement Adjustment Assistance Board.

In 1969, an appreciable increase in adjustment assistance activity is expected as the tariff reductions of the Kennedy Round come into effect. If the standards of eligibility are relaxed as proposed, the increase will be even more pronounced.

Trade Policy

In 1967, the Kennedy Round of tariff negotiations were completed with the granting by the participating countries of tariff concessions covering about $40 billion in world trade. The Bureau of International Labor Affairs represented the Department throughout these negotiations, and extensive staff work and industry analyses were performed to assure that the potential employment effects of

both increased exports and imports were given full consideration. The Bureau also supplies the permanent Department representation on the interagency committees, both staff and policy level, which constantly consider and reach decisions on a broad range of foreign trade and economic policy problems. In this period, the countries particularly concentrated on specific tariff questions raised in the process of the Kennedy Round negotiations.

In 1968, it is planned to concentrate on three major problems: (1) the trade relations between the developing countries and the developed nations, particularly the question of how to design and implement a meaningful system of tariff preferences for the exports of the developing countries; (2) methods of gaining international acceptance for an enforceable program of fair labor standards for goods moving in international trade; (3) legislation to replace those portions of the Trade Expansion Act of 1962 which expire as of June 30, 1968, and to modify the American Selling Price System of customs valuation for a limited number of products.

The problem of relations with the developing nations centers around the major meeting of the United Nations' Committee on Trade and Development, scheduled to be held in the third quarter of 1968. Labor-directed issues are extremely important in this context since the exports of manufactured or semi-manufactured goods by the developing nations tend to be labor-intensive and, accordingly, potentially disruptive of U. S. employment. The adjustment assistance program is also directly related to the export drive of these countries in the sense that it offers U. S. firms and workers an alternative to import restrictions in those instances where developing nations' exports might disrupt a U. S. market.

The question of fair labor standards cuts across both developing and developed countries but will have particular focus in the United Nations' Committee on Trade and Development. The Bureau is expected to play a major role in attempting to convince the United Nations' Committee on Trade and Development participants that the appeal for the development of adequate labor standards and practices is based on objective consideration of the requirements of economic development and not primarily motivated by protectionism. The General Agreement on Tariffs and Trade and the International Labor Organization staffs have started an intensive evaluation of the possibility of utilizing existing International Labor Organization conventions as a basis for international fair labor standards.

Both the immediate problem of legislation to extend the expired tariff-reduction authority of the Trade Expansion Act of 1962 and a longer range study on U. S. trade policy faced the Administration at

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the start of Fiscal Year 1968. Legislation to extend the Long-Term Cotton Textile Arrangement will also include provisions to modify the standards of eligibility for trade adjustment assistance and provisions to eliminate the American Selling Price System of customs valuation. The changes in adjustment assistance standards, the impact of the proposed change in the valuation system on workers in the United States chemical industry, the labor impact of the tariff reductions negotiated in the Kennedy Round and any reductions possible under any new legislation are of direct interest to the Department. In 1968, interagency work was started on the major study of trade policy requested by the President.

In 1969, we expect that the problems of relations with the developing countries -- and particularly the question of enforceable fair labor standards -- will require extensive staff time and policy determinations. The President's major study of trade policy will also extend through the year.

Changes for 1969

Mandatory changes amount to (Page ILAB-7)..... +$15,700

Financing changes amount to (Page ILAB-7)..... -$ 1,000

Program changes amount to..... -$ 5,900

Mandatory changes provide for pay increase costs, within-grade promotions, and for one extra day of pay in 1969.

Financing changes result from decreases in cost of centralized services purchased from the Working Capital Fund.

Program changes result from management improvement and cost reduction savings in travel, rent and communications, printing and reproduction, and security investigations.

Basis for the Estimate

The estimates are based on resources required for the development of recommendations with respect to foreign economic policy which affects domestic labor. They also encompass resources for the administration of the adjustment assistance and Long-Term Cotton Textile Arrangement programs. Staff resources and staff support must be provided for United States participation in international trade organizations and activities and for Departmental participation in interagency working groups or negotiating teams such as the Trade

Staff Committee, Trade Executive Committee, Automotive Agreement Adjustment Assistance Board and Interagency Textile Administration Committee. The bulk of the work of the staff is of a non-recurring specialized, and professional nature not amenable to workload analysis. However, enough petitions for adjustment assistance under the Automotive Act have been processed roughly to standardize man-hour costs. Each case, from original acceptance of the petition through the determination process and publication of the final report, requires approximately 4 man-weeks of professional analysis and 2-3 weeks of stenographic time. This does not include routine surveillance of outstanding certifications and necessary supervisory and overhead costs.

Activity 5. ADMINISTRATION AND MANAGEMENT SERVICES
(1968, $345,000, Pos. 27;
1969, $355,900, Pos. 27)

Narrative Description of Program

This activity provides Department-wide policy guidance, coordination, and direction of all activities in international affairs. This involves the Department's participation jointly with the Department of State and others for management of the Foreign Service; servicing of labor officers overseas; internal management of the Bureau; Department-wide fiscal guidance and control in connection with international programs; and coordination and direction of analyses, planning, budgeting, execution, and review of Bureau programs under the Department's Management System.

In 1967, accomplishments included positive actions to provide for greater emphasis of Department-wide coordination of international programs for the benefit of the domestic programs of the Department. The Department's Management Committee at the Under Secretary and Assistant Secretary level provided the forum for this coordination. Areas of primary international concern, but also of concern in connection with domestic programs which have had attention and guidance of the Department's Management Committee include: (1) the Long Term Cotton Textile Arrangement, (2) adjustment assistance under the Automotive Products Trade Act of 1965, (3) the completion of the Kennedy Round with its implications for domestic employment opportunities, (4) the concern of the Department in connection with representation at the Organization for Economic Cooperation and Development, (5) the Department's participation in programs of bilateral and multilateral technical assistance, (6) participation with the Department of State and other agencies in administration of the Foreign Service, (7) utilization of excess foreign currency for conduct of Labor Attache Conferences overseas, and (8) interest of the Department in the benefit to domestic programs to be derived from continued participation in the activities of international organizations.

In 1968, it is planned to continue the utilization of the Department's Management Committee as the principal forum for coordination of international and domestic program activity. Continued consideration by the Committee of all international activities of the Department, against the background of domestic needs and programs in the labor and manpower areas, are expected to produce significant benefits.

Continued emphasis will be given in 1968 to management improvement and cost reduction. Possibilities for further savings in travel, communications, reproductions, and investigations are under study.

In 1969, it is planned to continue international activities on a Department-wide basis, but to continue review of program and administration for potential savings. Possibilities for centralization of functions, both program and administrative, will be examined.

Changes for 1969

Mandatory changes amount to (Page ILAB-7).....	+$14,300
Financing changes amount to (Page ILAB-7).....	-$ 1,000
Program changes amount to	-$ 2,400

The program decreases result from management improvement and cost reduction savings for security investigations, reproductions, and communications.

Basis for the Estimate

The estimates are based on resources required for Department-wide policy guidance, coordination and direction of international activities and for administrative and management support functions. The resources requested represent minimal requirements based on experience and interagency fiscal and program demands.

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate.....	$ 75,000	$360,000
Balance available from prior year.....	42,614	---
Appropriation or estimate, revised.....	117,614	360,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968 Pos.	Amount	Estimate, 1969 Pos.	Amount	1969 Change Pos.	Amount
1. Labor Attache Conferences...	--	$117,614	--	$ 50,000	--	-$ 67,614
2. Overseas labor and manpower programs.....	--	---	--	310,000	--	+310,000
Total obligations	--	117,614	--	360,000	--	+242,386

OBLIGATIONS BY OBJECT

		Appropriation Revised, 1968	Estimate, 1969	1969 Change
21	Travel and transporation of persons.	$117,614	$100,000	-$ 17,614
25	Services of other agencies.....	---	155,000	+155,000
26	Supplies and materials.....	---	1,000	+ 1,000
31	Equipment.....	---	19,000	+ 19,000
41	Grants, subsidies and contributions.	---	85,000	+ 85,000
Total obligations.....		117,614	360,000	+242,386

SUMMARY OF CHANGES

	Pos.	Amount
1968 Appropriation	--	$ 75,000
Balance available from prior year	--	42,614
1968 Appropriation, revised	--	117,614
1969 Estimate	--	360,000
Total Change	--	+ 242,386

Mandatory Items (page SFC-7)

Decreases:

Non-recurring balance available from prior year.		- 42,614
Total, Mandatory Items		- 42,614

Program Items:

Increases:

To establish a program of overseas labor internships and scholarships which would provide international training opportunities in the labor field on a systematic basis (page SFC-12)		+ 100,000
To form closer associations between labor ministries of selected foreign countries and governmental labor agencies and institutions in the U.S. by sending more U.S. Government labor officials to these countries (page SFC-13)		+ 25,000
To provide for translation of U.S. and foreign labor publications, preparation of bibliographies and acquisition of technical books and periodicals to facilitate exchange of ideas in the development of international labor and manpower programs (page SFC-13)		+ 100,000

	Pos.	Amount
To conduct a program of research on labor and manpower in Poland and Yugoslavia (page SFC-14).....		+ 85,000
Sub-total, increases.....		+ 310,000
Decreases:		
To decrease estimated cost of regional labor attache conferences (pages SFC-10 and 11)...		- 25,000
Total, Program Items.....		+ 285,000
Total Change,.....		+ 242,386

Activity 1. LABOR ATTACHE CONFERENCES (1968, $117,614, Pos. 0; 1969, $ 50,000, Pos. 0)

Narrative Description of Program

This activity provides for the convening of labor officer conferences overseas, either on a regional or on a sub-regional basis through the purchase of excess foreign currencies. These conferences provide overseas labor officers policy guidance in sensitive areas, a forum for discussion of regional problems, information on developments in domestic labor programs in the United States for their interpretation of these programs in the countries in which they are stationed, and an opportunity to orient the reporting of the labor attaches towards the needs of our domestic bureaus.

In 1967, the first regional labor officer conference under this special foreign currency appropriation was convened in New Delhi, India. Officers from 15 Near East and Asian posts, numbering 22, were present. The conference was headed by the Secretary of Labor. The limited number of countries that are in the excess currency category, coupled with other problems in these countries, primarily political in nature, delayed planning of additional conferences.

For 1968, the Departments of Labor and State are currently developing plans for two conferences. The basic decisions have been made for a European labor officer conference to be held in Tel Aviv in May 1968. The Departments of State and Labor consider Tel Aviv to be an appropriate location (excess currency country) for European-based labor officers since Poland and Yugoslavia are the only European excess currency countries. In addition, plans are well under way for a conference of regional labor officers stationed in Africa. This conference is tentatively scheduled for Tunis, also in the spring of 1968.

Changes for 1969

Mandatory changes amount to..... -$42,614

Program changes amount to..... -$25,000

Program changes are based on the experience of the New Delhi conference and consider revised estimates for the European and African conferences. The estimate for regional conferences on a biannual basis indicates that only $50,000 for the purchase of excess

foreign currencies would be required in Fiscal Year 1969. This represents a reduction of $25,000 from the amount appropriated for labor attache conferences in Fiscal Year 1968. In the interest of orderly planning, funds from 1968 will be carried over into 1969. The 1969 appropriation would provide for two regional conferences: (1) Near East and South Asia, and (2) East Asia and Pacific.

Basis for the Estimate

The estimate of $50,000 for two regional conferences in 1969 was derived from the anticipated number of participants from overseas and Washington and the per diem for the conference and round-trip travel for each to a South Asian country.

Activity 2. OVERSEAS LABOR AND MANPOWER PROGRAMS
(1968, NONE, Pos. 0;
1969, $310,000, Pos. 0)

Narrative Description of Program

This activity will permit initiation of the following programs through the purchase of excess foreign currencies: internships and scholarships abroad for U. S. nationals; interchange with foreign labor ministry officials; translations, bibliographies and acquisition of books and periodicals on labor and manpower problems; and research on labor and manpower in Poland and Yugoslavia.

In 1967 and 1968, excess foreign currency appropriations for overseas labor and manpower programs, other than for labor attache conferences, have not been available to the Department of Labor.

Changes for 1969

Mandatory changes amount to..... NONE

Program changes amount to..... +$310,000

Labor Internships and Scholarships, $100,000

Proposal: The Department plans to initiate a program of labor internships and scholarships.

The Need: The available pool of international labor specialists from which the Foreign Service, the Department of Labor, the American labor movement, and universities can recruit staff to work on foreign labor and manpower programs is limited.

The Program: Through a systematic program of labor internships and scholarships, training and study opportunities overseas would be made available to younger American trade union officials, students, and teachers in labor economics and manpower areas. In excess currency countries such as Israel, India, Pakistan, and Ceylon, the scholarships could include area training at universities (e.g., the New Delhi School of Social Research in India), labor study at trade union institutes (for example, the Afro-Asian Institute for Trade Unions and Cooperation in Israel), or language training. Trade union candidates applying for internships would be rated competitively by an advisory panel composed of representatives of U. S. trade unions active in international affairs. We expect that candidates who have received specialized training and education in the international labor

field will seek employment related to their specialization upon their return to the United States. Research topics on labor and manpower developments abroad would be an important by-product. It is estimated, a grant would average approximately $10,000 equivalent in excess foreign currencies.

Labor Ministry Interchange, $25,000

Proposal: The Department plans to initiate a program of labor ministry interchange with selected foreign countries.

The Need: As United States labor agencies and foreign labor ministries are faced with mounting problems of a similar nature -- unemployment and underemployment, shortages of skilled workers, racial unrest and strife -- there is a need for closer associations and enduring international relationships between our respective labor agencies. A number of foreign labor ministry officials have visited the United States in the past under U. S. economic assistance or cultural exchange programs but few United States officials have visited their foreign counterparts.

The Program: Travel grants would be made available to enable labor experts from the United States federal, state, and local labor agencies and private institutions and organizations to visit their counterparts in selected excess currency countries. An opportunity would be provided also for United States officials to determine effectiveness of programs conducted in the United States for foreign nationals. Approximately 25 visits could be financed among India, Pakistan, Ceylon, Israel, Tunisia, Poland, Yugoslavia, Congo, and Guinea.

Translations, Acquisition of Books and Periodicals, $100,000

Proposal: The Department plans to initiate a program of translating foreign language labor and manpower materials into English and vice versa to prepare bibliographies and to acquire foreign labor and manpower materials.

The Need: Consultations with the labor attaches overseas and domestic bureaus in the Department of Labor indicate that there is a backlog of some 20,000 pages of labor and manpower material which should be translated into English and made available for U. S. and international research purposes. For example, safety experts in our Bureau of Labor Standards have requested translation of over 3,000 pages of safety, health, and factory inspection publications issued in German, French, Italian, and other languages. At the same time, our labor attaches, AID missions, and foreign training participants have repeatedly requested more foreign language versions of U. S. labor and manpower publications. The United States Information

Agency, the Agency for International Development, and the Department of State have only been able to arrange for the translation of a small fraction of this material.

The Program: Facilities for translating these materials exist in Israel (Western European languages), Tunisia (Arabic), Poland, Yugoslavia and India (Eastern European languages) which are excess currency countries. The equivalent of $90,000 in excess currencies would cover approximately 7,000 pages (5,000 into English and 2,000 from English) during the first year. We propose also to prepare annotated labor and manpower bibliographies in the excess currency countries -- a sum of $5,000 is requested for preparation of the first bibliography. In addition to translations and bibliographies, a sum of $5,000 is requested for acquiring English-language labor and manpower materials from such countries as India, Pakistan, Ceylon, and Israel.

Labor and Manpower in Poland and Yugoslavia, $85,000

Proposal: The Department plans to initiate a program of research on labor conditions and manpower in Poland and Yugoslavia.

The Need: University centers of Eastern European Studies, the Departments of Labor and State, the United States Information Agency, other government agencies, business firms, and labor organizations have need to increase their knowledge on labor conditions in Eastern Europe. The changes developing in Eastern Europe, the technical assistance involvements of countries including Yugoslavia, their increasing independent involvement in international activities, require more detailed knowledge of their economic institutions and the direction of their development.

The Program: Inasmuch as Poland and Yugoslavia are excess currency countries, the Department of Labor proposes to conduct a program of research on labor in these two countries. The Department would prepare, or contract for the preparation of, seven monographs each on labor and manpower in Poland and Yugoslavia on the following topics: political, economic, and social factors affecting labor; manpower; wages, hours, prices, and the level of living; labor organizations; government and labor; social insurance; industrial relations. The cost of each of the 14 monographs would be the foreign currency equivalent of about $6,000.

OFFICE OF THE SOLICITOR

Salaries and Expenses

WITNESSES

CHARLES DONAHUE, SOLICITOR
J. J. LAFRANCHISE, ADMINISTRATIVE OFFICER
GEORGE M. UBER, BUDGET ANALYST
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	4,491	4,708	5,099
Positions other than permanent	81	52	52
Other personnel compensation	13	20	20
Special personal service payments	6	13	13
Total personnel compensation	4,591	4,793	5,184
Personnel benefits	342	365	405
Travel and transportation of persons	142	164	154
Transportation of things	4	10	10
Rent, communications, and utilities	207	161	186
Printing and reproduction	138	122	114
Other services	119	124	141
Services of other agencies	8	20	20
Supplies and materials	90	118	129
Equipment	23	26	26
Total obligations	5,663	5,903	6,370

PERSONNEL SUMMARY

Total number of permanent positions	479	490	504
Full-time equivalent of other positions	10	10	10
Average number of all employees	454	465	475
Average GS grade	9.1	9.2	9.4
Average GS salary	$10,099	$10,467	$11,099

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Departmental program activities:			
(a) Litigation	628	583	634
(b) Interpretations and opinions	656	740	801
(c) Wage determinations	803	907	948
(d) Legislation	524	552	582
(e) Labor-management laws	375	367	389
2. Field legal services (regional offices)	2,221	2,330	2,563
3. Administration and management services	435	424	453
Total program costs, funded	5,642	5,903	6,370
Change in selected resources [1]	21		
Total obligations	5,663	5,903	6,370
Financing:			
Receipts and reimbursements from: Trust funds	−144	−144	−144
Comparative transfers to other accounts	8		
Unobligated balance lapsing	60		
New obligational authority	5,587	5,759	6,226
New obligational authority:			
Appropriation	5,451	5,741	6,226
Transferred to other accounts	−4		
Transferred from other accounts	140		
Appropriation (adjusted)	5,587	5,741	6,226
Proposed transfer from other accounts for pay increases		18	
Relation of obligations to expenditures:			
Total obligations	5,663	5,903	6,370
Receipts and other offsets (items 11-17)	−136	−144	−144
Obligations affecting expenditures	5,527	5,759	6,226
Obligated balance, start of year	251	293	312
Obligated balance, end of year	−293	−312	−498
Adjustments in expired accounts	5		
Expenditures	5,490	5,740	6,040
Expenditures are distributed as follows:			
Out of current authorizations	5,235	5,447	5,728
Out of prior authorizations	255	293	312

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $17,000 (1967 adjustments, −$16,000) 1967. $22,000; 1968, $22,000; 1969, $22,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

CHARLES DONAHUE, SOLICITOR OF LABOR

Charles Donahue was appointed by President Kennedy as Solicitor of Labor in January, 1961. In that position, he is the Labor Department's chief legal officer and adviser and supervises all legal activities of the Department, including proceedings under the various laws for which the Labor Department has authority.

Before assuming his present position, he had been research director for the United Association of Plumbers and Pipe Fitters, AFL–CIO, since 1953.

Mr. Donahue was born in Portland, Maine, on August 14, 1912. He attended public schools there and the Canterbury School in New Milford, Conn. He received a bachelor's degree from Princeton University in 1934 and a law degree from Harvard Law School in 1937.

In 1938, Mr. Donahue began his career 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. Between 1943 and 1946, he served in the Army, rising from private to captain in the Judge Advocate General's Department.

In 1949, Mr. Donahue was asked by the Senate Majority Policy Committee to be its labor counsel. After this assignment, later in that year, he retunred to the Labor Department as Assistant Solicitor for Employment Security and served in that capacity until 1951 when he became Assistant Solicitor of Labor for Legislation, Bureau Servicing and Trial Examining.

Mr. Donahue is married to the former Bertha Halsted Terry. They have four sons, William, Christopher, Charles, Jr., and Peter and a daughter, Helen. The family lives in Washington, D.C.

Mr. FLOOD. We now have the privilege of hearing Mr. Charles Donahue, Solicitor for the Department of Labor, who will make the presentation for the Office of the Solicitor.

GENERAL STATEMENT

I see you have a statement, Mr. Donahue. How do you wish to proceed?

Mr. DONAHUE. I would prefer, with your permission, to submit it for the record, Mr. Chairman, and then summarize it as briefly as possible.

Mr. FLOOD. Without objection, that will be done.

(The statement referred to is as follows:)

Mr. Chairman and members of the committee, it is a pleasure to once again appear before you to explain the Office of the Solicitor's budget estimate.

Our request of $6,370,000 for fiscal year 1969 represents an increase of $467,145 above the fiscal year 1968 revised level. The only part of this increase attributable to an expansion of program is to meet an increased workload in carrying out the 1966 amendments to the Fair Labor Standards Act—$155,200. A portion of this increase is offset by a program decrease of $1,100 to reflect nonrecurring equipment costs for new positions granted in 1968. There are also additional decreases totaling $30,000 arising from improved management of resources as savings, $17,000 for travel and $13,000 for printing.

The request includes an increase of $343,045 for mandatory and financing items. The largest single item in this category is for additional pay increase costs which are not completely funded in 1968—$211,275. The remaining mandatory items include. $53,860 for the 1969 cost of within grade promotions; $13,844 for the 1969 promotions under the career-ladder promotion plan; $10,845 for additional rental costs for space acquired in 1968 for only a portion of the year; $4,702 for a net increase in contributions to the Federal employees' compensation fund; and, $20,619 to provide for one extra day of pay in 1969 for the current year staff. The financing item, $27,900, is to provide for the full cost of centralized services purchased from the working capital fund.

As mentioned above, the budget estimate includes a program item 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 which become effective in 1969. Some preliminary work related to the new coverage has already begun. We are now at the point where it is necessary to broaden our legal assistance program to provide legal interpretative services and enforcement litigation services related to the amendments.

Our estimated staffing requirements for fiscal year 1969 are directly tied to the level of activity projected by other bureaus in the Department. The additional positions we are requesting are believed to be the minimum necessary to achieve a ratio of 25 litigated cases per 1,000 investigations performed by the Wage and Hour Division. Since the Wage and Hour Division has modified its investigation procedures, we do not believe that the historical ratio of 33 cases per 1,000 investigations will be maintained in 1969. Therefore, our estimate has been revised downward to reflect this assumption.

Fourteen new positions are requested for fiscal year 1969—nine attorneys and five clerk-stenographers. The distribution of these positions within our organization is as follows: One attorney and one clerk-stenographer in the Litigation Division; one attorney and one clerk-stenographer in the Interpretations and Opinions Division; one attorney and one clerk-stenographer in our Philadelphia field office; one attorney and one clerk-stenographer in our Atlanta field office; one attorney in our Cleveland field office; one attorney and one clerk-stenographer in our Kansas City field office; one attorney in our Dallas field office; one attorney in our San Francisco field office; one attorney in our Nashville field office.

One additional attorney and one additional secretarial position is requested to provide legal interpretations of the complex provisions of the 1966 amendments.

The additional positions are 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 attorney positions and one of the secretarial 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. Our request for the fiscal year 1969 is $6,370,000 in total. It is an increase of $467,145. The only part of the program which would be expanded here out of this amount of money would be an increase in personnel to handle the 1966 amendments to the Fair Labor Standards Act, a request of $155,200.

The overall increase of $467,145 is reduced by certain offsets mentioned in the above statement.

Nonrecurring equipment costs, improved management of resources, and certain amounts for travel and printing being included in the latter figure of $31,100.

The other items are mandatory and financing items. The largest single item is increased pay costs not completely funded in 1968, amounting to more than $211,000; $53,860——

Mr. FLOOD. Not completely funded? What does that mean?

Mr. DONAHUE. That means we absorbed it, as I understand, in the year 1968.

Mr. FLOOD. That is fine.

Mr. DONAHUE. But we don't in 1969.

Mr. FLOOD. You are not borrowing from 1969 again?

Mr. MILLER. No, Mr. Chairman.

Mr. DONAHUE. $13,844 for promotions under the career ladder promotion plan; $53,860 for the costs of within-grade promotions.

There are additional rental costs in the amount of $10,845. There is an amount of $4,702 for a net increase in contributions to the Federal employees' compensation fund, and $20,619 to provide for 1 extra day of pay in 1969 for the current-year staff. Finally, there is a financing item of $27,900 to provide for the full cost of centralized services purchased from the so-called working capital fund.

The increases which we have asked for, so far as staff is concerned, represents what might be called a measured judgment on our part—accurate or inaccurate—as the exact amount which might be needed and the exact places the lawyers may be needed.

Briefly, we are asking for 14 new positions. Nine of them are attorneys; two of them would be in Washington and seven of them in the field.

There would also be five clerical personnel, two in Washington and the remainder of them in the field as indicated on pages 2 and 3 of

our statement. These lawyers we think are needed. The work will increase during the coming year. Wage and Hour intends to make more investigations, which is the bulk of the work in the Solicitor's Office. We represent them directly, as you know, Mr. Chairman, in the district courts and in the Federal courts of appeals, in any cases which they desire to bring, where we agree with them as far as the legal propriety is concerned and the appropriateness of proceeding to court.

Mr. FLOOD. Are you the final authority as to whether you file or not?

Mr. DONAHUE. We have what is known as a joint review participated in by the regional attorney on behalf of the Solicitor's Office and the appropriate regional director for the Wage and Hour and Public Contracts Divisions. They consider the matter together. If there is some disagreement concerning it, it would be shipped to us in Washington and, as to the legal propriety of it, we would ultimately advise the Administrator as to the legal sufficiency of the case, without interfering with the policy question as to whether he ought to bring it or not, which I believe is an administrative determination not to be made by a lawyer.

WAGE AND HOUR CASES

Mr. FLOOD. Do you have the courts cluttered up with these things? There is a lot of unhappiness, I gather, that the wage and hour cases are just given a light treatment, either because Congress doesn't give the Department enough money or because you don't follow through. Do you get any of that fallout?

Mr. DONAHUE. I have not received it so far. The only side effect on us that I know of, Mr. Chairman, is that it is more difficult in some situations for us properly to prepare a case, and when we tentatively decide to go forward on a case in court, then we have to go back and have reexamination and reinvestigations, adequately to insure ourselves that we are correct in proceeding to get an injunction against some violation of the act.

RECORD OF SUCCESS IN LEGAL ENFORCEMENT

Mr. FLOOD. If and when you finally get that far, what is your record of success across the board generally? What do you think? Is it good or bad?

Mr. DONAHUE. I believe our record of success in legal enforcement is, on the whole, good.

Here is my measurement of it: We file in the vicinity of 1,700 or so section 17 actions in the course of a year in the district courts.

Mr. FLOOD. You are in civil court?

Mr. DONAHUE. We are in the civil courts, before a Federal district judge.

Of that number we have, I think, probably in the nature of 325 or so which actually go to trial and to judgment, indicating not harassment, I submit, but instead that we are fairly sure of the violation when we do go to court and, generally speaking, the employers admit it and, most of the time, there is settlement before we get through.

Mr. FLOOD. A great many people will look at this, so do this carefully: Have a table of some sort prepared over a reasonable period of time that you think will answer my question for the record. Have that inserted at your convenience.

Mr. DONAHUE. I would be very glad to do that.

(The information requested is as follows:)

FAIR LABOR STANDARDS ACT—CASES CLOSED [1]

Fiscal year and tribunal	Civil actions		Criminal actions	
	Won	Lost	Won	Lost
1960:				
Trial courts	1,047	20	120	8
Appellate courts	14	3		
1961:				
Trial courts	1,383	26	101	3
Appellate courts	19	6		
1962:				
Trial courts	1,276	13	99	0
Appellate courts	26	2		
1963:				
Trial courts	1,102	15	70	0
Appellate courts	18	3		
1964:				
Trial courts	1,244	6	42	1
Appellate courts	19	7		
1965:				
Trial courts	1,317	17	32	1
Appellate courts	11	1		
1966:				
Trial courts	1,322	10	21	0
Appellate courts	17	3		
1967:				
Trial courts	1,621	6	13	0
Appellate courts	24	11		

[1] Not included are miscellaneous actions such as contempt, defensive, subpena, intervention, and administrative proceedings.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. Your budget for 1968 is $5,903,000. Your request for 1969 is $6,370,000, an increase of $467,000 and 14 positions.

WORKLOAD RELATED TO ACTIVITY OF WAGE-HOUR DIVISION

As I understand it, all of this increase is tied to the Fair Labor Standards Act Amendments of 1966?

Mr. DONAHUE. That is correct.

Mr. FLOOD. Now, here is the problem: How closely is the need for this increase that you have asked for tied to the increase requested by the Wage-Hour Division? In other words, if they do not get their budget increase requested of the Congress, they would generate less business for you.

Mr. DONAHUE. That is correct. We are dependent in this area upon how many investigations they project, how many investigators they are going to take on, how many investigations those investigators can make. We have what has been a ratio in the past of 33 court cases per thousand investigations. It has been slightly downstated in this statement to 25. Due to the change in the nature of the investigations the Wage and Hour Division professes to be making, that is.

Mr. FLOOD. That isn't bad, after your settlements and agreements.

Mr. DONAHUE. Those are cases that are litigated and, of course, they may be settled in the course of litigation, as well.

PERSONNEL NEEDS

Mr. FLOOD. I have just one more question for you and this bothers me a bit: Your office has been, in my opinion—and I have been around a long time—very, very conservative in asking for increases during the past several years that I know of. You are asking for 504 positions for 1969. You had 519 in 1964. It is very obvious that the program of the Department has expanded during the 5-year period. As a matter of fact, the total Department budget has doubled. The need for legal services, it would occur to me as an old trial lawyer, would be quite considerable too under those circumstances. What is the answer? Are you failing or refusing to go to court? Do you have a backlog piling up or were you overstaffed 5 years ago?

Mr. DONAHUE. To take each one of these questions in succession, we haven't been overworked. Second, I don't think we have been failing to bring court cases because I think the record will show quite clearly, and the record before this committee, that we had in 1967, for example, as many cases brought to court as we ever had before at any point. Those are not all Wage-Hour cases. There are some involving other statutes of the Department of Labor where we at least aid and assist in bringing court cases that are brought not by us, but by the Department of Justice in our behalf.

Third, as far as legal services are concerned, as any practitioner knows, there are all sorts of ways of satisfying that particular need short of going to court. You have many, many legal functions performed by Government lawyers and private lawyers as well that don't involve going to court. Very frequently, as the chairman knows, clients want to stay out of court and hire lawyers for that purpose.

Mr. FLOOD. Could I get you to deliver a lecture to the solicitors of the various Government agencies if I hire a hall, not at the taxpayers' expense?

Mr. DONAHUE. I would be delighted to have that discussion with them.

Mr. FLOOD. I think it would be a great idea.

Mr. DONAHUE. We have tried to substitute telephone calls for the written memorandum. The shorthand answer, when you know where you are going to come out, for the longhand answer.

Mr. FLOOD. How long have you been on board here?

Mr. DONAHUE. Since 1961, Mr. Chairman.

Mr. FLOOD. Mr. Michel.

SOURCE OF NEW STAFF

Mr. MICHEL. Where are these new lawyers that you propose to put on board, the 14? Where will they come from? Will they be fresh out of law school or will they be men of any experience?

Mr. DONAHUE. The chances are they will be a younger supplement to the staff more or less; fresh out of law school. I won't lay that down as a rule. In some cases they will be a year or so out, but by and large they would be lawyers with limited experience. They would be added at the bottom of the scale and would receive experience in the Government as they progressed.

Mr. MICHEL. And that scale at which they would be taken on board would be roughly at what?

Mr. DONAHUE. A grade 9 at the present point and they would advance——

Mr. MICHEL. And that in dollars and cents is what? Put that in the record.

Mr. FLOOD. Mr. Miller ought to know that. What is a nine?

Mr. MILLER. Between $8,000 and $9,000.

Mr. MICHEL. Then they would have to be on board how long before they got a little promotion?

Mr. DONAHUE. They would get a grade increase each year if they proved to be successful additions to the staff, up and through grade 12. Those are yearly what we call ladder increases. They would stop at grade 12 and we would give careful consideration as to whether they should advance beyond that point to a grade 13, for example, which is our so-called journeyman level of lawyer, before you get to the more supervisory and specializing stages in the grades 14 and 15, 16, and in two cases, 17.

Mr. MICHEL. Did you lose any lawyers this past year in your shop?

Mr. DONAHUE. We always lose lawyers every year.

Mr. MICHEL. What was the rate this past year as against the year before?

Mr. DONAHUE. I think we probably lost at least 30 lawyers one way or the other in the past year.

Mr. MICHEL. Supply that for the record. We know the attrition rate is rather high.

Mr. DONAHUE. I will be glad to.

(The information requested is as follows:)

Office of the Solicitor

Number of separations—Attorneys:		
Fiscal year 1966		26
Fiscal year 1967		34
Attrition rate:		
Fiscal year 1966	(percent)	12
Fiscal year 1967	(percent)	15

Mr. DONAHUE. I won't say our loss is because of the way we chose them, but at least we have been successful in choosing most of them.

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

Mr. FLOOD. Thank you very much, gentlemen.

We will reconvene tomorrow morning at 10 o'clock.

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate	$5,885,000	$6,370,000
Amount reserved under H.J. 888 (P.L. 90-218)	-166,000	---
Amount of reserve applied to increased pay costs	166,000	---
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increases (P.L. 90-206 effective October 8, 1967)	18,000	---
Non-recurring rental costs transferred to GSA	-145	---
Appropriation or estimate, revised	$5,902,855	$6,370,000

OBLIGATION BY ACTIVITY

Description	Appropriation Revised, 1968 Pos.	Appropriation Revised, 1968 Amount	Estimate, 1969 Pos.	Estimate, 1969 Amount	1969 Change Pos.	1969 Change Amount
1. (a) Litigation	44	$ 582,600	46	$ 633,600	+ 2	+$51,000
(b) Interpretations and Opinions	59	740,400	61	801,300	+ 2	+60,900
(c) Wage Determinations	91	906,500	91	948,400	--	+41,900
(d) Legislation	39	552,200	39	581,500	--	+29,300
(e) Labor-Management Laws	32	366,700	32	389,400	--	+22,700
2. Field Legal Services	188	2,330,055	198	2,562,700	+10	+232,645
3. Administration and Management Services	37	424,400	37	453,100	--	+28,700
Total obligations	490	$5,902,855	504	$6,370,000	+14	+$467,145

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
Total number of permanent positions	490	504	+14
Positions other than permanent	10	10	---
Average number of all employees	465	475	+10
11 Personnel compensation	$4,793,266	$5,184,359	+$391,093
12 Personnel benefits	364,926	404,933	+40,007
21 Travel and transportation of persons	163,500	153,700	-9,800
22 Transportation of things	10,174	10,174	---
23 Rent, communications and utilities	161,337	186,102	+24,765
24 Printing and reproduction	121,858	114,498	-7,360
25 Other services	124,048	140,868	+16,820
Services of other agencies	20,000	20,000	---
26 Supplies	117,972	129,292	+11,320
31 Equipment	25,774	26,074	+300
Total obligations	5,902,855	6,370,000	467,145
Working Capital Fund Items included above	(300,700)	(335,650)	(+34,950)

SUMMARY OF CHANGES

	Appropriation Pos.	Appropriation Amount	Trust Fund Pos.	Trust Fund Amount	Total Available Pos.	Total Available Amount
1968 Enacted Appropriation	490	$5,741,000	--	$144,000	490	$5,885,000
Amount reserved under H. J. Res. 888 (P. L. 90-218)	--	-166,000	--	---	--	-166,000
Amount of reserve applied to increased pay costs	--	166,000	--	---	--	166,000
Proposed transfer from "Office of Manpower Administrator" for pay increases (P. L. 90-206 effective October 8, 1967)	--	18,000	--	---	--	18,000
Non-recurring rental costs transferred to GSA	--	-145	--	---	--	-145
1968 Appropriation, revised	490	$5,758,855	--	$144,000	490	$5,902,855
1969 Estimate	504	6,226,000	--	144,000	504	6,370,000
Total Change	+14	+467,145	--	---	+14	+467,145

Mandatory Items: (page SOL-7)

Increases:

Net additional pay increase costs not completely funded in 1968	---	+$211,275
Net additional cost of within-grade promotions effective for part year in 1968	---	+ 23,252
Net cost of within-grade promotions becoming effective in 1969.....	---	+ 30,608
1969 net cost of promotions to be granted under a career-ladder promotion plan.....	---	+ 13,844
Net additional rental cost for space acquired in 1968 for only a portion of the year.....	---	+ 10,845
To provide for a net increase in contributions to the Federal Employees' Compensation Fund.....	---	+ 4,702
To provide for one extra day of pay in 1969 for current year staff	---	+ 20,619
Total, Mandatory Items	---	+ 315,145

Financing Items:		
To provide for full cost of centralized services purchased from the Working Capital Fund.....	---	+ 27,900
Program Items:		
Increases:		
To provide for the administration of the Fair Labor Standards Act amendments of 1966 $133,900 personal services, $21,300 non-labor (page SOL-11).....	+14	+ 155,200
Total, increases.....	+14	+ 155,200
Decreases:		
Non-recurring equipment costs for new positions in 1968 (page SOL-11).....	---	- 1,100
Management Improvement and Cost Reduction savings from travel ($17,000) and printing ($13,000) (page SOL-11).....	---	- 30,000
Sub-total, decreases.....	---	- 31,100
Total, program items....	---	+ 124,100
Total Change.....	+14	+ 467,145

DEPARTMENT OF LABOR
OFFICE OF THE SOLICITOR

PROMOTION COSTS JUSTIFICATION

Promotion plan.- Since fiscal year 1967 the Office of the Solicitor has been authorized to operate a career ladder promotion plan for attorneys and wage analysts. The entrance level for attorneys is at GS-7, GS-9 or GS-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 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 has realized 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. Sixty-seven positions have been identified as career ladder promotion positions. With only a few exceptions, these were the positions in grades GS-7, 9, 11 and 12 at the beginning of F.Y. 1967 which were eligible for promotions during that year and/or which had received promotions during F.Y. 1966. Average turnover in promotion plan positions over the past two fiscal years has been at the rate of 9 GS-12's, 5 GS-11's and 6 GS-9's per year. Projecting this turnover into F.Y. 1969 and future years, turnover should absorb all promotion costs for a given year by F.Y. 1970 or F.Y. 1971. Promotion funds budgeted for F.Y. 1968 provide for a spread of 27 GS-12's, 20 GS-11's, 19 GS-9's and 1 GS-7.

Estimate for F.Y. 1969. The combined estimate for F.Y. 1969 promotions and full year cost of F.Y. 1968 promotions is $13,844. 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 71%. This factor (an average for two years) 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 (1968, $582,600, Pos. 44;
1969, $633,600, Pos. 46)

Narrative Description of Program

This program provides for the Department's trial litigation activities. The Division directs and supervises the enforcement of several Federal labor standards statutes through civil court actions and administrative enforcement proceedings. It 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 of all types 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 1966.

In 1967, accomplishments were realized in basically three areas. First, through several court cases, the Division established Departmental positions on issues raised under the Equal Pay Act. Second, the first stages of litigation involving the constitutionality of the 1961 and 1966 amendments to the Fair Labor Standards Act were completed. Finally, the Division continued to make progress in clarifying legal issues under existing legislation. A record number of cases were filed in 1967 under the activity's supervision. (See pages SOL-14-16 for detailed workload statistics.)

In 1968, it is planned to continue the above-mentioned activities. In particular, it is expected that a substantial number of appellate decisions (including several by the Supreme Court) will be obtained involving the 1961 and 1966 amendments to the Fair Labor Standards Act. These cases will also involve significant issues involving the integration of important provisions of the Fair Labor Standards Act with the Longshoremen's and Harborworkers' Compensation Act. (See pages SOL-14-16 for detailed workload statistics.)

Activity 1 (a)

Changes for 1969

Mandatory changes amount to (see page SOL-7)..... +$30,390

Financing changes amount to (see page SOL-7)..... +$ 2,660

Program changes amount to..... +$17,950
2 Positions

Proposal: To provide legal support to Wage and Hour's enforcement program under the provisions of the 1966 amendments to the Fair Labor Standards Act which become effective February 1, 1969.

The Need: Regional litigation requires constant supervision, coordination and assistance from the Washington staff in order to insure uniform application of the Government's labor standards policy. The currently-authorized staff will be unable to completely absorb the additional workload stemming from the new provisions.

The Program: The additional resources requested will supplement the work currently being done in the trial litigation program. Specifically, these resources will enhance the Division's capability in the preparation and conduct of trials, reviewing and assisting the field staff in determining which cases should be prosecuted to final judgment so as to insure effective administration of the Fair Labor Standards Act, and carrying out other related legal functions.

Base:
Positions: 44 Estimated Cost: $ 612,900

Additional Cost:
Positions: 2 Estimated Cost: $ 20,700

Basis for the Estimate

Workload estimates for trial litigation are based upon past experience and the level of activity expected in field offices.

Of the projected 2,000 cases instituted in fiscal year 1969 (see page SOL-34), it is estimated that 1,875 will be litigated under the Fair Labor Standards Act. Past experience indicates that a ratio of one attorney man-year is required in the Litigation Division for every 5 attorney man-years in the field offices. This formula would yield a requirement for an additional 1 attorney man-year for this activity in 1969 based upon the requested increase 6 attorney man-years in the field offices for 1969. The requested increase is for 1 attorney man-year for this activity under the assumption that any part of an attorney man-year will be absorbed through greater productivity on the part of existing staff.

Activity 1 (a)

The estimated workload under the Longshoremen's Compensation Act reflects a continuation of the relatively stable workload experienced over the past several years. Since neither funds nor positions have been budgeted for this function since fiscal year 1967, the office has been forced to utilize resources budgeted for other activities to support this function. Senate Report No. 1841, Supplemental Appropriation Bill, 1967, provides for this diversion of resources as follows: "In order to comply with the directions contained in the House report it will be necessary for the Solicitor to use funds budgeted for other activities".

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

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
1. Cases received from regional offices[1/]	1,559	2,180	2,200	2,350
2. Cases instituted by regional offices under Washington Office supervision[1/]	1,672	1,817	1,850	1,950
3. Cases handled by Washington staff[1/]	71	112	125	130
4. Cases closed[1/]	1,481	1,741	1,800	1,900
5. Cases pending in court or administrative proceeding, end of year[1/]	1,032	1,084	1,100	1,150
6. Review and assistance	13,808	15,000	15,000	15,500
7. Wage-Hour investigations	57,625	58,159	68,000	75,000
8. Restitution attributable to litigation activities (in millions)	$4.0	$5.8	$6.0	$6.2

1/ Includes only Fair Labor Standards Act, Walsh-Healey Public Contracts Act, McNamara-O'Hara Service Contracts Act and certain defensive actions.

Activity 1 (a)

Workload Statistics

SUPREME COURT AND APPELLATE LITIGATION

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
1. Appellate court briefs filed:				
(a) Supreme Court..	6	2	4	6
(b) Circuit Court of appeals.....	36	25	30	35
(c) Federal District Court.....	1	2	2	2
(d) State Courts...	2	0	1	1
2. Oral Arguments presented	17	28	30	35
3. Appeal recommendations.	60	37	45	55
4. Legal opinions, miscellaneous reports and memoranda, special research, case analyses.....	242	339	339	339
5. Cases in course of preparation at end of fiscal year.....	24	37	40	45
6. Pending cases in Supreme Court and appellate courts at end of fiscal year..	37	17	22	25

EMPLOYEES' COMPENSATION

1. Longshoremen's Act litigated cases.....	75	73	75	80
2. Federal Employees' Compensation Act litigated cases.....	2	1	2	2
3. Appeals Board litigation cases:				
(a) Defenses prepared	314	276	300	320
(b) Cases presented at hearings....	66	37	50	50

Activity 1 (a)

Workload Statistics

EMPLOYEES' COMPENSATION

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
4. Maritime Safety - Longshoremen's Act:				
(a) Administrative complaints filed	10	11	15	15
(b) Injunctive actions	1	1	3	3
(c) Recommendations for criminal prosecution	1	2	2	2
5. Federal Tort Claims Act:				
(a) Accident Reports received.....	114	131	145	150
(b) Administrative claims filed...	19	39	42	48
6. Military Personnel and Civilian Employees' Claims Act of 1964:				
(a) Claims filed...	6	10	18	22

Activity 1 (b). INTERPRETATIONS AND OPINIONS (1968, $740,400, Pos. 59; 1969, $801,300, Pos. 61)

Narrative Description of Program

This program provides for 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.

In 1967, a wide variety of legal interpretative services related to the many new responsibilities of the Department were provided. Principal attention was given to such items as the 1966 amendments to the Fair Labor Standards Act, the McNamara-O'Hara Service Contract Act, and the training programs delegated to the Department under the Economic Opportunity Act. (See workload statistics, pages SOL-19-20.)

In 1968, it is planned to: (1) answer the numerous inquiries stimulated by the 1966 amendments to the Fair Labor Standards Act which became effective this fiscal year and to issue the necessary regulations and to complete revision of Fair Labor Standards Act Interpretative Bulletins to reflect the recent amendments; and to issue rules and regulations and an Interpretative Bulletin on the McNamara-O'Hara Service Contract Act; (2) participate actively in the President's program of assistance to "ghetto" areas and in the Department's special programs for employment in target areas, to develop and draft regulations and agreements applicable to Labor Department Activities under the 1968 Amendments to the Economic Opportunity Act; and (3) assist in the preparation of a proposed Omnibus Bill which will include amendments to the Social Security Act and the Federal Unemployment Tax Act as well as a new special program for rehabilitation assistance for unemployment exhaustees. (See workload statistics, pages SOL -19-20.)

Activity 1 (b).

Changes for 1969

Mandatory changes amount to (Page SOL-7)..... +$38,060

Financing changes amount to (Page SOL-7)..... +$ 4,040

Program changes amount to..... +$18,800
2 Positions

Proposal: To provide interpretative support services needed to accommodate the additional workload required by the 1966 amendments to the Fair Labor Standards Act.

The Need: 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, a large number of inquiries will continue to be received during fiscal year 1969 as to the scope and applicability of the amendments. On February 1, 1969, an additional 100,000 establishments and more than 1.2 million additional workers will be covered by the Act. These enterprises and their employees have had no previous experience under the Act. Unless employers know their legal obligations and duties and employees recognize their legal rights under the Act, the benefits envisioned by the Congress will not be realized. This request will enable the Office of the Solicitor to carry out its responsibilities in this respect.

The Program: Extensive revisions of regulations and interpretative bulletins prior to the effective date of the amendments will be required. In addition, a continuation of legal advice and counsel will be carried out after the effective date of the recent amendments. Therefore, the two new positions are estimated to be the minimum necessary to carry out the Division's additional workload.

Base:
Positions: Estimated Cost: $780,600

Additional Cost:
Positions: 2 Estimated Cost: $ 20,700

Basis for Estimates

Workload estimates for this activity are based upon actual experience in fiscal years 1966 and 1967, known workload requirements for the current and budget years, and projections based upon contacts with serviced bureaus and offices. 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. Item A.1 of the workload statistics on page SOL-19 reflects an increase of 2,500 legal opinions in Fair Labor Standards Act activity, a portion of which will be absorbed through productivity increases.

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Activity 1 (b).

Workload Statistics

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
Labor Standards				
A. Legal opinions:				
1. Fair Labor Standards Act.....	12,311	16,167	17,000	19,500
2. Government contract labor standards....	6,036	8,092	9,000	9,000
3. Safety standards....	376	797	800	800
4. Workmen's compensation	1,150	1,049	1,200	1,200
B. Meetings and conferences:	1,886	3,453	3,500	3,500
Manpower Services and Unemployment Compensation				
A. Legal review:				
1. State documents.....	4,785	4,688	4,500	4,500
2. D/L documents.....	10,087	10,605	10,700	10,700
3. Federal legislation (prepared or reviewed)	980	985	980	980
B. Legal opinions:				
1. Advice on certification of State laws	1,129	1,207	1,100	1,100
2. Memos, briefs, and other legal documents prepared.....	4,089	5,981	5,000	5,000
3. Other advice.....	10,675	9,849	9,800	9,800
C. Meetings and conferences:	3,710	3,759	3,800	3,800

Activity 1 (b).

Workload Statistics (continued)

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
Administrative Legal Services				
A. Proceedings and documents:				
1. Hearings services.....	3	26	15	20
2. Formal opinions prepared.....	2	12	10	10
3. FLSA wage orders.....	36	102	40	100 1/
4. Federal Register documents.....	120	156	175	175
B. Legal review:				
1. Legislative proposals.	19	21	25	25
2. Litigation actions 2/.	124	28	30	30
3. Other Department of Labor documents.....	179	187	200	200
C. Legal opinions 3/:				
1. Memos, briefs, and other legal documents prepared.....	136	143	140	140
2. Other advice.....	117	109	120	120
D. Meetings and conferences.	90	104	100	100

1/ Estimates based on biennial review required for Puerto Rico and Virgin Islands wage orders.

2/ Includes review, as required, of administrative law questions involved in litigation, and any necessary functions relating to veterans' reemployment rights cases referred for litigation.

3/ Includes legal advisory functions on the veterans' reemployment rights program.

Activity 1 (c). WAGE DETERMINATIONS (1968, $906,500, Pos. 91; 1969, $948,400, Pos. 91)

Narrative Description of Program

This program provides for administering the Davis-Bacon Act, including the Fringe Benefits Amendments of 1964, related prevailing wage standards statutes, the Copeland Act, the Contract Work Hours Standards Act, and Reorganization Plan No. 14 of 1950.

The staff included in 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. No federal or federally assisted construction contract can be let unless the predetermination is made. 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.

In 1967, accomplishments were made in refining and continuing the Division's policy of issuing wage determinations on a multiple project basis. This policy eliminates the necessity of preparing determinations for each construction project in certain stable, high activity areas. During 1967, the use of multi-agency wage determinations was expanded to cover 353 areas. In addition, work continued on updating and improving a uniform record system which will provide more accurate and complete data for wage determinations. (See workload statistics, pages SOL-22-23).

In 1968, it is planned to meet the demands of several government agencies - particularly the Department of Defense - for wage determinations applicable to public and military housing. Meeting these requests will require a substantial change in the Division's data collection and reporting requirements. (See workload statistics, pages SOL-22-23).

In 1969, it is planned to continue refining and improving the techniques necessary to accomplish the Division's additional responsibilities. At the present time, only moderate increases in workload are projected over that projected for fiscal year 1968.

Changes for 1969

Mandatory changes amount to (Page SOL-7) ..... +$ 41,980

Financing changes amount to (Page SOL-7) ..... +$ 5,320

Program changes amount to ..... -$ 5,400
Positions: None

The program changes represent Management Improvement and Cost Reduction objectives to reduce travel costs from $27,450 to $24,650 and printing costs from $26,748 to $24,146.

Activity 1 (c).

Basis for the Estimate

The data on dollar volume of contruction projects covered by Davis-Bacon type provisions and the number of employees on covered projects are provided by the Business and Defense Service Administration, Department of Commerce. Projections are based upon an annual average increase of 6-7% in construction volume. The number of actual determinations and modifications issued in 1966 and 1967, as well as the estimated data for 1968 and 1969, reflect the affect of multi-use area wage determinations.

Workload Statistics

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
1. Number of construction workers on contracts covered by wage determinations.....	535,000	605,000	625,000	650,000
2. Dollar volume of construction contracts governed by wage determinations (billions)..	$12.1	$13.2	$13.5	$14.2
3. Number of wage determinations and modifications issued (includes multi-use area determinations).....	25,938	26,712	28,000	28,500
4. Estimated number of contract awards covered by Davis-Bacon determinations.....	45,000	48,000	50,000	52,000
5. Residential Construction Surveys Conducted.....	4	11	360	360
6. Complaint cases on record at beginning of year..	1,032	1,029	968	968
7. New complaints recorded.	1,032	833	1,000	1,000
8. Complaint cases completed	1,035	894	1,000	1,000
9. Complaint cases pending at end of year.....	1,029	968	968	968

Activity 1 (c).

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
10. Restitution obtained.	$375,992	$293,646	$300,000	$300,000
11. Number of employees receiving restitution	3,766	3,066	3,200	3,200
12. Penalties assessed...	$ 35,665	$ 49,049	$ 30,000	$ 30,000

Activity 1 (d). LEGISLATION (1968, $552,200, Pos. 39;
1969, $581,500, Pos. 39)

Narrative Description of Program

This program provides for assistance and advice to the Solicitor in discharging his duties as the chief legal adviser to the Secretary of Labor with respect to legislative matters. The Division assists in the preparation of legislative proposals, testimony, analyses, explanatory statements, and other legislative materials for use by the Secretary and other Departmental officers in appearances before Congressional committees on legislation or interest to the Department.

The attorneys employed by this activity are 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 legislations dealing with public disclosure of information.

Three 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.

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 statues are also prepared.

In 1967, accomplishments were made in several areas. The Division rendered substantial assistance to the Solicitor and Secretary in formulating one of the most comprehensive legislative programs in the history of the Department. Much of the groundwork in formulating the recently-enacted Age Discrimination in Employment Act was carried out with this activity's assistance. (See workload statistics, pages SOL- 25-28.)

In 1968, it is planned to maintain the high level of activity generated during the 1967 fiscal year. Some increases in workload are anticipated and will be absorbed through productivity increases by the existing staff. (See workload statistics, pages SOL- 25-28.)

In 1969, it is planned to continue the function at about the same level as fiscal year 1968. Because of the relatively small size of the activity and the diversity of its functions, the opportunity for developing and taking advantage of further productivity increases is limited.

Activity 1 (d)

Changes for 1969

Mandatory changes amount to (Page SOL-7) ..... +$ 29,540

Financing changes amount to (Page SOL-7) ..... +$ 2,660

Program changes amount to ..... -$ 2,900
Positions: None

The program changes represent Management Improvement and Cost Reduction objectives to reduce travel costs from $10,900 to $9,900 and printing costs from $17,172 to $15,272.

Basis for the Estimate

Workload statistics for this activity are based upon actual experience and upon projections based upon contacts with services, bureaus, and offices. Operating requirements for this activity are based upon 1967 and 1968 requirements.

Workload Statistics

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
Legislation				
1. Legislative reports....	349	256	325	350
2. Drafts of legislative language for consideration by administrative officials or for presentation to the Congress.....	818	814	825	825
3. Analyses prepared -- legislative.....	2,851	2,855	2,900	2,900
4. Letters for signature of Secretary or Solicitor.....	3,561	3,555	3,600	3,600
5. Opinions, analyses, memos, orders, etc., prepared for Bureaus...	737	745	770	770
Hearing Examiners				
1. Complaint proceedings under under the Walsh-Healey Public Contracts Act:				

Activity 1 (d)

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
Proceedings instituted.	38	37	38	38
Hearings held.....	24	20	20	20
Prehearing conferences held.....	27	29	30	30
Examiner's decisions...	36	27	33	33
Order dismissing proceedings.....	6	2	5	5
2. Proceedings under Davis-Bacon Act and related statutes:				
Hearings held.....	3	0	3	3
Decisions.....	2	0	3	3
3. Longshoremen's and Harbor Workers' Act:				
Proceedings instituted.	10	11	15	15
Hearings held.....	3	2	4	4
Prehearing conferences held.....	6	6	7	9
Examiner's decisions...	7	14	16	16
Dismissed by Examiner's decision.....	0	2	1	1
4. McNamara-O'Hara Service Contract Act: (First instituted in FY 1967)				
Proceedings instituted.	0	3	7	10
Hearings held.....	0	0	4	5
Prehearing conferences.	0	0	3	4
Examiner's decisions...	0	0	4	4

Activity 1 (d)

Workload Statistics (continued)

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
5. Farm Labor Contractor Registration Act--denial of licenses under: (First instituted in F.Y. 1967)				
Proceedings instituted.	0	3	5	5
Hearings held.....	0	2	4	4
Prehearing conferences.	0	2	2	2
Examiner's decisions...	0	1	1	1
Dismissed.....	0	2	1	1
6. Miscellaneous hearings.	10	15	15	15
Reports, Digests, and Analysis				
1. Analysis of individual cases, opinions or items.....	1,150	2,500	2,500	2,500
2. Digests prepared.....	850	1,000	1,000	1,000
3. Legislative histories..	0	1	1	1
Decisions - Walsh-Healey Public Contracts Act				
1. Orders of Secretary and Administrator.....	3	0	2	2
2. Letters to the Comptroller General....	38	23	25	25
3. Decisions of the Administrator.....	5	2	4	4

Activity 1 (d)

Workload Statistics (continued)

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
Longshoremen's and Harbor Workers' Act - Decisions of the Director.....	1	0	2	2
Decisions - Employees' Compensation Appeals Board				
1. Backlog at end of previous year.....	20	14	4	9
2. Cases received from Board for preparation of decisions during year	272	201	275	280
Total case load.....	292	215	279	289
3. Decisions written during year.....	278	211	270	280
4. Backlog end of year....	14	4	9	9
5. Memoranda of law prepared for Board.....	0	6	6	6

Activity 1 (e). LABOR MANAGEMENT LAWS (1968, $366,700, Pos. 32; 1969, $389,400, Pos. 32)

Narrative Description of Program

This program provides for supervising and coordinating the Department's legal functions under the Labor-Management Reporting and Disclosure Act of 1959 and the Welfare and Pension Plans Disclosure Act, as amended. The Division provides such services as the interpretation of the above statutes; 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.

In 1967, accomplishments were made in clarifying a number of legal issues which will enhance the Department's position in carrying out the intent of Congress under both of the afore-mentioned statutes. Of the 324 government cases considered for civil or criminal litigation by the Division, 114 resulted in cases instituted. Five of these cases involved locals of the International Union of Operating Engineers which resulted in the International Constitution being amended to insure a greater measure of democracy to each of its more than 300 local unions having more than 300,000 members. (See workload statistics, pages SOL-30-31.)

In 1968, it is planned to strengthen the Department's position on several legal issues under the Acts by increasing its appellate activities. In addition, it is anticipated that the number of active cases will increase due to the administrative bureau's decision to continue recommending, as it did in the latter part of fiscal year 1967, court action to compel the filing of delinquent labor organization reports where it has been unsuccessful in achieving voluntary compliance. (See workload statistics, pages SOL-30-31.)

In 1969, it is planned to moderately increase the level of activity begun in 1968. It is also anticipated that a substantial number of man-hours will be required to formulate legislative proposals for establishing fiduciary standards with regard to welfare and pension benefit plans, as well as providing legislative protection with regard to the funding and vesting of the plans.

Changes for 1969

Mandatory changes amount to (Page SOL-7)..... +$20,740

Financing changes amount to (Page SOL-7)..... +$ 2,660

Program changes amount to..... -$700

Positions: None

The program changes represent Management Improvement and Cost Reduction objective to reduce travel costs from $1,900 to $1,700 and printing costs from $4,722 to $4,222.

Activity 1(e)

Basis for the Estimate

Workload estimates are based upon a projection of 1966 and 1967 activities, experience to date in 1968, and the projected requirements of the Office of Labor-Management and Welfare-Pension Reports. Where workload increases are reflected below, they will be met through productivity increases. Productivity increases in past years were taken into consideration in fiscal year 1967 by eliminating two positions. Therefore, only limited increases in workload can be handled with the presently authorized staff.

Workload Statistics

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
Government Litigation:				
1. Cases considered for civil or criminal litigation by Washington office (review of investigation files):				
District Court.....	330	293	310	325
Appellate Court.....	10	21	15	20
Supreme Court.....	4	10	10	10
2. Cases instituted:				
A. Criminal Indictments..	67	68	80	80
B. Civil - Labor-Management Reporting and Disclosure Act and Welfare and Pension Plans Disclosure Act..				
District Court.....	50	26	35	38
Appellate Court.....	6	16	15	15
Supreme Court.....	1	4	6	5
3. Civil Cases active during year				
District Court.....	96	82	78	98
Appellate Court.....	11	19	20	20
Supreme Court.....	1	4	5	5
4. Civil Cases closed during fiscal year.....	36	41	35	37
5. Civil Cases pending at end of fiscal year.....	56	43	60	70

Activity 1(e).

Workload Statistics

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
Government Litigation:				
6. Civil pleadings drafted, briefs prepared, court appearances and related activities:				
District Court . . .	220	235	240	250
Appellate Court. . .	25	30	35	40
Supreme Court. . . .	1	6	6	6
7. Administrative Procedure Act and related administrative proceedings, including review and approval of related preliminary activities. . .	140	90	120	130
Private Litigation:				
1. Review of litigation to determine if basis exists for Government intervention	160	180	170	200
2. Cases reviewed while pending in the Supreme Court . . .	2	6	10	10
Interpretations and Regulations:				
1. Labor-Management Reporting and Disclosure Act	3,746	3,775	3,850	3,850
2. Welfare and Pension Plans Disclosure Act	2,904	3,200	3,300	3,300

Activity 2. FIELD LEGAL SERVICES (1968, $2,330,055, Pos. 188; 1969, $2,562,700, Pos. 198)

Narrative Description of Program

This program provides for legal services to the public and various officials of the Labor Department in the field. When necessary, the field staff institutes legal action through court and administrative proceedings, to enforce the various Federal labor laws for which the Department has responsibility. Its largest single program is enforcement of 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.

In 1967, accomplishments were made in reducing the backlog of work in progress which had developed during the prior year. During the year a record number of labor standards cases were filed by field offices. The 1,847 cases instituted represents an increase of 8.1% over the prior year. The benefits of these efforts to the government and employees is demonstrated by the fact that during the year restitution in Fair Labor Standards Act cases amounted to $5.2 million as compared to $3.8 million in fiscal year 1966. (See workload statistics, pages SOL-34-35.)

In 1968, it is planned to continue the high level of vigorous enforcement activity of Federal labor laws which characterized fiscal year 1967. A number of cases involving issues under the amendments to the Fair Labor Standards Act of 1966 which became effective February 1, 1967, will reach the litigation stage. It is expected that in 1968 the field offices will experience increased activity in providing legal services related to Neighborhood Youth Corps, Manpower Development and Training, Equal Pay and Civil Rights. Regional Attorneys will, therefore, be forced to be increasingly selective in accepting meritorious enforcement cases for litigation. (See workload statistics, pages SOL-34-35.)

Changes for 1969

Mandatory changes amount to (Page SOL-7) ..... +$128,845

Financing changes amount to (Page SOL-7) ..... +$ 6,400

Program changes amount to ..... +$ 97,400

10 Positions

Activity 2.

Proposal: To provide litigation support services in the field to administer the provisions of the 1966 amendments to the Fair Labor Standards Act which become effective in 1969.

The Need: The additional 10 positions will enable the Regional Offices to handle many of the meritorious enforcement cases produced by the Wage and Hour Division under the amendments. The result for each meritorious case which does not go to litigation is to deny to 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.

The Program: An important part of the compliance program 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. The Supreme Court has agreed to consider the question of the constitutionality of the extended coverage insofar as they pertain to certain state employees.

Base:
Positions: 188 Estimated cost: $2,448,900

Additional Cost:
Positions: 10 Estimated cost: $ 113,800

Basis for Estimates

The workload data for fiscal year 1969 reflects a slight increase in the number of cases instituted and considered for litigation in areas other than the administration of the Fair Labor Standards Act.

Past experience indicates that for every 1,000 investigations performed by the Wage and Hour Division 33 cases reach the litigation stage. In addition, experience indicates that the Solicitor's field offices are able to dispose of 18 FLSA cases per attorney man-year. Using this formula, the field offices would require 138 attorney man years to handle Wage and Hour's projected investigatory plans for fiscal year 1969.

It is estimated, however, that, due to a change in the procedures Wage and Hour Division intends to employ in conducting investigations, fewer cases per 1,000 investigations will reach the litigation stage than has been true in the past. For purposes of estimation, we have based our request for 1969 on a factor of 25 cases litigated for every 1,000 investigations. Therefore, an estimated increase of 6 attorney man years would be necessary to support Wage-Hour's investigatory program under the 1966 amendments to the Fair Labor Standards Act.

Activity 2.

Workload Statistics

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
1. Cases received and analyzed by regional office from Wage-Hour Division.	8,887	8,370	8,800	9,000
2. Cases received and analyzed from other Bureaus	2,727	2,339	2,400	2,500
Total.	11,614	10,709	11,200	11,500
3. Cases referred to national office for litigation consideration 1/	2,228	2,274	2,300	2,450
4. Cases instituted 1/ . .	1,753	1,895	1,900	2,000
5. Cases closed 1/	1,577	1,847	1,900	1,950
6. Cases pending in court or administrative proceedings, end of year 1/	1,214	1,264	1,250	1,275
7. Cases in course of review and preparation for legal actions 1/...	4,613	4,463	4,500	4,600
8. Court activity				
a. Appearances at trial	237	219	225	235
b. Other court appearances (motions, etc.)	1,318	1,146	1,250	1,300
c. Legal memoranda prepared for filing in court	848	787	800	850

1/ All categories of activity for the Department.

Activity 2.

Workload Statistics

	F.Y. 1966 Actual	F.Y. 1967 Actual	F.Y. 1968 Estimate	F.Y. 1969 Estimate
9. Interpretations and opinions	47,164	47,223	48,500	49,000

10. The following sums were recovered during Fiscal 1967:

(a) Restitution in Fair Labor Standards Act cases	$5,159,267
(b) Amounts collected in administrative proceedings or court actions for liquidated damages for violations of the Walsh-Healey Act	89,473
(c) Davis-Bacon and Related Acts	387,194
(d) Contract Work Hours Standards Act	32,124
(e) McNamara-O'Hara Service Contract Act	91,345
(f) Other	83,416
Total	$5,802,821

11. Fines and Penalties

(a) Fair Labor Standards Act	35,421
(b) Others	75,131
Total	$110,552

Activity 3. ADMINISTRATION AND MANAGEMENT SERVICES (1968, $424,400, Pos 37
1969, $453,100, Pos. 37)

Narrative Description of Program

This program provides for direction, management and administrative services support activities of the Office of the Solicitor.

The Solicitor, Deputy Solicitor and the staff members of the Immediate Office give legal counsel and perform the diversified legal services required by the Secretary and other top officials of the Department.

The Administrative Office carries out such functions as budget, procurement, personnel administration, management analysis, mail and messenger services, central files, and the law library.

In 1967, accomplishments were made by the Office in recruiting a number of high quality recent law school graduates. A systematic program of interviewing and selecting applicants brought to the federal service individuals who will undoubtedly be a credit to the government service throughout their careers. In addition, the Office laid the ground work for a formalized attorney training program designed to enhance the perspective of employees in the field of labor law.

In 1968 and 1969, it is planned to continue and broaden the scope of the activities which began in 1967 as to recruitment and training. In addition, the Administrative Office's budget staff plans to reorganize a number of its existing procedures to carry out the objectives and requirements of the Department's Management System.

Changes for 1969

Mandatory changes amount to (Page SOL- 7).....	+$25,590
Financing changes amount to (Page SOL- 7).....	+$ 4,160
Program changes amount to.....	-$ 1,050

Positions: None

The program changes represent Management Improvement and Cost Reduction objectives to reduce travel costs from $5,050 to $4,550 and printing costs from $10,428 to $9,878.

WEDNESDAY, FEBRUARY 28, 1968.

OFFICE OF THE SECRETARY

WITNESSES

LEO R. WERTS, ASSISTANT SECRETARY FOR ADMINISTRATION
TOM KOUZES, DIRECTOR, OFFICE OF FINANCIAL MANAGEMENT AND AUDIT
CHARLES D. CARLSON, DIRECTOR, OFFICE OF MANAGEMENT SERVICES
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimated	1969 estimated
Personnel compensation:			
Permanent positions	3,033	3,633	4,096
Positions other than permanent	129	32	32
Other personnel compensation	19	27	27
Total personnel compensation	3,181	3,692	4,155
Personnel benefits	229	272	308
Travel and transportation of persons	146	197	247
Transportation of things	2	10	27
Rent, communications, and utilities	119	151	198
Printing and reproduction	207	220	231
Other services	404	405	446
Supplies and materials	60	57	64
Equipment	31	56	82
Total obligations	4,379	5,059	5,757

PERSONNEL SUMMARY

Total number of permanent positions	330	334	367
Full-time equivalent of other positions	26	7	7
Average number of all employees	260	314	347
Average GS grade	10.1	10.2	10.2
Average GS salary	$10,996	$11,706	$11,734

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Executive direction	1,080	1,182	1,114
2. Management and central services	3,166	3,734	4,643
3. Appeals from determination of Federal employee claims	145	143	
Total program costs, funded	4,391	5,059	5,757
Change in selected resources [1]	−12		
Total obligations	4,379	5,059	5,757
Financing:			
Receipts and reimbursements from:			
Federal funds	−74	−91	−91
Trust funds: Unemployment trust fund: Annual appropriation act	−140	−538	−538
Comparative transfers to/from other accounts	−486		
Unobligated balance lapsing	1		
New obligational authority	3,680	4,430	5,128
New obligational authority:			
Appropriation	3,685	4,388	5,128
Transferred to other accounts	−5	−3	
Appropriation (adjusted)	3,680	4,385	5,128
Proposed transfer from other accounts for civilian pay increases		45	
Relation of obligations to expenditures:			
Total obligations	4,379	5,059	5,757
Receipts and other offsets (items 11–17)	−700	−629	−629
Obligations affecting expenditures	3,679	4,430	5,128
Obligated balance, start of year	313	280	238
Obligated balance, end of year	−280	−238	−300
Adjustments in expired accounts	133		
Expenditures	3,845	4,472	5,066
Expenditures are distributed as follows:			
Out of current authorizations	3,450	4,192	4,828
Out of prior authorizations	395	280	238

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $110,000; 1967, $98,000; 1968. $98,000; 1969, $98,000.

BIOGRAPHICAL STATEMENT OF PRINCIPAL WITNESS

Leo R. Werts, Assistant Secretary for Administration

Leo R. Werts was appointed Assistant Secretary of Labor for Administration, U.S. Department of Labor in January 1962.

As the principal administrative official of the Department, Mr. Werts is responsible for the administrative management programs of the agency.

Before assuming his present duties, he was Deputy Assistant Secretary for International Labor Affairs after a 29-month assignment as manpower consultant to the Government of India, sponsored by the Ford Foundation.

Mr. Werts has also held these positions at the Labor Department:

Deputy Assistant Secretary for International Labor Affairs, January 1956 to May 1959; Deputy Assistant Secretary for Employment and Manpower, August 1953 to January 1956; Deputy Executive Director, Defense Manpower Administration, November 1950 to August 1953, and Associate Director, Office of International Labor Affairs, November 1949 to November 1950.

From July 1945 to October 1949, Mr. Werts served as Director, Manpower Division, Office of Military Government, Germany and U.S. member, Manpower Directorate, Allied Control Council.

He was Assistant Executive Director, Field Service, War Manpower Commission from 1942 to 1945 after serving as field representative and Assistant Executive Director, War Production Board and Office of Production Management, in 1941–42.

From 1935 to 1941, he was acting director, associate director and supervisor, Illinois State Employment Service and, from 1932 to 1935 he was director and assistant director, vocational service, Illinois Emergency Relief Service.

Mr. Werts was born on February 7, 1905 in Wren, Ohio. He attended Van Wert, Ohio, high school and earned a B.A.S. from George Williams College in Chicago in 1929 and a Ph. B. from the University of Chicago in 1930.

Mr. FLOOD. We are pleased to have with us for the next presentation Mr. Leo R. Werts, Assistant Secretary for Administration, Department of Labor, who will make a presentation for the Office of the Secretary.

Mr. Werts, I see you have a prepared statement. What do you have in mind?

GENERAL STATEMENT

Mr. WERTS. Mr. Chairman, with your permission I would like to put it in the record and then follow it pretty closely and augment it a bit orally.

Mr. FLOOD. That will be done. You may proceed, Mr. Werts.

(The statement referred to follows:)

Mr. Chairman, and members of the committee, the requested appropriation for 1969 for the Office of the Secretary is $5,666,000, an increase of $945,825 over the comparable amount available in 1968. The largest part of this increase is to provide $655,000 for 40 auditors to speed up and increase the audits of contracts under the Manpower Development and Training Act and the work training programs.

Seven positions and $121,000 are requested to provide for the establishment of required accounting systems, including cost accounting systems at all levels throughout the Department and its constituent organizations in accordance with the Budget and Accounting Procedures Act of 1950, as amended. This is a renewal of a request which was not approved by the committee last year, and the urgency is caused by continued criticism directed at the Department by the General Accounting Office and others for its failure to have approved accounting systems.

There is also requested about $195,000 ($195,117) for mandatory and financing change costs and $23,000 to provide full year costs of new positions financed for part of 1968. These increases are offset to some extent by nonrecurring equipment costs and management improvement and cost reductions amounting to $48,292.

Except for mandatory items and the working capital fund items no increases are requested for the executive staff, the information, publications, and reports unit, the personnel office, the library, management services, organization and management and field administration. The $23,000 to provide full-year costs of new positions financed for part of the year in 1968 is divided between the Office of Policy Planning and Research and the Office of Program and Budget Review.

To effectively assure proper utilization and control of funds appropriated to the Department for the administration of its various programs, our audit capability must be strengthened considerably. This need is especially critical concerning the auditing of the Department's training and work-training programs. These programs are becoming more numerous and more complex as increased emphasis is being given to the improvement of the employment opportunities for those people who are unemployed or underemployed.

The principal disadvantage of not having sufficient auditors has been that audits have usually been made after projects were completed. The administrative deficiencies identified by audit usually exist in successive programs. The cost disallowances cannot be recovered because most poverty organizations are private nonprofit organizations wholly federally financed. It would be desirable, although not feasible because of the limited number of auditors, to perform preagreement surveys and frequent examinations to identify problems before they mature.

By far the greatest number of such Labor Department manpower training programs, from the standpoint of their dollar and program significance, are those stiuated in the major metropolitan areas. Test audits on a comprehensive basis were started on contractors administering such programs in two of the major metropolitan areas in fiscal year 1968. Given the requested increase in audit staff, the Division intends with its increased capabilities to provide comprehensive coverage of all manpower training activities being administered by contractors located in 20 of such major metropolitan areas.

Typical findings in recent audits are these:

Contractor's performance substantially less than required by the contract.

Unauthorized salary increases were paid to the contractor's staff.

Trainees did not receive the prescribed personal counseling.

Ineligible trainees were enrolled and continued in training after ineligibility identified.

Contractor failed to deduct withholding tax and FICA or remit the same to the Internal Revenue Service.

Contractor did not maintain adequate pay records or send withholding statements to trainees.

Contractors did not maintain an accounting system that classified costs by either the individual contracts, programs, or contract cost category.

The findings and recommendations regarding the above items were reported to the Manpower Administrator and provided him the basis for initiating corrective action on the specific contracts or activities.

To achieve an effective audit capability responsive to the growing audit demand within the Department 40 additional audit personnel are requested for 1969.

Seven positions to design, install, and maintain a departmentwide financial and reporting system, including cost accounting are being requested again.

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 implemented or approved. The Department has been severely criticized for its slow rate of progress by both the General Accounting Office and the House Government Operations Committee.

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 Secretary. Progress toward development and implementation of an integrated accounting system, particularly as regards program funds, has been too long delayed.

The Labor Department does not have any General Accounting Office approved accounting systems as required by the Budget and Accounting Procedures Act of 1950, as amended. We have promised the House Committee on Government Operations, the Bureau of the Budget, and the General Accounting Office that we would accelerate our accounting systems efforts and would have departmental accounting systems developed and in effect by December 31, 1968.

The additional positions required were part of our planning last year. These positions are urgently required to accelerate our accounting systems development program in the Department. We urgently need both accounting and financial information to improve the management of new programs as well as older programs that have been modified to meet new and social economic problems.

Mr. Chairman, and members of the committee, I have covered the major items and will try to answer any questions you may have.

Mr. WERTS. Mr. Chairman and members of the committee, the requested appropriation for 1969 for the Office of the Secretary is $5,666,000, an increase of $945,825 over the comparable amount available in 1968. The largest part of this increase is to provide $655,000 for 40 auditors to speed up and increase the audits of contracts under the Manpower Development and Training Act and the various work training programs.

Seven of the positions and $121,000 are requested to provide for the establishment of required accounting systems, including cost accounting systems, at all levels throughout the Department and its constituent organizations in accordance with the Budget and Accounting Procedures Act of 1950 as amended.

This is a renewal of a request that was not approved by the committee last year and the urgency is caused by the need for informa-

tion required to better manage the Department's programs and to meet the continued criticism directed at the Department by the General Accounting Office and others for its failure to install approved accounting systems. I might refer to the 1967 report of the Subcommittee on Government Operations, House of Representatives. This is Mr. Staat's statement:

> We must maintain or accelerate the pace if we are to approach realization of the full potential of benefits which can be provided through enlightened financial management. Adequate systems of accounting for costs appropriately related to organizational responsibilities and work performance standards are essential to cost consciousness in management.

Then one other sentence:

> The growth of Federal programs has added materially to the responsibility of Federal managers. They need as one of their tools the best financial management systems that can be devised to help them carry out their duties effectively and economically and in accord with the intent of the Congress.

Mr. FLOOD. They said they need the best system?

Mr. WERTS. Yes.

Mr. FLOOD. Nobody is going to argue with that. The question is, What is the best system?

Mr. WERTS. The General Accounting Office requires that we submit our proposed systems to them. They review them and approve them and I assume if it is approved by them——

Mr. FLOOD. You realize the General Accounting Office is an office of the legislative branch and not of the executive?

Mr. WERTS. We are very much aware of that.

Mr. FLOOD. So are we.

Mr. WERTS. And they have been very helpful to us on many occasions.

Mr. FLOOD. If it were left to me, I would put the whole review function, including the Bureau of the Budget, in the legislative branch and take it away from the executive entirely. I think it belongs in the legislative branch.

Mr. WERTS. There is also requested $195,117 for mandatory and financing costs and $23,000 to provide full-year costs of new positions financed for a part of 1968. On this point, in approving the amount for the news positions, the 1968 estimate assumed positions would be filled for only about 9 months and that is why we need this additional money for the balance of the year.

These increases are offset to some extent by nonrecurring equipment costs and management improvement and cost reductions amounting to $48,292. These are recorded on page 6 of the Office of the Secretary budget presentation. It indicates that travel was reduced by approximately $19,000, printing and reproduction by about $20,000, and equipment by about $8,000.

Except for the mandatory items and the services to be secured through the units supported by the working capital fund, no increases are requested for the following units: That is, the executive staff, which is the Secretary and Under Secretary and their staffs; the Information Publication and Reports Unit; the Personnel Office; the Library; Management Services; Organization and Management, and Field Administration.

The $23,000 to provide full-year costs for new positions financed for part of the year in 1968 is divided between the Office of Policy Planning and Research and the Office of Program and Budget Review.

FORMAT OF JUSTIFICATION MATERIAL

I would like to say at this point, Mr. Chairman, we have had, as you recognize, a very good relationship with Mr. Moyer, your staff director; he and Mr. Miller, at Mr. Moyer's suggestion at the beginning of this budget season discussed better ways of presenting material to the committee. Growing out of these suggestions made by Mr. Moyer, Mr. Miller has established a common pattern for presenting budget justification.

On page 11 of the Secretary's presentation and following you will find statements like these. In 1967 accomplishments are included—and then in 1968 what it is planned to do, and in 1969 what it is planned to do.

The purpose of putting this together in this way is that we are trying to indicate to the committee and to the Congress how we have used the money which has been made available to us and indicate to you how we have performed in relation to the proposals for accomplishment which we have made to you.

Mr. FLOOD. I thought that was the idea from the very beginning of the Government. I am always startled when at the end of February 1968 somebody makes a statement like that. Is that novel?

Do you mean just the format is novel, or the idea?

Mr. WERTS. The point I am making is the one that you have indicated. It is the format, identifing more precisely what has been accomplished. I think all the presentations in the past have covered these points, but not in a uniform fashion. I think it is Mr. Moyer's point, material should be presented uniformly so the committee can look for and find more easily the points for which they are looking. But I would also like to stress the point that I think we have put more effort into relating what we are doing to what we stated to the Congress that we would do.

Mr. FLOOD. That still doesn't surprise me. I thought that was supposed to be going on too.

Mr. WERTS. This is right. All I am saying is that we are taking it very seriously.

Mr. FLOOD. For a change?

Mr. WERTS. Maybe for a change.

NEED FOR ADDITIONAL AUDIT PERSONNEL

Mr. FLOOD. Well, your budget for 1968 is $4,720,000. The request for 1969 is $5,666,000. That is an increase of $946,000 and 47 jobs.

Now, this program increase—you have touched on that—is all in two areas, and most of it is $655,000 and 40 jobs for the Division for Audit.

How many bodies do you have in that division now?

Mr. WERTS. We have about 60.

Mr. FLOOD. Not "about."

Mr. WERTS. We have 59 and we are asking for a total of 99.

Mr. FLOOD. Somebody has to give us some facts and figures to indicate why you need this increase. What is the current extent of your backlog? What is the timelag between the actual expenditure of your Federal funds and this audit that you make so much about?

Mr. WERTS. Let me give you some overall dimensions of the problem.

Mr. FLOOD. I know the general dimensions of the problem. You tell me about the specifics. Never mind these broad, sweeping strokes. We want facts and figures on those things I have asked you about.

Mr. WERTS. Here are several lists of contracts and projects——

Mr. FLOOD. Very impressive looking documents and I like the color. Blue.

Mr. WERTS. These list the projects we must audit. Anywhere from 4,000 to 5,000 contracts are made each year.

Mr. FLOOD. By whom?

Mr. WERTS. By the Manpower Administration largely, with private contractors, under the Manpower Development Training Act and the work training programs.

A general figure is that in 1965 the manpower programs were just over $1,100 million. At that point we had 30 auditors and five clerks.

In 1967 the funds for the manpower programs amounted to over $1.5 billion. We had 48 auditors and 11 clerks. It was at this point that the auditing was centralized for the whole Department in the Secretary's Office—an action taken by the Secretary on his own initiative and not something we were pressing or recommending. It was at this point, however, we began to see the inadequacy of the audit in relation to the number of projects and the volume of——

Mr. FLOOD. At what point in time was that?

Mr. WERTS. This was about July 1967.

Mr. FLOOD. Why didn't somebody see that a year before, or 8 years before? What was so miraculous? What was the vision that struck somebody in July 1967 on such a patent and obvious need?

Mr. WERTS. Are you referring to the centralization?

Mr. FLOOD. I am referring to what you said. Why would this spring all of a sudden, like Venus out of a seashell—why all of a sudden, overnight, this revelation? This isn't peculiar to you. This goes on all the time. What struck you?

Mr. WERTS. The factors that contributed to this decision were the growing increase in the size of the Department, the complexity of the projects that were being operated, and—some of the reports of the General Accounting Office indicated that funds were not being used exactly as they were intended and——

Mr. FLOOD. Why did you have to have GAO tell you that?

Mr. WERTS. I don't think we did have to, although this points up that we had very limited auditing resources at that point in time. Because of that and because of this recognition, auditing was centralized.

Referring to the Department's request as it has been presented to you earlier by other witnesses, the 1969 appropriation request for all the programs will add up to just over $2 billion, and we are asking for 79 auditors and 20 clerks total, which includes an increase of 40 auditors.

Mr. FLOOD. I will ask you specifically for a figure on your current backlogs. This is for the Department.

Mr. WERTS. I would like to have Mr. Kouzes deal with that.

Mr. FLOOD. He should have that right on the tip of his tongue.

Mr. KOUZES. We have two general groupings of audit activity. First, the State Employment Security System where there are 25 auditors auditing the State's activity, sometimes as much as 4 and 5 years after the fact. In the second area we have the contract sponsor area which has grown tremendously in just the last few years.

Mr. FLOOD. I want to know about the timelag between the actual expenditure and the executed audit.

Mr. KOUZES. In the second area I have figures which I can give you in chart form showing the precise backlog.

Mr. FLOOD. Why don't you do that? It would be a good way to do it.

(The requested information follows:)

SUMMARY OF ACTUAL AND PROJECTED AUDIT COVERAGE OF MANPOWER ADMINISTRATION CONTRACTS, FISCAL YEARS 1964 THROUGH 1969

	Contracts executed		Audits performed		Potential audit backlog (cumulative) [1]	
	Number	Amount	Number of contracts	Amount	Number of contracts	Amount
Fiscal years 1964–66:						
Contracts executed (fiscal years 1963–66)						
Audits by DOL audit staff	6,001	$531,974,383	261	$71,846,000	5,740	$460,128,838
Fiscal year 1967:						
Contracts executed	3,938	617,519,785				
Audits by public accountants			151	12,446,215		
Audits by DOL audit staff			177	47,681,020		
Total			328	60,127,235	9,350	1,017,521,388
Fiscal year 1968:						
Contracts executed, through Dec. 31, 1967	1,576	239,316,372				
Audits by public accountants			291	27,414,262		
Audits by DOL audit staff			49	26,276,680		
Subtotal			340	53,690,942	10,586	1,203,146,818
Contracts to be executed, Dec. 31, 1967 through June 30, 1968 fiscal year (projected)	2,824	760,683,628				
Audits by public accountants			109	25,585,738		
Audits by DOL audit staff			51	26,723,320		
Subtotal			160	52,309,058		
Total	4,400	1,000,000,000	500	106,000,000	13,250	1,911,521,388
Fiscal year 1969 (projected):						
Contracts to be executed	4,400	1,000,000,000				
Audits by public accountants			6,150	1,015,000,000		
Audits by present DOL audit staff			100	53,000,000		
Audits by proposed additional DOL audit staff			250	132,000,000		
Total			6,500	1,200,000,000	11,150	1,711,521,388

[1] These figures reflect actual contracts remaining unaudited. However, as it is not practical to audit all contracts, particularly the older ones, a determination remains to be made as to their disposition, that is, whether or not audit is warranted.

Mr. KOUZES. We have been able to keep up with only the most critical requests for audits because those administering the contracts feel they should be audited immediately. Last year we audited 177 contracts out of 4,000 that were consummated and we have demands for audits that

are regarded as critical for considerably more than that. We are just unable to meet those demands within the limits of our present staff. In fact, in some cases the final payment of contracts has been held up for several months, because of our inability to make a final audit of the records to make certain that everything is all right or to report whether any payments should be disallowed or recommend other action to those administering the contracts.

Mr. FLOOD. You are going to prepare charts for us on these specific matters?

Mr. KOUZES. Yes, sir.

I might indicate to you, for the period fiscal year 1964, through fiscal year 1966, we audited a total of 261 contracts.

The total in value of these contracts was about $71.8 million. In 1967 we audited a total of 177 contracts, the value of which was $47.7 million.

In early contracts, because of limited staff, we could do nothing but go in and make a very broad brush review to see that they had adequate financial controls, but we could do only a limited audit of the actual projects.

Also, we had a contract with a private accounting firm to do financial audits of about 500 closed agreements for us. We have gotten all those reports in and are reviewing them. This is just a part of the backlog which we have accumulated.

Now, we expect that in 1968, there will be 4,400 contracts consummated. We expect with our present staff we are going to be able to audit about $40 million of that ourselves. We expect to use public accounting firms to audit some of those valued at about another $53 million.

In 1969 we expect there will be another 4,400 contracts executed, the total value of which will be something over a billion dollars.

Mr. FLOOD. Are those public contracts expensive?

Mr. KOUZES. The accountants?

Mr. FLOOD. The contracts; are they expensive?

Mr. KOUZES. Not very. The contract we had for 500 audits was very minimal. I think it was about $50 per agreement or contract audited, but that was a very simple financial audit. They just went in and audited the books, if they could audit them. If they found there were no records to audit, they just pulled out and said, "We just can't audit this account." We have had a number of those.

Mr. FLOOD. How could that condition exist?

Mr. KOUZES. Well, that is a good question.

Mr. FLOOD. That is why I asked it.

Mr. KOUZES. We have the problem that we find that many of the contractors we have done business with just did not have good business methods installed.

Mr. FLOOD. Shouldn't that be a condition precedent to your signing a contract? Shouldn't you demand and require that they show you acceptable business systems before they be granted the contracts?

Mr. KOUZES. Yes. Under the newer contracts, there is a requirement that such must be established through use of a public accountant or otherwise.

Mr. FLOOD. Under new contracts. Now, isn't that startling. After all these years, we now decide before we will give a contract to a

contractor he must show us that he has a reasonable, presentable financial system which can be audited. My, my, my; we have come a long way.

Mr. KOUZES. My affiliation with this area, Mr. Chairman, has been about 2 years——

Mr. FLOOD. I am not talking about you. It has to do with the whole system.

Doesn't that startle you a little bit that all of a sudden we decide, we ought to have these people we do business with set up systems we can audit.

Who is the genius who thought of that? Isn't that remarkable?

Mr. WERTS. All we can say on that is that in the early years of the manpower development and training program and the poverty program there was a great push to get people into training or into work experience and some of the important, auxiliary functions were not performed.

Mr. FLOOD. There is no doubt about that. You just said so. If you hadn't, I would.

Mr. KOUZES. Mr. Chairman, I might also say that in negotiating contracts with most established private firms it would be expected, in the normal run of business, that they would have sound systems in operation.

Mr. FLOOD. Did you ever hear of two sets of books?

Mr. KOUZES. I have heard of two and three sets of books.

Mr. FLOOD. So have I.

Mr. KOUZES. We have found inadequate records, and we feel something should be done to provide guidance on proper systems for the contractors. This is why we need additional jobs to make sure that this is done.

RECOVERY FROM AUDIT EXCEPTIONS

Mr. FLOOD. On page 18 you show a total of over $4.5 million in audit exceptions during fiscal year 1967. Now, how much did you actually collect back as a result of these audit exceptions?

Mr. KOUZES. I am not prepared to give you the precise amount of recovery at this point.

Mr. FLOOD. That is what I want; please supply it.

(The information requested is as follows:)

SUMMARY OF AUDIT EXCEPTIONS ON MANPOWER ADMINISTRATION CONTRACTS EXECUTED IN FISCAL YEARS 1963 THROUGH 1ST HALF OF 1968

Period of audit coverage	Number of contracts	Amount	Amount of recovery recommended by auditors	Amount of recovery sustained by contracting officer [1]
Fiscal years 1964-66: Audits performed by DOL audit staff	261	$71,846,000	$3,367,000	$625,000
Fiscal year 1967: Audits performed by:				
Public accountants	151	12,446,215	264,000	53,000
DOL audit staff	177	47,681,020	2,235,000	415,000
Fiscal year 1968 through Dec. 31, 1967: Audits performed by:				
Public accountants	291	27,414,262	783,000	157,000
DOL audit staff	49	26,276,680	1,232,000	229,000

[1] Dollar value of recovery does not reflect total benefits derived, since audit findings during course of contract performance provide for correcting improper conditions and precluding recurrence of inappropriate use of funds.

DEPARTMENT OF LABOR SUMMARY OF AUDIT EXCEPTIONS TAKEN ON STATEMENT EMPLOYMENT SERVICE ADMINISTRATION GRANTS AS OF DEC. 31, 1967

By fiscal year(s)	Audit of State employment security (ES) agencies		Audit exceptions taken		Audit exceptions [1]	
	Grant years audited	Amount audited	Number grant years	Amount	Restored and deleted	Outstanding
1963	54	$464,370,000	35	$540,745	$524,900	$15,845
1964	62	375,080,000	33	1,713,978	144,586	1,569,392
1965	58	419,080,000	12	777,349	540,650	236,699
1966	41	386,000,000	14	935,204	154,415	780,789
1967	51	517,830,000	16	1,293,289	22,960	1,270,329
1968	35	215,936,171	10	403,162		403,162
Total		2,378,296,171		5,663,727	1,387,511	4,276,216

[1] Differences between the totals shown for audit exceptions taken and audit exceptions outstanding result from restorations by State employment security agencies and deletions by the BES Administrator.

Mr. FLOOD. Do we do pretty well? What are the returns from this operation?

Mr. KOUZES. We more than paid for the audit capability that we had. Both in the States and with the contractors, because—in addition to the money recoveries—when we find inappropriate procedures or inadequate practices we call this to the attention of the proper officials. So that the conditions can be corrected and not reoccur. This is one of the functions of audit.

Mr. FLOOD. Yes, I understand. Auditing is not just adding up figures in the lower right-hand column; it is putting the house in order.

Mr. KOUZES. When we find deficiencies we report them so we won't have the same problems in the future. We feel that this more than pays for itself, just this part of the regular audit.

ESTABLISHMENT OF COST ACCOUNTING SYSTEM

Mr. FLOOD. The rest of the increase is $121,000 and seven jobs for the establishment of these accounting systems. We have already discussed at some length very large amounts requested for this purpose elsewhere in your budget. It seems the main thing you are trying to do is set up cost accounting systems.

Mr. WERTS. That is one of the things.

Mr. FLOOD. Not only do you want to set up cost accounting systems, but you also want to maintain the regular obligation and expenditure system. It is the old hat. You want them both.

I am sure there must be a considerable advantage to this dual system, or you wouldn't be asking for all these millions of dollars to set it up, but for the life of me, as of half past 10 this morning, it escapes me. What is the big advantage of having both systems?

Mr. WERTS. I don't think we are maintaining dual systems. I will let Mr. Kouzes deal with that because he is the expert.

Mr. FLOOD. You don't? Well, what would you call them?

Mr. WERTS. We are only meeting the standards set by GAO and required by the law.

Mr. FLOOD. What difference does that make; it is still two systems? You still are doing the O. & E. system and you want a cost accounting system. Now, isn't that two systems, or did you bring about a merger under the auspices of the ICC or something?

Mr. WERTS. Well, they are related, I think.

Mr. FLOOD. Oh, they are related. Mr. Kouzes, let's hear your explanation.

Mr. KOUZES. Mr. Chairman, we are concerned with designing one integrated accounting system that has features which will enable us to present information on an obligation and expenditure basis because we must satisfy the requirements of the Congress, the Treasury Department and other officials to whom we must report the status of our funds. For that purpose, we have had initially an obligation and expenditure type accounting system.

We are not only augmenting the system with regard to property—since we have not had a property accounting system——

Mr. FLOOD. Why?

Mr. KOUZES. Because the need was not felt at the time the Department was much smaller than it is now. In its present state the Department has gotten so large it has taken on programs which involve substantially more expenditures plus additional relationships that we didn't have before, and we are now having greater amounts of money involved in property, so we now feel an urgency for having such a system, not only in the Department itself, but in the constituent agencies.

Mr. FLOOD. You have a bear by the tail?

Mr. KOUZES. A bear by the tail is a good description.

We are concerned with adding to that, the capability to provide us cost information so we can use it for our own internal management purposes. Obligations may tell us the status of our funds; whether we have obligated all the money we have or not, but they won't tell the manager what his costs are on a month-to-month basis.

Mr. FLOOD. Mr. Laird and I just spent 8 years with Mr. McNamara on Defense. We have heard this before.

Mr. KOUZES. This is the position we have found ourselves in. We are trying to refine our systems to add the cost accounting features to it and to enable us also to give, in response to various requests for information according to States, districts and so forth, what is happening to the money that we are getting and are responsible for.

POLICY PLANNING AND RESEARCH

Mr. FLOOD. Last year the Secretary made a strong plea for more people in the Office for Policy Planning and Research. Apparently you got us in a weak moment because we gave you funds to almost double this office—from eight to 15 jobs. What are the tremendous things that these people have been doing? After all that talk and that inspired presentation, what happened?

Mr. WERTS. If I may refer to the submissions, on page 12 of the Secretary's budget presentation, in 1967 the Office of Policy Planning and Research completed major studies of employment conditions in the slums of major cities, which pointed to the need for more concentration of manpower and other programs in such areas.

Mr. FLOOD. Yes, I know. That was part of your act last year. You told us that and we gave you the money and now what happened?

Mr. WERTS. This survey and study was made in 1967 and carried over into 1968 and the material is still being used for making program decisions with respect to the location of manpower programs.

Mr. FLOOD. Is this tied to manpower planning?

Mr. WERTS. This particular study was, yes.

The staff also provided information and research in support of the Secretary in developing policy with respect to military draft and deferment and urban and rural populations and economic balance——

Mr. FLOOD. This is the whole Office. I am asking you about these eight new positions. You added eight, but what happened to the Office as a result of adding the eight? I am not asking what each one of the eight did. What did the Office do as a result of this addition?

Mr. WERTS. What I am talking about here is what the Office did.

Mr. FLOOD. You didn't say very much. Go ahead.

Mr. WERTS. The urban—rural population and economic balance is as, you will recognize, a very difficult problem. The Secretary is working on this problem with the Secretary of Agriculture. The relationship of housing and transportation conditions to employment problems was another subject they explored and provided background and material for the Secretary. And the Office participated with the Bureau of Labor Statistics in the development of new research methods to investigate slum and employment conditions because this is something we know relatively little about and——

Mr. FLOOD. We know relatively little about what? The fact that there are unemployment conditions in the slums?

Mr. WERTS. Not that there are unemployment conditions, but the characteristics of the people and——

Mr. FLOOD. We don't know that? In February 1968?

Mr. WERTS. We do not know it in great detail. We know a good bit more now because of the studies made which are referred to here earlier, but now the BLS is going to get this on a more regular and continuing basis so that it will be possible to compare one period with another.

Mr. FLOOD. I wonder, what has everybody been doing around here for 150 years?

Mr. WERTS. I think we have overlooked some very important problems.

Mr. FLOOD. That is a very careful understatement.

(The Department submitted the following statement on the activities of the Office of Policy Planning and Research:)

Because appropriations were enacted late in the year, this office is just now adding staff to reach the levels authorized for this year.

The staff of this office has played a leading role in the explorations the President has directed the Secretary of Labor to conduct of the problems of:

(*a*) The missing bridge in the transition from school to work;
(*b*) Seasonal unemployment in the construction industry;
(*c*) Inadequacy of job opportunities for the handicapped; and
(*d*) Lack of services and employment opportunities for migrant farmworkers.

These studies play a most important role in the establishment of labor and manpower policy to anticipate and meet emergency problems.

In addition, and as still another example of the kinds of special projects this staff conducts, this planning group developed the concept of special centers to train returning veterans to serve in programs helping people in deprived areas. This idea is included in the veterans in public service program (VIPS), which the President proposed in his special message to the Congress on veterans.

While work is going forward in the above areas, the policy planning staff is engaged in exploring the idea of guaranteed training, the problems and opportunities of a post-Vietnam period, job satisfaction and the quality of work, and additional cooperative relationships with private business.

USE OF ENTERTAINMENT FUNDS

Mr. FLOOD. Will you place in the record, please, a statement showing how your Department has used the funds available for entertainment during 1967 and the first half of 1968?

Mr. WERTS. We will do that.

(The information requested is as follows:)

DEPARTMENT OF LABOR ENTERTAINMENT COSTS

Sec. 1004. The Secretary of Labor and the Secretary of Health, Education, and Welfare, are each authorized to make available not to exceed $7,500 from funds available for salaries and expenses under titles I and II, respectively, for official reception and representation expenses.

Programs	Fiscal year 1967	Fiscal year 1968—July 1 to Dec. 31, 1967
International labor	$3,307.07	$1,157.14
Manpower	688.79	590.80
Labor-management relations	1,624.42	119.21
Wage and labor standards	116.47	
Intergovernmental relations	133.19	262.24
General (receptions by the Secretary and miscellaneous items)	426.61	195.23
Total	6,296.55	2,324.62

Mr. FLOOD. Are there questions?

NUMBER OF AUDITORS

Mr. SHRIVER. How many auditors do you now have?

Mr. KOUZES. We have a total staff of 59 in the audit area: 11 clerks and 48 auditors. We have four auditors on internal audit of the Department itself. We have 23 auditors auditing the State employment security agencies and we have 21 auditors auditing contracts.

Mr. SHRIVER. How many additional are you requesting?

Mr. KOUZES. We are asking for 40 positions primarily to work on contracts.

Mr. SHRIVER. With your present staff auditors you audited 261 out of maybe 4,000?

Mr. KOUZES. In fiscal year 1964 to fiscal year 1966, 3 years, we were able to audit only 261. These were very cursory audits. In 1967, we were able to audit 177 with our own capability.

Mr. SHRIVER. You have some 4,000 contracts?

Mr. KOUZES. Yes, sir; in 1967. We had 6,000 contracts in the previous period.

Mr. Congressman, what we plan to do is this: We plan to provide in some contracts in certain cities for the contractors to retain a public accountant to audit and report to us. Then we plan to concentrate our audit capability in 20 major cities where we have what we call multifunded type contracts, the bigger ones, which we want to audit in considerably more depth. We also intend to spot check the others. That is the only way we can possibly provide reasonable coverage by augmenting our capability through use of public accountants to the maximum extent possible and concentrating our capability where we feel the most critical types of contracts are.

Mr. SHRIVER. Thank you.

Mr. FLOOD. Mr. Smith?

Mr. SMITH. I have no questions.

Mr. FLOOD. Thank you.

Mr. WERTS. Thank you very much, Mr. Chairman.

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate.....	$4,926,000 1/	$5,666,000 1/
Amount reserved under H.J. Res. 888 (P.L. 90-218).....	-103,000	---
Amount of reserve applied to increased pay costs.....	103,000	---
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increases (P.L. 90-206 effective October 8, 1967).....	45,000	---
Comparative transfer to Wage and Labor Standards Administration.....	-247,970	---
Non-recurring rental costs transferred to GSA.....	- 2,855	---
Appropriation or estimate, revised....	4,720,175	5,666,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968 Pos.	Amount	Estimate, 1969, Pos.	Amount	1969 Change Pos.	Amount
1. Executive Direction.....	49	$ 985,430	49	$1,023,000	--	+$ 37,570
2. Office of Information.....	22	326,100	22	336,800	--	+ 10,700
3. Office of Assistant Secretary for Administration:						
a. Immediate Office.....	5	127,545	5	131,400	--	+ 3,855
b. Office of Management Services.....	6	82,500	6	86,900	--	+ 4,400
c. Office of Financial Systems and Audit...	67	966,200	114	1,767,400	+47	+ 801,200
d. Personnel Operations..	78	1,111,500	78	1,154,500	--	+ 43,000
e. Library.....	36	367,600	36	380,800	--	+ 13,200
f. Office of Organization and Management.....	16	240,400	16	246,900	--	+ 6,500
g. Office of Program and Budget Review.....	22	321,700	22	338,400	--	+ 16,700
h. Field Administration..	19	191,200	19	199,900	--	+ 8,700
Total obligations.....	320	4,720,175	367	5,666,000	+47	+ 945,825

1/ Includes $538,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
Total number of permanent positions	320	367	+47
Positions other than permanent	7	7	--
Average number of all employees	295	347	+52
11 Personnel compensation	$3,493,045	$4,149,000	+$ 655,955
12 Personnel benefits	257,420	306,487	+ 49,067
21 Travel and transportation of persons	195,780	246,200	+ 50,420
22 Transportation of things	9,700	26,700	+ 17,000
23 Rent, communications, and utilities	146,861	196,215	+ 49,354
24 Printing and reproduction	203,464	236,808	+ 33,344
25 Other services	304,924	358,640	+ 53,716
26 Supplies and materials	54,831	64,390	+ 9,559
31 Equipment	54,150	81,560	+ 27,410
Total obligations	4,720,175	5,666,000	+ 945,825
Working Capital Fund items included above	($354,170)	($471,070)	(+$ 116,900)

SUMMARY OF CHANGES

	Direct Appropriation		Trust Fund		Total Available	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1968 Enacted Appropriation	310	$4,388,000	34	$538,000	334	$4,926,000
Amount reserved under H. J. Res. 888 (P.L. 90-218)	--	-103,000	--	---	--	-103,000
Amount of reserve applied to increased pay costs	--	103,000	--	---	--	103,000
Proposed transfer from "Office of Manpower Administrator Salaries and Expenses": for pay increases (P. L. 90-206 effective October 8, 1967)	--	45,000	--	---	--	45,000
Comparative transfer to Wage and Labor Standards Administration	-14	-247,970	--	---	-14	-247,970
Non-recurring rental costs transferred to GSA	--	- 2,855	--	---	--	- 2,855
1968 Appropriation, revised	296	4,182,175	24	538,000	320	4,720,175
1969 Estimate	343	5,128,000	24	538,000	367	5,666,000
Total Change	-47	+945,825	--	---	+47	+945,825

Mandatory Items: (Page- 7)

Increases:

Net additional pay increase costs not completely funded in 1968	--	+117,112
Net additipnal cost of within-grade promotions effective for part year in 1968	--	+ 9,005
To provide for one extra day of pay in 1969 for current year staff	--	+ 14,700
Total, Mandatory Items	--	+140,817

Financing Items:

To provide for full cost of centralized services purchased from the Working Capital Fund	--	+ 54,300

	Pos.	Amount
Program Items:		
Increases:		
To provide for the full year cost of new positions which were financed for part year in 1968	--	+ 23,000
To provide the Division of Audit with additional staff and funds to speed up and increase the number of audits of contracts under the Manpower Development and Training Act and the Work Training Programs ($457,400 personnel costs; $197,600 non-labor) (page 17)	+40	+655,000
To provide for the establishment of 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 ($94,905 personnel costs; $26,295 non-labor) (page 22)	+ 7	+121,000
Sub-total, Increases	+47	+799,000
Decreases:		
Non-recurring equipment costs for new positions in 1968	--	- 8,250
Management Improvement and Cost Reductions:		
In travel	--	- 19,578
In printing	--	- 20,464
Sub-total, Decreases	--	- 48,292
Sub-total, Program Items	+47	+750,708
Total Change	+47	+945,825

Activity 1. EXECUTIVE DIRECTION (1968, $ 985,430, Pos. 49;
1969, $1,023,000, Pos. 49)

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 manpower and in the overall 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 Manpower, the Office of Policy Planning and Research, and the Office of Legislative Liaison.

Each Assistant Secretary financed by this appropriation has a small support staff to assist him and his program managers in policy formulation, review 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 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.

Changes for 1969

Mandatory changes amount to (page SEC- 7).....$26,590
Financing changes amount to (page SEC- 7).....$ 8,330
Program changes amount to.....$ 2,650

Program changes reflect an increase of $15,900 to achieve full average employment of the 7 new positions allowed the Office of Policy Planning and Research for part year in 1968 offset by management improvement reductions of $4,400 in travel; $3,600 in printing costs; and a $5,250 reduction for non-recurring equipment costs for new positions in 1968.

Office of Legislative Liaison (1968, $ 99,720, pos. 5;
1969, $102,700, pos. 5)

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 factors that will affect the scheduling and passage of the Department's part of the Administration's legislative program. This involves consulting with interested citizen's groups, ascertaining the 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 work for its successful enactment.

In 1967, accomplishments included:

Making approximately 10,000 advance notifications to Members of Congress of projects such as Manpower Development and Training Act, Neighborhood Youth Corps, Nelson-Scheuer, Kennedy-Javits. Handling an average of 1,000 telephone inquiries a week from Members of Congress, committees and staff. Handling approximately 3,850 written inquiries for information from Congress. Arranging for Congressional appearances by the Secretary and other officials of the Department of Labor. Handling the Department's legislative responsibilities with regard to following major pieces of legislation: The Social Security Act of 1967 (the work-incentive program), the Economic Opportunity Act of 1967 (youth and adult work programs), proposed Employment Service Act, the Age Discrimination Act of 1967, and many minor legislative problems.

In 1968, it is planned to:

Continue the above activities, at an increasing level.

Continue to discharge the legislative responsibility in connection with legislation proposed in the President's Budget Message, the State of the Union message and others.

In 1969, it is planned:

To continue the 1968 type of activities.

Changes for 1969

Mandatory changes amount to (page SEC- 7)....$2,650
Financing changes amount to (page SEC- 7)....$ 830
Program changes amount to....$- 500

Program changes reflect management improvement cost reduction of $200 in travel and $300 in printing cost.

Office of Policy Planning and Research (1968, $258,270, Pos. 15; 1969, $278,000, Pos. 15)

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.

In 1967, the Office of Policy Planning and Research completed a major study of employment conditions in the slums of major cities which pointed to the need for more concentration of manpower and other programs in such areas. It provided staff support to the Secretary in developing policy with respect to questions of military draft and deferment, urban and rural population and economic balance, the relationship between urban tension and employment conditions, the relationship of housing and transportation conditions to employment problems. The Office participated with the Bureau of Labor Statistics in the development of new research methods to investigate slum employment conditions.

In 1968, it is planned to conduct studies of the seasonality in employment in the construction industry, the transition of youth from school to work, the provision of more adequate employment opportunities for handicapped persons, the employment and related problems of migrant farm workers.

In 1969, it is planned to conduct or initiate studies in the following areas: additional methods to involve private industry in the employment and training of disadvantaged workers, the quality of work and job satisfaction, the policies and practices of business and industry related to the employment of youth, methods of assisting low-wage industries.

Changes for 1969

Mandatory changes amount to (page SEC-7).....$8,295
Financing changes amount to (page SEC-7).....$2,585
Program changes amount to.....$8,850

Program changes reflect an increase of $15,900 to achieve full average employment of the 7 new positions allowed this office for part year in 1968 offset by management improvement cost reductions of $600 in travel; $1,200 in printing; and $5,250 non-recurring equipment costs for new positions in 1968.

Activity 2. OFFICE OF INFORMATION (1968, $326,100, Pos. 22;
1969, $336,800, Pos. 22)

Narrative Description of Program

This program provides information services for the Department and has the responsibility for coordinating all 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, and 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 department relations with public information media, answering inquiries, and compiling publications of Department-wide significance.

In 1967, accomplishments were to:

1. Help enlist a greater public understanding of manpower problems and programs. News of national economic developments was delivered and explained to the public. Information of weekly and monthly price indices and employment figures were explained through news releases that averaged nearly two a day.

2. Explain the many programs of the Department at major union conventions, numerous smaller state and local conventions for educators, counselors, economists and special groups, trade shows and meetings through exhibits and other visual aids.

3. Conduct National promotional activities for the President's Youth Opportunity Campaign which (1) provided over a million summer jobs for young people -- an increase over the previous year and (2) encouraged a countless number of youngsters to go back to school.

4. Assist in explaining manpower programs directed at ensuring employment and training for the unemployed with special emphasis on the hard core unemployed in the major slum areas.

5. Develop and promote the National Campaign for the President's Veterans Employment Program through literature, visual aids and recorded announcements so that each returning Armed Forces veteran would be provided with maximum assistance in obtaining useful, rewarding employment.

Produced and distributed a special film for television use throughout the nation and another for the Armed Forces overseas television networks informing servicemen of the job assistance available to them with a special track reproduction sent to all Armed Forces overseas radio networks.

Special recordings by nationally known celebrities were made and distributed to all major radio networks and special television spots were produced for network distribution to urge employers to hire returning veterans.

6. Working in concert with the Advertising Council, produced promotional materials which included nationally distributed television films and public service advertising material of a calibre to be acclaimed in the public service field.

In 1968, it is planned to:

1. Establish a unit in this office to facilitate the availability of data for the Secretary's speaking engagements, press conferences, and other public appearances. This to include re-grouping of current files on unions and programs of the Department of Labor and other government agencies according to geographical area, and organizing important historical, legislative and biographical material for immediate use.

2. Increase promotional work in the President's Veterans Employment Program using both written and visual material.

3. Continuance of the promotional activities in the President's Youth Opportunity Campaign with greater effort made to encourage prospective employers to give summer jobs to young people in major slum areas.

In 1969, it is planned to:

Continue informational activities at about the 1968 level.

Changes for 1969

Mandatory changes amount to (page SEC-7)	$10,450
Financing changes amount to (page SEC-7)	$ 3,750
Program changes amount to	$ 3,500

Program changes reflect management improvement cost reductions of $600 in travel and $2,900 in printing costs.

Activity 3. OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION
(1968, $3,408,645, Pos. 249;
1969, $4,306,200, Pos. 296)

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 (1968, $127,545, Pos. 5;
1969, $131,400, Pos. 5)

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 1969

Mandatory changes amount to (page SEC-7).....$3,185
Financing changes amount to (page SEC-7).....$ 830
Program changes amount to.....$- 160

Program changes reflect Management Improvement cost reductions of $60 in travel and $100 in printing costs.

(b) Office of Management Services (1968, $82,500, Pos. 6;
1969, $86,900, Pos. 6)

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; Assistant Secretary for Administration; Policy Planning and Research; Legislative Liaison; Mobilization Policy

and Coordination; Information, Publications and Reports; and Federal Contract Compliance (Equal Employment Opportunity). The Office assists the units in the Office of the Secretary to (1) plan, (2) determine major courses of action to achieve goals, (3) determine budgets, (4) execute program activities, and (5) review and appraise accomplishments. The Office also provides certain general administrative support services.

In 1967 accomplishments included:

The preparation and issuance of operating budgets, including staffing patterns and quarterly targets for all organizational units of the Office of the Secretary, including the Working Capital Fund.

In 1968 it is planned to prepare and issue operating budgets, including staffing patterns and quarterly targets for all organizational units of the Office of the Secretary, including the Working Capital Fund.

In 1969 it is planned to prepare and issue operating budgets, including staffing patterns and quarterly targets for all organizational units of the Office of the Secretary including the Working Capital Fund.

Changes for 1969

Mandatory changes amount to (page SEC-7).....$3,505
Financing changes amount to (page SEC-7).....$ .995
Program changes amount to.....$- 100

Program changes reflect management improvement cost reductions of $100 in printing costs.

(c) Office of Financial Management and Audit (1968, $ 966,200, Pos. 67;
1969, $1,767,400, Pos. 114)

Division of Audit (1968, $ 859,100, Pos. 59;
1969, $1,535,400, Pos. 99)

The Secretary of Labor is responsible for assuring the proper utilization and control of funds for all Department of Labor programs. To provide such assurance, staff capability had been available within several components of the Department for the auditing of individual or closely related programs. However, for some programs there had been no provision for auditing at any level of the Department. Recognizing this situation, the Secretary took action to establish an impartial centralized contract and financial audit function within the Office of the Assistant Secretary for Administration. This transfer and consolidation took place early in fiscal year 1967 and resulted in the establishment of the Division of Audit with specific responsibility for the conduct of the Department's financial and contract audit program.

In 1967, accomplishments involved the Reporting of the operational deficiencies concerning the conduct of manpower training programs by contractors. Typical findings are these:

Contractor's performance substantially less than required by the contract.

Contractor's staff did not meet the minimum experience or educational qualifications specified in the contract.

Unauthorized salary increases were paid to the contractor's staff.

Trainees did not receive the prescribed personal counseling.

Ineligible trainees were enrolled and continued in training after ineligibility identified.

Contractor failed to deduct withholding tax and FICA or remit the same to the Internal Revenue Service.

Contractor did not maintain adequate pay records or send Withholding Statements to trainees.

Contracts were extended without adequate consideration of the added cost.

Contractors did not maintain an accounting system that classified costs by either the individual contracts, programs, or contract cost category.

Also identified was the need for strengthened financial management in State employment security agencies.

The finding and recommendations regarding the above items were reported to the Manpower Administrator and provided him the basis for initiating corrective action on the specific contracts or activities involved and preventive procedures for future actions.

The following statistics compare actual dollars audited to dollars of audit exceptions reported during fiscal year 1967:

Audits Performed by Division of Audit:	Amount Audited	Audit (a) Exceptions	Percent Exceptions Represent % Total Amount Audited
Neighborhood Youth Corps	$ 36,744,698	$2,056,923	5.6
On-the-Job Training	2,312,087	485,467	21.0
Experimental and Demonstration Projects	7,813,701	319,238	4.1
State Employment Security Agencies	423,948,868	1,391,498	0.3
Audits Performed by Others (which required review and evaluation):			
Audits by Other Government Agencies	810,534	7,635	0.9
Audits by Public Accountants	12,446,215	264,388	2.1
Totals	$484,076,103	$4,525,149	0.9

(a) Audit exceptions shown are as reported by auditors and do not reflect subsequent actions by contracting officers.

In 1968, it is planned to modify and test audit objectives. An Audit Guide for Bureau of Work and Training Programs Agreements has been published. This guide is for the use of licensed accountants and State auditors engaged in the examination of Neighborhood Youth Corps projects. A companion guide applicable to other manpower training programs is being prepared. The expanding use of licensed accountants and State auditors, as well as the increasing use of the audit capability of other federal agencies, will permit the Division to concentrate a significant portion of its staff on the examination of manpower training activities in the major metropolitan areas. The new audit concepts are presently being tested in Washington, D. C. and New York City.

Concurrently the Division has been performing examinations of specific contracts as heretofore, and has continued its audits of State employment security agencies.

Federal funds reflected in reports and findings of examinations and audits covering the period July 1-December 31, 1967, were as follows:

Audits Performed by Division of Audit:	Amount Audited	Audit (a) Exceptions	Percent Exceptions Represent % Total Amount Audited
Manpower training contracts	$ 25,640,796	$1,585,883	6.3
State employment security agencies	205,500,000	403,919	0.2
Audits Performed by Others (which require review and evaluation):			
Audits by Other Government Agencies	635,984	5,849	0.1
Audits by Public Accountants	28,336,252	782,738	2.8
Totals	$260,113,032	$2,778,389	1.0

(a) Audit exceptions shown are as reported by auditors and do not reflect subsequent actions by contracting officers.

Changes for 1969

Mandatory changes amount to (page SEC-7).....$ 24,610
Financing changes amount to (page SEC-7).....$ 10,090
Program changes amount to.....$641,600

Positions..... 40

Program changes reflect an increase of 40 positions and $655,000 partially offset by management improvement reductions of $11,500 in travel and $1,900 in printing costs.

Proposal: To conduct audits on a more comprehensive basis than heretofore and to audit an additional 90 manpower training contracts in approximately 20 metropolitan areas; to review about 20% of the 4,800 audits expected to be performed primarily by licensed public accountants, but also by other Federal or State agencies; and to increase the emphasis given to internal audit activities of the Department.

The Need: The number of contracts audited in previous years is not a measure of the extent manpower training programs have been examined; the majority of these audits were of smaller sponsors and contractors. The audits of sponsors and contractors in the largest metropolitan areas have been limited to a review of the prime contractor's financial system and audit of its accounts. Because of staff limitations subsidiary contractors usually were not audited, nor were field reviews made to determine that funds were expended as contemplated in the agreement. Since the majority of sponsors and contractors are non-profit organizations almost wholly financed by Federal appropriations, cost disallowances resulting from administrative error cannot usually be recovered. In addition, significant administrative deficiencies have usually been found to exist in successive contracts. As of this date, because of lack of sufficient staff it has not been possible to audit sponsors and contractors in these metropolitan areas in sufficient depth or in timely manner to permit Department of Labor management to initiate remedial action and minimize the unauthorized use of funds. Therefore, it is imperative that sufficient staff be made available to allow auditing to be performed during the course of contracts in order to facilitate timely improvements and other necessary actions.

Thus far, only very limited examinations have been conducted of Department of Labor operations, principally accounting operations. Internal audits of the Department's programs have not been made. Recent General Accounting Office audit findings on several Department of Labor activities have highlighted the need for the Department to substantially increase its capability for internal audit.

The Program: The audit needs of the Department of Labor can be most effectively met by: (1) utilizing licensed public accountants and State and Federal audit agencies for the examination of smaller sponsors and contractors; (2) assigning the Department of Labor audit staff to a comprehensive examination of the sponsors and contractors located in approximately 20 of the largest metropolitan areas, and the review of audits performed by licensed public accountants and State and Federal audit agencies. This will permit an intensive financial review of those sponsors and contractors responsible for manpower training in the ghettos. Audit will be made of related operations while contracts or agreements are in force. Administrative deficiencies can then be identified and corrective action initiated before such deficiencies become habitual. This preventative audit should improve the financial administration of the sponsors and contracts and substantially reduce the improper expenditure of Federal funds.

Beginning with fiscal year 1969 greater emphasis will be given to internal audit activities in order to provide managers with timely independent and objective internal appraisals of Department policies, management controls, procedures and practices. We feel that as a minimum an internal audit should be made of all Department of Labor activities at least once every three years. In critical areas, audits must be performed more frequently.

Base

Positions	Man-years	Estimated Cost
59	53.1	$859,100

Additional Cost

Positions	Man-years	Estimated Cost
40	38.6	$655,000

Division of Financial Systems and Procedures (1968, $107,100, Pos. 8; 1969, $232,000, Pos. 15)

Under the provisions of the Budget and Accounting Procedures Act of 1950, Federal departments and agencies are required to institute accounting systems for all their programs. These systems must be in accord with standards and criteria issued by the General Accounting Office, and must be approved by the General Accounting Office. Although this legislation has been in effect for 18 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.

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 has been too long delayed.

In 1967 accomplishments were:

The payroll and appropriation accounting systems were revised to improve computer processing and accounting controls. Design work was started to computerize the Working Capital Fund and the property accounting systems.

The general ledger accounting system was established and integrated with the appropriation accounting system by utilizing automatic data processing equipment and procedures. New and revised changes were published in the Department's Manual of Administration and accounting instructions were also prepared for use in operations.

Voucher audit and related fiscal functions were decentralized to seven Regional Administrative Offices and a voucher audit handbook was prepared for use in reviewing and processing payments.

Work was started to review and redesign the accounting systems which support major programs within the Department. One of these, the Wage and Hour and Public Contracts Divisions' Restitution fund accounting system, was completed and submitted to the General Accounting Office for informal review.

In 1968, it is planned to:

The property accounting system will be installed and the general ledger accounting system will be revised to integrate data from the property and cost accounting systems. The Working Capital Fund accounting system will be converted to a computer system and work will continue on the redesign and revisions of the program accounting systems.

Additional chapters and revisions will be completed for the Departmental Administration and Accounting Manuals to accommodate the new or revised accounting system procedures. Accounting manuals for contractor use will be published for the Bureau of Work Training Program and the Manpower Development and Training Act Programs.

A contract was awarded to develop a Departmental cost accounting system and an accounting system for the Bureau of Employment Security Federal-State Employment Security Agencies.

The Statement of Accounting, Policies, Principles, and Standards has been completed and submitted to the General Accounting Office for review and approval.

Changes for 1969

Mandatory changes amount to (page SEC-7)	$ 3,370
Financing changes amount to (page SEC-7)	$ 1,330
Program changes amount to	$120,200
Positions	7

Program changes reflect an increase of 7 positions and $121,000 offset by management improvement reductions of $300 in travel and $500 in printing costs.

Proposal: To complete the design, documentation and implementation of a Department-wide financial accounting and reporting system, including cost accounting, that will meet the standards, principles and criteria required by law and the General Accounting Office and that will satisfy the needs of internal management within the Department. This will require (1) monitoring the work of management/accounting firms in designing and installing accounting systems, and (2) developing additional capability within the Department to design, document, and install new accounting systems.

The Need. As part of its Financial Management Improvement Program the Department of Labor for the past few years had limited staff capability 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 so 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.

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.

The Department has made commitments to the Bureau of the Budget, General Accounting Office and the interested Congressional committees 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 available to perform the required activities. We have now reevaluated our needs and have determined that with presently authorized staff it would take at least three additional years to complete the necessary work.

Base

Positions	Man-years	Estimated Cost
8	7.2	$107,100

Additional Cost	Man-years	Estimated Cost
7	6.7	$121,000

(d) Personnel Operations (1968, $1,111,500, Pos. 78;
1969, $1,154,500, Pos. 78)

The role of the departmental personnel organization is to assist in the effective management of the Department by aiding in 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 their 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. 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.

In 1967, accomplishments were:

Departmental Personnel

367 - employees attended office practices training.

28 - financial planning advisers were designated and trained in the bureaus.

120 - employees received psychological counseling.

136 - policies, standards and guides were issued.

20 - reviews and evaluations of personnel management were made throughout the Department including personnel inspections, merit staffing reviews and others.

425 - summer employees were hired, including 175 in connection with the President's Youth Opportunity Campaign.

35 - management interns were recruited.

59 - positions were evaluated and recommended to the CSC for grades 16, 17, and 18.

28 - safety inspections were conducted.

2274 - personnel actions were processed.

271 - merit staffing actions were processed.

2503 - interviews and staff assistance contacts were conducted.

1569 - classification actions processed.

118 - full field investigations closed.

144 - national agency checks and inquiries closed.

982 - name checks closed.

Principal activities of significance in FY 1967 included:

Negotiation of an agreement between the Department and the National Council of Field Labor Lodges.
Revisions in the personnel issuance system.
The inauguration of a mental health program.
The undertaking of a program of financial assistance to employees.
Implementation of various recommendations resulting from contracts or recommended changes in personnel processing and practices.
Completion of personnel management training program for managers and supervisors in Central Personnel Services.
Completed comprehensive retirement and turnover studies for International Labor Affairs, Bureau of Labor Standards and Women's Bureau.
Coordinated the Department's participation in Washington's first job fair under the concentrated Employment Program.
Completed the annual classification maintenance review of 1500 positions.

In 1968, it is planned to:

Continue on-going activities. In addition the following are considered important:

Implementation of the new executive assignment system.
The program of planned personnel assistance to managers and supervisors.
A revision in the merit staffing plan for field positions.
Pilot studies relating to organizational development and performance evaluation.
Emphasis on employment opportunities for persons from disadvantaged backgrounds.
Improvements will be made in personnel processing.
A Supervisor's Handbook will be prepared.
Improvement of staffing services to bureaus and offices.
Develop and maintain a system of self-evaluation of organizational performance of CPS.
The training of managers and supervisors in their personnel management responsibilities.

Improvement of communications between Central Personnel Services and its client organizations and between their managers and supervisors and employees.
The processing of approximately 2200 personnel actions and 1700 classification actions, the conducting of 2900 interviews and planned personnel assistance contacts, the processing of 125 full field investigations and 1200 name checks, the training and counseling of 570 employees, and the conducting of 300 National agency checks and inquiries.

In 1969, it is planned to:

In addition to on-going programs, the following activities are anticipated:

A substantial increase in the number of grievances which will require many more man-hours than in the past.
The installation of the integrated management form.
The further use of organizational development techniques.
The negotiation with Lodge 12 of the revised merit staffing plan for Washington, D. C. employees.
The development of a manpower planning system.

Central Personnel

Will continue to provide comprehensive personnel management services to its client organizations. New emphasis will be placed on streamlining all aspects of processing papers; planned staff assistance to both headquarters and field establishments; employee management relations; orienting managers and supervisors in meric staffing and the most effective use of manpower resources through improved development of employees and career plan for each.

Changes for 1969

Mandatory changes amount to (page SEC-7)..... $32,978
Financing changes amount to (page SEC-7)..... $13,340
Program changes amount to.....-$ 3,218

Program changes reflect management improvement reductions of $1,516 in travel and $1,702 in printing costs.

(e) Library (1968, $367,600, Pos. 36;
1969, $380,800, Pos. 36)

The Department's 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.

In 1967, accomplishments were to answer 35,997 requests for information and material, circulate 87,836 books and periodicals, place 6,068 orders and requests for new material and catalogue 13,248 volumes. Fifty-two weekly accessions lists, and four subject bibliographies were issued.

In 1968, it is planned to answer 36,000 requests for information and material and circulate 88,100 books and periodicals, place 6,600 orders and requests and catalog 15,200 volumes. Fifty-two weekly accessions lists and three new subject bibliographies are to be issued plus updating of two other lists. A new service of recording and reporting research sponsored by the Department of Labor will be inaugurated in FY 1968.

In 1969, it is planned that 40,000 requests for information and material will be answered, 90,000 items circulated, 8,000 orders and requests will be placed, fifty-two weekly accessions lists and six subject bibliographies will be issued. The research reporting service will be maintained.

Changes for 1969

Mandatory changes amount to (page SEC-7).....$11,175
Financing changes amount to (page SEC-7).....$ 6,075
Program changes amount to.....$-4,050

Program changes reflect management improvement cost reductions of $50 in travel and $4,000 in printing costs.

(f) Office of Organization and Management (1968, $240,400, Pos. 16; 1969, $246,900, Pos. 16)

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 a management system which is designed to improve operational control in the Department by forecasting workloads and resource requirements against which the effectiveness of program activities can be measured. Further control is being achieved through the development and operation of a unified Department-wide automatic data processing program for use in the administrative processes. Improved utilization of manpower, funds and other resources is accomplished by special management surveys which pinpoint areas where better 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 coordinating activities in the areas of reports, forms, and records control, and for the development of cross-problem information and data systems.

In 1967, accomplishments were:

a. Worked toward establishing a Department policy on management information and data systems.

b. Assisted administrations and offices in conducting organization studies and developing and installing organization improvements.

c. Participated in the extension of Department's management systems concepts to three State Employment Security agencies.

d. Refined delegations of authority and assignments of responsibilities for operating manpower, labor-management relations, wage and labor standards, and research and statistics programs.

e. Provided staff support and assistance in the establishment and continued operations of the Department's Management Committee which is responsible for guiding program planning, execution, evaluation, and coordination processes at Federal, State and local levels and among other Federal agencies.

In 1968, it is planned to:

Place increased emphasis upon improvement of organizational structures and alignments; establishing systems and methods for identifying social and economic needs in the Department's area of responsibility that should be met; establishing management information systems that will apprise managers at all levels within the Department and participating State Employment Security Agencies of progress towards achieving goals and objectives; the identification of critical problems requiring prompt solution; and the identification of opportunities for increasing effectiveness and efficiency of program operation.

In 1969, it is planned to:

Place emphasis upon establishment of a uniform data classification system; refining and extending the concepts of the Department's management system to field offices and State Employment Security Agencies; coordination of manpower programs both inter-department and inter-agency with particular attention to local office plans of service, the concentrated employment program, the cooperative area manpower planning system, and other planning activities; and providing organization and management guidance to operations at the Regional Office level with particular attention to the work and work context of the Regional Manpower Administration.

Changes for 1969

Mandatory changes amount to (page SEC-7).....$8,459
Financing changes amount to (page SEC-7).....$2,755
Program changes amount to.....$4,714

Program changes reflect management improvement reductions of $250 in travel and $4,464 in printing costs.

(g) Office of Program and Budget Review (1968, $321,700, Pos. 22; 1969, $338,400, Pos. 22)

To assure that plans, requests and performance are in accord with existing policy (or to recommend changes in policy where apparently needed) and 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 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. 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 that 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 Department's management system to insure that they actively contribute to the Department's efforts in the areas of improved management effectiveness and cost reduction.

In 1967, accomplishments were to continue improvements in the effectiveness of the budget function throughout the Department by providing written instructions for all facets of budget preparation and execution, both formally and on an ad-hoc basis necessitated by frequent changes in external policies and directives. Technical assistance was provided to budget staffs and other Department officials on a continuing basis, and a formal training course in budget preparation was conducted. In cooperation with the Office of Administrative Services, a course was conducted for clerical staff in proper preparation of budget material for printing. Principal efforts in the program review function were directed to the development of a responsive quarterly review and analysis reporting procedure to provide top management with an adequate basis for determining whether programs are dealing effectively with social, economic and administrative problems. This was the initial year for these reports and by the end of the year all administrations and offices were providing regular reports of their activities.

In 1968, it is planned to continue improvements in the quality of budgetary presentations and to adequately train and assist the staffs in their contributions to the Departmental budget. Emphasis will be placed on fully integrating budgeting and program evaluation. Two budget training courses will be conducted, and the Office will utilize trainees from the administrations and offices on the job for the purpose of benefitting the individuals and their employing organizations with knowledge of the responsibilities and operations of the office. Continued emphasis will be placed on (1) improving management effectiveness and cost reduction, (2) improving the quarterly review and analysis reports to increase their usefulness to top management, and (3) developing additional evaluation techniques and reporting procedures for program review.

In 1969, it is planned to continue the sort of efforts anticipated in 1968. In addition, the refinement of evaluation reporting in 1968 will lead to the development and installation of a continuous review and analysis system in 1969. The Secretary and top management will receive reports evaluating program operations and effectiveness on a continuing systematic basis instead of by quarterly reports.

Changes for 1969

Mandatory changes amount to (page SEC-7).....$10,350
Financing changes amount to (page SEC-7).....$ 3,750
Program changes amount to.....$ 2,600

Program changes reflect an increase of $7,100 to achieve full average employment of the 4 new positions allowed this office for part year in 1968, partially offset by management improvement reductions of $300 in travel; $1,200 in printing costs; and $3,000 non-recurring equipment costs for new positions in 1968.

(h) Field Administration (1968, $191,200, Pos. 19;
1969, $199,900, Pos. 19)

The Field Administration provides administrative services to Regional Directors of all Bureaus in their respective regions.

Personnel functions involved include: recruitment for staffing of bureau positions; general orientation and training; advisory service on classification matters; employee counseling on improvement of skills and career development; maintenance of official personnel records and various other functions in the area of personnel administration.

These offices also audit and process travel and other vouchers; approve and process local procurement in accordance with internal bureau policies and procedures; maintain a comprehensive space procurement and management program; and provide centralized general services.

In 1967 accomplishments were to further decentralized personnel administration functions to the Atlanta and Boston Regional Administrative Offices making a total of seven regional administrative offices performing personnel services for all field employees up to the journeyman level. The seven regional offices are located in Atlanta, Boston, Chicago, Dallas, Kansas City, New York and San Francisco. At the close of the fiscal year the seven regional administrative offices were maintaining personnel records and processing the actions for approximately 2,900 field employees at and below the journeyman level and were assisting managers in the administration of approximately 4,200 field personnel. The seven offices completed 5,912 personnel actions in Fiscal Year 1967 with a staff of 18 employees.

Quarterly orientation sessions for new employees were begun in all regional administrative office cities. Periodic training for all employees were scheduled in such areas as safe driving, first aid, better service to the public and improving oral and written communications. College recruitment was also significantly expanded particularly in the San Francisco, Dallas and Atlanta regions.

In 1968, it is planned to support a total field force of approximately 4,500 personnel and process some 6,500 personnel actions. These offices will continue to provide support to managers in the established personnel administrative functions, placing specific emphasis upon providing planned staff assistance to field managers and supervisors in order to improve personnel administration throughout the field. Special efforts will be required to handle contemplated field expansions of selected programs.

In 1969, it is expected that the Departmental field force will grow to some 4,800 positions requiring the processing of some 7,200 personnel actions in the field. In addition, classification and training responsibilities will be decentralized from the national headquarters offices to the field.

Changes for 1969

Mandatory Changes amount to (page SEC-7).....$6,145
Financing Changes amount to (page SEC-7).....$3,155
Program Changes amount to.....$- 600

Program changes reflect management improvement reductions of $600 in travel.

WEDNESDAY, FEBRUARY 28, 1968.

FEDERAL CONTRACT COMPLIANCE AND CIVIL RIGHTS PROGRAM

WITNESSES

EDWARD C. SYLVESTER, DIRECTOR, OFFICE OF FEDERAL CONTRACT COMPLIANCE
ARTHUR A. CHAPIN, SPECIAL ASSISTANT TO THE SECRETARY
NELSON S. BURKE, SPECIAL ASSISTANT
HAROLD R. WHITE, BUDGET ANALYST
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	620	753	1,473
Positions other than permanent	48	42	59
Other personnel compensation	9		
Total personnel compensation	677	795	1,531
Personnel benefits	45	57	112
Travel and transportation of persons	94	106	229
Transportation of things	6	2	5
Rent, communications, and utilities	45	59	119
Printing and reproduction	51	30	59
Other services	24	18	48
Services of other agencies	34	18	48
Supplies and materials	12	18	34
Equipment	8	4	32
Total obligations	996	1,106	2,218

PERSONNEL SUMMARY

Total number of permanent positions	67	69	139
Full-time equivalent of other positions	1	1	3
Average number of all employees	57	64	132
Average GS grade	10.9	10.8	10.5
Average GS salary	$11,523	$12,121	$11,452

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Office of the Director of Federal Contract Compliance	419	463	750
2. Plans for progress	184	188	232
3. Civil rights compliance (title VI)	365	455	1,236
Total program costs, funded	968	1,106	2,218
Change in selected resources [1]	28		
Total obligations	996	1,106	2,218
Financing:			
Receipts and reimbursements from: Trust funds			−762
Comparative transfers to other accounts	1		
Unobligated balance lapsing	42		
New obligational authority	1,040	1,106	1,456
New obligational authority:			
Appropriation	1,103	1,103	1,456
Transferred to other accounts	−63		
Appropriation (adjusted)	1,040	1,103	1,456
Proposed transfer from other accounts for civilian pay increases		3	
Relationship of obligations to expenditures:			
Total obligations	996	1,106	2,218
Receipts and other offsets (items 11–17)	1		−762
Obligations affecting expenditures	998	1,106	1,456
Obligated balance, start of year	36	94	64
Obligated balance, end of year	−94	−64	−92
Adjustments in expired accounts	11		
Expenditures	951	1,136	1,428
Expenditures are distributed as follows:			
Out of current authorizations	904	1,042	1,364
Out of prior authorizations	47	94	64

[1] Selected resources as of June 30 are as follows: 1966, $3,000; 1967, $31,000; 1968, $31,000; 1969, $31,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Edward C. Sylvester, Jr., Director, Office of Federal Contract Compliance

Edward C. Sylvester, Jr., was appointed Director of the Office of Federal Contract Compliance in October 1965 by Secretary of Labor W. Willard Wirtz. This Office is responsible for achieving nondiscrimination and affirmative action to insure equal employment opportunity by Government contractors, subcontractors, and contractors engaged in federally assisted construction work.

Mr. Sylvester was born and educated in Detroit, Mich. He received a B.S. degree in civil engineering from Wayne State University in 1949, is a registered professional engineer in the State of Michigan, and was elected a member of the American Society of Civil Engineers in 1953.

During World War II, Mr. Sylvester was a first lieutenant in the European and Pacific theaters.

For 7 years, Mr. Sylvester was a civil and structural engineer for the city of Detroit where he supervised a staff of engineers and draftsmen working on Detroit's expressways and water treatment facilities. Early in 1958, he was instrumental in forming the Liberian-American Enterprises, Inc. He was president and manager of this company, the first commercial lumber company in the interior of Liberia.

During 1960–61, he served on the national staff of Senator Stuart Symington and on the Democratic National Committee.

Mr. Sylvester was appointed in August 1961 as Assistant to Assistant Secretary of Labor George L-P Weaver by Secretary of Labor Arthur J. Goldberg. In March 1963, Secretary Wirtz named him Deputy Administrator of the Bureau of International Labor Affairs. He was awarded the Labor Department's Meritorious Service Awards by Secretary of Labor Goldberg in 1962 and by Secretary Wirtz in 1963. In 1967, Secretary Wirtz awarded him the Group Meritorious Achievement Award.

President Lyndon B. Johnson designated Mr. Sylvester Vice Chairman of the White House Conference "To Fulfill These Rights" held in Washington, D.C., in June 1966.

He was Chairman of the U.S. Delegation to the Building, Civil Engineering and Public Works Committee of the International Labor Organization in Geneva, Switzerland, in May 1964. In October 1964, he was Chairman of the U.S. Delegation to the Inter-American Economic and Social Council's Special Committee VII on Labor Matters at Buenos Aires, Argentina. In October 1966, he was the U.S. expert to the Committee on Discrimination in Employment of the International Labor Organization in Geneva, Switzerland. In February 1967, he was appointed a member of the Board of Higher Education for the Federal City College. He has traveled in Africa and Asia.

Mr. Sylvester is married to the former Lucy Howard of Baltimore. They live in Washington with their two daughters Lynn and Carol, and their son, Edward.

Mr. FLOOD. We have with us for the presentation of the Federal contract compliance and civil rights program Mr. Edward C. Sylvester, Director of the Office of Federal Contract Compliance.

I see you have a statement, Mr. Sylvester. What do you want to do?

Mr. SYLVESTER. Sir, as was the case last year, we are accompanied here by Mr. Arthur A. Chapin, who is the special assistant of the secretary, who administers the title VI program in the Department. We are both supported by Mr. Harold White, who is the budget officer for our program. This request is in three parts. Activity I has to do with Executive Order 11246, requiring equal employment opportunity in Government contracts.

CONTRACT COMPLIANCE GENERAL STATEMENT

Mr. FLOOD. If there is no objection, you want to place in the record this prepared statement?

Mr. SYLVESTER. Yes, sir. I will give a brief summary.

(The statement follows:)

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, and also the budget request for administrative support for the plans-for-progress program, authorized by part IV of that same Executive order. 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 must take "affirmative action" to insure equal employment opportunity.

The amount requested for the Federal contract compliance program is $750,000 and 47 full-time positions, which is an increase of $287,000 and 18 positions over fiscal year 1968. The President has amended the Executive order to include sex discrimination effective October 13, 1968. Most of the requested increase is to implement this new and important requirement.

As you know, 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.

This Office also provides certain essential services for the contracting agencies to carry out their responsibilities. These services include: development of compliance officer training programs in cooperation with the Civil Service Commission; coordination of regional compliance programs involving many agencies; assignment of contractors to agencies for compliance responsibility (frequently, several agencies have contracts with the same contractor); management of the statistical reporting system; establishment of Government-wide priorities; and, holding hearings to determine compliance and/or sanctions.

During the past 2 years, this program has moved steadily from an educational and voluntary compliance activity to one of the enforcement of Federal contracts. This principle has taken hold within the contracting agencies and among Federal contractors, and the results in providing equal employment opportunity are impressive.

The coverage continues to increase from 156,600 facilities and sites in fiscal year 1967, to 219,500 in fiscal year 1968, and estimated at 225,000 in fiscal year 1969. These increases are the result of more systematic identification of contractors and broader interpretations of the regulations. However, as significant as these increases are to workload, the inclusion of "sex discrimination" and the greater complexity of racial discrimination problems as we now find them are more meaningful. Overt discrimination is declining but structural impediments to equal employment opportunity remain and are more damaging due to their broader impact. Problems involving seniority, transfer rights, upgrading, and testing require substantial staff time to develop equitable solutions. It should be pointed out that underemployment is a significant factor in urban unrest.

The increase in funds and positions requested in this budget will permit the continuation of a broad, effective program, but will meet only between one-third and one-half of our identified workload.

The amount requested for administrative support of the plans-for-progress program is $232,000 and 12 full-time positions, which is an increase of $44,000 from fiscal year 1968. This increase is to provide for greater program continuity through upgrading staff and some greater program activity.

The plans for progress is a growing voluntary program including 417 leading employers—up 70 from last year—covering over 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 fiscal year 1968, the employer-members of plans for progress will contribute over a million dollars 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.

I thank the committee for this opportunity and will be pleased to respond to questions.

Mr. SYLVESTER. I will address myself to parts I and II. The amount requested is $750,000 and 47 full-time positions which is an increase of $287,000 and 18 positions over fiscal year 1968.

The President last year amended the Executive order to include sex discrimination effective October of this year. Eleven of the 18 positions requested are to implement that provision.

In the plans for progress program, no additional positions are being requested but $44,000 is being asked to upgrade the staff of the program and allow some modest program increases. The seven positions that will not be used to implement sex discrimination are for general program increases in the Office of Federal Contract Compliance including additional legal support that is required as a result of the additional workload that has been picked up over the past year.

GENERAL STATEMENT ON CIVIL RIGHTS COMPLIANCE

Mr. FLOOD. I see Mr. Chapin also has a prepared statement. We will insert that in the record at this point.

(The statement follows:)

CIVIL RIGHTS COMPLIANCE—TITLE VI

I am pleased to appear here today to discuss the Department of Labor's 1969 appropriations request to carry out the Department's responsibilities under the Civil Rights Act of 1964.

As you know, title VI of that act forbids discrimination in federally financed programs. It also directs each Federal agency to develop affirmative action programs to insure that federally financed programs are in compliance with the law. The Department is requesting 80 positions and $1,236,000. This is an increase of 52 positions—14 of which will be assigned to the Solicitor's Office—and $781,000 over the 1968 appropriation.

There has been some headway made thus far, which is described in the justification. State and local officials more often than not are sensitive to the problems of discrimination and are moving toward compliance with title VI.

However, numerous and various problems of discrimination still remain. Among the violations and problems we find in State employment security agencies are the following:

Acceptance of discriminatory orders;
Improper handling of discriminatory job orders;
Discriminatory referrals to employers;
Segregated facilities;
Inadequate training of staff on civil rights and departmental regulations;
Discrimination due to organization of offices;
Discrimination in regard to unemployment insurance;
Discriminatory service to high schools and colleges;
Discriminatory counseling;
Misuse of tests and test scores;
Discourteous treatment of minority members;
Discriminatory advertising; and
Lack of minority staff.

In apprenticeship programs there are still patterns of discrimination practiced in some crafts in some localities.

Nonwhites often do not have equal access to information on current or future apprenticeship programs.

Standards for selection often are not uniform for whites and nonwhites.

Nonwhites often are judged more rigidly than whites.

When nonwhites are admitted to apprenticeship programs, they are sometimes mistreated or provoked into withdrawing.

There is often unequal application of selection processes and tests in selecting candidates for apprenticeship programs.

In 1967, our basic program direction was toward investigating complaints and conducting in-depth compliance evaluations of manpower programs to determine if any, the kind and extent of discriminatory practices.

During 1968 we are expanding both of these activities, and in addition are placing emphasis upon staff training and other program activities which will reduce the number of violations and complaints.

However, we feel that the equal employment opportunity program must be greatly strengthened if we are to make more than token headway. To date we have conducted reviews of only 6 percent of all recipients of Department of Labor funds. Three-fourths of all reviews in manpower programs to date reveal discriminatory practices. It would be reasonable to assume that the incidence of discrimination in the 94 percent still to be reviewed would be of similar magnitude.

In 1969 we plan to develop the necessary technical material for adequate staff training of the personnel administering manpower programs. We plan to train recipients at the local level to develop, implement, and monitor effective civil rights programs; we plan to provide on-site assistance to recipients, to bring diverse groups together to further title VI objectives. We plan to work with public schools, colleges, and universities across the country to develop a greater awareness of the expanding opportunities for minorities. And we plan to participate in research to insure effectiveness and to insure a source of additional program ideas.

The Equal Employment Opportunity Office has responsibilities to 22 million Negroes, 546,000 Indians, 885,700 Puerto Ricans, and 5 million Mexican-Americans. Each has a special stake in our compliance activities under title VI of the Civil Rights Act of 1964. Additional funds in fiscal year 1969 will enable this Office to more adequately cope with the problems faced by those neglected citizens.

You will note that we are proposing that $762,000 of the amount needed for this activity be funded from the unemployment insurance trust fund. The fact that a substantial portion of the program's workload will be with the employment security program makes this financing arrangement most appropriate.

I appreciate the opportunity to appear before this commmittee and will be pleased to answer any questions.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. Your budget for 1968 is $1,106,000.

Mr. SYLVESTER. Which includes all three activities.

Mr. FLOOD. You are asking for $2,218,000. That is an increase of $1,112,000, and 70 jobs. This would a little more than double your dollar budget and your staff.

There is nothing bashful about this request, especially during a tough budget year.

USE OF TRUST FUNDS

First, why are you requesting $762,000, of the 1969 appropriation, from the unemployment trust fund? You are not carrying out any activities authorized by the legislation that established the trust fund.

Mr. CHAPIN. The bulk of the manpower programs are focused through the operation of the Federal-State employment service. The supportive service for all manpower programs is rendered by and large through the State employment services. The bulk of the complaints, the bulk of our investigations——

Mr. FLOOD. What do you mean by "our", your outfit?

Mr. CHAPIN. That is right, title VI of the Civil Rights Act gives the responsibility to each Federal agency to insure that discrimination does not exist in programs financed by the Federal Government.

Mr. FLOOD. You are under that blanket?

Mr. CHAPIN. That is correct.

FEDERAL CONTRACT COMPLIANCE

Mr. FLOOD. The first increase is $287,000, 18 jobs. That is for your Federal contract compliance.

Mr. SYLVESTER. Yes, sir.

Mr. FLOOD. Most of your activities under Federal contract compliance are due to this new Executive Order No. 11375.

Mr. SYLVESTER. That is right.

Mr. FLOOD. Will you place in the record, at this point, a copy of this order?

Mr. SYLVESTER. Yes, sir.

(The information follows:)

EXECUTIVE ORDER, 11375

AMENDING EXECUTIVE ORDER NO. 11246, RELATING TO EQUAL EMPLOYMENT OPPORTUNITY

It is the policy of the U.S. Government to provide equal opportunity in Federal employment and in employment by Federal contractors on the basis of merit and without discrimination because of race, color, religion, sex, or national origin.

The Congress, by enacting title VII of the Civil Rights Act of 1964, enunciated a national policy of equal employment opportunity in private employment, without discrimination because of race, color, religion, sex, or national origin.

Executive Order No. 11246 of September 24, 1965, carried forward a program of equal employment opportunity in Government employment, employment by

Federal contractors and subcontractors, and employment under federally assisted construction contracts regardless of race, creed, color, or national origin.

It is desirable that the equal employment opportunity programs provided for in Executive Order No. 11246 expressly embrace discrimination on account of sex.

Now, therefore, by virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is ordered that Executive Order No. 11246 of September 24, 1965, be amended as follows:

(1) Section 101 of part I, concerning nondiscrimination in Government employment, is revised to read as follows:

"Section 101. It is the policy of the Government of the United States to provide equal opportunity in Federal employment for all qualified persons, to prohibit discrimination in employment because of race, color, religion, sex or national origin, and to promote the full realization of equal employment opportunity through a positive, continuing program in each executive department and agency. The policy of equal opportunity applies to every aspect of Federal employment police and practice."

(2) Section 104 of part I is revised to read as follows:

"SECTION 104. The Civil Service Commission shall provide for the prompt, fair, and impartial consideration of all complaints of discrimination in Federal employment on the basis of race, color, religion, sex or national origin. Procuredures for the consideration of complaints shall include at least one impartial review within the executive department or agency and shall provide for appeal to the Civil Service Commission."

(3) Paragraphs (1) and (2) of the quoted required contract provisions in section 202 of part II, concerning nondiscrimination in employment by Government contractors and subcontractors, are revised to read as follows:

"(1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

"(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin."

(4) Section 203(d) of part II is revised to read as follows:

"(d) The contracting agency or the Secretary of Labor may direct that any bidder or prospective contractor or subcontractor shall submit, as part of his compliance report, a statement in writing, signed by an authorized officer or agent on behalf of any labor union or any agency referring workers or providing or supervising apprenticeship or other training, with which the bidder or prospective contractor deals, with supporting information, to the effect that the signer's practices and policies do not discriminate on the grounds of race, color, religion, sex, or national origin, and that the signer either will affirmatively cooperate in the implementation of the policy and provisions of this order or that it consents and agrees that recruitment, employment, and the terms and conditions of employment under the proposed contract shall be in accordance with the purposes and provisions of the order. In the event that the union, or the agency shall refuse to execute such a statement, the compliance report shall so certify and set forth what efforts have been made to secure such a statement and such additional factual material as the contracting agency or the Secretary of Labor may require."

The amendments to part I shall be effective 30 days after the date of this order. The amendments to part II shall be effective 1 year after the date of this order.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *October 13, 1967.*

EFFECT OF EXECUTIVE ORDER 11375 ON WORKLOAD

Mr. FLOOD. Then I want you to tell me to what extent that specific order affects your workload—that specific order within its four corners.

Mr. SYLVESTER. We expect that the sex discrimination amendment will cause about a tenfold increase in the complaints that we normally receive about discrimination under the Executive order. In the aggregate our workload will increase somewhere between a fourth and a third as the result of that. This is based on the experience of the Equal Employment Opportunity Commission which administers the sex discrimination provisions of title VII of the Civil Rights Act. In the first year of operation almost a third of their complaints had to do with sex discrimination. They are currently running about 25 percent of their workload with sex discrimination.

ENFORCEMENT OF SEX DISCRIMINATION PROVISION

Mr. FLOOD. We have had legislation prohibiting discrimination because of sex before this Executive order. This is not something that somebody picked off the left field fence. How was that enforced? We had this before.

Mr. SYLVESTER. That is correct. Under title VII, which is administered by the Equal Opportunities Commission——

Mr. FLOOD. Let me put another question right on top of that. What does the Equal Employment Opportunities Commission do in this area? There are three questions in one. We have had this law before. How was it enforced? What does the Equal Employment Opportunities Commission do in this area?

Mr. SYLVESTER. The Equal Employment Opportunities Commission has very limted enforcement powers. They found——

Mr. FLOOD. Do they have any?

Mr. SYLVESTER. They can make referral to the Department of Justice.

Mr. FLOOD. Do they have any enforcement power?

Mr. SYLVESTER. No, sir; they conciliate.

Mr. FLOOD. The answer is "No"; they have none.

Mr. SYLVESTER. That is right.

Mr. FLOOD. What enforcement took place under the legislation having to do with sex discrimination before the Executive order?

Mr. SYLVESTER. The only legislation I am aware of is the title VII. This amendment to the Executive order will be effective in October of this year.

Mr. FLOOD. There is no enforcement authority in the Equal Opportunities Commission. What enforcement authority is there under the Executive order?

Mr. SYLVESTER. The Executive order permits termination, cancellation, or suspension of the Government contracts for those who violate the equal employment opportunity clause contained in those contracts. That clause would also contain a requirement that the contractor take affirmative action to assure equal opportunity on the basis of sex.

Mr. FLOOD. Then you have a weapon?

Mr. SYLVESTER. Yes, sir.

OPPORTUNITY GAP FOR MINORITIES

Mr. FLOOD. You made a statement on page 11, and this is one of those things where I just cannot believe my eyes, if it is correct, and I quote you. "Although progress is being made in increasing opportunities for American minorities, the opportunity gap, relative to whites, is still widening."

I am an old prosecuting attorney. That one sentence is quite an indictment—if it is correct, and if it means what it appears to me to mean—of the accomplishments in this area which is one of the administration's top priorities.

Mr. SYLVESTER. The fact that increasing job opportunities is among the administration's top priorities is one of the reasons we are seeking this increase.

Mr. FLOOD. That is the parenthesis. I am directing you to the language.

Mr. SYLVESTER. The gap is widening because the Negroes are, for the most part, still bunched in the lower skilled jobs and in the area where the job opportunities themselves are not expanding as rapidly as they are in the more skilled areas. It is a fact that in absolute terms the plight of minority workers is getting better, it is also a fact that relative to white workers when you consider the expansion taking place in the skilled areas where Negroes are not included, the opportunities gap is widening.

Mr. FLOOD. The gentleman from Illinois, the Honorable Robert McClory placed a February 17, 1968, editorial of the Chicago Tribune into the February 21, 1968, Congressional Record on page E1045. The editorial, which is based upon a Fortune magazine article, says this, and I quote:

> In terms of general awareness it is the positive aspect that needs emphasis. The public needs telling that 20 percent of all Negro families in the country earn more than $7,000 a year; that only about 3 percent of married Negro men over 20 years of age are unemployed; that among Americans now in the upper twenties, Negroes have completed almost as many years of schooling as the whites. This is good news. That is both good and for many people news indeed.

Are you aware of the article?

Mr. SYLVESTER. Yes, sir; I have read the Fortune series on that.

Mr. FLOOD. This is certainly news to me. I have been for every civil rights bill here since the War Between the States. This article certainly jabbed me off balance. First of all, what about it? I do not know anything about the validity of the figures, but that is startling information, if true.

Mr. SYLVESTER. I think if you balance that off with the recent announcement by the BLS that unemployment among Negro youth in the ghetto runs about three times the unemployment rate of white youth——

Mr. FLOOD. I am sure that is true. But that is not responsive to that statement.

Mr. SYLVESTER. What I would like to be able to furnish is what percentage of white families earn over $7,000 a year, what percentage of married white men over 20 are unemployed, and what is the relative schooling of these groups. In that way we would get a comparison

that would again, I believe, support the point that I make that relatively speaking the gap is widening.

Mr. FLOOD. In this case, Mr. Sylvester, I am not talking about a gap or a widening of the gap. That is something else. You addressed yourself to that just a few minutes ago. I am now talking about something else—the condition existing, if those statistics and statements are true, which, as that editorial writer says, is certainly good, but it is also certainly news, period.

What I cannot understand is why somebody—I do not know whose job it is—has not presented to the American people these very interesting and very good facts. I have been around here a long time. My guess would not have come anywhere near those statistics for the Negro people of the United States.

Mr. SYLVESTER. I am sure these figures are from the report that the President did release several months ago regarding the absolute improvement of the status of Negro Americans.

Mr. FLOOD. You mean the Fortune magazine article drew from that report?

Mr. SYLVESTER. No, sir; I am suggesting that the statistics came from the report that the President released——

Mr. BURKE. I am Mr. Chapin's assistant. I think the title of that publication was "The Social and Economic Condition of the Negro in the United States—October 1967."

Mr. FLOOD. The President's report?

Mr. BURKE. Yes, that is right.

Mr. FLOOD. All you gave us was the title of the report. That does not help much.

Mr. SYLVESTER. My suggestion was that the report did in fact do what you suggested ought to be done about releasing statistics about the current condition of Negro Americans.

Mr. FLOOD. If you wish to do so, please feel free to present the contrasting figures with reference to the whites?

Mr. SYLVESTER. Yes, sir.

(The information follows:)

The following is from the Bureau of Labor Statistics (Report No. 332) "Social and Economic Conditions of Negroes in the United States," October 1967.

Family income, 1966

1. Negro family income was about 58 percent of white family income.
2. Twenty-eight percent of nonwhite families, mostly Negro, earned $7,000 or more as compared with 55 percent of white families.
3. Fifty-five percent of all Negro families had more than one earner compared to 50 percent of all white families. Although family income rises with the number of earners, Negro families with multiple earners averaged less income than white families with one earner, e.g., Negro families with three or more earners had a median income of $6,583 against a median of $7,722 for white families with one earner.

UNEMPLOYMENT RATES FOR MARRIED MEN

[20 years and older]

	Nonwhite	White
1966	3.6	1.7
1967 (1st 9 months) [1]	3.4	1.6

[1] Average, not seasonally adjusted.

Education

By 1966 nonwhite males had a median of 12.1 years of schooling as compared to 12.6 years of whites; and 53 percent nonwhites had completed 4 years of high school as compared to 73 percent whites.

By 1965 about 7 percent of all Negroes 25 to 34 years old had completed college compared to about 14 percent of whites in this age group.

STRUCTURAL IMPEDIMENTS TO EQUAL OPPORTUNITY

Mr. FLOOD. What do you mean by this statement on page 14, "Overt discrimination is rapidly declining but many structural impediments to equal opportunity remain"?

Here we go again with this gobbledegook, a beautiful phrase. Could you give us some specific examples of these structural impediments? I would expect that from MIT, but not from you. What is a structural impediment?

Mr. SYLVESTER. There are many, sir.

Mr. FLOOD. What is a structural impediment? I am a lawyer. If this were a lawsuit because somebody fell off a building, I would know what a structural impediment was. But what does it mean in this case?

Mr. SYLVESTER. Probably the most important single example is that of seniority arrangements and seniority systems that were installed and provided at a time when there was discriminatory placement of the workers. Now the people who have longtime service find, as a result of the operation of that system, they are not able to move about and gain access to greater job opportunities or frequently to do so have to take a pay cut.

That is what I would call a structural impediment. It is not that any single individual is committing an act of discrimination, but the system itself is.

PLANS FOR PROGRESS

Mr. FLOOD. What has the program, "Plans for progress," accomplished during the past year?

Mr. SYLVESTER. The program has continued pretty much along the same lines with a significant increase in the number of participating companies. We are up 70 companies from last year.

Mr. FLOOD. The justifications described adequately what you mean by plans for progress. I want you to tell us about the significance of the 70 additional companies.

Mr. SYLVESTER. The plans for progress companies pledge to voluntarily comply with the requirements of the Executive order. They include most of the large employers in the country. They have recently brought into the program a large number of banking institutions and white collar institutions where the equal employment opportunity picture is limited.

Mr. FLOOD. In your justifications in attachment A, you list the companies under the title plans for progress companies.

Mr. SYLVESTER. Yes, sir, they are listed.

Mr. FLOOD. Are the 70 newcomers listed in this?

Mr. SYLVESTER. There are probably several additional companies. This list, I think was as of January 18. They are adding some every week or so. Yes, January 1968.

Mr. FLOOD. How do you persuade these newcomers to join the program?

Mr. SYLVESTER. The member companies themselves persuade other companies to join through their annual conference, through direct contacts, through the local merit councils, through the promotional activity of the plans for progress.

CIVIL RIGHTS COMPLIANCE

Mr. FLOOD. Now for civil rights compliance under title VI you are requesting an increase of $781,000 and 52 jobs. This would almost triple your present staff.

Imagine a tripled budget coming up here with the appropriation situation being what you know it is in 1968. Most people are tiptoeing here to hold what they had last year. You want three times the staff. Why? Are things really that tough?

Mr. CHAPIN. Mr. Chairman, title VI of the Civil Rights Act is that section which deals with the programs financed by the Federal Government and such federally financed programs by and large, as I said earlier, work through the more than 2,000 State employment service local offices. We have reviewed, Mr. Chairman, about 6 percent of all manpower programs, and we have found in the reviews that more than 80 percent of those programs, unfortunately today, show discriminatory patterns of referrals—to employers or acceptance of discriminatory job orders. We have found today in 1968, segregated water fountains in some parts of the United States We have found segregated facilities being used in some parts of the United States, not by the employment service as a part of its official offices, but in itinerant stations where they are in courthouses and other facilities which the employment services use for outreach stations.

We have found that counseling of Negroes, Mexican-Americans, Indians, was practiced in a discriminatory matter.

Mr. FLOOD. How could that happen?

Mr. CHAPIN. Here is how it happens. We still have in some regions of the United States a majority of young people attending high schools which are all Negro or all white. The employment service has a volunteer program to counsel young people who are not going on to college.

In some of the areas of the country white youngsters get this counseling and testing to help them obtain suitable employment. Negro youngsters, Puerto Rican youngsters, and some Indian youngsters do not get that kind of service. This is what we are talking about. The need for the increase is based on what we have found in 6 percent of the programs. I might say, Mr. Chairman, that the average complaint we receive must wait about 45 days before we are able to investigate it.

Mr. FLOOD. What is the source of your complaints?

Mr. CHAPIN. Complaints are filed by individuals and organizations.

Mr. FLOOD. Where are they filed?

Mr. CHAPIN. With the Secretary of Labor.

Mr. FLOOD. Is that the best place to file them?

Mr. CHAPIN. The statute provides that the Secretary of Labor should receive such complaints. We have posters in local employment service offices to show that if a person believes he has been discriminated against in any of the services rendered by a State employment

service the individual may file such a complaint with the Secretary of Labor.

Mr. FLOOD. How many complaints do you find are not justified? How many are from misinformed people and from people who fabricate a story just to cause trouble? You always get both.

Mr. CHAPIN. We have found some complaints not justified. However, even in those cases where the complaint was not justified, a compliance review of that office revealed discriminatory practices in most cases tended to justify the attitudes that prevailed in the minority community concerning that local office. This also holds true in our programs under the Bureau of Apprenticeship and Training. It holds true for some of our other programs having to do with Neighborhood Youth Corps and other manpower programs.

Mr. FLOOD. Is that the reason for the tripling of your staff?

Mr. CHAPIN. Last year was the first time we really received a staff at all, and that was a very small staff. We did not, at that time, have any knowledge or conception that the job would be such an immense one. Many of us thought as a result of the Congress having enacted legislation over a period of many years, and the States having done likewise since 1941, that there would be a very minimal influx of complaints and a minimal number of changes needed in the systems.

Unfortunately, Mr. Chairman, we found that was not the case.

Mr. FLOOD. Would you show in the record the spread between these conditions you encountered and what you expected? We must see something other than just your general statement. We look at figures. This is a money crowd here. You say you expected something and instead of getting what you expected you got something else. We want that in figures.

Mr. CHAPIN. I would be glad to supply it.

(The information follows:)

For many years before the passage of title VI of the Civil Rights Act the Department of Labor has had a basic policy formalized through regulations and standards designed to provide services on a basis which was free from racial discrimination. This policy has been followed by the United States Employment Service and its affiliated State Employment Security Agencies through the regulations and procedures of the Bureau of Employment Security. For example, 20 CFR, part 604.1 requires that all applicants at the employment service offices are to be provided service solely on the basis of qualifications. Section 604.8 emphasizes that minority persons be given employment opportunity on the basis of their skills, abilities, and job qualifications. In addition, although employees of recipients are not generally protected by title VI of the Civil Rights Act of 1964, the Department of Labor and other Federal agencies concerned revised the Federal Merit System Standards, to which State agencies subscribe as follows:

"Discrimination against any person in recruitment, examinaton, appointment, training, promotion, retention, or any other personnel action, because of political or religious opiions or affiliation or because of race, national origin, or other nonmerit factors will be prohibited."

With this background of a long history within the Department of Labor providing a policy of nondiscrimination, it was originally anticipated that the functions of this office would be to seek out and correct the overt violations of departmental policies and title VI of the Civil Rights Act and that such type of violations, although serious, would not be so prevelant as to require a large organization.

However, the nature of the activity has been found to be much more complex and involve substantially greater manpower than originally anticipated. Part of the reason is that the Department for may years did not have the funds or machinery to adequately monitor the State and other non-Federal agencies administering programs which were subject to the nondiscrimination policy regulations and standards. Another factor which has been developed during the

past 2 years investigations is that the nature of the activities which result in the failure to provide equal opportunity to all applicants concerns more than direct discrimination because of race, color, or national origin. In many instances, the inadequate service comes about because of the failure to provide expanded opportunity to applicants which would enable them to develop their human resources and break the cycle of low paying, deadend employment.

This type of compliance activity requires extensive analysis of the agency operation in order to assist in correcting these deficiencies and improve the programs. The magnitude of this effort and consequently the need for additional resource and expansion of staff can best be understood by an examination of the expanded Department of Labor manpower program for the current year.

It is projected that the Department of Labor will have in excess of 10,000 separately funded programs for 1968, all of which are subject to title VI of the Civil Rights Act of 1964, as well as the Department's own equal opportunity policies. These programs will directly affect over 10 million persons who will utilize various local State employment service offices, and an additional 1,500,000 trainees who will be involved in Department of Labor contractual programs. Such programs include the Neighborhood Youth Corps, Operation Mainstream, Special Impact Programs, Work Incentive Programs, and the Concentrated Employment Program.

CORRECTION OF DISCRIMINATORY PRACTICES

Mr. FLOOD. On page 26 you say "Three-fourths of all reviews to date of equal opportunity procedures and manpower programs reveal discriminatory practices."

Is disciplinary action taken when Federal or State employees are at fault?

Mr. CHAPIN. We have not attempted, Mr. Chairman, to take disciplinary action.

Mr. FLOOD. Why? What is the matter with disciplinary action?

Mr. CHAPIN. Disciplinary action would mean withdrawal of funds from the States on action based on title VI violations. What we have attempted to do, as indicated by the legislative act is to use all voluntary efforts to change the system and the practices so that they would reflect real changes toward the acceptance of persons without regard to race, creed, or color. I might say to you, Mr. Chairman, we have been successful in meeting with State administrators to change the practices in many of our State programs, which has led to the kind of success and the reduction of problems that have existed. As an example, a year ago in a certain region of the country there were no Negroes employed in our funded programs where the population is better than 30 percent nonwhite.

I am happy to say to you, sir, as a result of our activities, despite the small staff we have had, we have been able to increase Negro and Mexican-American participation in employment. If I use the figure there would be a 100-percent increase in many cases because previously there had been none. In some cases there was a 300- or 400-percent increase and in one case 600 percent. This is the kind of action that by training, recruitment, and know-how we have been able to accomplish. The reason for the increase is that by assisting the States, the program directors, and contractors we can change the attitudes and practices which we have found. We have also found most of the States saying, "Help us; we need your help."

Mr. FLOOD. The carrot works better than the stick, at least for the time being.

Mr. CHAPIN. I believe so far it has worked better than the stick.

LEGAL SERVICES

Mr. FLOOD. You are asking for six attorney positions. We had the Solicitor for the entire Department up here yesterday. He very seldom asks for more lawyers. Why, I don't know. I think he should have more. He is the Solicitor for the whole Department. You want six for your shop.

Why in the world is not your legal work in the Solicitor's office? Why don't you make him ask for them? That is the Solicitor's job.

Mr. SYLVESTER. The legal services provided to our office come out of our positions and our funds.

The requested increase is really to assist in the implementation of the sex discrimination amendment and to bolster the legal services in the compliance activity. We find that as these compliance problems get more difficult and complicated we have to have more legal service, particularly in the matter of the resolution of seniority questions and in the case of sex discrimination, there are a number of State and local laws dealing with the employment of women. We will require additional legal service. It is in this budget so that the committee can, in fact, see all that is being spent insofar as this program is concerned.

These people will be in the Solicitor's office and work under his general direction.

Mr. FLOOD. They will be.

Mr. SYLVESTER. Yes, sir.

STATUS OF LITIGATION

Mr. FLOOD. I am surprised to see on page 29 that there has been no litigation at all under this program. Does that mean you have not found a really serious violation?

Mr. CHAPIN. We have had no litigation to date.

Mr. FLOOD. I know; it says so. Why not?

Have you not found any really serious violations that call for litigation?

Mr. CHAPIN. We have found a number of serious violations, as I indicated earlier, sir. However, we have been successful in having these violations adjusted and concluded with the States agreeing to make the necessary changes without going the litigation route.

Mr. FLOOD. That is good.

Mr. CHAPIN. I would like to read to you, sir, for the record, a letter which I received from Mr. Marion Williams, who was the Employment Security Agency director of the Georgia Department of Labor. He writes in his letter:

> For your information we are attaching a report of the progress made in correcting weaknesses which exist in the Columbus office, as discussed by my representative with yours on December 13. Included as a part of the report are pertinent releases from the offices in regard to civil rights activities.

These are the kind of changes that are taking place. We make these recommendations with the assistance and counsel of the Solicitor's

office. Where the States agree to them there is obviously no need to request or secure court action. In addition, we follow up—and this is why the increase is needed—we do not have the staff to follow up to make sure the corrections and compliance actions taking place in one office are actually the same kind of enforcement that is taking place in all offices.

RESULTS OF COMPLIANCE EFFORTS

Mr. SHRIVER. On page 2, Mr. Sylvester, you stated at the bottom of that page:

> This principle has taken hold within the contracting agencies and among Federal contractors, and the results in providing equal employment opportunity are impressive.

What are some of those results upon which you base that statement?

Mr. SYLVESTER. I can cite a number of examples.

Mr. SHRIVER. Maybe you should put them in the record but give us one or two.

Mr. SYLVESTER. I cite the case of a bag manufacturing company—which happened to be in this instance in the South—in which a Negro woman complained that she had been fird because she complained about discrimination. She formally complained to us. After an investigation of the complaint finding, that she in fact had been fired for that reason, we were able to conciliate and negotiate with the employer to the point where she was rehired, given back pay and vacation pay of $600, and out of that flowed the opening up of the full range of opportunities throughout the plant.

We also found that the Negro women were confined to the hardest jobs and had no access to some of the easier jobs and were operating on piecework. So the result of our effort was a substantial improvement in the lot of the women who worked in that plant.

Mr. SHRIVER. Place some similar ones in the record. This is a good statement, but it needs clarification.

Mr. SYLVESTER. I can furnish a number of examples.

(The information follows:)

EXAMPLES OF RESULTS

1. A cooperative compress in the Southwest

As a result of a complaint by union officials, a large cotton compress company entered into an agreement with the Office of Federal Contract Compliance and the Department of Agriculture which led to the elimination of widespread discriminatory employment practices involving Mexican-American employees. The agreement has resulted in the upgrading and transfer of 85 of these minority employees to higher paying jobs and the promotion of six to salaried supervisory positions out of a total production work force of up to 500 and a supervisory work force of 30.

2. A bag manufacturer in Louisiana

A compliance review conducted at a contractor facility in New Orleans employing nearly 200 persons resulted in the immediate desegregation of restroom and locker facilities and led to the employment of 24 Negroes in high-paid skilled occupations, a number of whom were assigned to a department in which Negroes had never previously been employed.

3. A grain storage corporation in Mississippi

The Office of Federal Contract Compliance secured an agreement from the contractor to offer reinstatement and backpay of $3,000 to three Negro employees discriminately discharged, and effected significant changes in hiring and promotion practices which afforded opportunities to a significant number of Negroes to enter into job categories previously denied them.

4. A heavy equipment manufacturer

A compliance review of the large contractor's facilities in Chicago, Ill., and Bessemer, Ala., disclosed that 90 percent of the minority work force were employed in lowest paying job categories regardless of seniority. As a result of a showdown conference with company officials, the company agreed to eliminate discriminatory placement and job assignments. A program of training and upgrading was initiated and in less than 1 year resulted in the placement of over 200 minority employees in 34 previously all-white job categories, including supervisory positions.

5. Crown Zellerbach Corp., Bogalusa, La.

An investigation of a large pulp and paper mill in Louisiana disclosed segregated progression lines and departments which effectively impeded minority employees from entering into higher paying jobs. The company employed about 400 Negroes of 2,700 total. As a condition of compliance with the Executive order, the company agreed to revise its personnel practices and the seniority system so that length of service would be a determining factor for advancement. The revised seniority provisions are now in effect and minority employees will gain substantially from these changes. The company also agreed to backpay for employees discriminatorily bypassed for promotions.

6. A fiberboard manufacturer

As a result of compliance efforts by the Office of Federal Contract Compliance, a large contractor in the South now allows minority employees to use total length of service to fill vacancies for higher paying jobs at the plant. As a result, Negro employment in the top 602 jobs went from 36 to over 400 and for the first time Negroes have opportunities for advancement consistent with their length of service.

7. A merchantile credit corporation, New York

The corporation with over 100 offices throughout the United States was found to have practically no minority employees in professional or administrative jobs. As a result of a show-cause conference with the Office of Federal Contract Compliance, the company agreed to take significant affirmative action to recruit minority employees. The company initially took on 38 such employees and continues to recruit a substantial number of minority employees in all white collar job categories. After 1 year, the company increased its minority employment by over 100. As of August 1967, a total of 485 minority persons were employed by the firm.

FEDERAL PROGRAMS

Mr. SHRIVER. I notice in Mr. Chapin's statement you were referring to State employment security agencies and the various problems that still remain. There is quite a list of problems. What about Federal employment? Does your Office find the same kind of things exist in the Federal Government as you referred to in the State offices of employment?

Mr. CHAPIN. We have not reviewed Federal employment, but we do raise questions with various departments as to what their practices are. We have not found in the Federal system anything that equals what we have found in the State systems.

Mr. SHRIVER. I note following that list about which we are talking, you say: "In the apprenticeship programs there are still patterns of discrimination practiced in some crafts, and in some localities." What, specifically, are you referring to?

Mr. CHAPIN. Where we have made reviews, we have found that methods used by some craft unions and joint apprenticeship committees, are discriminatory against Mexican Americans, American Indians, Negroes, and Puerto Ricans.

Mr. SHRIVER. What crafts, for instance?

Mr. CHAPIN. They are not the crafts universally. This is not an indictment of all the crafts, it is really the local apprenticeship committees in certain localities discriminating in one way or another; such as the ironworkers in one area, and the electrical workers in other areas. This is only an illustration of what we are talking about, but it is not universally true that all joint apprenticeship and training committees discriminate. We have found local joint apprenticeship committees using methods which tend to restrict the minorities in their programs.

Mr. SHRIVER. Is it widespread or is it just localized in a few localities?

Mr. CHAPIN. It is hard to say that it is widespread because we have not had the staff to review very many of the programs. We have reviewed very few programs.

Mr. SHRIVER. The next statement you make is: "Nonwhites do not often have equal access to information on current or future apprenticeship programs." Why is that?

Mr. CHAPIN. It had been previously the practice of joint apprenticeship committees not to publicly announce the opportunities to indenture young people into the apprenticeship programs. As a result of the Department's efforts in this direction, apprenticeship information centers have been established through the local employment service. There are some 36 centers in the United States. These centers are now distributing information, which tells how to enter an apprenticeship program, what the requirements are, and what one must do if he desires to enter into different crafts through the apprenticeship route.

Mr. SHRIVER. How would the person actually get the information? Would he have to go to the center in the 36 cities in the country? Is there any information other than that?

Mr. CHAPIN. Many of the unions now, through the AFL–CIO's civil rights department, are attempting to release this information through their labor organizations and are making a distribution through their State councils and other such organizations. The Department of Labor, through a contract with the Workers Defense League, the Urban League, and the joint apprenticeship and training committees are doing the same thing.

Mr. SHRIVER. When a contract involves some Federal participation, your Office does get the word to the people that might want to take part in such a program?

Mr. CHAPIN. That is correct.
Mr. SHRIVER. That is what your are doing?
Mr. CHAPIN. That is exactly right.
Mr. SHRIVER. And that is all over the country?
Mr. CHAPIN. All over the country; that is right.
Mr. SHRIVER. This is quite an improvement; is it not?
Mr. CHAPIN. We can show figures which show the entrance of nonwhites into the apprenticeship programs throughout the country and the variety of crafts involved.
Mr. SHRIVER. Because they now know about it?
Mr. CHAPIN. Because they now know, and they are receiving training in this direction.
Mr. SHRIVER. I think that is all. Thank you, Mr. Chapin. Thank you, Mr. Chairman.

NON-NEGRO MINORITY GROUPS

Mr. SMITH. Mr. Sylvester, last year I asked you this question: "Do you think there has been a tendency in getting this program underway to look almost exclusively at Negro minority problems rather than to include the problems of Mexican Americans and oriental Americans?" You answered that that had been a problem in the past but, "I think we are well on the way to correcting it now." What can you tell us about what you have done in the past year to correct this?
Mr. SYLVESTER. I am satisfied that at this point the program operates, with one exception which I will mention, as effectively for Mexican Americans and Puerto Ricans as for any other minority.
We have special attention being focused on the Southwest and some of the examples I will include in the record will include compliance activity with employers evolving the problems of Mexican Americans.
The single problem that has not yet been completely solved is the not having enough Spanish-speaking compliance officers active in the field so that we are sure that problems are being effectively communicated. We have instructed the contracting agencies to give particular attention to this point of language competency of their compliance officers and we do expect, in line with the new rules and regulations that have just been promulgated for comment, to actually require that the agencies have a certain percentage of their personnel capable of handling Spanish.

ADMINISTRATIVE DETERMINATION OF DISCRIMINATION

Mr. SMITH. Will you tell me exactly how this is supposed to work, how your field people are supposed to administer this program? Suppose, for example, they go into an area where a Federal building is being built. Suppose there is in the area about a 3-percent Negro population, about 2 percent Mexican-Americans and 1 percent other nonwhites, and they find that in the unions that are building this building, the hodcarriers have 70 percent Negroes and the electricians have one Negro out of 300. Let us use that as an example. How are they supposed to proceed in such a case?

Mr. SYLVESTER. The Executive order requires that the contractor take affirmative action to insure equality of opportunity. The affirmative action proposal of the contractor is subjected to a judgment by the compliance officer. Included in that judgment are the general socio-economic conditions of the area in which the project takes place. If it is in an area in which it would be expected that minorities, one kind or another, ought have access, then, of course, the compliance officer would press for their inclusion. If, in fact, it was an area where there was relatively little or no expectation, of course, that factor is taken into account. You cannot make a hard statistical approach here. We really prefer that the contractor determine himself what affirmative actions he can take in the matter of equal opportunity. There is a wide range of things, not only in recruiting but in getting apprenticeship programs, the matter of upgrading, the matter of contractors' subcontractors, and his own staff. There is a wide range of actions. The affirmative action program of the contractor is really judged in toto. Any statistical analysis is really just a tool in assisting him to do this.

Mr. SMITH. In requiring him to take affirmative action, is it true in some cases they have said "Now, we will judge whether or not you have taken proper action by whether or not you have within a stated period of time a certain percentage of one race or color"?

Mr. SYLVESTER. No, sir. It is not the policy of our office, and I am unaware of any serious problems with that policy.

Mr. SMITH. What kind of criteria do you use to determine whether or not the contractors are actually taking affirmative action?

Mr. SYLVESTER. As I say, that has to be a judgment by the individual compliance officer, and a part of that does not include any quota or pattern or anything of that sort.

Mr. SMITH. What are some of the criteria they use?

Mr. SYLVESTER. Whether or not the contractor is recruiting in the area where there are minorities——

Mr. SMITH. Usually he will have a hiring hall contract. He calls the union and says "Send me x number of men." That is the usual pattern. Now, what is he supposed to do in that situation?

Mr. SYLVESTER. If a contractor's hiring hall arrangements, or his collective bargaining arrangements or anything else, operate in such a way that he cannot provide equal employment opportunity, then we feel he has to find a way to get around that.

Mr. SMITH. How do you determine that? In other words, he has to do something other than call and ask for men; is that it?

Mr. SYLVESTER. Yes, sir.

Mr. SMITH. What else must he do?

Mr. SYLVESTER. He could go and find qualified people and take them to the union hall and say "These are the people I want to hire and I want you to put them in the union."

Mr. SMITH. How do you determine whether or not there is discrimination on that job? You say you do not use statistics?

Mr. SYLVESTER. No. I say statistics are just one tool. The Executive order goes a little further than just a passive nondiscrimination effort.

It really requires that the contractor do something beyond simply not discriminating. He has to take some affirmative action to insure that there is, in fact, equal opportunity. Whether or not there is a specific instance of discrimination is rarely a factor in the determination of whether or not the contractor's affirmative action proposals are acceptable.

Mr. SMITH. If they find that one of the unions is predominantly nonwhite, as I have mentioned, and another is predominantly white, do you expect them to take the same affirmative action against both unions or with regard to both employment situations?

Mr. SYLVESTER. If the hiring hall, for whatever reason, cannot provide that contractor with equal employment opportunity, then we feel he has to find a way to get around that situation. Whether it is to take people to the hiring hall and say "These are the people I want, hire them," or whether he has to take some other action. We do not accept the contractor's limitations with his hiring hall arrangements as an excuse for not providing equal opportunity.

NONWHITE UNIONS

Mr. SMITH. Do you proceed the same with regard to the contractor's responsibility, though, when he is dealing with a union that is predominantly nonwhite? Does he have to deal the same with that situation as with one where he is dealing with one that is almost all white?

Mr. SYLVESTER. Yes.

Mr. SMITH. Now, does the contractor have the same responsibility in dealing with that predominantly nonwhite union to get some whites into it as he has in dealing with the other craft unions to get some nonwhites into them?

Mr. SYLVESTER. His responsibilities would be the same. In all candor, we have had no problem or complaints from white applicants or employees who felt they had been discriminated against or were being denied equal opportunity.

Mr. SMITH. You have not had any complaints?

Mr. SYLVESTER. None at all.

Mr. SMITH. That is amazing to me because that is one of the complaints we hear. White people without skills complain because they cannot get into predominantly nonwhite unions that pay much better than common labor generally receives. You have not gotten any complaints?

Mr. SYLVESTER. We have never had that problem but it is certainly within the framework of the Executive order.

Mr. SMITH. Have you looked for complainants there to the extent that you have for complainants as to the other unions?

Mr. SYLVESTER. We do not actually seek complainants. But if your question is whether or not we have in fact looked at that area of possible discrimination, then we have not. But it is within the framework of the Executive order.

SEX DISCRIMINATION AMENDMENT

Mr. SMITH. Now, you are going to have a new Executive order as of October prohibiting discrimination on the basis of sex. Where a federally financed building is being built and there are no women working in any of the crafts, are you going to proceed to tell the employer he has to find some women?

Mr. SYLVESTER. We have not yet fully developed how we would intend to approach implementation of the sex discrimination amendment, except to take into account the complaints that we contemplate. Now, how we would try to implement the affirmative action requirements of the Executive order, we have yet to pull together the available knowledge in the relevant Federal agencies to determine a policy. Our budget request here is based primarily upon the expectation of complaints of sex discrimination.

Mr. SMITH. Under the Executive order they would have the same responsibility to take women into apprenticeship as they would anybody else, wouldn't they?

Mr. SYLVESTER. On the surface it seems that that is so, but I am just not sufficiently acquainted with all the implications of the sex discrimination amendment at this point, to say that that would be a pragmatic program.

Mr. SMITH. When are you going to know that? The program starts in October. It seems to me you ought to have your thinking pretty well jelled by now.

Mr. SYLVESTER. We do have a task force now looking into it, trying to help develop it. Of course, if we get the needed positions here I am sure we would be in a position to enunciate an effective policy and program in advance of that October date.

Mr. SMITH. Certainly, your statements concerning the need for the program, and so forth, indicate that you think that there is a need for as great an activity and as strong a policy, with regard to prohibiting discrimination against women in some unions as there is to any other discrimination.

Mr. SYLVESTER. I think the statistics in terms of just how women are fitting into the socioeconomic situation, leave no doubt but that the discrimination on the basis of sex is a considerable problem, and I think the experience of the Commission has clearly demonstrated that.

Mr. SMITH. But you don't know at this time just how vigorous you are going to be in making the employers try to get some women recruited into craft unions?

Mr. SYLVESTER. We just haven't developed a program.

Mr. SMITH. That is all.

Mr. FLOOD. Thank you.

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate	$1,103,000	$2,218,000 1/
Amount reserved under H. J. Res. 888 (P.L. 90-218)	- 26,000	---
Amount of reserve applied to increased pay costs	26,000	---
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increases (P.L. 90-206 effective October 8, 1967)	3,000	---
Appropriation or estimate, revised	1,106,000	2,218,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation Revised, 1968 Pos.	Amount	Estimate, 1969 Pos.	Amount	1969 Change Pos.	Amount
1. Office of the Director of Federal Contract Compliance	29	$ 463,000	47	$ 750,000	+18	+$ 287,000
2. Plans for Progress	12	188,000	12	232,000	---	+ 44,000
3. Civil Rights Compliance (Title VI)	28	455,000	80	1,236,000	+52	+ 781,000
Total obligations	69	$1,106,000	139	$2,218,000	+70	+$1,112,000

1/ Includes $762,000 to be derived from the Employment Security Administration account, Unemployment Trust Fund.

OBLIGATIONS BY OBJECT

	Appropriation Revised, 1968	Estimate, 1969	1969 Change
Total number of permanent positions	69	139	+70
Positions other than permanent	1	3	+ 2
Average number of all employees	64	132	+68
11 Personnel compensation	$ 794,578	$1,531,448	+$ 736,870
12 Personnel benefits	57,278	112,108	+ 54,830
21 Travel and transportation of persons	106,100	229,300	+ 123,200
22 Transportation of things	2,200	5,200	+ 3,000
23 Rent, communications, and utilities	58,744	118,644	+ 59,900
24 Printing and reproduction	30,300	59,100	+ 28,800
25 Other services	35,100	96,200	+ 61,100
26 Supplies and materials	17,700	33,600	+ 15,900
31 Equipment	4,000	32,400	+ 28,400
Total obligations	1,106,000	2,218,000	+ 1,112,000
Working Capital Fund items included above	(59,800)	(124,000)	(+64,200)

SUMMARY OF CHANGES

	Direct Appropriation		Trust Fund		Total Available	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
1968 Enacted Appropriation	69	$1,103,000	--	---	69	$1,103,000
Amount reserved under H. J. Res. 888 (P.L. 90-218)	--	- 26,000	--	---	--	- 26,000
Amount of reserve applied to increased pay costs	--	26,000	--	---	--	26,000
Proposed transfer from "Office of Manpower Administrator, Salaries and Expenses" for pay increases (P.L. 90-206 effective October 8, 1967)	--	3,000	--	---	--	3,000
1968 Appropriation, revised	69	1,106,000	--	---	69	1,106,000
1969 Estimate	87	1,456,000	52	$762,000	139	2,218,000
Total Change	+18	+350,000	+52	+762,000	+70	+1,112,000

Mandatory Items: (Page OFCC-9)

Increases:		
Net additional pay increase costs not completely funded in 1968	--	+ 30,200
Net additional cost of within-grade promotions effective for part year in 1968	--	+ 5,400
Net cost of within-grade promotions becoming effective in 1969	--	+ 7,200
To provide for one extra day of pay in 1969 for current year staff	--	+ 3,000
Sub-total, Increases	--	+ 45,800
Decreases:		
Decrease in Federal Telecommunications costs	--	- 1,900
Total, Mandatory Items	--	+ 43,900

Financing Items:

To provide for proper cost of centralized services purchased from the Working Capital Fund	--	- 1,200

Program Items:

Increases:

To provide for increased compliance, negotiating and conciliating functions in the Office of Federal Contract Compliance ($97,300 personal services; $16,800 non-labor costs) (page OFCC-14)	+ 7	+ 114,100
To provide resources in the Office of the Director of Federal Contract Compliance to effectuate the provisions of Executive Order No. 11375, approved October 13, 1967, amending Executive Order 11246 (Equal Employment Opportunity) to expressly embrace discrimination on account of sex ($135,600 personal services; $20,300 non-labor costs) (page OFCC-14)	+11	+ 155,900
To provide additional resources to more effectively carry out on-going Plans for Progress programs (promotion and implementation of equal employment opportunity by private, industrial and commercial corporations) ($15,500 personal services; $14,700 non-labor costs) (page OFCC-20)	--	+ 30,200
To provide for increased personnel compensation in the Plans for Progress Program by adjustment of lapse rate based on average employment experience (page OFCC-20)	--	+ 8,100
To provide for adequate coverage of on-site compliance reviews and complaint investigations under Title VI of the Civil Rights Act of 1964 (Public Law 88-352) ($490,600 personal services; $271,400 non-labor costs) (page OFCC-26)	+52	+ 762,000
Sub-total, Increases	+70	+ 1,070,300

Decreases:

Non-recurring equipment costs for new positions in 1968 (page OFCC-14)	--	- 1,000
Total, Program Items	+70	+1,069,300
Total Change	+70	+1,112,000

Activity 1. OFFICE OF THE DIRECTOR OF FEDERAL CONTRACT COMPLIANCE (1968, $463,000, Pos. 29; 1969, $750,000, Pos. 47)

Narrative Description of Program

The Office of Federal Contract Compliance administers a Government-wide enforcement program authorized by Executive Order 11246 which requires equal employment opportunity of Government contractors and subcontractors. The program 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. The systematic review of contractors' employment policies and practices to ensure compliance and to assist and guide contractors as appropriate;

c. Servicing complaints of noncompliance;

d. Ensuring that Government policies and practices are objective and consistent among contracting agencies and contractors;

e. Coordinating with other interested Federal agencies to minimize duplication and maintain the optimum uniformity; and

f. Consulting with the labor movement, the business community, community and civil rights groups, and other parties regarding programs and policies.

During the past two years, the Contract Compliance activity throughout the Government has moved from an essentially voluntary and educational program to one of enforcing Government contracts on a broad scale. The emphasis has been placed on the resolution of equal employment opportunity problems or assurances of compliance before contracts are awarded.

It is clear that there is need for more Federal activity in employment discrimination problems. The primary focus in the past has been on hiring; however, upgrading of employees has become a greater problem. It should be noted that under-employment is a significant factor in the cause of unrest in urban centers. There is also a bonus in upgrading employees since lower vacated skilled jobs then become available to those with limited skills and/or work experience. Although progress is being made in increasing opportunities for American minorities, the opportunity gap, relative to whites, is still widening.

The President recently amended Executive Order 11246 to add discrimination because of sex. The amendment becomes effective in October 1968. It will thereafter be required that complaints of sex discrimination be investigated, conciliated and resolved. Policies and procedure will have to be developed for handling this additional responsibility.

The Office of the Solicitor provides the wide range of essential legal services related to this program. It assists in drafting regulations for publication in the Federal Register and provides legal technical services related to the publication; prepares orders for issuance by the Secretary of Labor and the Director of the Office of Federal Contract Compliance to contracting agencies; assures the legal adequacy of compliance procedures in enforcement manuals, internal directives and pre-award guidelines; reviews compliance case files to determine the appropriateness of the institutions of procedures leading to sanctions.

The Solicitor's Office also provides legal assistance and representation for informal and formal hearings, including the preparation and presentation of the entire Government case and all other legal services necessary to administrative litigation; participates with the Department of Justice in the preparation of the presentation of the Government's case in judicial litigation arising under the program; and 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.

Numerous success stories during Fiscal Year 1967 make clear the effectiveness of this program and undoubtedly signify a multiplier effect that has not yet been measured. An ordinary example is that of a building materials manufacturer, having analyzed the skills of his Negro employees following an informal hearing, promoted in a year's time 275 who had been passed over; or the Negro seamstress in a bag plant who was fired because she properly complained of discrimination and was offered reinstatement and given back pay of $600 including vacation pay; or Contractor's commitments to employ 112 minorities out of a total of 475 highly paid building tradesmen in Northeast Ohio. These kinds of successes also extend to the problems of Mexican-Americans of the Southwest.

In 1967, coverage of the Executive Order expanded very significantly, almost doubling, as a result of broader interpretations of the Rules and Regulations and more systematic identification of contractors by the contracting agencies.

Non-Construction Program. The re-orientation of the entire program to pre-award compliance on a broad scale demands greater review of contracting agency activity as well as increases the number of contractors and facilities requiring review. Addi- - tionally, since 1967, the number of non-construction facilities subject to the Order has increased from 105,600 to 170,000, and the number of contractors identified has increased from 15,000 to 57,000

In 1968, new policies and procedures will be implemented to meet the growing demands on the Office of Federal Contract Compliance to effectively monitor agency programs and compliance reviews to ensure fair and equal treatment of employees and employers alike.

This Office also coordinates programs with the Equal Employment Opportunity Commission to provide a unified and consistent Government approach to certain industrial or regional problems. Typical of this kind of activity is one now underway in the textile industry of North and South Carolina which employs about 383,000, including less than 8% Negroes. Although total employment is expected to decline slightly, the annual turnover of about 38,000 jobs ought to provide opportunity for employment equality. Negroes comprise 22% of all employed workers in North Carolina, and 39% in South Carolina. Programs of this kind involve penetrating studies of the specific problems, in-depth compliance reviews by one or more contracting agencies, and constant communication and review to ensure that consistency of standards are enforced.

Construction Program. The credibility of Federal efforts in equal employment opportunity, particularly in the urban centers, suffers as much from the limited participation of minorities in the better-paying construction trades as from any other single factor. The problem, which is less a matter of discrimination than lack of affirmative action, can be partially met by more effective and wider compliance in the construction industry.

Closely coordinated multi-agency area-wide compliance activity is essential to produce meaningful results in the construction industry. This is due to the prevalence of the hiring hall referral system and the frequent and irregular changes in contractors' and subcontractors' work forces.

In 1967, successful programs in Cleveland, St. Louis, and San Francisco Bay Area have clearly demonstrated the validity of this technique. In all these areas, there have been substantial increases in minority employment in the better-paying crafts.

In 1968, this approach will be modified by developing programs which include assigning certain area compliance responsibilities to a single agency and then extending these programs to other cities having significant Federally-assisted construction. Every major urban center should have such a program.

Changes for 1969

Mandatory changes amount to (page OFCC-8)	+$ 18,700
Financing changes amount to (page OFCC-8)	-$ 1,200
Program changes amount to	+$269,500
Positions	+18

Proposal. To provide for the continuation of an effective compliance program and for the institution of programs regarding sex discrimination, in accordance with Executive Order 11246.

The Need. Broader interpretation of the rules and regulations and more systematic identification of contractors by contracting agencies places greater demands on the Office of Federal Contract Compliance. The Executive Order was also recently amended by the President to add discrimination because of sex. The amendment becomes effective in October 1968, and thereafter it will be required that complaints of sex discrimination be investigated, conciliated, and resolved.

The Program. As important as significant increases in numerical indicators of workload, is the fact that providing equal employment opportunity is becoming more and more complex. Overt discrimination is rapidly declining, but many structural impediments to equal opportunity remain and are more damaging due to their broader impact. Problems involving seniority, transfer rights, testing and others, for which there is limited precedent and experience, will require substantial staff time to develop equitable solutions. These solutions will have considerable significance and will shape future policy.

New rules and regulations which will further increase the coverage of the Executive Order, as well as provide tighter procedures by contracting agencies, are being issued. Also being developed are new policies to overcome the impediments of structural discrimination, archaic personnel systems, and testing. A prime objective in 1969 will be the successful implementation of these rules and policies which will benefit thousands of minority applicants and employees.

A body of new policies and procedures must also be developed in 1969 to meet the additional responsibilities placed upon this office with the recent sex discrimination amendment to the Executive Order. Inquiries have already been received from women's groups.

It is estimated that in 1969 the workload demands will be up about one-half over 1968, including contractor reporting on 100,000 facilities which will get varying degrees of review and surveillance by contracting agencies. The number of racial complaint investigations is expected to remain at about 375. One reasons for the latter is the effectiveness of compliance reviews which eliminate the cause of complaints and afford broader relief. Although individual complaints of racial discrimination remain relatively low and stable, general group complaints are increasing and will continue to, as knowledge of cur successes gets around.

Base

Positions	Estimated Cost
29	$463,000

Additional Cost

Positions	Man Years	Estimated Cost
18	16.2	$287,000

Basis for the Estimate

Based partly on the experience of the Equal Opportunity Commission, where sex discrimination complaints make up about one-third of the total number of 13,000 complaints received, it is estimated that the demands on the Office of Federal Contract Compliance will increase about one-third due to this added responsibility. Complaints are conservatively estimated to rise almost ten-fold over the present level of racial complaints. Sex discrimination problems require proportionally more legal support than racial discrimination due to the numerous State and local Government and Federal laws dealing with employment of women.

The following table shows significant numerical increases in identified Government-wide workload for 1968 and 1969. These increases alone do not reflect the total additional workload. The greater complexity of problems involved and greater public interest in solutions add considerably to the real total workload.

Federal Contract Compliance	FY 1966 (Actual)	FY 1967 (Actual)	FY 1968 (Estimated)	FY 1969 (Estimated)
Compliance reviews performed (non construction)	9,132	15,000	16,000 (40,000)	22,800 (57,000)
Number of corporate conciliation conferences held	732	1,000	1,050 (1,400)	1,700 (2,300)
Pre-award reviews performed for supply contracts	114	500	675 (900)	1,050 (1,400)
Pre-award conferences performed for construction contracts	501	1,500	2,400 (3,200)	3,150 (4,200)
Construction sites on which regular surveillance performed	(47,647)	(51,000)	21,720 (54,300)	21,720 (54,300)
Number of hearings held by the Office of Federal Contract Compliance	32	50	60 (80)	90 (120)
Number of complaints processed	216	283	375	3,375
Total number of facilities and sites subject to Order	99,367	156,600	219,500	225,000

Note: Figures in parentheses represent totals for complete coverage of workload.

Federal Contract Compliance	FY 1966 (Actual)	FY 1967 (Actual)	FY 1968 (Estimated)	FY 1969 (Estimated)
Significant cases having Office of Federal Contract Compliance involvement which affect development of policies and precedent	-	20	30	120
Legal Services				
Investigation files reviewed and screened	-	30	50	90
Hearings (Includes attorney investigations, preparation for formal and informal hearings)	-	20	25	60
Conciliation conferences (Preparation and participation)	-	6	12	30
Litigation	-	1	2	5

Activity 2. PLANS FOR PROGRESS UNIT (1968, $188,000, Pos. 12; 1969, $232,000, Pos. 12)

Narrative Description of Program

Plans for Progress is a voluntary effort by the leadership of American business and industry to aggressively promote and implement equal employment opportunity. Plans for Progress supplements the Federal program applicable to government contractors.

Presently, 417 major corporations and financial and educational institutions, including companies not involved in government contracting are members of the program (Attachment A). They belong by virture 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 statistics as one means of measuring progress in achieving equal employment and advancement opportunity. (Attachment B.)

The program has a 25-member business advisory council made up of top level executives from member companies (Attachment C); an executive staff of 8 individuals on loan from member companies for one year; and a small administrative support staff of 12 people. 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 program's aims and accomplishments.

In 1967, in addition to sparking the internal action program of its members, the Plans for Progress Unit administered the following continuing programs on a national level:

LOCAL MERIT EMPLOYMENT COUNCILS....A program sponsored by Plans for Progress companies to enlist non-Plans for Progress business and work with local employment groups. There are now 70 groups in cities with population over 50,000 (with minorities over 10%) and 42 cities are targeted for development. This work is done by Plans for Progress company executives, aided by the voluntary staff of eight, provided by member companies.

VOCATIONAL GUIDANCE INSTITUTES....Designed to improve preparation of minority teenagers for jobs in business, by education and motivation of their teachers. Companies spent $325,000 to support 23 Vocational Guidance Institutes around the country.

Seminars were held in 17 cities and were attended by 1,000 high school guidance counselors and administrators who deal with Negro or Mexican-American youth.

TASK FORCE ON YOUTH MOTIVATION....A nationwide program of visits by minority executives of Plans for Progress companies to junior high schools, high schools, and colleges with large minority enrollments to motivate more young people toward business and industrial careers. More than 220 minority-group executives talked with students of 70 predominantly Negro colleges. In the 1966-67 secondary school program the Task Force was supplemented by 500 or so high school graduates now employed in responsible jobs by Plans for Progress companies as "living witnesses" that opportunities exist in business. Campaigns were held in ghetto schools in Brooklyn, Cleveland, Detroit, Atlanta, Richmond, and many other cities.

MANPOWER TRAINING AND DEVELOPMENT SEMINARS....Meetings held in over 25 cities where experts explained in businessmen's terms the manpower development programs of the Departments of Labor, Health Education and Welfare and the Office of Economic Opportunity and how businessmen can take advantage of these programs.

THINGS ARE CHANGING....An advertising campaign to tell minority youth jobs are available. Over $9 million in space, radio and TV countrywide exposure donated so far.

COLLEGE RELATIONS CONFERENCE....Plans for Progress sponsored annual conferences between industry recruiters and administrative officials of predominantly Negro colleges to inform each group as to the needs and capabilities of the other. A total of 488 participants, representing 177 companies and 69 colleges, attended.

SUMMER EMPLOYMENT PROGRAM....Provided 2,500 summer job opportunities for college students, in addition to furthering the Vice President's Youth Employment Campaign.

In administering these voluntary programs, the contributions made by private industry are quite significant in relationship to the federal funds appropriated for administrative support. The costs borne by private industry to carry out the various Plans for Progress programs are estimated to be as follows:

1) Eight executives loaned to the staff (including salaries, living costs and moving expenses etc.).....$180,000

2) Costs of Advisory Council members in time and travel for bi-monthly meetings and regional and national conferences..... 110,000

3)	Costs to participating companies of annual conferences and various regional (including Manpower Development Seminars) conferences....	350,000
4)	Costs of Annual Negro College Relations Conference.....	100,000
5)	Costs of 23 Vocational Guidance Insititutes for counselors and administrators of Negro high schools.....	325,000
6)	Costs of 200-man Vice President's Task Force on Youth Motivation which visit Negro colleges and high schools as "living witnesses" to equal employment opportunity.....	100,000
	Total costs borne by private industry.	$1,165,000
	Federal funds, 1968.....	188,000

The contribution of private industry is six times greater than the funds provided by the Federal government towards a program designed to help the domestic situation as it relates to minority groups.

In 1968, Plans for Progress will continue to administer and expand these programs which are dedicated to direct action on a broad front to make job opportunities available to all Americans regardless of race, color, creed or national origin.

Changes for 1969

Mandatory changes amount to (page OFCC-8)..... +$ 5,700

Program changes amount to..... +$38,300

Proposal. Additional resources are requested to provide for temporary employment in peak periods of activity; to adjust the lapse rate based on employment experience; to establish an Administrative Officer position in lieu of a Management Assistant position; and to provide for increased nonlabor costs in conjunction with on-going programs.

The Need. Plans for Progress will continue to administer established programs in 1969 which implement equal employment opportunity on a voluntary basis. The additional funds requested will provide for a more effective support function; no additional full-time budgeted positions are requested.

The Program. For program continuity and efficient operation, it is considered essential to establish an Administrative Officer position in this activity. The 8 industry representatives who give direction to the established programs are "on loan" from their companies for a period of one year. Thus, there is a constant turnover of the key personnel. To remedy this situation, it is proposed to create a higher level administrative position in lieu of a present existing management assistant position.

In carrying out the Plans for Progress programs, additional clerical help is essential in peak periods of activity, which can be met with temporary employment. Additionally, an adjustment in the lapse rate, based on employment experience, is essential to efficient operation. Adjustments in nonlabor costs--travel, printing, communications, etc. -- are reflected for adequate program support.

Base

Positions	Estimated Cost
12	$188,000

Additional Cost

Positions	Estimated Cost
--	$44,000

Basis for estimates. The resources identified with this activity provide the support function for a program voluntarily carried on by the leadership of American business and industry to aggresively promote and implement equal employment opportunity. (The contribution of private industry is in excess of $1 million annually.) The support function provided by federal funds is mainly in the area of clerical assistance, and in the payment of nonlabor costs such as travel, printing, communications, etc.

Activity 3. CIVIL RIGHTS COMPLIANCE (TITLE VI) (1968, $455,000, Pos. 28)
1969, $1,236,000, Pos. 80)

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 in the Office of the Assistant Secretary for Manpower by the Secretary of Labor to direct a program to investigate complaints of discrimination received by any component of the Department of Labor. The unit was also directed to insure that each operating bureau requires all recipients of Federal funds issued 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 to 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 the essential direction of the program was toward complaint investigations and compliance reviews.

With a staff of 27 (including 8 legal service employees), a total of 113 complaints were processed: 76 of these were with State and Federal agencies; 37 with contractors. 192 compliance reviews were conducted: 122 of these were with State and Federal agencies; 70 were with contractors. A total of 614 violations were identified during this period: 470 of these were with State and Federal agencies; 144 were with contractors. Corrective action was achieved in all 614 cases in which violations were discovered.

Compliance reviews and complaint investigations revealed a wide variety of discriminatory practices. Among these were discriminatory referrals to employers by Employment Security agencies, inadequate and discriminatory training procedures and facilities, segregated facilities, undercoding and misclassifications, inadequate training of staff on Civil Rights and Departmental regulations, discrimination due to organization of offices, acceptance of discriminatory orders, discrimination in regard to unemployment insurance, discriminatory service to high schools and colleges, discriminatory counseling, misuse of tests and test scores, discourteous treatment of minority members, improper handling of discriminatory job orders, discriminatory advertising, and lack of Negro staff.

While the extent of discriminatory practices in manpower programs should in no way be minimized it is only fair to state that State and local officials more often than not are indicating sensitity to the problem and are moving toward complaince with the Civil Rights Act of 1964.

Negotiations between the Equal Opportunity Office and State and local administrators have produced a great variety of far reaching changes in many of the manpower programs. Some typical agreements to effect these changes are listed below:

> Steps would be taken to make certain that appropriate classifications are assigned to persons classified in service occupations and all application cards in the domestic and service fields in the active files would be reviewed with the objective of expanding the exposure of applicants to other jobs for which they are qualified through assignment of different and additional classifications.

Steps would be taken to improve the image of State employment security agencies by establishing local Manpower Development and Training committees made up of all segments of the community. Local managers' contacts with the nonwhite communities would be extended to include nonwhite community leaders.

State employment security agencies would exert more efforts to recruit nonwhite staff through the State Merit Systems. This is to include continuing visits to colleges and universities, including predominantly Negro schools.

Periodic checks would be made of classification practices in each local office and the results of such checks would be reported through the respective lines to the State offices.

Local offices would review the results of job referrals to detect possible racial discrimination and to follow up with employers who appear to discriminate.

Agencies would undertake a broad program of training on Civil Rights to assure that all staff members are thoroughly familiar with laws, policies, regulations and procedures established to assure nondiscrimination in services.

Intensified efforts would be made to place nonwhite graduates of Manpower Development and Training white collar courses.

The terms of 1294 would be carried out in all offices with respect to employers who do not give discriminatory job orders, but apparently reject qualified applicants of a particular group because of their race, color or national origin.

The provision of separate facilities for whites and nonwhites would be discontinued.

Civil Rights posters would be displayed in all State employment security offices including itinerant points.

During 1968 some specific accomplishments have been noted. Recoding has resulted in an expansion of employment opportunities for minorities in other than traditional jobs. Enforcement of the Departmental policy forbidding service to employers who discriminate has enabled minorities to obtain jobs in the private sector that historically have been denied to them. Segregated facilities have been eliminated. The quality of counseling services to minorities has improved. Testing instruments for minorities have been called into question and their use as exclusionary devices is now being challenged. Increasingly, through the efforts of this office minority youth are making breakthroughs in the apprenticeship programs.

The percent distribution of trainees enrolled under the Manpower Development and Training Act Institutional program has shown a steady increase since 1963. Nonwhite participation has increased as shown below:

1963:	27.2
1964:	30.6
1965:	36.0
1966:	40.2

Three Negroes are now in the position of Regional Administrator: one is the Bureau of Apprenticeship and Training and two in the Bureau of Employment Security.

The Workers Defense League Program and other organizations working in conjunction with the building and construction industry has set up a program using Manpower Administration monies for a remedial education program to bring minority group youth to the employable level in the apprenticeable trades.

The concept which Negroes have of the employment service has improved and higher quality minority applicants are utilizing clerical and professional offices not previously used.

Personal relationships between recipients and beneficiaries of services have improved.

State agencies have been provided with guidelines pertaining to Title VI responsibilities to withhold all services from employers with discriminatory hiring practices.

The Bureau of Work Programs has instituted a ruling stating that the staff of all Neighborhood Youth Corps programs must be integrated in proportion to enrollee composition.

Stepped up activities since 1962 have resulted in small increases in the numbers of minorities in State Employment Security agencies across the nation in areas having a large proportion of minorities. These increases are evident in management-professional and clerical categories. New Jersey for example, had a total minority staffing in 1962 of 257. The figure had increased to 359 in 1967. The management and professional category jumped from 171 to 234; Mississippi and South Carolina showed an increase in management and professional occupations from 0 in 1962 to 9 and 5 respectively in 1967; Arizona had 17 minorities in 1962 in professional and management categories and 54 in 1967.

This office participated in the preparation and evaluation of guidelines pertaining to Title VI responsibilities in withholding all services from employers with discriminatory practices. This has increased

the penetration rate of Negroes into other than traditional jobs. This office also participated in the development and evaluation of procedures for the recording of race, color and national origin of applicants to make realistic evaluations of services to different groups, and to help pervent discrimination.

The Government Recruitment, Education and Training Program. A report on "Minority Group Staffing in Employment Security Agencies" issued in February, 1967 indicates vast inequities in minority group recruitment and placement.

Basing its percentage of new staff on the 1960 population census which showed Negroes as 10.5 percent of the population the following patterns emerged:

Percentage of Negroes in Employment Service Agencies, 1967	9.4
Managerial - Supervisory	3.5
Professional - Technical	7.3
Clerical Office	12.1
Custodial Service	56.0

Since a 1966 census population survey indicates that Negroes constitute 14.1 percent of the population of the United States, the percentage of Negro staff in Employment Security offices is obviously below that indicated by the report on "Minority Group Staffing in Employment Security Agencies."

These patterns indicate essentially that Negroes still are recruited for and placed in traditional jobs. Additional efforts are needed to increase minority staff in Managerial-Supervisory, Professional-Technical and clerical positions.

In 1968 it is anticipated that levels of output will remain as they were in 1967 despite evidence of widespread discrimination.

Changes for 1969

Mandatory changes amount to (page OFCC-8)..... +$ 19,500
Program changes amount to..... +$761,500
Positions..... + 52

Proposal. To operate more thoroughly in securing compliance with Title VI of the 1964 Civil Rights Act.

Need. Three-fourths of all reviews to date of equal opportunity procedures in manpower programs reveal discriminatory practices. (These reviews covered 6 percent of all State recipients of Department of Labor funds.)

Program. In FY 1969, the objectives of this office will continue to be directed toward the 53 State Employment Security agencies operating through about 2,000 local offices and about 2,000 itinerant stations, 3,000 On-the-Job Manpower Development and Training programs, 300 research and demonstration projects, 46,000 apprenticeship programs and a varying number of other manpower programs. While there have been considerable gains in achieving the objectives of Title VI and Departmental Regulations, a significant number of programs receiving Federal funds are in undiscovered noncompliance with the Civil Rights Act and the Departmental Regulations, based upon reviews made.

In addition to the Negro minority, the Equal Opportunity office has responsibilities to other minority groups. However, due to limited resources, very little attention has been given to persons with Spanish-speaking surnames located essentially in the southwestern United States; 546,000 Indians located mainly on reservations, and 885,700 Puerto Ricans located essentially in New York, Pennsylvania, Ohio, Michigan and New Jersey according to the 1960 census.

These minorities have a special stake in our compliance activities under Title VI of the Civil Rights Act of 1964. There have been justifiable complaints by these groups that their employment rights have not been adequately recognized and appropriately protected. Additional manpower in FY '69 will enable this office to cope with this problem.

The Manpower Administration's responsibilities to the 63 model cities under the Model Cities Program will require intensified efforts by the Equal Opportunity Office to expand and insure equality of opportunity in manpower programs to nonwhites who reside in these cities.

While all complaints will be investigated and there will be an expansion of review activities, these pursuits are not sufficient to significantly reduce the widespread discriminatory practices that exist in manpower programs. Consequently, to reduce the probability of noncompliance, the program component of the Equal Opportunity Program will be greatly strengthened.

The program component will develop technical materials and other publications to be used for training sessions; provide on-site assistance to recipients and local communities to bring diverse groups together to further Title VI objectives; work with public schools, colleges and universities across the country to develop a greater awareness of the expanding opportunities for minorities; and research the program for effectiveness and additional program ideas.

The program is to be built around three functions which are 1) investigations 2) negotiations and conciliations and 3) technical assistance. These are envisioned as three distinct branches. The initial phase of the program will include complaint investigations and compliance reviews. The second phase envisions a staff devoted exclusively to negotiations and conciliation. Subsequent to complaint investigations and compliance reviews this staff will analyze findings and seek to bring about voluntary compliance on the part of local recipients. Phase three envisions a technical assistance staff whose functions will be providing assistance at the local level to recipients to enable them to come into compliance with Title VI and Departmental rules and regulations. Some of the functions of the technical assistance staff will be tied to a vigorous follow-up program pursuant to negotiations and conciliations designed to assist local recipients to achieve remedies to violations. In addition to the follow-up activities this component will also develop technical materials and other publications to be used to train and educate recipients at the local level to the requirements of the Civil Rights program. It will develop and implement a broad educational program designed to reduce complaints and to develop the capability at the local level to carry on manpower programs free from discriminatory practices.

The increased staff will enable the office to conduct 780 complaint investigations and compliance reviews, identify 1538 violations and achieve necessary remedies to these violations.

It will enable program staff to conduct follow-up activities to the 780 investigations and compliance reviews and to perform other duties as described for the program component of Equal Opportunity.

Base Positions		Estimated Cost
28		$455,000
Additional Cost		
Positions	**Man Years**	**Estimated Cost**
52	46.8	$781,000

Basis for the Estimate

Based on the 1967 experience, approximately 80 man hours are required to complete an investigation. Thus 30 Compliance Officers are required to complete a projected workload of 780 complaint investigations and compliance reviews or 16 new positions for this aspect of the program. In addition, 14 professional positions are proposed for program review and technical assistance; 6 attorney positions for increased legal support; and 16 clerical support positions.

WORKLOAD STATISTICS

	FY 1967 (Actual)	FY 1968 (Estimate)	FY 1969 (Estimate)
Civil Rights Compliance			
State and Federal Agencies			
Complaints Processed	76	76	190
Violations Identified	470	470	1175
Corrective Actions Achieved	470	470	1175
Compliance Reviews	122	122	330
Contractors			
Complaints Processed (BAT-EWP-OMPER)	37	37	80
Violations Identified	144	144	363
Corrective Actions Achieved	144	144	363
Compliance Reviews	70	70	180
Legal Services			
Investigation files reviewed and screened	250	250	600
Hearings (includes attorney investigations, preparation for formal and informal hearings)	1	1	5
Conciliation Conferences (Preparation and Participation)	10	10	25
Litigation	-	-	3

ATTACHMENT A

PLANS FOR PROGRESS COMPANIES

AAI Corporation
ACF Industries, Incorporated
Abex Corporation
Addressograph Multigraph Corporation
Aerojet-General Corporation
Aerospace Corporation
Aetna Life & Casualty
Air Reduction Company, Incorporated
Alan Wood Steel Company
Alcan Aluminum Corporation
Alford Refrigerated Warehouses, Incorporated
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 Corporation
American Security & Trust Company and
American Security Corporation
American Sugar Company
American Telephone & Telegraph Company
American Tobacco Company, The
Anchor Hocking Glass Corporation
Anheuser-Busch, Incorporated
Applachian Power Company
Archer Daniels Midland Company
Armco Steel Corporation
Armour & Company
Arwood Corporation
Atchison, Topeka & Santa Fe Railway Company
Atlantic Richfield Company
Avco Corporation

Babcock & Wilson Company, The
Ballantine, P. & Sons
Baltimore Gas & Electric Company
Bank of America, National Trust & Savings
Association
Bank of California, National
Association, The
Bank of New York, The
Bankers Trust Company
(New York, New York)
Beech-Nut Life Savers,
Incorporated
Bell & Howell Company
Bell Telephone Company of
Pennsylvania, The
Bell Telephone Laboratories,
Incorporated
Bellcomm, Incorporated
Bendix Corporation, The
Bessemer & Lake Erie Railroad
Company
Bethlehem Steel Corporation
Bliss, E. W. Company
Boeing Company, The
Borg-Warner Corporation
Bristol-Myers Company
Brown Engineering Company
Brown & Root, Incorporated
Brown University
Budd Company, The
Banker-Ramo Corporation, The
Burroughs Corporation

CF&I Steel Corporation
Campbell Soup Company
Cambridge Waveguide Corporation
Carborundum Company, The
Carling Brewing Company,
Incorporated
Carnation Company
Carrier Corporation
Catepillar Tractor Company
Celanese Corporation
Central National Bank of
Cleveland
Cessna Aircraft Company
Chemical Bank New York Trust
Company
Chesapeake & Potomac Telephone
Company, The

Chesapeake & Potomac Telephone Company of Maryland, The
Chesapeake & Potomac Telephone Company of Virginia, The
Chesapeake & Potomac Telephone Company of West Virginia, The
Chicago, Milwaukee, St. Paul & Pacific Railroad Company
Chrysler Corporation
Cincinnati & Suburban Bell Telephone Company, The
Clairol Incorporated
Cleveland-Cliffs Iron Company, The
Cleveland Electric Illuminating Company, The
Cleveland Trust Company, The
Cleveland Twist Drill Company, The
Clevite Corporation
Coca-Cola Company, The
Colgate-Palmolive Company
Collins Radio Company
Colonial Stores Incorporated
Columbia Broadcasting System, Incorporated
Combustion Engineering, Incorporated
Commonwealth Edison Company
Connecticut General Life Insurance Company
Consolidation Coal Company
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-Zellerback 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 Bank & Trust Company, The
Detroit Free Press, The
Detroit Steel Corporation
Diamond Alkali Company
Douglas Aircraft Company
Douglas United Nuclear, Incorporated
Dow Chemical Company, The
Drackett Company, The
Dresser Industries, Incorporated
Dun & Bradstreet, Incorporated
Du Pont de Nemours, E.I. & Company Incorporated

EG&G, Incorporated
ESB Incorporated
East Ohio Gas Company, The
Eastern Air Lines, Incorporated
Eastman Kodak Company
Eaton Yale & Towne Incorporated
Eltra Corporation
Emerson Electric Company
Endicott Johnson Corporation
Enjay Chemical Company
Equitable Life Assurance Society of the United States
Esso Research and Engineering Company

FMC Corporation
Fairchild Hiller Corporation
Federal-Mogul Corporation
Federal Pacific Electric Company
Federated Department Stores, Incorporated
Fidelity Union Trust Company
Firestone Tire & Rubber Company, The
First National Bank of Arizona
First National Bank of Boston, The
First National Stores Incorporated
First Pennsylvania Banking and Trust Company, The
First Wisconsin National Bank of Milwaukee
Ford Motor Company
Foremost Dairies, Incorporated
Fromm & Sichel Incorporated

Garrett Corporation, The
General American Transportation Corporation
General Dynamics Corporation
General Electric Company
General Foods Corporation
General Instrument Corporation
General Learning 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

Gillette Company, The
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
Grant, W. T. Company
Great Atlantic & Pacific Tea Company, Inc., The
Greyhound Lines Incorporated
Grumman Aircraft Engineering Corporation

Hanna Mining Company, The
Harris-Intertype Corporation
Harshaw Chemical Company, The (Division of Kewanee Oil Company)
Haveg Industries, Incorporated
Haveltine Corporation
Heinz, H. J. Company
Hercules Incorporated
Heublein, Incorporated
Hilton Hotels Corporation
Hochschild, Kohn & Company
Hoffman-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, Incorporated
Indiana & Michigan Electric Company
Industrial National Bank of Rhode Island
Inland Steel Company
Interlake Steel Corporation
International Business Machines Corporation
International Harvester Company
International Telephone and Telegraph Corporation
Irving Trust Company
Itek Corporation

John Hancock Mutual Life Insurance Company
John Hopkins Hospital, The
John Hopkins University, The
Johnson & Johnson
Johnson Publishing Company, Incorporated
Jones & Laughlin Steel Corporation

Kaiser Industries Corporation
Kellogg Company
Kennecott Copper Corporation
Kentucky Power Company
Keystone Steel & Wire Company
Kimberly-Clark Corporation
Kingsport Power Company
Koppers Company, Incorporated
Kroger Company, The

Laclede Steel Company
Lear Siegler, Incorporated
Lever Brothers Company
Ling-Temco-Vought, Incorporated
Lockheed Aircraft Corporation
Lorillard, P. Company, Incorporated
Lubrizol Corporation, The
Lukens Steel Company
Luzier Incorporated

Magnavox Company, The
Manger Corporation, The
Manufacturers National Bank of Detroit
Marathon Oil Company
Marquardt Corporation, The
Martin Marietta Corporation, The
Massachusetts Instititue of Technology
Massey-Ferguson Incorporated
Mayer, Oscar & Company
McCormick & Company, Incorporated
McDonnell Company
McGraw-Hill, Incorporated
Mead Corporation, The
Mead-Morrison Manufacturing, Incorporated
Mellon National Bank & Trust Company
Melpar, Incorporated
Mercy Hospital (Iowa City, Iowa)
Metropolitan Life Insurance Company
Michigan Bell Telephone Company
Michigan Consolidated Gas Company

Midland-Ross Corporation
Minnesota Mining & Manufacturing Company (3M)
Mobil Oil Corporation
Monsanto Company
Monsanto Research Corporation
Morgan Guaranty Trust Company of New York
Morrell, John & Company
Mountain States Telephone & Telegraph Company, The
Mutual Life Insurance Company of New York, The (MONY)

National Acme Company, The
National Biscuit Company
National Brewing Company, The
National Cash Register Company, The
National City Bank of Cleveland, The
National Dairy Products Corporation
National Distillers & Chemical Corporation
National Lead Company
National Shawmut Bank of Boston
National Steel Corporation
National Tea Company
New England Merchants National Bank of Boston
New England Mutual Life Insurance 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 America Rockwell Corporation
North American Van Lines, Incorporated
North Carolina National Bank, The
Northern Illinois Gas Company
Northern States Power 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, The
Pan American World Airways, Incorporated
Park Drop Forge Company, The
Penn Mutual Life Insurance Company, The
Penney, J. C. Company, Incorporated
Pennsylvania Railroad Company, The
Pepsi-Cola Company
Pet Incorporated
Philadelphia Electric Company
Philadelphia Savings Fund Society, The
Philco-Ford 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
Proctor & Gamble Company, The
Provident National Bank
Prudential Insurance Company of America, The
Public Service Electric & Gas Company

Quacker Oats Company, The

Radio Corporation of America
Railway Express Agency, Incorporated
Ralston Purina Company
Rath Packing Company, The
Raytheon Company
Redmanson Corporation
Republic Steel Corporation
Reynolds Electrical and Engineering Company, Incorporated
Reynolds Metals Company
Reynolds, R. J. Tobacco Company
Richardson-Merrell Incorporated
Ritter-Pfaudler Corporation
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-Willians Company, The
Shoe Corporation of America
Simmons Company
Singer Company, The
Smith, A. O. Corporation
Smith Kline & French Laboratories
Society National Bank of Cleveland
Southern California Edison Company
Southern New England Telephone Company, The
Southern Pacific Company
Southwestern Bell Telephone Company
Sperry Rand Corporation
Standard Brands Incorporated
Standard Oil Company (Ohio), The
Stauffer Chemical Company
Steel Improvement & Forge Company, The
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
Time Incorporated
Timken Roller Bearing Company, The
Todd Shipyards Corporation
Trans World Airlines, Incorporated
Travelers Insurance Company, The
Trust Company of Georgia
Twentieth Century-Fox Film Corporation

Union Bank (L.A.)
Union Carbide Corporation
Union Oil Company of California
Uniroyal, Incorporated
United Air Lines, Incorporated
United Aircraft Corporation
United California Bank
U. S. Industries, Incorporated
U. S. Plywood Corporation (Champion Papers, Incorporated)
United States Steel Corporation

Virginia Hospital Service Association
Vitro Corporation of America

Wachovia Bank & Trust Company
Walgreen Company
Ward Foods, Incorporated
Warner & Swasey Company, The
Wayne State University
Weatherhead Company, The
Wells Fargo Bank
Western Electric Company, Incorporated
Western Pennsylvania National Bank
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 Association National Board (of)
Youngstown Sheet & Tube Company, The

(417 Plans for Progress Companies as of Jan. 18, 1968)

ATTACHMENT B

PLANS FOR PROGRESS

Minority Employment and Utilization Rate

	1964 (291 Employers)		1965 (317 Employers)		1966 (349 Employers)[1]	
TOTAL EMPLOYEES REPORTED	7,091,040		8,096,352		8,809,396	
EMPLOY. & UTILIZATION RATE						
NEGRO.....	447,581	6.3%	547,059	6.8%	649,714	7.4%
ORIENTAL.....	22,754	.3%	28,336	.3%	33,621	.4%
AMERICAN INDIAN.....	7,130	.1%	7,768	.1%	10,516	.1%
SPANISH AMERICAN.....	108,759	1.5%	142,890	1.8%	153,928	1.8%
TOTAL MINORITY EMPLOYEES AND UTILIZATION RATE	586,224	8.3%	726,053	9.0%	847,779	9.6%

(1) 349 of 351 members as of December 31, 1966, supplied statistics.

ATTACHMENT C

ADVISORY COUNCIL ON PLANS FOR PROGRESS

Chairman - Roger Lewis
Chairman of the Board and President
General Dynamics Corporation (New York)

Members

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

A. M. Doty
Manager, Personnel Relations
Aluminum Company of America
Pittsburgh, Pennsylvania

Charles H. Fletcher
Vice President
Mellon National Bank & Trust Co.
Pittsburgh, Pennsylvania

Carl H. Hageman
Vice President
Union Carbide Corporation
New York, New York

Fred Huleen
Corporate Director of Personnel
The Boeing Company
Seattle, Washington

P. C. Krist
General Manager-Employee Relations
Mobil Oil Corporation
New York, New York

Harold E. Lane
Vice President
Sheraton Corporation of America
Boston, Massachusetts

E. G. Mattison
Corporate Director of Personnel
Lockheed Aircraft Corporation
Burbank, California

Harold F. Mayfield
Director of Personnel Relations
Owens-Illinois, Incorporated
Toledo, Ohio

Harold S. McFarland
Director of Personnel Services
General Motors Corporation
Detroit, Michigan

K. L. Meinen
Vice President
American Airlines, Inc.
New York, New York

E. Frederic Morrow
Vice President
Bank of America (International)
New York, New York

Norman E. Nicholson
Vice President
Kaiser Industries Corporation
Oakland, California

John Oliver
Assistant Director, Employee Relations Department
E. I. Du Pont De Nemours & Company, Inc.
Wilmington, Delaware

Eugene F. Rowan
Manager of Personnel Relations
J. C. Penney Company, Inc.
New York, New York

G. H. Scott
Director, Corporate Industrial Relations
Ling-Temco-Vought, Inc.
Dallas, Texas

Ralph H. Skinner, Jr.
Vice President
Eastern Air Lines, Incorporated
New York, New York

A. B. SlayBaugh
Vice President and General Manager, Personnel
Continental Oil Company
New York, New York

Alexander Smalley
Vice President
St. Regis Paper Company
New York, New York

Clifford H. Springer
Director, Educational Services Division
General Learning Corporation
Washington, D. C.

H. Paul Stuber
Manager-Employment Practices
Reynolds Metals Company
Richmond, Virginia

Humphrey Sullivan
Public Relations Director
Lever Brothers Company, Inc.
New York, New York

Donald W. Thomas
Vice President
Western Electric Company, Inc.
New York, New York

Stephen J. Wright
President
United Negro College Fund
New York, New York

D. R. Zook
Group Director, Personnel Services
North American Rockwell Corporation
El Segundo, California

PREVENTING AGE DISCRIMINATION IN EMPLOYMENT

WITNESSES

THOMAS R. DONAHUE, ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
JOHN C. SHINN, DEPUTY ASSISTANT SECRETARY FOR LABOR-MANAGEMENT RELATIONS
BEN P. ROBERTSON, DEPUTY ADMINISTRATOR, WAGE AND HOUR
IRVING LEVINE, ASSISTANT ADMINISTRATOR, WAGE AND HOUR
WILLIAM R. REISE, CHIEF, DIVISION OF PROGRAM PLANNING AND EVALUATION, WAGE AND HOUR
RICHARD E. MILLER, DIRECTOR, OFFICE OF PROGRAM AND BUDGET REVIEW

OBJECT CLASSIFICATION

[In thousands of dollars]

		1967 actual	1968 estimate	1969 estimate
	Personnel compensation:			
11.1	Permanent positions			675
12.0	Personnel benefits			53
21.0	Travel and transportation of persons			82
22.0	Transportation of things			1
23.0	Rent, communications, and utilities			67
24.0	Printing and reproduction			32
25.1	Other services			5
25.2	Services of other agencies			35
26.0	Supplies and materials			5
31.0	Equipment			46
99.0	Total obligations			1,000

PERSONNEL SUMMARY

Total number of permanent positions	91
Average number of all employees	82
Average GS grade	8.3
Average GS salary	$8,207

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities: 1. Preventing age discrimination in employment	1,000
Total program costs—obligations	1,000
Financing: New obligational authority (appropriation)	1,000
Relation of obligations to expenditures:	
Total obligations affecting expenditures	1,000
Obligated balance, end of year	−150
Expenditures	850
Expenditures are distributed as follows: Out of current authorizations	850

Mr. FLOOD. Now we will hear the presentation for "Preventing Age Discrimination In Employment." The presentation will be made by Mr. Thomas R. Donahue, Assistant Secretary for Labor-Management Relations.

I see you have a statement, Mr. Donahue. How do you wish to proceed?

Mr. DONAHUE. I believe you have the statement for the record, and I might just mention some of the highlights.

General Statement

Mr. Flood. The statement will be inserted into the record at this point.

(Mr. Donahue's statement follows:)

Mr. Chairman and members of the committee, the Department of Labor's estimate for fiscal year 1969 for administration and enforcement of the Age Discrimination in Employment Act of 1967 (Public Law 90-202) is $1 million, which represents the first-year costs for carrying out the Secretary's responsibilities under the act. This request is in addition to the regular appropriations requests of the Department of Labor for 1969, which do not reflect any funds or positions for activities required by this newly enacted legislation. The request includes $750,000 and 73 positions for administration and enforcement of the act, and $250,000 and 18 positions for research and educational activities required by the act.

NEWLY ENACTED LEGISLATION

The Age Discrimination in Employment Act (Public Law 90-202) was enacted December 15, 1967, and becomes effective June 12, 1968. The basic purposes of this act are to outlaw discrimination in employment based upon age, and to promote the employment of older workers based on their ability. This is to be accomplished through educational and informational activities to help employers and workers in meeting problems arising from the impact of age on employment, and through the use of informal and formal enforcement procedures where the education program has failed to achieve a voluntary end to age discrimination. The prohibitions against age discrimination in employment apply to persons 40 to 65 years of age, the lower limit being the age at which congressional testimony indicated discrimination usually becomes evident. During 1969 the act will be generally applicable to any employer in an industry affecting interstate commerce who has 25 or more employees, to public and private employment agencies, and to labor organizations with 25 or more members.

It is estimated that 350,000 employers will be subject to the act, with a total employment of 37 million persons. The Department's study of the problems of age discrimination in employment, issued in June 1965, reported that although there were 52 million Americans between the ages of 40 and 64, half of all jobs were closed to workers over 55, and one-fourth of all jobs were closed to workers over 45. The study showed that workers 45 years of age and older made up nearly half of the country's long-term unemployed, and over one-fourth of all the unemployed. It showed that of the billion dollars in unemployment insurance paid out each year, three-fourths goes to workers 45 or over. In his report, the Secretary recommended action to eliminate arbitrary age discrimination in employment and said: "The possibility of new nonstatutory means of dealing with such arbitrary discrimination has been explored. That area is barren. * * * A clear-cut and implemented Federal policy * * * would provide a foundation for a much-needed vigorous, nationwide campaign to promote hiring without discrimination on the basis of age."

The act authorizes an appropriation not to exceed $3 million in any fiscal year. For 1969 only $1 million is being requested, which represents the minimum amount required to perform the Department's responsibilities. An analysis of the effects of State age discrimination laws has shown that the volume of complaints received is more closely related to public awareness of the law than to the effect of discrimination. The amount being requested for 1969 therefore reflects the initial emphasis which will be given to informational activities and efforts to gain voluntary compliance. No massive program of investigations is planned during 1969. However, investigations under the act will be made as necessary on the basis of complaints or in combination with other wage-hour investigations whenever concurrent coverage is disclosed.

ENFORCEMENT PROGRAM

The powers and procedures granted to the Secretary for enforcement, including the making of investigations and the bringing of legal proceedings, essentially follow those provided by the Fair Labor Standards Act. Legal relief to acts of

discrimination may be obtained through the courts compelling employment, reinstatement or promotion as appropriate. In addition, amounts found to be owing an individual as a result of violations of the act may be recovered as unpaid compensation in accordance with the provisions of the Fair Labor Standards Act, except that liquidated damages can be claimed only in cases of willful violation. Before instituting such actions, however, the Secretary is directed to attempt to effect voluntary compliance through informal methods of conciliation, conference and persuasion.

As a result of publicity concerning the provisions of the Age Discrimination in Employment Act, it is estimated that a minimum of 1,000 investigations will be made in 1969 by the Department's Wage and Hour Division in response to complaints received from the public. In addition, it is estimated that somewhat more than 20,000 of the investigations performed by the Wage and Hour Division under other acts will disclose concurrent coverage under the Age Discrimination in Employment Act. Every reasonable effort will be made to effect voluntary compliance through the informal methods cited. In addition to making investigations, intensive effort will be made to obtain voluntary compliance through publicity about the act, speaking engagements, and the publication of interpretative and explanatory materials. Guidelines will be developed concerning the allowances provided by the act where age is a bona fide occupational qualification reasonably necessary to the normal operation of a particular business or differentiation is based on reasonable factors other than age, particularly bona fide seniority and employee benefits systems.

Forty-eight investigator positions and 10 field support positions are requested to investigate complaints received under the act, and to perform the additional investigation activity associated with concurrent investigations. In addition, 15 departmental positions are requested for administrative and enforcement support, including six attorney positions to provide necessary legal services, five analyst and specialist positions, and four clerical positions.

RESEARCH AND EDUCATION PROGRAM

In addition to prohibiting discrimination on the basis of age in the employment of persons 40 to 65, the act directs the Secretary to conduct studies and undertake research and educational activities to promote the employment of older workers based on their ability. Section 5 directs the Secretary to study institutional and other arrangements giving rise to involuntary retirement and report his findings with appropriate legislative recommendations to the President and the Congress. Section 13 directs the Secretary to make an annual report in January to the Congress regarding the activities carried on in the administration of the act, including an evaluation of the minimum and maximum ages established by the act, with his recommendations to the Congress. In addition, section 3 directs the Secretary to carry on a continuing program of education and information under which among other things he may:

(1) Undertake and promote research to reduce barriers in the employment of older persons;

(2) Publish and otherwise make available the findings of studies and other materials for the promotion of employment of older persons;

(3) Foster the development of facilities of public and private agencies for expanding the opportunities and potentials of older workers; and

(4) Sponsor and assist State and community information and educational programs in this area.

As stated by Senate Report 723: "These functions can do much to correct age discriminatory employment practices and are therefore vital to the overall effectiveness of the bill. They are means of affecting salutary changes in attitude which will induce compliance with the simple justice the proposal espouses, thereby making enforcement measures unnecessary."

During the current year, legislative recommendations will be developed as directed by section 3(b) concerning desirable changes in the lower or upper age limits established by the act, with special reference to the situation of airline stewardesses. In 1969, broad areas of focus for the research and education activity will include the following:

(1) Solutions to institutional arrangements which may work to the disadvantage of older workers in such matters as pensions and other private

annuity coverage, workmen's compensation and disability income, and seniority and collective bargaining;

(2) Proposals relating to retirement, to preparation for retirement, and adjustment to retirement;

(3) Proposals for continuing educational and training opportunities to prepare workers for job changes, and to reduce their vulnerability to displacement; and

(4) Guidelines for job redesign and training for older persons.

A program will be conducted for promoting the employment of older workers which will include providing technical support to State agencies of the U.S. Employment Service, and also to State agencies administering age discrimination statutes. The Department will also utilize and cooperate with the Veterans' Administration in public information activities directed to the needs of veterans ages 40 to 65. Studies will be conducted and information will be gathered which will indicate the effects of the legislation on the position of the older worker in the labor force. These will be included in the annual report to be made to the Congress.

Staff and financial resources for the research and education activity are based on past experience of the Department in conducting research and manpower information programs. In order to carry out these statutory requirements 18 positions and $250,000 will be needed, including 12 development and research positions, three information officer positions, and three clerical support positions.

SUMMARY

The President in his remarks after signing the Age Discrimination in Employment Act into law stated in part: "This act does not compel employers and labor unions and employment agencies to choose a person aged 40 to 65 over another person. It does require that one simple question be answered fairly: Who has the best qualifications for the job? . . . The Age Discrimination in Employment Act of 1967 gives the vital part of our labor force between 40 and 65 a better chance to go on working productively and gainfully. The country will gain as well—from making better use of their skills and experience. This is humane and practical legislation."

The Department accepts the challenge and will utilize its specialized capabilities in a coordinated effort to eliminate discrimination in employment based on age.

Mr. FLOOD. You may proceed.

Mr. DONAHUE. The Age Discrimination in Employment Act was enacted December 15, 1967, and becomes effective in June of 1968. The Department of Labor's estimate of first-year costs for fiscal year 1969, is $1 million, of which $750,000 and 73 positions are for administration and enforcement of the act, and $250,000 and 18 positions are for performance of the Secretary's research and educational responsibilities under the act.

The basic purposes of the Age Discrimination in Employment Act are to outlaw discrimination in employment based upon age, and to promote the employment of older workers based on their ability. This, hopefully, is to be accomplished through educational and conciliation activities to help employers and workers in overcoming problems arising from the impact of age on employment and through formal enforcement procedures where other efforts have failed to achieve a voluntary end to age discrimination. The prohibitions against age discrimination in employment apply to persons 40 to 65 years of age. In terms of coverage, the act will be applicable to any employer in an industry affecting interstate commerce who has 25 or more employees, to public and private employment agencies, and to labor organizations with 25 or more members. The $1 million requested for 1969 provides

for the initial requirements for informational activities, for efforts to gain voluntary compliance, and for investigations under the act on the basis of complaints or in combination with other wage-hour investigations. It would also provide for research and education activities required under the act and for necessary legal services.

It is our estimate that there are about 350,000 employers who would be subject to the act—who would have a total employment of 37 million persons. The study of the problems of age discrimination which the Department of Labor did in 1965 reported that there were 52 million Americans in this age group of 40 through 64, and that half of all the jobs in the country were closed to workers over 55, and one-fourth of all the jobs were closed to workers over 45. The study showed that workers 45 years of age and older made up nearly half of the country's long term unemployed and over one-fourth of all of the unemployed.

The act itself authorizes an appropriation not to exceed $3 million in any year. For 1969, the Department of Labor is asking for $1 million, which represents the amount which we think is required to perform our responsibilities in the first year after the effective date of the act. That amount reflects the initial emphasis which will be given to informational activities and our efforts to gain voluntary compliance. Investigations under the act will be made, as necessary, on the basis of complaints or in combination with other wage-hour investigations, where those investigations are of employers who employ 25 persons or more.

Our best estimate is that we would have to make a minimum of a thousand investigations in fiscal 1969 in response to complaints and 20,000 investigations in situations where there would be concurrent coverage with the Fair Labor Standards Act.

In terms of the research and education activities, the act directs the Secretary to conduct a number of studies and to undertake research and education activities to promote the employment of the older worker. It directs that specific reports must be given to the Congress and requires an annual report on the activities in administering the act including an evaluation of the mimimum and maximum ages, and a recommendation as to whether or not they should be changed in any way.

In this current calendar year, 1968, legislative recommendations will be developed concerning whether or not any change in the upper or lower age limits is desirable. In 1969, our research and education activity would attempt to analyze those institutional arrangements which exist and which may work to the disadvantage of older workers; we would examine proposals relating to retirement and proposals for systems of continuing educational and training opportunities to prepare older workers for job changes. We would try to develop some guidelines for the redesign of jobs and for the training of older workers.

Mr. Chairman, we believe that the funds requested here and the approach outlined will enable the Department of Labor to utilize its capabilities in an effort to eliminate discrimination in employment based on age. That concludes my opening statement. We will attempt to answer any questions.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. You are asking for $1 million and 91 jobs?
Mr. DONAHUE. Yes, sir.
Mr. FLOOD. This is a new appropriation, is it not?
Mr. DONAHUE. Yes.

ADMINISTRATIVE RESPONSIBILITY FOR THE PROGRAM

Mr. FLOOD. It is not clear from the justifications whether this is to finance a separate office in the Department. Are you going to hire existing offices to do your work? You say, for instance, and I quote "The Office of the Solicitor will provide necessary legal services." On another page, I quote again "It is estimated that a minimum of 1,000 investigations will be made by the Wage and Hour Division."

You refer to arrangements with the Manpower Administration, Office of Labor-Management and Welfare-Pension Reports. Just who in the world is doing what and who is paying for it?

Mr. DONAHUE. The responsibility for administering the act will be delegated by the Secretary to the Assistant Secretary for Labor-Management Relations.

Mr. FLOOD. You are going to do nine things. Now, who is paying for it?

Mr. DONAHUE. Within the $1 million.

Mr. FLOOD. Who is going to do it? What is going to happen? Are you just going to use a telephone, write letters? You refer here to the Solicitor and half a dozen different bureaus and departments. Who is doing the work? Why are you here? What do you have to do with it?

Mr. DONAHUE. I am going to administer the act through the Wage and Hour and Public Contracts Divisions. I will redelegate responsibilities as necessary to Wage-Hour and to the Assistant Secretary for Manpower and to the Solicitor. Now, as to the request for funds, the 91 positions which are requested would be distributed among those elements of the Department which would be enforcing and administering the act.

Mr. FLOOD. You are not going to set up a new shop some place at the end of the hall?

Mr. DONAHUE. No, sir. This will be operated within the framework of existing bureaus and offices within the Department of Labor. The 91 positions would simply supplement existing staffs in the Solicitor's Office, in the Manpower Administration, and in the Wage and Hour and Public Contracts Divisions.

EFFECTIVENESS OF STATE LAWS

Mr. FLOOD. We have been told here for years, right in this room, by witnesses from the Department of Labor in no uncertain terms, that the State laws in this area have not been very effective. What makes you think the Federal law will be any better?

Mr. DONAHUE. I don't know the comparative enforcement machineries that are available under the State statutes. I think that the program which we outlined; namely, a program of education, infor-

mation, seeking voluntary compliance through an effort to resolve problems and complaints first by conciliation; and our ability to bring legal proceedings to achieve compliance with the act, give us a sufficient array of weapons to enable us to effectuate the purposes of the act. I think that we can do the job.

Mr. FLOOD. You don't know about this testimony which I am talking about? You don't know much about the ineffectiveness of the State laws on this; do you?

Mr. DONAHUE. No, sir. I don't know what enforcement machinery is provided under those State statutes.

Mr. FLOOD. Regardless of what enforcement machinery is provided by statute, you do not know as a fact that witnesses have testified here to this effect, that the State laws are not very effective? You don't know that; do you?

Mr. DONAHUE. I know what was contained in the House report and the Senate report when the act was adopted. There is a statement there that there are 24 States with State statutes.

Mr. FLOOD. Yes. I know that. But I am talking about witnesses from your own Department who have said this.

Mr. DONAHUE. I assume that is what supported the need for the Federal statute.

PENALTIES FOR VIOLATIONS

Mr. FLOOD. What are the penalties for violations?

Mr. DONAHUE. Under this statute, the Department has the ability to seek legal relief through the courts in terms of compelling employment, having the court order reinstatement or promotions as would be appropriate in the particular circumstances.

In addition, any amounts found to be owing to an individual as a result of a violation could be recovered in the same manner that we now make recovery under the acts administered by the Wage and Hour and Public Contracts Divisions.

Mr. FLOOD. Mr. Shriver.

ORGANIZATION FOR ADMINISTERING THE ACT

Mr. SHRIVER. I did not quite understand your organizational setup that you were talking about. Will these additional employees only be working on this act, age discrimination in employment?

Mr. DONAHUE. Yes, sir.

Mr. SHRIVER. That will be their only work?

Mr. DONAHUE. Yes, sir; to some extent.

Mr. SHRIVER. I think there are 75 positions—73, I should say, will be involved with this act, discrimination in employment?

Mr. DONAHUE. Of the 73, 48 persons are to be field representatives or investigators. Of that 48, a percentage of them would be persons doing purely age discrimination investigations. In other cases they will represent the addition of persons who will do some Fair Labor Standards Act enforcement and some investigation of violations in terms of this act. The reason for that is that it would be uneconomical to assign persons to a particular office to do only work on this act and have another

field representative working side by side doing only Fair Labor Standards Act work. There are, we anticipate, 20,000 investigations which will be performed under the Fair Labor Standards Act where an investigator will be in the plant or on the employer's premises investigating to determine whether or not there has been compliance with the Fair Labor Standards Act. Obviously, we can usefully tie that into that investigator's work and have him investigate, equally, whether or not there is compliance with this statute.

RESEARCH AND EDUCATIONAL ACTIVITIES

Mr. SHRIVER. These 18 people that are going to be working in research and educational activities, what will they be doing?

Mr. DONAHUE. They break down as follows: 12 development and research specialists who will be analyzing the conditions that exist, preparing the information which will be developed for these studies, doing the writing and editing of the study material. There will be three information officers who will be the persons doing the broader gage public information aspects of the program. There are three clericals. Some of the people will be doing research work in terms of meeting the requirements of the act for congressional reporting. Some of them will be doing the analysis of those things which we think may affect employment of the older worker. Where we can demonstrate by a research study that there is no need for the maintenance of a particular kind of institutional arrangement, maybe we can demonstrate that that arrangement should be done away with and thereby facilitate the employment of the older worker.

INFORMING OLDER WORKERS ABOUT THEIR RIGHTS

Mr. SHRIVER. How will you help in informing the older worker of his rights under this particular act?

Mr. DONAHUE. We have a preliminary pamphlet, of which we have copies here, Mr. Shriver. This is the first publication that we have issued which is an effort to set out the basic information of the act for the employee and the employer who are concerned.

Additionally, we will be preparing a notice to covered employers, probably in the form of a notice or bulletin, similar to the Fair Labor Standards Act poster which we had yesterday—for posting on premises in order to alert all of the people in the plant or in the office of the provisions of the statute.

Mr. SHRIVER. Thank you. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Smith.

Mr. SMITH. Now, if you find that there is discrimination, in violation of the act, then you recommend prosecution to somebody?

Mr. DONAHUE. Yes, sir. I would recommend to the Solicitor of the Department of Labor.

EFFECT OF ENFORCEMENT OF AGE DISCRIMINATION ACT ON BENEFIT PLANS

Mr. SMITH. I am interested in how you are going to administer this one part of the act which I think is going to be hard to administer and

I think it is going to haunt the Congress. I am referring to the provision with regard to benefit plans.

Now, as background, one of the problems with this kind of legislation has always been that unless a welfare and pension plan provides definite and determinable amount of benefits the contributions are not deductible. There must be an actuarial valuation of the average age and they must keep that average age or the actuarial valuation will be off.

Now, if they are required to hire enough older employees so that their mix raises the average age, then they are no longer going to be able to deduct the contribution to the welfare and pension benefit plan as an expense because the actuarial valuation will not show that the definite and determinable level of benefits can be funded.

Now, Congress attempted to get around this in this act by saying that the employer can be excused where he has a bona fide plan. Suppose you find that an employer has discriminated and the basis of the discrimination is age. So he says "Yes, I did. I can hire one out of four that are over 40 but I must hire three out of four that are under 40, otherwise I will be in violation of other labor laws and I won't be able to deduct the cost of the plan as an expense." If they don't contribute for the older employees as the new act apparently permits, they would discriminate against some of the employees within the bargaining unit by failing to contribute money for them and that violates another law. Now, he is caught, either way he goes. What do you do?

Mr. DONAHUE. Is the question that he will not be able to deduct or that he will have to adjust the amount of contribution? I can see the situation in which the employment of an increased percentage of older workers will disturb the mix, might change the actuarial valuation, and might require an increase in the level of contributions to maintain a level of benefits.

Mr. SMITH. So under the law if that situation arises then he can be excused, apparently under the law, from contributing for some of these older employees whom he hires.

Mr. DONAHUE. There is a provision on that matter.

Mr. SMITH. But then he is in violation of the law that says he cannot discriminate against those within the bargaining unit as to the provision for welfare and pension.

Mr. DONAHUE. Part of that answer is going to have to be given by the Internal Revenue Service in terms of the qualifications underlying a pension plan. The answer as to the collective bargaining agreement, where one exists, is probably going to have to be a negotiated solution arrived at between the union and the employer in their negotiations.

Mr. SMITH. So any way you look at it, if they are able to continue the plan, they are going to end up with some of the older ones having welfare and pension contributions made for them and some of them not, are they not?

Mr. DONAHUE. If they go ahead under that option. The other option would be to increase the contributions to maintain the level of

benefits, given the higher average age, which might result from employment of a larger percentage of older people.

Mr. SMITH. In other words, negotiate a whole new plan.

Mr. DONAHUE. I assume you could maintain the plan. You might have to increase the level of contribution to the plan, both from the employer, and from the employee in contributory plans. I recognize, as you do, that that is a problem which is going to——

Mr. SMITH. I see such a problem there that I think it is going to haunt the whole Congress before it is over with. I just wondered how you are going to administer it, if you have any plans now. What do you do with that employer who has that problem?

Mr. DONAHUE. Mr. Smith, let me say we have not developed the rules, regulations, and interpretations of the act. We do not yet have the staff to get into this. We will be getting into it now as we can on a loaned staff basis and, given this appropriation, we would be able to move ahead in July.

I suspect, though, that the act is saying that an employer—that the Nation—as a matter of public policy, cannot tolerate the situation in which an employer maintains a certain age mix in order to maintain an actuarially sound pension plan, if indeed that is his objective, or for whatever reason. And that two options are provided, either he, after giving an opportunity to the older worker to be employed, can exempt that person from the plan if he wants to maintain the same actuarial valuation or he faces the problem of raising contributions.

Mr. SMITH. Of course, it isn't even that easy, it can't even be that easy, because one year there are more older employees applying for jobs than there are in the next. So that would require changing the plan about every year. As you know, you cannot reduce the definitely determinable benefits. Some people have vested rights. You are really into problems there.

Mr. DONAHUE. But don't you think that most pension plans, the larger pension plans at least, already have a number of variables operating which affect that actuarial valuation? For instance, the increase or decrease in the quit rate, the number of younger people coming into the job market, all of these things affect that actuarial valuation. I don't think an employer adjusts it on an annual basis.

Mr. SMITH. They can't, hardly.

Mr. DONAHUE. No. So he does it more on a 3-year period, or something of that sort. I think that there is a problem here which will require intelligent administration of the act. I would hope that it is not as serious as you think it is.

Mr. SMITH. That is all I have.

Mr. FLOOD. Thank you very much.

AMOUNTS AVAILABLE FOR OBLIGATION

	1968	1969
Appropriation or estimate	$ ---	$ 1,000,000
Appropriation or estimate, revised	$ ---	$ 1,000,000

OBLIGATIONS BY ACTIVITY

Description	Appropriation, 1968 Pos.	Appropriation, 1968 Amount	Estimate, 1969 Pos.	Estimate, 1969 Amount	1969 Change Pos.	1969 Change Amount
1. Preventing age discrimination in employment	---	---	91	$ 1,000,000	+91	+$ 1,000,000
Total obligations ..	---	---	91	1,000,000	+91	+ 1,000,000

OBLIGATIONS BY OBJECT

	Appropriation, 1968	Estimate, 1969		1969 Change
Total number of permanent positions	---	91	+	91
Average number of all employees	---	82	+	82
11 Personnel compensation	$ ---	$ 675,000	+	675,000
12 Personnel benefits	---	52,700	+	52,700
21 Travel and transportation of persons	---	82,000	+	82,000
22 Transportation of things	---	1,000	+	1,000
23 Rent, communications, and utilities	---	67,300	+	67,300
24 Printing and reproduction	---	31,500	+	31,500
25 Other services	---	5,000	+	5,000
Services of other agencies	---	35,000	+	35,000
26 Supplies and materials	---	5,000	+	5,000
31 Equipment	---	45,500	+	45,500
Total obligations	---	1,000,000	+	1,000,000
Working Capital Fund items included above	(---)	(35,000)	(+	35,000)

SUMMARY OF CHANGES

	Pos.	Amount
1968 Enacted Appropriation	--	-----
1968 Appropriation, revised	--	-----
1969 Estimate	91	$1,000,000
Total Change	+91	+ 1,000,000

Program Items (page AGE-6)

Increases:

To provide for administration of the provisions of the Age Discrimination in Employment Act of 1967, Public Law 90-202 ($727,700 personal services; $272,300 non-labor)	+91	+ 1,000,000
Sub-total, Program items	+91	+ 1,000,000
Total Change	+91	+ 1,000,000

Activity 1. PREVENTING AGE DISCRIMINATION IN EMPLOYMENT

(1968 - 0 -
1969 $1,000,000, Pos. 91)

Narrative Description of Program

This program provides for the administration of the Age Discrimination in Employment Act of 1967 (Public Law 90-202), which was enacted December 15, 1967, and becomes effective June 12, 1968. The basic purposes of this Act are to outlaw discrimination in employment based upon age, and to promote the employment of older workers based on their ability.

Enforcement (1968 - 0 -
1969 $750,000, Pos. 73)

The powers and procedures granted to the Secretary for enforcement, including the making of investigations and the bringing of legal proceedings under the Act, essentially follow those provided by the Fair Labor Standards Act. Legal proceedings include the seeking of court judgments compelling employment, reinstatement or promotion. Amounts found to be owing an individual as a result of violations of the Act may be recovered as unpaid minimum wages or unpaid overtime compensation in accordance with the provisions of the Fair Labor Standards Act, except that liquidated damages may be sought only in cases of willful violation. Before instituting such actions, however, the Secretary is directed to attempt to effect voluntary compliance through informal methods of conciliation, conference, and persuasion. During 1969, the Act will be generally applicable to any employer in an industry affecting interstate commerce who has twenty-five or more employees, to public and private employment agencies, and to labor organizations with twenty-five or more members. The Act itself becomes effective June 12, 1968, and provides that the employment and membership tests will be fifty or more until June 30, 1968.

Changes for 1969

Program changes amount to: ..... +$ 750,000

Positions ..... +73

Proposal: During 1969, the first effective year of the Age Discrimination in Employment Act, to assign priority to investigating complaints alleging violations of the Act, and to provide for additional enforcement effectiveness under the Act by means of expanded investigations in other establishments investigated by the Department's Wage and Hour Division where the employer is found to meet the coverage criteria of the Age Discrimination in Employment Act.

The Need: It is estimated that 350,000 employers are covered by the Act, with a total employment of 37 million persons. Although there are over 52 million Americans between the ages of 40 and 64, half of all jobs surveyed in 1965 were found to be closed to workers over 55, and one-fourth of all jobs were closed to workers over 45. The Department's study of age discrimination and employment practices, and employment problems of older workers, showed further that workers 45 years of age or older make up half of the long-term unemployed, and over one-fourth of all the unemployed. These figures showed the need to give persons between 40 and 65 a better chance to go on working productively and gainfully.

The Program: In enforcing the Act and conducting investigations, every reasonable effort will be made to effect voluntary compliance through informal methods of conciliation, conference and persuasion. Where this fails, actions will be initiated as appropriate to obtain legal or equitable relief through the Federal courts, including employment, reinstatement or promotion, and the recovery of compensation owing to individuals as a result of violations of this Act. In addition to making investigations, continuing intensive efforts will be made in support of the enforcement program to obtain voluntary compliance through publicity concerning the requirements of the Act, the publication of interpretative and explanatory materials, and counseling and advice. The field staff of the Wage and Hour Division will disseminate information concerning the Act to a broad sector of the public in the course of its regular informational and compliance responsibilities under the other acts enforced.

In coordination with the Department's Manpower Administration and the Office of Labor-Management and Welfare-Pension Reports, arrangements will be undertaken for effecting compliance with the provisions of the Act which are applicable to State Employment Service offices and to labor organizations with 25 or more members. The Office of the Solicitor will provide necessary legal services in connection with the administration of the Act, including the provision of legal advice and assistance in the issuance of rules and regulations authorized by the Act and interpretations thereunder. In view of the extensive coverage of this Act and the lack of prior Federal regulation in this area, it is estimated that a very substantial volume of inquiries and requests for legal opinions on fact questions will continue through 1969 and for an extended period thereafter. Guidelines will be developed in coordination with the research and education program concerning occupations in which age is determined to be a necessary qualification of employment or differentiation is based on reasonable factors other than age, e.g., bona fide seniority and employee benefit systems. Informational needs will be coordinated as required for the administration of the Act, for the annual report of the Secretary required by Section 13 of this Act, and in support of the enforcement program.

Base:

Positions - 0 - Estimated Cost: - 0 -

Additional Cost:

Positions 73 Man-years: 66 Estimated Cost: $750,000

Basis for the Estimate

As a result of publicity concerning the provisions of the Age Discrimination in Employment Act, it is estimated that a minimum of 1,000 investigations will be made by the Wage and Hour Division in response to complaints received from the public. In addition, it is anticipated that 30% of the investigations made by the Division pursuant to its other enforcement responsibilities will be of establishments meeting the coverage criteria of the Age Discrimination in Employment Act. Where improper age discrimination is disclosed by these investigations, additional investigator time will be expended attempting to effect voluntary compliance through informal methods of conciliation, conference and persuasion. When informal methods fail, it is anticipated that extensive expenditures of time may be necessary in some instances to document or develop evidence of discrimination. It is estimated that concurrent investigations under this Act will require on the average at least 10% more investigator time to complete than would otherwise be required.

The estimate of 1,000 complaint investigations during 1969 is a minimum figure based in part upon the experience of States with anti-age discrimination laws. This experience indicates that the number of complaints received alleging violations will increase as the public becomes more fully aware of the protections provided to them and the availability of assistance in obtaining these protections. It should be noted also that the estimate for 1969 relates to numbers of establishments against which complaints may be received, rather than the number of individuals filing complaints which might include multiple complaints against a single establishment. In addition to investigations initiated on the basis of complaints, it is estimated that approximately 22,500 (30%) of the investigations performed by the Wage and Hour Division under other acts will disclose concurrent coverage under the Age Discrimination in Employment Act. To the extent that smaller establishments are parts of multi-unit activities with a total employment of 25 or more persons, these establishments would also be covered.

In addition, inquiries and questions concerning the application of the Act to specific fact situations will generate a very substantial workload of interpretations, opinions, and legal advice. Experience in the enforcement of similar types of new legislation indicates that the workload of legal and administrative interpretations will grow rather than subside as additional new fact situations are encountered and refinements of earlier positions are found necessary.

Of the 73 positions requested, 48 investigator and 10 field support positions are needed to investigate complaints received under the Act, and to perform the additional investigation activity associated with concurrent investigations. Fifteen departmental positions are for administrative and enforcement support, including 6 attorney positions to provide necessary legal services, 5 analyst and specialist positions, and 4 clerical positions.

Research and Education (1968 - 0 -
1969 $250,000, Pos. 18)

Section 3(a) of the Age Discrimination in Employment Act directs the Secretary to undertake studies to provide information to labor unions, management, and the general public concerning the needs and abilities of older workers, and their potential for continued employment and contribution to the economy. In order to achieve the purposes of the Act, the Secretary is directed to carry on a continuing program of education and information, under which among other things he may--

(1) undertake and promote research to reduce barriers in the employment of older persons,

(2) publish and otherwise make available the findings of studies and other materials for the promotion of employment of older persons,

(3) foster the development of facilities of public and private agencies for expanding the opportunities and potentials of older workers, and

(4) sponsor and assist State and community information and educational programs in this area.

This activity also provides for the special studies, recommendations and reporting directed by the Act. Section 5 directs the Secretary to study institutional and other arrangements giving rise to involuntary retirement and report his findings with appropriate legislative recommendations to the President and the Congress. Section 13 directs the Secretary to make an annual report to the Congress regarding the activities carried on in the administration of the Act, including an evaluation of the minimum and maximum ages established by the Act, with his recommendations to the Congress.

Changes for 1969

Program changes amount to: ..... +$ 250,000

Positions: ..... +18

Proposal: To direct and perform the research, educational and information activities which will be required in the administration of the Age Discrimination in Employment Act.

The Need: This is a substantially new activity resulting from the enactment of new legislation. To achieve the purposes of the Age Discrimination in Employment Act, and particularly Section 3, it will be necessary to increase the research and educational capabilities of the Department relevant to the promotion of employment opportunities for older persons. To carry out the mandate of Section 3 concerning the problems of older workers it will be necessary to build on existing research within the Department. This includes studies of the special problems of retirees, labor force participation, productivity, job redesign for older workers, employee benefit plans and pensions, and participation in volunteer work. Under this new authorization, research and informational activities concerned with the problems of older workers will be strengthened and a coordinated approach will be undertaken centered around

the general problem of age discrimination experienced by older workers in seeking to retain or regain employment. As stated by Senate Report No. 723 in relation to the education and information program under Section 3 of the Act, "These functions can do much to correct age discriminatory employment practices and are therefore vital to the overall effectiveness of the bill. They are means of affecting salutary changes in attitude which will induce compliance with the simple justice the proposal espouses, thereby making enforcement measures unnecessary".

The Program: Broad areas of focus for the research and education activity will include the following: (a) study and define, test and promote solutions to institutional arrangements which may work to the disadvantage of older workers in such matters as pensions, and other private annuity coverage, workmen's compensation and disability income, seniority and collective bargaining; (b) explore and evaluate proposals related to retirement and to planning, preparation for and adjustment to retirement; (c) explore proposals for systems of continuing educational and training opportunities to prepare workers while still employed for job changes, and to reduce their vulnerability to displacement; (d) develop principles and guides for job redesign and effective methods for training older persons.

A program will be conducted for promoting the employment of older workers similar to that conducted by the President's Committee on Employment of the Handicapped. Technical support will be given to State agencies of the U. S. Employment Service, and also to State agencies administering age discrimination statutes whose resources for research and education are extremely limited. The Department will also utilize and cooperate with the Veterans Administration, whose resources for public information activities may be increasingly directed towards meeting the needs of the great numbers of veterans aged 40 to 65.

During 1969, it will be necessary to develop informational leaflets and brochures; audio visual materials including films and film strips for T.V., and other media of communication; training materials for the staff of State Employment Services; seminars and conferences for employers, personnel workers and community organizations; the evaluation of compliance and employment promotion activities of local employment offices; sponsorship of State and community informational education programs; the collection, analysis and interpretation of materials relevant to the employment problems of the older worker--including training opportunities, full-time and part-time job opportunities, job finding techniques and other information for the guidance of older job applicants. It will also be necessary to develop fact sheets pointing out the advantages of employing middle aged and older men and women.

Studies will be conducted and information will be gathered which will indicate the effects of the legislation on the position of the older worker in the labor force. These will be presented in the annual report to be made to the Congress in 1969, which will also include activities under the Act and recommendations for further legislation, and an evaluation and appraisal of the effect of the maximum and minimum ages established in the Act. Information will be developed on the age distribution of employees in various industries. In coordination with the enforcement program to be conducted under this Act, information will be developed for the issuance of guidelines and interpretative materials to aid employers in complying with the Act, particularly in the application of the exceptions provided by the Act where age is a bona fide occupational qualification or differentiation is based on reasonable factors other than age.

Base:

Positions - 0 - Estimated Cost: - 0 -

Additional Cost:

Positions 18 Man-years 16 Estimated Cost: $250,000

Basis for the Estimate

Staff and financial resources for this activity are based on past experience of the Department in conducting research and technical manpower information programs. Approximately 20 studies and projects will be initiated, including the research studies needed to prepare the basis for the Secretary's appraisal and legislative recommendations on the effect of the maximum and minimum ages established in the Act. In order to carry out these statutorily mandated activities, 18 positions and $250,000 are required, including twelve development and research positions, 3 information officer positions, and 3 clerical support positions. Of the amount requested, it is estimated that $200,000 will be required for research and the balance for education.

WEDNESDAY, FEBRUARY 28, 1968.

NATIONAL MEDIATION BOARD

WITNESSES

NATIONAL MEDIATION BOARD

HOWARD G. GAMSER, CHAIRMAN
THOMAS A. TRACY, EXECUTIVE SECRETARY

NATIONAL RAILROAD ADJUSTMENT BOARD

C. E. KIEF, MEMBER
H. V. BORDWELL, MEMBER
MISS MARY E. DILLON, ACTING ADMINISTRATIVE OFFICER

SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

Personal compensation:			
Permanent positions	980	1,029	1,098
Positions other than permanent	565	600	621
Other personnel compensation	3		4
Total personnel compensation	1,548	1,629	1,723
Personnel benefits	87	90	94
Benefits for former personnel			
Travel and transportation of persons	199	216	240
Transportation of things			
Rent, communications, and utilities	54	61	61
Printing and reproduction	64	46	78
Other services	20	21	21
Services of other agencies			
Supplies and materials	18	16	17
Equipment	12	8	8
Total obligations	2,002	2,087	2,242

PERSONNEL SUMMARY

Total number of permanent positions	103	104	104
Full-time equivalent of other positions	22	23	24
Average number of all employees	120	125	127
Average GS grade	8.7	8.7	8.7
Average GS salary	$9,386	$9,821	$10,071

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Program by activities:			
1. Mediation	710	750	817
2. Voluntary arbitration and emergency disputes	409	627	615
3. Adjustment of railroad grievances	883	690	810
Total program costs, funded	2,002	2,067	2,242
Change in selected resources [1]		20	
Total obligations	2,002	2,087	2,242
Financing: Unobligated balance lapsing	83	63	
New obligational authority (appropriation)	2,085	2,150	2,242
Relation of obligations to expenditures:			
Total obligations (affecting expenditures)	2,002	2,087	2,242
Obligated balance, start of year	186	192	195
Obligated balance, end of year	−192	−195	−238
Adjustment in expired accounts	−15		
Expenditures	1,981	2,084	2,199
Expenditures are distributed as follows:			
Out of current authorizations	1,795	1,892	2,004
Out of prior authorizations	186	192	195

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966; $57,000; (1967 adjustments—$7,000); 1967, $50,000; 1968, $30,000; 1969, $30,000.

BIOGRAPHICAL SKETCHES OF PRINCIPAL WITNESSES

National Mediation Board, Howard G. Gamser, Chairman

Howard G. 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. He was reappointed to a second term in 1966. Mr. Gamser serves, in turn, as chairman of this agency.

Howard Gamser has had extensive Federal and State career government service. He 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). He is presently teaching 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, Executive Secretary

Name: Tracy, Thomas A.
Address: 6525 Oakwood Drive, Falls Church, Va.
Date of birth: March 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. Department 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.
Northeastern 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).

National Railroad Adjustment Board, C. E. Kief, Member

Charles E. Kief was born in Limestone Township, Peoria County, Ill., 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.

HAROLD V. BORDWELL, MEMBER

Name: Bordwell, Harold V.
Address: 546 Sheridan Road, Evanston, Ill.
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.

Mr. FLOOD. We now have the National Mediation Board.

We will hear from the chairman, Howard G. Gamser.

Mr. Gamser, I see you have a statement. How do you want to proceed?

Mr. GAMSER. Mr. Chairman, this is a brief statement which will take me about 2 or 3 minutes to read.

Mr. FLOOD. Very well.

GENERAL STATEMENT OF NATIONAL MEDIATION BOARD

Mr. GAMSER. Mr. Chairman, members of the subcommittee, I appreciate your invitation to appear before the subcommittee and to discuss with you the National Mediation Board's budget for the fiscal year 1969.

As you know, this independent agency, first established by Congress in 1926, and composed in its present form in 1934, administers the Railway Labor Act. This statute is designed to provide orderly procedures for the settlement of labor disputes in the railroad and airline industries. Additionally, the National Mediation Board handles questions of representation as they arise in these industries and interprets agreements made in mediation.

The National Railroad Adjustment Board, whose representatives are also appearing today, and who will identify themselves, was also established in 1934 under the Railway Labor Act for the purpose of disposing of grievances arising under the terms of collective-bargaining agreements in the railroad industry.

That section of the Railway Labor Act which deals with the disposition of what are termed "minor disputes" was most recently amended by the 89th Congress in Public Law 456, approved June 20, 1966, to permit the decentralization, in some measure, of grievance disposition machinery. Under Public Law 456, new grievances and those which have been on the docket before the National Railroad Adjustment Board for a period of at least 12 months may be referred to a local boad of adjustment on each individual railroad for expeditious disposition.

Thus, under the Railway Labor Act, Congress has provided for the railroad and airline industries specific machinery and procedures for the adjustment of labor-management disputes, that is, for mediation

and the investigation of questions of representation; for emergency dispute procedures and arbitration; as well as for boards of adjustment and a National Railroad Adjustment Board to handle individual and group grievances arising under agreements between management and the labor organizations concerned.

The budget, as submitted, is designed to identify the functions just discussed and the amounts requested for each.

First, mediation, which is concerned with the making and amending of agreements. This activity is the responsibility of the National Mediation Board.

A total of $817,000, an increase of $28,000 over the amount originally authorized for the current fiscal year, is being requested to finance the Board's activities in fiscal year 1969. The increase is required in order to meet the obligations which will be incurred as a result of the pay legislation enacted December 16, 1967 (Public Law 90–206).

The second activity of the Board relates to voluntary arbitration and the investigation of critical disputes through the emergency board procedure. In arbitration proceedings, disputes are voluntarily submitted by labor and management to a neutral party for final and binding decision. Emergency boards are created pursuant to section 10 of the Act when the Board notifies the President that a dispute threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation. The President may, in these circumstances, in his discretion, create an emergency board to investigate and make recommendations as to the settlement of the dispute involved. Funds available for this activity are used to finance arbitration boards, special boards of adjustment, such as those created under Public Law 89–456 about which I have spoken, and emergency boards. The Board is not able to anticipate precisely the total expenditures for these activities and it is therefore advisable to have a small reserve available for emergency situations.

For the fiscal year 1969, the Board is requesting a total of $615,000, a decrease of $45,000 from the amount originally authorized for this activity in fiscal year 1968.

The third activity carried on under this appropriation is the adjustment of grievances in the railroad industry. This activity pertains to the operations of the National Railroad Adjustment Board mentioned earlier, which is concerned with the interpretation or application of wage and rule agreements in the railroad industry. Representatives of the National Railroad Adjustment Board are here to answer questions in regard to this phase of our appropriation request. A sum of $810,000 is being requested for the fiscal year 1969. This represents an overall increase of $109,000 over the amount appropriated for this activity in the fiscal year 1968.

In summary, the National Mediation Board is requesting a total of $2,242,000 to finance activities under the Railway Labor Act for the fiscal year 1969. This is an increase of $92,000 over the amount originally authorized for the present fiscal year.

That concludes my statement, Mr. Chairman. Thank you for your consideration and kind attention. If we can answer any questions, we will be very happy to do so.

General Statement of National Railroad Adjustment Board

Mr. Flood. We also have the National Railroad Adjustment Board here, and Mr. C. E. Kief, a member of that Board, will make the presentation.

How do you want to proceed, Mr. Kief?

Mr. Kief. Ours is a very simple statement which we will submit and have made a part of the record, if that is satisfactory to you.

Mr. Flood. Without objection, we will do that, of course.

(The statement follows:)

National Railroad Adjustment Board

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, etc.; and the fourth division, 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 work week; the national agreement covering vacations, pay for holidays, and time limit for submitting cases.

In order to reduce the 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 in excess of 20 standard railroad labor organizations and hundreds of railroads.

Summary of Budget Request

Mr. Flood. You are under the same wing, more or less.

The total request for the Mediation Board and the Adjustment

Board is $2,242,000. That is an increase of $92,000 over the appropriation of $2,150,000 for 1968.

REDUCTIONS UNDER PUBLIC LAW 90–218

Now, how much of the 1968 appropriation is held in reserve under Joint House Resolution 888. How is that affecting your work?

Mr. TRACY. We originally felt $74,000 would be held in reserve. We were authorized some $11,000 of that to help in the pay increase problem so at the moment we have a total of $63,000 that is in reserve.

Mr. FLOOD. A board like yours is a classic example of what happens in these meat-ax, across-the-board cuts. In HEW or even the Department of Labor, in the larger agencies, they have some elbow room, some room to maneuver. But across-the-board cuts among little agencies like yours really hurt. That is about as good an example as I can think of to show the inequity of an across-the-board cut.

TIMING OF SUPPLEMENTAL REQUEST

We try to find out, if we can, about the supplemental appropriations that will be requested for 1968. The Budget Bureau prepares a supplemental and sends it to the White House for "x" dollars and it is supposed to be sent to the Congress. It is not here. We haven't been able to find out in the last couple of days where it is and when it is going to get here.

MANDATORY COSTS

How much of the estimated increase in 1969 over 1968 is for mandatory costs like annualizing the costs of your last pay increase?

Mr. TRACY. There is a total in this of approximately $53,000 for the pay increase matter. I think it could be very simply stated that the $25,000, roughly in round figures, for the Adjustment Board pay increases, and approximately $28,000 for the Mediation Board. There is a total of $53,000 of the $93,000 which is to accommodate the pay increase problem.

REDUCTIONS UNDER PUBLIC LAW 90–218

Mr. FLOOD. I wanted to find out how House Joint Resolution 888 affected your work. I wanted the record to show that. You know how this is going to affect your people out in the field. You certainly ought to tell us how House Joint Resolution 888 is going to affect your work.

Mr. GAMSER. As you have already indicated in a small agency such as ours, we don't have a deferrable expenditure or a project that can be put over to the following year. When we take an across-the-board cut, it is necessary to eliminate certain items that we contemplate spending money on. For example, we will not fill three vacancies for one thing.

Mr. FLOOD. Three vacancies in jobs that were set up to do what?

Mr. GAMSER. One mediator and two clerical vacancies. I speak only for mediation at this time.

Little items have to be deferred. We have needed some sort of copying machine for a period of time. We have always felt it was inefficient for the girls to type things that could be copied. We have talked about renting a Xerox machine. However, we have waited. These are not dramatic items, but still, as you indicate, it pinches and requires an adjustment of the work performance.

Mr. FLOOD. How about the mediation work in the field? Do you find any problem in this across-the-board cut with the Railway Adjustment Board?

Mr. KIEF. Oh, yes. We are suffering, because we are not operating at all at full capacity.

Mr. FLOOD. I was inviting you to tell me how you are being affected by this. I have a good idea already from reading your justifications, but the public record should have your testimony.

Mr. KIEF. In our group we are operating at about 35 percent capacity.

Mr. FLOOD. Suppose you don't get these matters out in the field adjusted. A lot of people will be unhappy, won't they?

Mr. KIEF. That is right. It would increase the flow of cases into the Board.

Mr. FLOOD. When a lot of people get unhappy, what do they often do?

Mr. KIEF. They get real quarrelsome and we have a problem on our hands. The aggravation of employes tends toward work stoppages——

Mr. FLOOD You mean a strike, don't you?

Mr. KIEF. That is right.

BACKLOG OF MEDIATION BOARD CASES

Mr. FLOOD. On page 7 of your justifications you show an increase in the mediation cases on hand from 372 at the beginning of 1966 to 629 at the end of 1967. Now, what accounts for this very dramatic increase?

Mr. GAMSER. This is a question which you raised last year, Mr. Chairman, and I have made an extensive inquiry. It would lead one to believe—an examination of these cold figures—that we would be beginning to get what might be called an unmanageable backlog and I know that would concern you as it does us if that were to occur.

In this figure there are a couple of national movements, one a national wage movement and another a crew consist situation which account for approximately 200 cases in this docket. If these cases are successfully mediated——

Mr. FLOOD. Two hundred out of that 600?

Mr. GAMSER. That is correct. If we find the formula to adjust these matters peacefully on the key railroads where they are now being mediated, then it will wipe out the 200 cases.

Mr. FLOOD. If you have an agreement in a leading case you will wash out the others.

Mr. GAMSER. That represents the actual increase. Qualitatively it is not as bad as the figures indicate. I made that inquiry since I knew of your interest last year in this matter.

Mr. FLOOD. You estimate a reversal of the trend so you will be down to 549 cases by the end of 1969. Is this wishful thinking or is there some factor here I don't know about that is changing?

Mr. GAMSER. I think if we have the crew consist item behind us, what we face in the remainder of this fiscal year and during the following year are cases of national magnitude. That doesn't mean the cases are less difficult; it means they generate less numbers of cases filed because one case would cover approximately 108 railroads. We would only have one case, but it would indicate a dispute between a group of organizations and the national railroad carrier conference committee. We feel the cases coming up on the horizon are those national cases rather than those that have to be filed on the individual property.

In addition, we have an active program in existence to weed out the deadwood, the old cases that should be closed for lack of prosecution. This is very difficult to do. We trace the carriers and the unions and say, "You filed a case with us back in 1961 or 1962—" some of them go back as far as 1957, I am afraid. "We made a stab at that case and weren't successful but didn't return the matter to the parties. No one asked us to come back. We thought we should leave sleeping dogs lie." With only 23 mediators, we feel we should do that. "Do you mind if we close this case out?"

They say, "Leave it on your books. It is not doing anyone any harm staying there. It keeps the parties in status quo. If you were to close it under the statute, you would permit one or the other party to act unilaterally. While it remains on your books as a docketed case, there is a restraint on parties' actions and since no one is pressing you, why close it."

That also accounts for a goodly amount of the backlog. We don't want to rock the boat; if we find that both parties are happy to let the case sit there. However, it does appear to increase our backlog.

ADJUSTMENT BOARD CASES

Mr. FLOOD. That touches on your tables on page 33. They show the Adjustment Board has finally made some pretty good progress in reducing the backlog of cases. From 6,090 at the beginning of 1967 to 5,346 at the end of the year. Tell us how this was accomplished and what your outlook or forecast will be for 1968.

Mr. KIEF. That was accomplished primarily because the organizations had been combining similar issues on the same railroad, which has a tendency to reduce the amount of the backlog. Not only that, the organizations have been going back on the properties to see if they

couldn't settle some of these disputes we have at the National Railway Adjustment Board. They are trying to settle those on the property and they would eventually be withdrawn. That accounts for some of the decrease in the Adjustment Board.

Mr. FLOOD. What do you think for 1968? What is the outlook? Do you have a crystal ball handy?

Mr. KIEF. I think if they have sufficient funds to operate the Adjustment Board, that the fieldwork will continue and there will be a continuous reduction in the number of cases.

Mr. FLOOD. It is not solely attributable to fieldwork from what you just said. It is the action taken by the parties themselves apparently, as well.

Mr. KIEF. That is right, but by using the similar-issue method and sending the people out in the field back to the carrier and attempting to settle some of those disputes and many of the carriers have cooperated very nicely in disposing of some of these matters——

Mr. FLOOD. Many of these things don't even get filed, pending these similar-dispute settlements?

Mr. KIEF. That is right.

Mr. FLOOD. Lots of them?

Mr. KIEF. That is right. Many of them were stopped there and that should reduce the number of cases coming in.

Mr. GAMSER. Mr. Chairman, I don't like to interrupt, but we would not want to leave the record unclear. As you notice, Mr. Kief prefaced his remarks by saying, "If such funds are available." He may be confusing fiscal 1969 with fiscal 1968.

Mr. FLOOD. He is.

REDUCTION UNDER PUBLIC LAW 90–218

Mr. GAMSER. Since fiscal 1968 is on us and we know the money which is available, the principals in Chicago have indicated to us that the experience that they have had in reducing the backlog last year and the year before, materially, will not be repeated for 1968 and I wouldnt like to come up here next year and have you say, "How come it didn't happen?"

There is a marked reduction in the activity in Chicago this year.

Mr. FLOOD. Why?

Mr. GAMSER. Well, they haven't got the money for the referees. I think Mr. Kief is addressing himself to next year if the money is available.

Mr. FLOOD. I am sure he is. I know what you are talking about. I am sure you are right. That is why I said in the beginning that with these across-the-board cuts, somebody gets hurt. It is always these very tightly run, small outfits like yours that get hurt. The Defense Department and those other big departments have some elbowroom, some leeway. You probably have none.

ESTIMATE SUBMITTED TO THE BUDGET BUREAU

It is pretty obvious that you are in some real trouble in 1968, but it is also pretty obvious that you are not asking for enough money to do the job in 1969. That is a different story altogether, but it is just as true. I know what the 1968 problem is.

By the way, what was your request of the Bureau of the Budget for 1969?

Mr. TRACY. We requested $2,512,000 from the Bureau of the Budget and this was a request of $789,000 for the Mediation Board, $660,000 for the Arbitration and Emergency Board, and $1,063,000 for the Adjustment Board. As the record here will indicate, we were finally allowed for the Adjustment Board $810,000. Our A. & E. account was reduced by the transfer of $45,000 to the Adjustment Board operations and for the Mediation Board we would receive an increase of $28,000, which is for pay increases, so that we were asking in the Adjustment Board proposal a $189,000 increase for neutrals. We were not allowed the amount of money. We accommodated partly by transferring some funds for A. & E. account to accommodate toward that request for increased money for neutrals. A total of $144,000 of our request was disallowed and the amount allowed for referees was simply on the basis of a transfer from A. & E.

Mr. FLOOD. You are short a quarter of a million dollars?

Mr. TRACY. That is right, sir.

TIMING OF 1968 SUPPLEMENTAL REQUEST

Mr. FLOOD. At this time I presume you know nothing about supplementals except the hearsay that we get.

Mr. TRACY. We have been submitting supplementals for this year, sir.

Mr. FLOOD. Have you talked to the Budget Bureau people lately?

Mr. TRACY. We have been in contact with the Liaison Office at the Bureau of the Budget who advises us that the matter——

Mr. FLOOD. Within the last week?

Mr. TRACY. Within the last week. We have been advised that it is under consideration.

Mr. FLOOD. Mr. Michel.

Mr. MICHEL. No questions.

Mr. FLOOD. Mr. Natcher.

Mr. NATCHER. No questions.

Mr. FLOOD. Mr. Casey.

Mr. CASEY. No questions.

Mr. FLOOD. We understand your situation.

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NATIONAL MEDIATION BOARD

DIGEST OF ESTIMATE OF APPROPRIATION, 1969

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 the one million employees in the railroad and airline industries.

Mediation Cases	1966 Actual	1967 Actual	1968 Estimate	1969 Estimate
Pending, start of year	372	545	629	589
Received during year	519	420	360	360
Closed during year	346	336	400	400
Pending, end of year	545	629	589	549

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 is 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.

Number of Boards Convened	1966 Actual	1967 Actual	1968 Estimate	1969 Estimate
Arbitration Boards	5	6	10	10
Emergency Boards	1	5	7	7
Special Adjustment Boards	121	136	120	100
Cases closed	2,753	2,275	2,200	2,000
Public Law Boards	---	31	110	110
Cases closed	---	92	1,000	1,800

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 employee. The appropriation provides clerical assistance to the Board and neutral referees to sit with divisions of the board when they are deadlocked.

	Workload			
	1966 Actual	1967 Actual	1968 Estimate	1969 Estimate
Pending, beginning of year	6,245	6,090	5,346	5,046
Received during year	1,554	1,689	1,400	1,425
Closed during year	1,709	2,433	1,700	1,800
Pending, end of year	6,090	5,346	5,046	4,671

SCHEDULE OF FUNDS AVAILABLE FOR OBLIGATION AND AN ANALYSIS OF OBLIGATIONS BY UNIFORM OBJECT CLASS

(in thousands of dollars)

Standard Classification		1967 Actual	1968 Estimate	1969 Estimate
Personnel compensation:				
11.1	Permanent positions	980	1,029	1,098
11.3	Positions other than permanent	565	600	621
11.5	Other personnel compensation	3	-	4
	Total personnel compensation	1,548	1,629	1,723
12.0	Personnel benefits	87	90	94
21.0	Travel and transportation of persons	199	216	240
23.0	Rent, communications and utilities	54	61	61
24.0	Printing and reproduction	64	46	78
25.1	Other services	20	21	21
26.0	Supplies and materials	18	16	17
31.0	Equipment	12	8	8
	Total obligations	2,002	2,087	2,242

NATIONAL MEDIATION BOARD

PROGRAM AND FINANCING

(in thousands)

	1967 Actual	1968 Estimate	1969 Estimate
Program by activities:			
1. Mediation	710	750	817
2. Voluntary arbitration and emergency disputes	409	589	615
3. Adjustment of Railroad Grievances	883	748	810
Total program costs-obligations /1	2,002	2,087	2,242
Financing			
Unobligated balance lapsing	83	63	--
New obligational authority (appropriation)	2,085	2,150	2,242
New obligational authority:			
Appropriation	2,085	2,150	2,242

/1 Selected resources as of June 30 are as follows: unpaid undelivered orders, 1966 $57 thousands; (1967 adjustments $-7 thousands) 1967, $50 thousands; 1968, $30 thousands; 1969, $30 thousands.

NATIONAL MEDIATION BOARD

PERSONNEL SUMMARY

	1967 Actual	1968 Estimate	1969 Estimate
Total number of permanent positions----	103	104	104
Full-time equivalent of other positions	22	23	24
Average number of all employees -------	120	125	127
Average GS grade ----------	8.7	8.7	8.7
Average GS salary ----------	9,386	9,821	10,071

NATIONAL MEDIATION BOARD

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 1,000,000 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 39 employees, making a total staff of 42. 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 15 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 decreased approximately 3 percent. Although the workload has significantly increased, there is some indication that if pattern settlements can be reached on some carriers, the disputes on the remaining railroads may be disposed of with a minimum of mediation effort. Developments will be carefully monitored to note the progress in this area.

The following table shows the actual case load figures for 1966 and 1967, and estimated figures for 1968 and 1969 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 the end of each fiscal year. The estimated workload for 1969 is based on analysis of cases received for the past three years.

Mediation Cases	1966 Actual	1967 Actual	1968 Estimate	1969 Estimate
Pending, start of year	372	545	629	589
Received during year	519	420	360	360
Closed during year	346	336	400	400
Pending, end of year	545	629	589	549

AIR LINE 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 service of the 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 of 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 factor in 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. Final resolution of many of these problems awaits completion of pending litigation.

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, unorganized airline employees' desire to obtain representation rights, the problems of representation of employees arising subsequent to mergers, 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 requesting $28,000 additional to meet increased pay cost, PL 90-206 dated December 16, 1967.

ANALYSIS OF TRAVEL, 1967

Year	Total Travel Days	Cost per travel Day	Total	Number Cases Closed	Travel Days Per Case	Number of Travelers	Travel Days per Traveler
1965	4,863	$25.34	$123,249	302	16	22	221
1966	4,794	26.38	126,544	346	14	23	209
1967	3,645	28.00	103,448	336	11	23	158
1968	4,415	28.40	125,500	400	11	25	175
1969	4,700	28.40	132,600	400	12	25	188

SUMMARY

The amount requested for this activity is $817 thousands, an increase of $28,000 to meet increased pay cost.

NATIONAL MEDIATION BOARD
ACTIVITY ANALYSIS BY OBJECT CLASSIFICATION

Activity: MEDIATION	1967 Actual	1968 Estimate	Increase (+) or Decrease (-)	1969 Estimate
11 Personnel compensation				
Permanent positions	524,838	566,950	+25,120	592,070
Pay above the stated annual rate	1,737	---	+1,830	1,830
Positions other than permanent YOC	1,797	2,500	---	2,500
Total personnel compensation	528,372	569,450	+26,950	596,400
12 Personnel benefits	37,173	42,450	+2 050	44,500
21 Travel and transportation of persons	100,964	133,600	-1,000	132,600
23 Rent, communications and utilities	21,266	25,000	---	25,000
24 Printing and reproduction	6,043	6,000	---	6,000
25 Other services	2,204	2,500	---	2,500
26 Supplies and materials	7,639	8,000	---	8,000
31 Equipment	5,933	2,000	---	2,000
Total appropriation	709,594	789,000	+28,000	817,000
Savings cutback PL 90-218	---	-39,000		
Total obligations	709,594	750,000	---	817,000

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 $615,000 is requested for this activity to finance operations in the fiscal year 1969. This is $45,000 less than the amount appropriated for fiscal 1968.

Emergency Board. Under the terms of Section 10 of the Railway Labor Act, if a dispute between a carrier and its employees 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. Any 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 five emergency boards were created by the President. A total of $48,463 was obligated for the expenses of these boards.

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 three arbitration boards were created, three boards created in the prior fiscal year met during the past year, thus six boards were financed during the past fiscal year. For this a total of $13,027 was obligated.

Special Boards of Adjustment. 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 indicated that many demands will be made upon the Board for the payment of neutrals.

During the past year 66 PL Boards were set up of which 31 boards convened, costing $38,613. The 66 PL Boards set up in fiscal 1967 had a total case assignment of 1,695; of which 628 cases had been withdrawn from the National Railroad Adjustment Board. These Boards had disposed of 92 cases as of June 30.

Special Boards of Adjustment continued to function during the past fiscal year. Thirty-five new special boards of adjustment were created, and during this period a total of 136 boards convened. This represents a decrease over the number, 73, of boards created in fiscal year 1966; also an increase over the number, 121, of boards which convened in that year. A total of $285,397 was obligated for these boards in fiscal 1967.

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 1967 were as follows:

Emergency Boards	$ 48,463
Arbitration Boards	13,027
Special Boards of Adjustment	285,397
Public Law Boards	38,613
Communications Services	16,064
Taxes and Assessments	7,815
	$ 409,379

NATIONAL MEDIATION BOARD

ACTIVITY ANALYSIS BY OBJECT CLASSIFICATION

Activity: VOLUNTARY ARBITRATION AND EMERGENCY DISPUTES	1967 Actual	1968 Estimate	Increase (+) or Decrease (-)	1969 Estimate
11 Personnel compensation				
Positions other than permanent	314,975	520,000	-45,000	475,000
12 Personnel benefits	7,815	10,500	---	10,500
21 Travel and transportation of persons	51,515	90,000	---	90,000
23 Rent, communications and utilities	18,953	21,500	---	21,500
24 Printing and reproduction	1,963	3,000	---	3,000
25 Other services	14,158	15,000	---	15,000
Total appropriation	409,379	660,000	-45,000	615,000
Transferred to activity: Adjustment of RR Grievances		-47,000		
Savings cutback PL 90-218		-24,000		
Total obligations	409,379	589,000		615,000

EMERGENCY BOARDS, 1967

No.	Carrier and Organizations	Salaries	Per Diem & Trans	Printing	Other Contract. Service	Rents Utilities	Total
167	American Airlines - TWU	7,700.00	1,991.38	347.20	1,389.00	515.60	11,943.18
168	Pan American Airways - TWU	6,200.00	1,612.24	398.05	2,402.25	615.04	11,227.58
169	National Railway Labor Conference - Employees Dept., AFL-CIO	3,500.00	498.66	517.44	1,784.60	--	6,300.70
170	Long Island RR - BRT,IBEW,IAM & AW	6,225.00	2,196.02	520.00	2,389.00	819.00	12,149.02
171	National Railway Labor Conf. - ORC&B	4,500.00	392.79	---	1,400.00	550.00	6,842.79
	TOTAL	28,125.00	6,691.09	1,782.69	9,364.85	2,499.64	48,463.27

ARBITRATION BOARDS - 1967

No.	Carrier and Organizations	Salaries	Per Diem & Trans.	Printing	Other Contract Service	Rents Utilities	Total
168	E. W. and S. E. Carriers Conf. Committee - BLE,BLF&E,ORC	2,525.00	541.81	--	--	---	3,066.81
289	Erie Lackawanna - BRC	700.00	3.08	--	245.60	---	948.68
292	Clinchfield - BRT, ORC&B	900.00	557.58	--	265.65	---	1,723.23
293	Atchison,Topeka & St.Fe - BRC	750.00	409.77	--	921.50	---	2,081.27
294	Pan Am World Airways - TWU	---	--	--	1,200.80	---	1,200.80
295	Braniff Airways, Inc. - BRC	2,000.00	--	--	2,006.60	---	4,006.60
	TOTAL	6,875.00	1,512.24	--	4,640.15	---	13,027.39

SPECIAL BOARDS OF ADJUSTMENT, 1967

No.	Parties	Referee	Selected by	Total days	No. cases disp. of	Av. No. days per case	Salaries	Per Diem & Trans.	Total
18	Southern Pac. - BLF&E,	Donaldson	Parties	29.75	63	.47	2,975.00	997.43	3,972.43
	ORC&B, BRT	Abernethy	Parties	6.75	--	--/1	675.00	281.85	956.85
41	Texas & New Orleans - BRT	Begley	Parties	30.00	6	5.00	3,000.00	601.49	3,601.49
88	Texas & New Orleans-BLFE	Moore	Parties	28.25	49	.57	2,825.00	571.74	3,396.74
99	Pittsburgh & Lk Erie-ORCB	Gilden	Parties	8.00	8	1.00	800.00	81.20	881.20
107	NW Pac - ORC&B, BRT	Hanlon	Parties	4.50	8	.56	450.00	163.00	613.00
140	Chicago, Milwaukee, St.Paul,Pac - ORC&B,BRT	Boyd	Parties	23.50	8	2.94	2,350.00	580.78	2,930.78
148	Kansas City South - BRT	Begley	NMB	11.00	--	--/1	1,100.00	220.69	1,320.69
161	Long Island - BRT	Gilden	Parties	14.50	3	4.83	1,450.00	300.59	1,750.59
179	Missouri Pac - BRT	Douglass	Parties	2.00	1	2.00	200.00	75.80	275.80
180	Southern Pac - BLE	Douglass	Parties	32.25	34	.94	3,225.00	692.45	3,917.45
182	NW Pacific - BLE	Douglass	Parties	.50	1	.50	50.00	39.05	89.05
189	Spokane,Portland,Seattle-BRT	Gilden	Parties	46.75	32	1.46	4,675.00	317.89	4,992.89
195	Grand Trunk West - BRT	Douglass	Parties	33.50	58	.57	3,350.00	152.60	3,502.60
196	Long Island - BLE	Seidenberg	Parties	3.25	--	--/1	325.00	105.65	430.65
197	Del,Lackawanna & West - BLE, BLF&E	Douglass	Parties	43.00	97	.44	4,300.00	189.20	4,489.20
231	NY Central - BRT	Douglass	Parties	14.00	19	.74	1,400.00	191.30	1,591.30
235	Chicago & NW - BRT	Murphy	Parties	221.00	139	1.58	22,100.00	1,893.75	23,993.75
245	Indiana Harbor Belt - BRT	Coburn	Parties	30.75	28	1.09	3,075.00	543.82	3,618.82
248	Del,Lackawanna,West - BRT	Gilden	Parties	20.50	38	.54	2,050.00	515.63	2,565.63
255	Central RR of NJ - BRT	Guthrie	Parties	9.00	--	--/1	900.00	256.18	1,156.18
260	St.Louis SW - BLE	Dougherty	Parties	30.00	22	1.36	3,000.00	745.90	3,745.90
266	Del,Lackawanna,West-TCEU	Bailer	Parties	18.00	31	.58	1,800.00	--	1,800.00
293	Central RR of NJ - BMWE	Bailer	Parties	2.00	2	1.00	200.00	--	200.00
318	New Orleans Publ.Belt - SUNA	Sempliner	Parties	16.00	13	1.23	1,600.00	441.95	2,041.95
343	Central RR of NJ - BLE	Guthrie	Parties	2.00	10	.20	200.00	--	200.00
353	St.Louis SW - TCEU	Harr	Parties	63.50	28	2.26	6,350.00	433.26	6,783.26
356	Chicago & NW - BRT	O'Gallagher	Parties	20.00	37	.54	2,000.00	--	2,000.00
361	Union Pacific - BRT	Wyckoff	Parties	11.25	33	.34	1,125.00	249.50	1,374.50

SPECIAL BOARDS OF ADJUSTMENT, 1967

No.	Parties	Referee	Selected by	Total days	No. Cases Disp. of	Av. No. days per case	Salaries	Per Diem & Trans	Total
365	Chicago & East Ill. - BRT	Douglass	Parties	24.25	44	.55	2,425.00	198.23	2,623.23
379	A.T. & St.Fe - BRT, ORC&B	Stone	NMB	10.50	26	.40	1,050.00	326.05	1,376.05
387	NY Central - BRT	Boyd	Parties	9.00	17	.53	900.00	191.48	1,091.48
393	NY Central, Pitts, Lk Erie - ORC&B	Anrod	NMB	19.00	1	19.00	1,900.00	354.55	2,254.55
411	Baltimore & Ohio - BRT	Coburn	Parties	67.50	39	1.73	6,750.00	365.23	7,115.23
421	NY Central - ORT	Bailer	Parties	8.00	5	1.60	800.00	---	800.00
423	Port Terminal - BRT	Wyckoff	Parties	4.75	15	.32	475.00	296.90	771.90
424	Erie Lackawanna - BRT	Begley	Parties	25.00	60	.41	2,500.00	---	2,500.00
434	Spokane,Portland,Seattle-ORC&B	Douglass	Parties	6.00	9	.66	600.00	255.75	855.75
443	Texas-Pac-Mo.Pac Term - SUNA	Sempliner	Parties	13.00	1	13.00	1,300.00	434.01	1,734.01
465	Boston & Maine - BRT	Begley	Parties	54.75	37	1.48	5,475.00	558.67	6,033.67
496	NY Central - BRC	Bailer	Parties	19.50	7	2.78	1,950.00	---	1,950.00
513	Pac Electric - BLE	Stone	Parties	6.25	1	6.25	625.00	221.15	846.15
517	Elgin, Joliet & East - BRT	Boyd	Parties	14.50	28	.52	1,450.00	378.93	1,828.93
535	NY Central et al - ORC&B	Boyd	Parties	22.00	28	.78	2,200.00	241.97	2,441.97
543	A.T.& St.Fe - ORC&B,BRT	Boyd	NMB	25.25	14	1.80	2,525.00	647.51	3,172.51
547	No.Pac Term of Oregon - SUNA	Boyd	Parties	5.00	--	--/1	500.00	---	500.00
551	Detroit & Toledo Shore Line - BRT Cluster		Parties	21.75	19	1.14	2,175.00	227.26	2,402.26
553	South Pac - ORT	Ray	NMB	2.25	17	.13	225.00	233.60	458.60
560	Maine Central - BRT	Seidenberg	NMB	25.50	25	1.02	2,550.00	358.75	2,908.75
562	Chicago & NW Ry - ORC&B	Murphy	Parties	48.25	31	1.55	4,825.00	366.48	5,191.48
564	Missouri Pacific - BRC	Dolnick	Parties	22.00	10	2.20	2,200.00	347.46	2,547.46
568	St.Louis, SanFrancisco - BRT	Coffey	NMB	19.50	10	1.95	1,950.00	333.00	2,283.00
569	Reading Company - ORC&B	Boyd	Parties	13.50	38	.35	1,350.00	203.69	1,553.69
570	Nat Ry Labor Conf EW & SE Carriers Conf Comm - AFL-CIO	Panel	NMB	81.75	12	6.81	8,175.00	982.18	9,157.18
577	A. T. & St. Fe - BLE, BLF&E, ORC&B, BRT	Gilden	Parties	33.00	10	3.30	3,300.00	425.88	3,725.88
583	Akron, Canton & Youngston - BRT	Boyd	Parties	5.25	10	.52	525.00	120.21	645.21

SPECIAL BOARDS OF ADJUSTMENT, 1967

No.	Parties	Referee	Selected by	Total days	No. cases disp. of	Av. No. days per case	Salaries	Per Diem & Trans.	Total
588	NY Central - BLF&E	Bailer	Parties	8.50	--	--/1	850.00	---	850.00
589	Pennsylvania - BRT	Seidenberg	NMB	75.50	51	1.48	7,550.00	567.75	8,117.75
592	Union Pacific - ORC&B	Stone	Parties	7.50	1	7.50	750.00	181.75	931.75
596	Chicago & NW - BLF&E	Daugherty	Parties	20.00	26	.76	2,000.00	---	2,000.00
599	St. Louis SW Ry - BLF&E	Douglass	Parties	9.50	12	.79	950.00	199.60	1,149.60
600	Lehigh & Judson River - BLF&E	Bailer	Parties	4.00	6	.66	400.00	---	400.00
601	Reading Co. - BRT	Boyd	Parties	13.00	20	.65	1,300.00	251.46	1,551.46
603	Great Northern - TCEU	Bailer	Parties	12.25	--	--/1	1,225.00	219.08	1,444.08
605	Nat. Ry Labor Conf EW&SE Carriers Conf - Employees	Coburn	Parties	10.00		10.00	1,000.00	126.41	1,126.41
	Nat Conf Comm Five Coop. Ry Labor Organization	Dolnick	Parties	6.75	9	.75	675.00	256.10	931.10
608	South Ry-BRC,H&WE,TCEU,BRS	Dolnick	Parties	2.50	--	--/1	250.00	117.80	367.80
609	Disputes Comm Art X, Agr. 4/5/57, EW&SE Carriers - BRT Cluster		NMB	14.50	19	.76	1,450.00	122.87	1,572.87
611	Erie, Lackawanna - BLF&E	Begley	Parties	13.00	--	--/1	1,300.00	---	1,300.00
623	Western Md - BRT	Begley	Parties	11.50	28	.41	1,150.00	145.76	1,295.76
625	Indiana Harbor Belt - BLF&E	Seidenberg	NMB	--	--	--	---	5.16	5.16
632	Delaware & Judson - BRT	Douglass	Parties	74.75	135	.55	7,475.00	515.80	7,990.80
633	Monongahela - BRT	Begley	Parties	2.25	--	--/1	225.00	70.27	295.27
634	Tennessee Central - BRT	Hanlon	Parties	3.75	4	.93	375.00	342.15	717.15
637	NY, NH, Hartford - BLE	Bailer	Parties	14.00	21	.66	1,400.00	---	1,400.00
642	Missouri,Kansas,Texas - BRT	Coburn	Parties	54.50	157	.34	5,450.00	1,025.96	6,475.96
646	Union Pacific(East)-BLE	Daugherty	Parties	23.50	12	1.95	2,350.00	476.05	2,826.05
648	Lehigh Valley - BRT	Boyd	NMB	9.50	14	.67	950.00	118.00	1,068.00
652	Lehigh & Judson River - BRT	Donaldson	Parties	4.25	--	--/1	425.00	260.06	685.06
653	Detroit & Toledo Shore Line - BLF&E	Douglass	Parties	19.50	35	.56	1,950.00	184.86	2,134.86
654	Elgin,Joliet,East - BLFE	Seidenberg	Parties	2.50	3	.83	250.00	175.95	425.95
657	Ogden Union Ry&Depot - BRT	Wyckoff	Parties	7.25	21	.34	725.00	207.07	932.07
663	Monon RR - BRT	Boyd	Parties	2.00	41	.48	200.00	233.26	433.26
664	Missouri Pacific - BRT	O'Gallagher	Parties	17.00	8	2.12	1,700.00	152.69	1,852.69

SPECIAL BOARDS OF ADJUSTMENT, 1967

No.	Parties	Referee	Selected by	Total days	No. cases disp. of	Av. No. days per case	Salaries	Per Diem & Trans	Total
665	Chicago,St.Paul,Pac - BLE	Boyd	Parties	10.00	16	.62	1,000.00	195.26	1,195.26
668	Detroit & Toledo Shore Line - BLF&E	Daugherty	NMB	2.50	1	2.50	250.00	100.52	350.52
669	Pittsburgh & Lk Erie - BLE	Boyd	Parties	9.00	15	.60	900.00	115.44	1,015.44
671	Union Pac. - BLF&E	Douglass	NMB	8.50	8	1.06	850.00	469.55	1,319.55
672	Mo.,Kansas,Texas - ORC&B	Sempliner	Parties	8.25	11	.75	825.00	212.60	1,037.60
675	Southern Pac - BRT	Douglass	Parties	1.50	--	--/1	150.00	191.81	341.81
676	Southern Pac - BLF&E	Gilden	Parties	19.00	7	2.71	1,900.00	718.94	2,618.94
677	Ft.Worth & Denver - BRT	Boyd	Parties	19.00	5	3.80	1,900.00	619.93	2,519.93
678	Soo Line - BRT	Begley	Parties	21.25	--	--/1	2,125.00	209.91	2,334.91
679	Norfolk Southern - BRT	Seidenberg	Parties	15.50	15	1.03	1,550.00	281.60	1,831.60
680	Chicago, W.Pullman & Southern - BRT	Boyd	Parties	17.25	12	1.45	1,725.00	459.21	2,184.21
681	Ashley,Drew,& North-BLF&E	Douglass	Parties	2.75	3	.91	275.00	116.40	391.40
682	Penn RR - Penn Reading Seashore Lines - BRT	Stark	NMB	4.00	1	4.00	400.00	33.60	433.60
683	A.T. & S.F.e (West) - BLE	Seidenberg	Parties	13.25	1	13.25	1,325.00	699.98	2,024.98
684	Art 11 & Art 14 Disputes Comm - BLE,BLF&E,ORC&B	Coffey	NMB	17.75	10	1.77	1,775.00	328.92	2,103.92
685	Agr of 8/11/48 Disputes Comm EW&SE Carriers Conf Comm-BLE,BLF&E,SUNA	Abernethy	NMB	24.50	9	2.72	2,450.00	323.31	2,773.31
686	Union Pac(Salt Lk City - Butte & Granger-Huntington) and BRT	Wyckoff	Parties	21.00	20	1.05	2,100.00	323.25	2,423.25
688	South Pac(Tex & La) - SUNA	Coffey	Parties	36.25	21	1.72	3,625.00	513.30	4,138.30
689	A.T.&St.Fe(East) -BRT, BLF&E, BLE	Boyd	Parties	3.50	1	3.50	350.00	158.04	508.04
690	Bessemer & Lk Erie - BRT	Begley	Parties	11.00	10	1.10	1,100.00	73.60	1,173.60
691	Chicago & East Ill - BLE	Douglass	Parties	7.00	12	.58	700.00	66.62	766.62
692	Portland Terminal - BLF&E	O'Gallagher	Parties	31.75	7	4.53	3,175.00	849.65	4,024.65

SPECIAL BOARDS OF ADJUSTMENT, 1967

No.	Parties	Referee	Selected by	Total days	No. cases disp. of	Av. No. days per case	Salaries	Per Diem & Trans	Total
693	Detroit & Toledo Shore Line - BLF&E	Whiting	Parties	4.00	1	4.00	400.00	---	400.00
694	Richmond,Fredericksburg, Potomac - ORC&B	Seidenberg	Parties	2.00	--	--/1	200.00	40.49	240.49
695	Elgin,Joliet & East - BLFE	Coffey	Parties	4.00	1	4.00	400.00	6.32	406.32
696	Buffalo Creek - SUNA	Shister	Parties	46.00	--	--/1	4,600.00	140.20	4,740.20
697	Atlanta & West Pt. RR The West Ry of Ala - BRT	Gilden	Parties	6.75	--	--/1	675.00	211.50	886.50
698	Georgia RR-BRT,ORC&B	Gilden	Parties	16.75	9	1.86	1,675.00	357.90	2,032.90
699	Chicago & W. Indiana - BRT	Douglass	Parties	26.00	26	1.00	2,600.00	109.85	2,709.85
701	Disputes Comm-ArtX, Agr of 4/5/57, EW&SE Carriers Conf Comm - BRT	Cluster	Parties	7.00	--	--/1	700.00	56.85	756.85
702	Union - USWA local 3263	Begley	Parties	14.00	14	1.00	1,400.00	124.17	1,524.17
703	South Pac(Tex & La) - BLE	Coffey	Parties	6.25	1	6.25	625.00	131.44	756.44
704	Kansas City South - BRT	Boyd	Parties	3.25	--	--/1	325.00	115.60	440.60
705	NE Oklahoma - BRT	Douglass	Parties	3.00	4	.75	300.00	43.60	343.60
706	Portland Terminal - SUNA	Sempliner	Parties	39.50	17	2.32	3,950.00	768.45	4,718.45
707	Florida East Coast - BRT	Whiting	Parties	16.00	11	1.45	1,600.00	379.60	1,979.60
708	Florida East Coast - BLE	Daugherty	Parties	23.75	30	.79	2,375.00	511.05	2,886.05
710	Mississippi Export - BLF&E	Ives	Parties	4.50	--	--/1	450.00	194.99	644.99
711	Atlantic Coast Line - BLFE	Vadakin	NMB	7.00	1	7.00	700.00	246.55	946.55
713	Elgin,Joliet & East - ORCB	Boyd	NMB	9.50	5	1.90	950.00	250.22	1,200.22
715	Denver & Rio Grande West-SUNA	Rohman	NMB	5.25	2	2.62	525.00	187.60	712.60
716	Houston Belt & Tenn - BRT	Coburn	Parties	17.00	8	2.12	1,700.00	733.00	2,433.00
718	Western Maryland - BLF&E	Seidenberg	Parties	19.00	15	1.26	1,900.00	96.61	1,996.61
719	Patapsco & Back Rivers - BLFE	Stone	Parties	9.25	1	9.25	925.00	429.65	1,354.65
720	Gulf, Mobile & Ohio - BRT	Hanlon	Parties	7.50	15	.50	750.00	427.40	1,177.40
721	NY Central (North) - BRSC	Bailer	Parties	1.00	--	--/1	100.00	---	100.00
723	Brooklyn East Dist. Terminal - BRT	Boyd	Parties	1.00	2	.50	100.00	48.44	148.44

SPECIAL BOARDS OF ADJUSTMENT, 1967

No.	Parties	Referee	Selected by	Total days	No. cases disp. of	Av. No. days per case	Salaries	Per Diem & Trans.	Total
724	Western Md. - BRT	Seidenberg	Parties	6.00	--	--/1	600.00	107.97	707.97
725	Montour RR - BLF&E	Bailer	Parties	2.25	--	--/1	225.00	92.14	317.14
726	Cuyahoga Valley - BRT	Boyd	Parties	1.00	--	--/1	100.00	53.40	153.40
727	Erie Lackawanna - BRT	Begley	Parties	17.00	--	--/1	1,700.00	1.82	1,701.82
729	NY Central(So. Dist) - BRT	Seidenberg	Parties	6.00	--	--/1	600.00	36.55	636.55
731	Union - USWA,AFL-CIO	Whiting	Parties	12.00	18	.66	1,200.00	91.34	1,291.34
732	Chicago, Milwaukee, St.Paul & Pacific - BLE	Boyd	Parties	2.00	--	--/1	200.00	98.60	298.60
							$ 247,575.00	37,822.24	285,397.24

PUBLIC LAW BOARDS, 1967

No.	Parties	Referee	Selected by	Total days	No. cases disp. of	Av. No. days per case	Salaries	Per Diem & Trans.	Total
1	Southern Pacific - SUNA	Mann	NMB	13.75	procedural		1,375.00	105.10	1,480.10
		Sempliner	Parties	42.25	16	2.64	4,225.00	1143.90	5,368.90
2	Sacramento Northern - SUNA	McMahon	NMB	3.75	1	3.75	375.00	244.40	619.40
3	Western Md. Ry - BRSC	Seidenberg	Parties	8.00	3	2.66	800.00	27.64	827.64
5	Union Pacific - ORC&B	Murphy	Parties	6.75	2	3.37	675.00	107.92	782.92
7	Great Northern - TCEU	Dorsey	Parties	25.00	1	25.00	2,500.00	434.00	2,934.00
8	Chicago, Rock Island & Pac-BLE	Boyd	Parties	2.50	1	2.50	250.00	31.47	281.47
9	Reading Co. - MEBA	Bailer	Parties	4.00	2	2.00	400.00	---	400.00
10	Great Northern - SUNA	Hall	NMB	1.50	procedural		150.00	---	150.00
		Sempliner	Parties	3.50	--/1	--/1	350.00	160.05	510.05
11	South Buffalo Ry - BRT	Seidenberg	Parties	5.00	3	1.66	500.00	161.25	661.25
12	Grand Trunk Western - ORC&B	Sempliner	Parties	8.00	1	8.00	800.00	---	800.00
13	Pittsburgh & Lake Erie & Lake Erie & Eastern - TWU	Cluster	Parties	8.25	3	2.75	825.00	229.90	1,054.90
14	Monon - BLE,BLF&E,ORC&B,BRT	Larkin	NMB	4.50	--/1	--/1	450.00	45.90	495.90
15	Southern Pacific - BRS	Hamilton	NMB	44.00	--/1	--/1	4,400.00	156.00	4,556.00
16	Indianapolis Union - BLF&E	Sempliner	Parties	3.25	1	3.25	325.00	119.90	444.90
17	Chicago,Burlington,& Quincy-BRC	Bailer	Parties	2.75	--/1	--/1	275.00	180.53	455.53
18	Chicago,Rock Island,& Pacific - BRT	Boyd	Parties	1.00	1	1.00	100.00	33.08	133.08
19	Spokane,Portland,Seattle-BRS	Boyd	Parties	6.25	2	3.12	625.00	185.20	810.20
20	Detroit, Toledo, & Ironton Railroad - BRT	Rehmus	NMB	9.00	8	1.12	900.00	52.82	952.82
22	Richmond, Fredericksburg, & Potomac - BRT	Coburn	Parties	33.25	40	.83	3,325.00	336.80	3,661.80
25	Chicago, Burlington, & Quincy - BLE	Hanlon	Parties	10.00	--/1	--/1	1,000.00	626.80	1,626.80
27	Minneapolis, Northfield & South - BLF&E	O'Gallagher	Parties	4.00	1	4.00	400.00	167.30	567.30
30	Monon RR - ORC&B	Abernethy	Parties	2.75	--/1	--/1	275.00	205.31	480.31
32	Erie, Lackawanna - BRC	Rose	Parties	15.25	--/1	--/1	1,525.00	143.00	1,668.00
33	Youngstown & Northern - BRT	Boyd	Parties	6.25	--/1	--/1	625.00	117.95	742.95

PUBLIC LAW BOARDS, 1967

No.	Parties	Referee	Selected by	Total days	No. cases disp. of	Av. No. days per case	Salaries	Per Diem & Trans.	Total
34	St. Louis-San Francisco Railway - TCEU	Ray	NMB	1.50	procedural		150.00	113.00	263.00
		Dorsey	Parties	2.00	--/1	--/1	200.00	183.85	383.85
35	Great Northern - ORC&B	Dolnick	NMB	3.00	procedural		300.00	128.20	428.20
36	Atchison, Topeka & St.Fe - BLFE	O'Gallagher	Parties	26.00	--/1	--/1	2,600.00	487.20	3,087.20
37	St.Louis-San Francisco-BRT	Moore	NMB	2.50	5	.50	250.00	101.80	351.80
50	Spokane, Portland & Seattle and ORC&B	Boyd	NMB	3.00	--/1	--/1	300.00	141.50	441.50
53	Atchison, Topeka & St. Fe-BRT	Boyd	Parties	5.00	1	5.00	500.00	134.50	634.50
65	Lake Terminal - BRT	Begley	Parties	5.00	--/1	--/1	500.00	56.75	556.75
	TOTAL				92		32,250.00	6,363.02	38,613.02

/1 Board met, no awards rendered during this fiscal year.

NATIONAL RAILROAD ADJUSTMENT BOARD

Chicago, Illinois

DIGEST OF ESTIMATE OF APPROPRIATION, 1969

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 $810,000 for 1969 is $109,000 more than the $701,000 appropriated or estimated for 1968.

2. In the item personal services, office personnel, the increase of $27,800 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 $145,000 in the item of personal services, positions other than permanent, is for salaries of these referees. This amount is an increase of $45,000 over fiscal year 1968.

4. The amount estimated for printing and reproduction is $69,000, an increase of $32,000 over what is available for 1968. During the last two or three years our printing backlog has mounted, and it is hoped with the increased amount we will be able to bring it more nearly up to date.

5. Little change is anticipated in the other items.

JUSTIFICATION OF ESTIMATES AND STATEMENT OF PROPOSED EXPENDITURES FOR THE FISCAL YEAR 1969

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 nonoperating employees. Causes for increases are the amendment to the Railway Labor Act permitting the union shop and resulting 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 1,360 cases on hand as of June 30, 1967, a reduction of 1,286 cases.

The Board has no control over the number of cases submitted.

The estimate for the fiscal year 1969 is $810,000 which is an increase of $109,000 over the funds available for fiscal year 1968.

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-three years, and the estimate for 1969 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 1965, 1966, and 1967.

	Number Pending July 1	Number Received	Total	Number Closed	Number Pending June 30
		Fiscal Year 1965			
First Division	4,062	564	4,626	571	4,055
Second Division	270	205	475	189	286
Third Division	2,197	693	2,890	1,018(1)	1,871*
Fourth Division	31	109	140	108	32
Totals	6,560	1,571	8,131	1,886	6,244

*Adjusted to reflect previous closing 1 case
(1) Third Division 548
Supplemental 470

		Fiscal Year 1966			
First Division	4,056*	490	4,546	497	4,049
Second Division	286	238	524	187	337
Third Division	1,871	719	2,590	925(1)	1,665
Fourth Division	32	107	139	100	39
Totals	6,245	1,554	7,799	1,709	6,090

*Adjusted to reflect previous closing 1 case
(1) Third Division 470
Supplemental 455

		Fiscal Year 1967			
First Division	4,049	446	4,495	986	3,509
Second Division	337	338	675	295	380
Third Division	1,665	776	2,441	1,081(1)	1,360
Fourth Division	39	129	168	71	97
Totals	6,090	1,689	7,779	2,433	5,346

(1) Third Division 610
Supplemental 471

The number of cases closed in fiscal year 1967 includes 513 withdrawn from the First Division and 170 from the Third Division. These withdrawn cases were assigned to PL Boards.

JUSTIFICATION OF ITEMS

PERSONAL SERVICES

Salaries of office personnel

The number of employees for the fiscal year 1969 is estimated at 62 at an estimated cost of $507,400. Little turnover is expected during the current year or in fiscal year 1969, 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 2,483 days in the settlement of 1,292 cases in the fiscal year 1967. For the current fiscal year, we hope our funds will be sufficient for 1,000 referee days during which we expect they will participate in the settlement of 500 cases. The estimate for 1969 is for 1,450 referee days, during which we expect they will participate in the settlement of some 725 cases.

There follows a list of Referees rendering services during the fiscal year 1967.

REFEREES -- FISCAL YEAR 1967

Name	State	Number of Days	No. of Cases Closed	Salary Paid
Abernethy, Byron	Texas	14	10	$1,400
Abrahams, Harry	Illinois	86	29	8,600
Brown, David H.	Texas	32-3/4	25	3,275
Coburn, Wm. H.	Dst. of Col.	17-1/2	0	1,750
Daugherty, C. R.	Illinois	15-1/2	14	1,550
Devine, Arthur W.	Rhode Island	74-3/4	37	7,475
Dolnick, David	Illinois	61-1/2	49	6,150
Dorsey, John H.	Dst. of Col.	235-3/4	109	23,575
Dugan, Paul C.	Missouri	64-1/2	84	6,450
Engelstein, Nathan	Illinois	124	59	12,400
Hall, Levi M.	Minnesota	58-1/2	43	5,850
Hamilton, Donald	Oklahoma	65-1/2	32	6,550
Harr, Don J.	Oklahoma	61-1/2	25	6,150
Harwood, Ben	Montana	96-1/2	29	9,650
House, Daniel	New York	123	56	12,300
Ives, George S.	Dst. of Col.	141-1/2	54	14,150
Johnson, Howard A.	Montana	108	59	10,800
Kabaker, David	Ohio	61	26	6,100
Kenan, Thomas J.	Oklahoma	48	23	4,800
Larkin, John Day	Illinois	17-3/4	19	1,775
Lynch, Edward A.	Dst. of Col.	142-1/2	76	14,250
McGovern, John J.	Maryland	72-1/4	33	7,225
McMahon, Donald F.	Oklahoma	29	9	2,900
Mesigh, Herbert J.	Oklahoma	70-1/2	18	7,050

REFEREES -- FISCAL YEAR 1957 (continued)

Name	State	Number of Days	No. of Cases Closed	Salary Paid
Miller, Wesley	Oklahoma	40-3/4	12	$4,075
Moore, Preston J.	Oklahoma	21-3/4	25	2,175
Perelson, Bernard	New York	15-3/4	2	1,675
Rambo, Dan	Oklahoma	9-1/2	7	950
Ritter, Gene T.	Oklahoma	70-1/2	33	7,050
Rohman, Murray M.	Texas	38	53	3,800
Seidenberg, Jacob	Virginia	73	43	7,300
Sempliner, Arthur	Michigan	23-3/4	15	2,375
Stark, Arthur	New York	23-1/4	9	2,325
Weston, Harold M.	New York	158	85	15,800
Whiting, Dudley E.	Michigan	1	Interp.	100
Williams, Peyton	Oklahoma	3-1/4	Interp.	325
Wolf, Benjamin H.	New York	20-3/4	14	2,075
Woody, Claude S.	Oklahoma	62-3/4	29	6,275
Zack, Arnold M.	Massachusetts	40-1/4	18	4,025
Zumas, Nicholas H.	Dst. of Col.	58-1/2	30	5,850
Totals.....		2,483-1/2	1,292	$248,350

Personnel benefits

Personnel benefits consist of the employer's share of costs of employees' life insurance, health benefits, Civil Service retirement, and Federal Insurance Contributions Act taxes amounting to approximately $41,000.

Travel Expenses

Almost all of the amount for travel expenses is required for Referees, most of whom are from points other than Chicago. It is estimated that the over-all average cost will be about $16,150 for the year, plus about $450 for other official travel, making a total of $16,600.

Printing and reproduction

The largest part of the appropriation for printing and reproduction is expended for printing awards of the various divisions for only the interested parties and for the use of Members of the Board. An initial supply of each of the awards is printed in pamphlet form; and when a sufficient number has been issued, a volume is bound. The Board receives 150 pamphlet copies and 100 of each of the volumes. It is also necessary to furnish the Library of Congress a number of copies of each volume for use in the library and for international exchange.

The field contract for printing and binding awards permits the contractor to sell to interested parties, largely railroad labor organizations and the carriers; and, therefore, the cost is spread so that the Government pays approximately one-third of the amount it would have to pay were it not for these outside sales.

At the present time, we have a backlog of more than two years' work for printing and binding. At the beginning of fiscal year 1968 we instituted a change in the method of binding volumes of awards which should decrease our cost somewhat.

Other items

The other items in the estimate involve comparatively small amounts, and in these little or no change is expected.

NATIONA. MEDIATION BOARD
NATIONAL RAILROAD ADJUSTMENT BOARD
ACTIVITY ANALYSIS BY OBJECT CLASSIFICATION

Activity: ADJUSTMENT OF RAILROAD GRIEVANCES	1967 Actual	1968 Estimate	Increase (+) or Decrease (-)	1969 Estimate
11 Personnel compensation				
Permanent positions	454,789	477,600	+27,800	505,400
Pay above the stated annual rate	1,900	---	+2,000	2,000
Positions other than permanent	248,350	100,000	+45,000	145,000
Total personnel compensation	705,039	577,600	+74,800	652,400
12 Personnel benefits	41,627	39,000	+2,000	41,000
21 Travel and transportation of persons	45,097	16,600	---	16,600
23 Rent, communications and utilities	14,461	13,300	---	13,300
24 Printing and reproduction	56,025	37,000	+32,000	69,000
25 Other services	3,840	3,500	---	3,500
26 Supplies and materials	10,407	8,000	+200	8,200
31 Equipment	6,117	6,000	---	6,000
Total appropriation	882,613	701,000	+109,000	810,000
Transferred from activity: Voluntary Arbitration and Emergency Disputes		+47,000		
Total obligations	882,613	748,000		810,000

RAILROAD RETIREMENT BOARD

WITNESSES

HOWARD W. HABERMEYER, CHAIRMAN
ARLON E. LYON, LABOR MEMBER
SAMUEL CHMELL, CHIEF EXECUTIVE OFFICER
MICHAEL RUDISIN, DIRECTOR OF BUDGET AND FISCAL OPERATIONS

Payment for Military Service Credits

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Program by activities: Payment to railroad retirement account (costs—obligations) (object class 41.0)	17,201	17,839	18,446
Financing: New obligational authority (appropriation)	17,201	17,839	18,446
Relation of obligations to expenditures:			
Total obligations (affecting expenditures)	17,201	17,839	18,446
Expenditures	17,201	17,839	18,446
Expenditures are distributed as follows: Out of current authorizations	17,201	17,839	18,446

Limitation on Salaries and Expenses

OBJECT CLASSIFICATION (In thousands of dollars)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	8,920	9,354	10,157
Positions other than permanent	136	74	109
Other personnel compensation	483	224	566
Total personnel compensation	9,539	9,652	10,832
Personnel benefits	704	738	797
Travel and transportation of persons	254	264	275
Transportation of things	17	18	25
Rent, communications, and utilities	906	866	1,040
Printing and reproduction	53	56	70
Other services	218	236	262
Services of other agencies	727	784	803
Supplies and materials	133	133	167
Equipment	38	465	119
Undistributed (contingency reserve)			100
Total costs, funded	12,589	13,212	14,490
Administrative expenses included in schedule for fund as a whole	−12,604	−13,212	−14,490
Change in selected resources	15		
Total obligations			

PERSONNEL SUMMARY

Total number of permanent positions	1,182	1,162	1,242
Full-time equivalent of other positions	33	18	27
Average number of all employees	1,109	1,120	1,216
Average GS grade	7.3	7.3	7.2
Average GS salary	$8,062	$8,471	$8,469

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Maintenance of earnings accounts	330	427	392
2. Processing claims	9,506	9,708	10,703
3. Maintenance of beneficiary rolls	1,386	1,562	1,770
4. Hearings and appeals	67	70	72
5. Actuarial services	248	274	277
6. Administration	1,052	1,171	1,176
7. Contingency reserve			100
Total program costs, funded [1]	12,589	13,212	14,490
Change in selected resources [2]	15		
Total obligations	12,604	13,212	14,490
Financing:			
Unobligated balance lapsing	371		
Limitation	12,975	12,850	14,490
Proposed increase in limitation for Pay Act increase		362	

[1] Includes capital outlay as follows: 1967, $38,000; 1968, $465,000; 1969, $119,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $17,000; 1967, $32,000; 1968, $32,000; 1969, $32,000.

BIOGRAPHICAL SKETCHES OF MEMBERS OF THE BOARD

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, Ill.; was student in public schools of Aurora; married Helen Lorraine Braithwaite, July 2, 1938; was electrician's helper, Chicago, Burlington & Quincy Railroad Co.; served successively as messenger, clerk, and supervisor, Railroad Retirement Board, 1936–47, was Assistant Director, Bureau of Wage and Service Records, 1947–52, and was Director, Bureau of Wage and Service Records, 1952–56. He served with AUS, 1944–46.

Mr. Habermeyer has served as Chairman of the Railroad Retirement Board since November 1956. He was originally appointed by President Eisenhower, reappointed in 1962 by President Kennedy, and reappointed in 1967 by President Johnson.

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 10 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 citywide 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, Ill., 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.

Thomas M. Healy, Member, Railroad Retirement Board

Born: New Orleans, La., February 19, 1901. Son of Thomas Morris and Mary Ann (Carroll) Healy.
Married: Olga Marie Adams, September 5, 1923.
Children: Thomas Morris (U.S. Marine Corps, 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 Southern Pacific 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, Ga. 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, apartment 206, Wilmette, Ill.

ARLON E. LYON, MEMBER, RAILROAD RETIREMENT BOARD

Arlon Everett Lyon was born on October 15, 1899, in Thedford, Nebr., 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 Railroad 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, Ill., and is a member of the Glenview Community Church.

Mr. NATCHER (presiding). At this time we take up the Railroad Retirement Board.

We have before the committee the chairman, Mr. Habermeyer, together with several of his associates.

Please proceed, Mr. Habermeyer.

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. The Board also administers a system for the payment of supplemental annuities to career railroad employees who were awarded retirement annuities after June 1966. These supplemental annuities are paid to employees aged 65 and over who retire directly from railroad service after completing 25 or more years of service and are in addition to their regular annuities. The Board also administers a system for the payment of unemployment 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.

EFFECT OF RECENT LEGISLATION ON WORKLOADS OF THE BOARD

Operations of the Board have been affected very materially by various legislation enacted by Congress in the last several years. Legislation which affects Board operations includes not only amendments to the Railroad Retirement Act but also amendments to the Social Security Act. Higher cash benefits under the Social Security Act automatically result in higher cash benefits to some railroad retirement beneficiaries under a guaranty provision in the Railroad Retirement Act which provides that railroad retirement benefits must be at least 10 percent higher than the amount the social security system would pay. Also, the medicare program requires the Board's participation in its administration with respect to persons covered by the railroad retirement system.

The recent laws creating large new workloads for the Board include the Social Security Act amendments of 1965, which increased cash benefits under the social security system and established the medicare program; the Railroad Retirement Act amendments of 1965, which provided benefits to certain spouses not previously eligible and made

other changes in the railroad retirement system; the RRA amendments of 1966, which provided increases in regular railroad retirement benefits to persons who did not receive increases under the SSA amendments of 1965, and which established a new system of supplemental railroad retirement benefits; the RRA amendments of 1966, which provided benefits to full-time students and made other changes in the railroad retirement system; the SSA amendments of 1967, which increased cash benefits and made other changes in the social security system and made various changes in the medicare program; and finally, the RRA amendments of 1968, which increased cash benefits to those railroad retirement beneficiaries who did not receive increases arising from the SSA amendments of 1967, and which provided benefits to disabled widows and made other changes in the railroad retirement system.

This series of laws has created workloads of such overwhelming proportions that backlogs of work have kept increasing until they now are of emergency proportions. For example, the pending load of retirement applications increased from 7,000 cases at the start of fiscal year 1966 to 11,000 cases at the start of 1967 to 23,000 cases at the start of 1968. In addition to this large backlog of regular claims work, a large amount of work has accumulated relating to checking on the eligibility of beneficiaries to continue to receive benefits. Delays in handling this work result in delays in the disclosure of disqualifying events causing larger accumulations of overpayments for subsequent collection, which increases the hardship to beneficiaries and reduces the Board's chances of making full recovery.

To sum up the workload situation, the Board is confronted with the task of dealing with large backlogs of work carried over into 1968; the task of handling the normal influx of regular work; the task of processing the large amount of additional work created by the 1967 amendments to the Social Security Act; and the task of processing large amounts of still additional work created by the 1968 amendments to the Railroad Retirement Act.

Of course, supplemental appropriations will be requested for fiscal year 1968 to handle as much of the work created by new legislation as it will be possible to perform, and at the same time to keep backlogs in regular work from getting completely out of hand. However, there are practical limits on the amount of work the Board can handle in a given period of time. Thus, large backlogs can be expected to carry over into 1969, and provision has been made in our appropriation request for 1969 to reduce these backlogs and to restore service to beneficiaries to acceptable standards of performance.

ADMINISTRATIVE EXPENSE REQUIREMENTS OF THE RAILROAD RETIREMENT SYSTEM

For fiscal year 1968, the present limitation on the amounts that may be expended for the administrative expenses of the railroad retirement system is establisehd at $12,850,000. The President's budget for

1969 forecasts the need for increases in the limitation for 1968 of $362,000 for pay act costs and $612,000 for both the costs of the 1967 amendments to the Social Security Act and the costs of postage rate increases. These supplemental increases of $974,000 would increase the limitation for 1968 to $13,824,000. However, the supplemental increases do not provide for the costs of handling the large additional workloads created for the Board by the 1968 amendments to the Railroad Retirement Act which were approved February 15, 1968.

For fiscal year 1969, the Board requests that the limitation on the administrative expenses of the railroad retirement system be established in the amount of $14,490,000. If related to the 1968 total of $13,824,000, which does not provide for the costs of the 1968 amendments to the Railroad Retirement Act, the 1969 request represents an increase of $666,000 from 1968 to 1969.

The increase of $666,000 consists of $154,000 for the projection of new pay rates to an annual basis; $65,000 for the projection of new postal rates to an annual basis; $70,000 for within-grade salary advancement; $40,000 for the increase of one compensable day in 1969; $50,000 for an increase in lump-sum annual leave payments because of an expected increase in employee retirements (an unusually large number of employees become eligible in 1969); a net incerase of $533,000 to reduce backlogs and to restore service to acceptable performance standards; and $100,000 to provide for a reserve for contingencies which would be used only to the extent necessary to process workloads not anticipated in the budget estimate; less $346,000 because of a decrease in the amount needed for equipment. Of course, the amounts needed for the administrative expenses of the railroad retirement system are derived from trust funds.

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 $18,446,000 is requested to pay the fifth of ten yearly installments on the amount due the railroad retirement account for creditable military service for the period through June 30, 1963.

That is all I have in my statement, Mr. Chairman.

Mr. NATCHER. As I understand, this $18,446,000 is simply the next installment on what, by law, the general funds of the Treasury owe the trust fund.

Mr. HABERMEYER. That is correct.

SUMMARY OF SALARIES AND EXPENSES BUDGET REQUEST

Mr. NATCHER. The request for 1969 is for $14,490,000 compared with an appropriation of $12,850,000 for 1968, but the President's budget

indicates you are going to request a supplemental appropriation of $612,000 for 1968.

Mr. Habermeyer, is the $612,000 still a firm estimate?

Mr. HABERMEYER. No. The supplemental will include the $612,000 and that will be for the cost of the 1967 amendments to the Social Security Act and the cost of postage rate increases.

In addition to that, there will be a supplemental request of $362,000 for the pay act costs. That will make a total of $974,000 in the supplemental.

BACKLOG OF WORK

Mr. NATCHER. You have referred to your backlog of work in your statement, Mr. Habermeyer, and several times in the justifications. Tell us what effect this is having on service such as the length of time a person must wait to have an application passed upon?

Mr. HABERMEYER. Delay in our approval of applications, I would say, is up to 60 days.

This is really a very unhealthy situation in a program such as ours where people are going off the payroll and expecting these payments to maintain their living standards.

We are very upset about this and we hope, with the approval of the appropriation request for 1969, to get these backlogs down to a more manageable level, more acceptable levels.

RAILROAD RETIREMENT ACT AMENDMENTS

Mr. NATCHER. Further, to add to your problems, Congress has passed more amendments to the act already in this present session.

Mr. HABERMEYER. That is right, sir.

Mr. NATCHER. How does that piece of legislation affect your workload and how large a supplemental do you think will be required for 1969 on top of what is in the President's budget?

Mr. HABERMEYER. We have an additional request for 1968 that we presented to the Bureau of the Budget. If that were to be included in the supplemental, it will come before the Congress this year, and if we are fortunate enough to get the money requested, I do not think we will need a supplemental for 1969.

Mr. NATCHER. How much would that increase your 1969 request?

Mr. HABERMEYER. We are figuring if we get additional $650,000 in 1968, that will handle the cost of the just recently passed amendments to the Railroad Retirement Act.

Mr. NATCHER. During the last 4 years Congress has passed five or six laws amending your basic legislation.

Mr. HABERMEYER. That is right.

SOLVENCY OF TRUST FUNDS

Mr. NATCHER. How have these amendment affected the basic solvency of the trust funds?

Mr. HABERMEYER. Our board actuary estimates that the deficiency in our funds has risen from about .94 percent of taxable payroll to about 1.16 percent of taxable payroll. This is a little higher than we would like a deficiency to be projected. However, it is not of dangerous proportions and nothing that I think need concern us immediately. I testified before the House Committee on Interstate and Foreign Commerce and the Senate Labor Committee to the extent that we would be looking very closely at this deficiency figure in about 2 years when the actuary projects the next triannual evaluation. We will have to take a close look and if remedial action is necessary, we will certainly take it.

Mr. NATCHER. Mr. Michel.

COMPARISON OF RAILROAD RETIREMENT AND SOCIAL SECURITY BENEFITS

Mr. MICHEL. Tell me when was this provision that railroad benefits have to exceed Social Security benefits by 10 percent written into the law?

Mr. HABERMEYER. I think that was in the 1959 amendments.

Mr. MICHEL. What was behind that?

Mr. HABERMEYER. In the 1946 amendments we established for the first time a survivor program. The formulas that were drafted at that time provided survivor benefits at a relatively low level.

Social security benefits were increased and in order to maintain a decent relationship financially as far as our actuarial situation is concerned, we tried to hold benefits within our means of financing them.

We got to a point where some of our benefits were very close to the amount that the beneficiary would get if his railroad service had been under social security. We felt that because of the higher taxes that the railroad people are paying they should be entitled to a little more than they would get if the same service had been covered by the social security.

Mr. MICHEL. And the railroad retirement tax is at what rate?

Mr. HABERMEYER. It is presently 8.9 percent of the $650 monthly limitation, which is considerably higher than the social security tax.

I think maybe Mr. Lyon would like to comment on that.

Mr. LYON. No, I think you have quite accurately expressed it.

Mr. MICHEL. That is all.

Mr. NATCHER. Mr. Habermeyer, we want to thank you for an excellent statement and thank you and your associates for appearing at this time.

Mr. HABERMEYER. Thank you very much.

Railroad Retirement Board

Table 1

Summary of Appropriations and Appropriation Estimates

Account Title	Estimate 1968	Estimate 1969	Increase or Decrease
General funds:			
Payment for military service credits.....	$17,839,000	$18,446,000	$+607,000
Trust fund:			
Limitation on salaries and expenses (trust fund).....	(12,850,000))	(14,490,000)	(+666,000)
Anticipated supplemental:	)		
Costs of 1967 amendments to Social Security Act...	(550,000))		
Increases in pay rates....	(362,000))		
Increases in postal rates.	(62,000))		
Total, general funds.....	17,839,000	18,446,000	+607,000

Railroad Retirement Board

Justification of Estimates for Fiscal Year 1969

Summary and Highlights

Programs Administered by the Railroad Retirement Board

The Railroad Retirement Board administers a regular railroad retirement system which provides monthly benefits to employees who retire because of age or disability, and to the eligible wives of such employees. The disability annuities are payable both to employees not able to do any regular work and to career railroad employees not able to work at their regular railroad job. In addition, the system provides for monthly and lump-sum benefits to widows, children, and parents. Finally, there is provision for a residual payment designed to insure that an employee and his family receive at least as much in benefits as the employee contributes in railroad retirement taxes. For all benefits except the residual payment, a basic requirement is that the employee have at least 10 years of creditable railroad service, including service before 1937.

Under legislation enacted in October 1966, the Board also administers 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.

Also, under the 1965 amendments to the Social Security and Railroad Retirement Acts and under a delegation of authority from the Social Security Administration, the Board participates in the administration of the hospital and medical insurance programs for persons covered by the Railroad Retirement Act. This combination of statutory and delegated authority places the Board in much the same position in dealing with persons covered by the Railroad Retirement Act with respect to the medicare program as that of the Social Security Administration in dealing with its beneficiaries. Of course, the delegated functions are performed on a reimbursable basis.

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.

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 regular railroad retirement system 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.

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.

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 $18,446,000 is requested to pay the fifth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963.

Effect of Recent Legislation on Work Loads of the Board

Operations of the Board have been affected very materially by various legislation enacted by Congress in the last several years. Legislation which affects Board operations includes not only amendments to the Railroad Retirement Act but also by amendments to the Social Security Act. Higher cash benefits under the Social Security Act automatically result in higher cash benefits to some railroad retirement beneficiaries under a guaranty provision in the Railroad Retirement Act which provides that railroad retirement benefits must be at least 10% higher than the amount the social security system would pay. Also, the medicare program requires the Board's participation in its administration with respect to persons covered by the railroad retirement system.

The recent laws creating large new work loads for the Board include Public Law 89-97, approved July 30, 1965, which increased cash benefits under the social security system and established the medicare program; Public Law 89-212, approved September 29, 1965, which provided benefits to certain spouses not previously eligible and made certain other changes in the railroad retirement system; Public Law 89-699, approved October 30, 1966, which provided increases in regular railroad retirement benefits to persons who did not receive increases under Public Law 89-97, and which established a new system of supplemental railroad retirement benefits; Public Law 89-700, approved October 30, 1966, which provided benefits to full-time students and made various other changes in the railroad retirement system; and Public Law 90-248, approved January 2, 1968, which increased cash benefits and made other changes in the social security system and made various changes in the medicare program. Additionally, there is legislation now pending in Congress, supported by both railroad labor and railroad management, which would increase cash benefits to those railroad retirement beneficiaries who do not receive increases under Public Law 90-248 and which would make other changes in the railroad retirement system.

This series of laws has created work loads of such overwhelming proportions that backlogs of work have kept increasing until they now are of emergency proportions. For example, the pending load of retirement applications increased from 7,000 cases at the start of fiscal year 1966 to 11,000 cases at the start of 1967 to 23,000 cases at the start of 1968. In addition to this large backlog of regular claims work, a large amount of work has accumulated relating to checking on the eligibility of beneficiaries to continue to receive benefits. Delays in handling this work result in delays in the disclosure of disqualifying events causing larger accumulations of overpayments for subsequent collection, which increases the hardship to beneficiaries.

To sum up the work load situation, the Board is confronted with the task of dealing with large backlogs of work carried over into 1968; the task of handling the normal influx of regular work; the task of processing the large amount of additional work created by the 1967 amendments to the Social Security Act; and the task of processing large amounts of still additional work that will be created upon the almost-certain enactment of the amendments to the Railroad Retirement Act now pending in Congress.

Of course, supplemental appropriations will be requested for fiscal year 1968 to handle as much of the work created by new legislation as it will be possible to perform, and at the same time to keep backlogs in regular work from getting completely out of hand. However, there are practical limits on the amount of work the Board can handle in a given period of time. Thus, large backlogs can be expected to carry over into 1969, and provision has been made in our appropriation request for 1969 to reduce these backlogs and to restore service to beneficiaries to acceptable standards of performance.

Administrative Expense Requirements of the Railroad Retirement System

For fiscal year 1968, the present limitation on the amounts that may be expended for the administrative expenses of the railroad retirement system is established at $12,850,000. Public Law 90-206, approved December 16, 1967, which increased pay rates and postage rates, will require increases of $362,000 and $62,000 in the limitation for those two cost factors. Public Law 90-248, approved January 2, 1968, which amended the Social Security Act, created large new work loads for the Board which will require a further increase in the limitation of $550,000. Total requirements for the administrative expenses of the railroad retirement system for fiscal year 1968 to this point are as follows:

Present limitation		$12,850,000
Proposed increases in limitation:		
Costs of Public Law 90-206:		
Pay increases	362,000	
Postage increases	62,000	
Costs of Public Law 90-248	550,000	974,000
Total requirements for 1968, based on legislation enacted through 1-2-68		$13,824,000

As explained previously, there is legislation now pending in Congress, supported by both railroad labor and railroad management, which would amend the Railroad Retirement Act. The almost-certain enactment of this legislation will create additional work loads larger than those created by Public Law 90-248. Of course, no provision has been made in the preceding tabulation of 1968 requirements for the costs of handling these added work loads, and an additional increase will be required in the limitation on administrative expenses for 1968 for this purpose upon enactment of this legislation.

For fiscal year 1969, the Board requests that the limitation on the administrative expenses of the railroad retirement system be established in the amount of $14,490,000. If related to total requirements for 1968 of $13,824,000 based on legislation enacted through January 2, 1968, the 1969 request represents an increase of $666,000 from 1968 to 1969.

The increase of $666,000 consists of $154,000 for the projection of new pay rates to an annual basis; $65,000 for the projection of new postal rates to an annual basis; $70,000 for within-grade salary advancement; $40,000 for the increase of one compensable day in 1969; $50,000 for an increase in lump-sum annual leave payments because of an expected increase in employee retirements (an unusually large number of employees become eligible in 1969); $533,000 to reduce backlogs and to restore service to acceptable performance standards; and $100,000 to provide for a reserve for contingencies which would be used only to the extent necessary to process work loads not anticipated in the budget estimates; less $346,000 because of a decrease in the amount needed for equipment.

Table 2

Payment for Military Service Credits, Railroad Retirement Board

	Estimate 1968	Estimate 1969	Increase or Decrease
Program by activities			
Payment to Railroad Retirement Account	$17,839,000	$18,446,000	$+607,000
Financing			
New obligational authority (appropriation)	$17,839,000	$18,446,000	$+607,000

Payment for Military Service Credits, Railroad Retirement Board
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 $18,446,000 is requested for fiscal year 1969 for payment to the Railroad retirement account for military service credits under the Railroad Retirement Act. The appropriation request of $18,446,000 consists of $18,440,000 as the fifth of ten yearly installments on the amount due the Railroad retirement account for creditable military service for the period through June 30, 1963, plus $6,000 for the additional cost for military service performed before 1937 and used in computing annuities certified in fiscal year 1967.

Details regarding the calculation of the amount of the fifth installment and a schedule of the amounts of the remaining five installments are given in the following tables.

Table 3

Payment for Military Service Credits
Calculation of Fifth 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.	Less fourth installment appropriated in fiscal year 1968 (one-seventh of item 13)	17,730,000
15.	Balance	106,383,000
16.	Plus accrued interest on balance for fiscal year 1968	4,255,000
17.	Balance due July 1, 1968	110,638,000
18.	Fifth installment for appropriation in fiscal year 1969 (one-sixth of item 17)	18,440,000
19.	Plus additional cost for military service performed before 1937 and used in computing annuities certified in fiscal year 1967	6,000
20.	Appropriation requested for fiscal year 1969	18,446,000

Table 4

Payment for Military Service Credits

Schedule of Amounts of Five Remaining Installments

Fiscal Year	Amount Due			Divisor	Installments
	Principal	Interest	Total		
1970	92,198,000	3,688,000	95,886,000	5	19,177,000
1971	76,709,000	3,068,000	79,777,000	4	19,944,000
1972	59,833,000	2,393,000	62,226,000	3	20,742,000
1973	41,484,000	1,659,000	43,143,000	2	21,572,000
1974	21,571,000	863,000	22,434,000	1	22,434,000

Table 5

Salaries and Expenses, Railroad Retirement Board (Trust Fund)

Summary of Changes

Current Appropriation		
1968 appropriation in annual act		$12,850,000
Anticipated supplemental:		
Cost of work resulting from 1967 amendments to Social Security Act	$550,000	
Increases in pay rates	362,000	
Increases in postal rates	62,000	974,000
1968 total requirements		13,824,000 1/
1969 request		14,490,000
Total change		+666,000
Decreases from 1968		
Decrease in amount needed for equipment	-346,000	-346,000
Increases over 1968		
Projection of new pay rates to annual basis	+154,000	
Projection of new postal rates to annual basis	+65,000	
Within-grade salary advancements	+70,000	
Increase of one compensable day in 1969	+40,000	
Increase in lump-sum leave payments	+50,000	
Net increase to reduce backlogs of work	+533,000	
Provision for reserve for contingencies	+100,000	+1,012,000
Total net change requested		+666,000

1/ Does not include supplemental that would be needed upon enactment of the amendments to the Railroad Retirement Act now pending in Congress.

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JUSTIFICATION BY ACTIVITY
Summary of Salaries and Expenses, 1968 and 1969

Activity 1. Maintenance of Earnings Accounts

	1968 estimate		1969 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	34	$256,000	35	$275,000	+1	$+19,000
Other expenses	---	91,000	---	101,000	---	+10,000
Computer equipment	---	80,000	---	16,000	---	-64,000
Total	34	427,000	35	392,000	+1	-35,000

Average manpower estimates are as follows:

	Man Years		
	1968	1969	Increase or decrease
Permanent and temporary employees	32	33	+1
Overtime equivalent	2	2	----
Total	34	35	+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 also must be developed when claimed, since such service usually is creditable under the Act.

One indicator of the level of work in this activity is the number of accounts in which earnings are recorded, which are estimated at 920,000 in 1968 and 915,000 in 1969. The number of accounts in which earnings are recorded in any fiscal year approximates the total railroad employment in the preceding calendar year. However, to record data for employees with earnings in a calendar year, the master record of all accounts on tape must be processed by the computer and this record will increase from 10,672,000 accounts in 1968 to 10,782,000 in 1969. Thus, one workload indicator shows a slight decrease from 1968 to 1969 and the other shows a slight increase.

Man-year requirements increase slightly from 1968 to 1969 because of provision for reprogramming of some computer programs to secure optimum use of available computer equipment.

Activity 2. Processing Regular and Supplemental Claims

	1968 estimate		1969 estimate		Increase or decrease	
Personnel compensation and benefits	Positions 963	Amount $ 8,743,000	Positions 995	Amount $ 9,310,000	Positions +32	Amount $+567,000
Other expenses	---	1,260,000	---	1,340,000	---	+80,000
Computer equipment	---	268,000	---	53,000	---	-215,000
Total	963[1/]	10,271,000[1/]	995	10,703,000	+32	+432,000

1/ Includes 40 positions and $550,000 to be financed by supplemental appropriation request covering the costs of P.L. 90-248, approved 1-2-68.

Average manpower estimates are as follows:

	Man Years		
	1968	1969	Increase or decrease
Permanent and temporary employees	930	974	+44
Overtime equivalent	43	43	---
Total	973[2/]	1,017	+44

2/ Includes 68 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.

As explained in the summary and highlight section, various amendments to the Social Security and Railroad Retirement Acts have had such a heavy impact on work loads of the Board that increasingly larger backlogs have developed until they now are of emergency proportions. For example, the pending load of retirement applications increased from 7,000 cases at the start of fiscal year 1966 to 11,000 cases at the start of 1967 to 23,000 cases at the start of 1968.

The work load situation became more critical with the enactment of Public Law 90-248, approved January 2, 1968, which increased benefit rates and made certain other changes in the social security system and which made some changes in the medicare program. These changes created large new work loads for the Board which included the work of providing benefit increases for approximately 388,000 of the 948,000 beneficiaries receiving monthly benefits under the railroad retirement system. The 388,000 adjustments consist of 338,000 cases to be adjusted mechanically and 50,000 cases requiring manual work. Of course, other changes in benefit provisions and the changes made in the medicare program created additional work for the Board, including the handling of the many inquiries that changes in programs generate. A supplemental appropriation of $550,000 will be needed in 1968 because of this added work.

The work load situation will become still more critical upon the almost-certain enactment of amendments to the Railroad Retirement Act which now are pending in Congress. These amendments would provide increases in benefits to the 560,000 persons who did not receive benefit increases under Public Law 90-248, provide annuities for disabled widows, and would make certain other changes in the Railroad Retirement Act. These amendments would create new work loads even larger than those stemming from Public Law 90-248 and would result in the need for still another supplemental appropriation for fiscal year 1968. Because there are practical limits on the amount of work the Board can handle in 1968, large backlogs of regular work will carry over into 1969 plus the clean up of amendment work.

The preceding tabulation shows that the manpower requirements for this activity amount to 973 man years in 1968 and 1,017 man years in 1969, or an increase of 44 man years from 1968 to 1969. Although the 1968 total includes 68 man years to be financed by an anticipated supplemental to cover the costs of work created by the 1967 amendments to the Social Security Act, it does not include the man years that will be needed to handle the even larger additional work loads that will be created by the enactment of the amendments to the Railroad Retirement Act now pending in Congress. The 1969 request will permit the Board to step up the rate of claims dispositions to the extent that it would be possible to reduce the pending load of claims to 10,000 cases by the end of that year and enable the Board to correct the deterioration of service which inevitably occurs during emergency periods such as those that have and are now confronting the Board.

The principal work loads in this activity based on legislation enacted through January 2, 1968, are as follows:

	Estimate 1968	Estimate 1969	Inc. or Dec. in 1969
Regular claims dispositions, including reopened claims	205,000	220,000	+15,000
Beneficiary inquiries and contacts	860,000	820,000	-40,000
Benefit rate adjustments:			
Required by P.L. 90-248	382,000	6,000	-322,000
Other adjustments	-	30,000	+30,000

Activity 3. Maintenance of Beneficiary Rolls

	1968 estimate		1969 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	80	$ 603,000	87	$ 738,000	+7	$+135,000
Other expenses	---	956,000	---	1,024,000	---	+68,000
Computer equipment	---	52,000	---	8,000	---	-44,000
Total	80	1,611,000	87	1,770,000	+7	+159,000

Average manpower estimates are as follows:

	Man Years		
	1968	1969	Increase or decrease
Permanent and temporary employees	77	86	+9
Overtime equivalent	2	8	+6
Total	79	94	+15

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.

Because of large new work loads created for the Board by new legislation, serious backlogs have developed in the work of verifying the eligibility of beneficiaries to continue to receive monthly benefits. Delays in policing on eligibility cause larger accumulations of overpayments. The larger the accumulation of overpayments the greater is the hardship on the beneficiary in making repayments and the greater is the possibility of losses to the trust fund where full collection is not possible.

The increase requested for this activity is to enable the Board to bring this work to a current basis. This will involve clearing up the backlog of cases to be examined under the tape exchange program for application of work restrictions and the effects of entitlement to social security benefits, clearing up work on the 1968 annual questionnaires expected to carry over into 1969 because of the heavy amendment work loads in 1968, and provide for the triennial policing of court-appointed guardian cases and foreign beneficiaries, and for handling certain other policing work involving field investigations.

The number of case folders that will require examination of some kind is expected to increase from 50,000 in 1968 to 75,000 in 1969.

The number of beneficiaries on the rolls is expected to increase from 957,000 at the end of 1968 to 965,000 at the end of 1969. The number of retired employees on the rolls who also receive supplemental annuities is expected to increase from 37,000 at the end of 1968 to 52,000 at the end of 1969. The number of persons enrolled for medicare now is 816,000 with very little change in this number expected through 1969.

Activity 4. Hearings and Appeals

	1968 estimate		1969 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	5	$65,000	5	$67,000	---	$+2,000
Other expenses	---	5,000	---	5,000	---	---
Total	5	70,000	5	72,000	---	+2,000

Average manpower estimates are as follows:

	Man Years		
	1968	1969	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 155 appeals are expected to be handled in 1968 and in 1969 by the Board's appeals council.

Activity 5. Actuarial Services

	1968 estimate		1969 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	24	$242,000	24	$252,000	---	$+10,000
Other expenses	---	30,000	---	24,000	---	-6,000
Computer equipment	---	2,000	---	1,000	---	-1,000
Total	24	274,000	24	277,000	---	+3,000

Average manpower estimates are as follows:

	Man Years		
	1968	1969	Increase or decrease
Permanent and temporary employees	23	23	----
Overtime equivalent	---	---	----
Total	23	23	----

This activity includes the work of preparing actuarial valuations of assets 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 1968 to 1969.

Activity 6. Administration

	1968 estimate		1969 estimate		Increase or decrease	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel compensation and benefits	96	$ 965,000	96	$ 986,000	---	$+21,000
Other expenses	---	181,000	---	187,000	---	+6,000
Computer equipment	---	25,000	---	3,000	---	-22,000
Total	96	1,171,000	96	1,176,000	---	+5,000

Average manpower estimates are as follows:

	Man Years		
	1968	1969	Increase or decrease
Permanent and temporary employees	95	95	----
Overtime equivalent	1	1	----
Total	96	96	----

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 1968 to 1969.

Activity 7. Contingency Reserve

	1968 estimate	1969 estimate	Increase or decrease
Undistributed	----	$100,000	$+100,000
Total contingency reserve		100,000	+100,000

This activity p[illegible]es a contingency reserve for use only to the extent necessary to process work loads not anticipated in the budget estimates. The need for a contingency reserve is especially important in 1969 because of the difficulty in estimating the amount of new amendment work which will fall into 1968 and the amount which will fall into 1969.

WEDNESDAY, FEBRUARY 28, 1968.

UNITED STATES SOLDIERS' HOME

WITNESSES

LT. GEN. ALBERT WATSON II, GOVERNOR
BRIG. GEN. JOHN F. CASSIDY, DEPUTY GOVERNOR
COL. ERNEST L. JANES, SECRETARY-TREASURER
COL. IVAN W. ELLIOTT, QUARTERMASTER
RAMOND A. GRITTON, CHIEF, BUDGET DIVISION
JAMES C. CAMP, BUDGET ANALYST, M.P. & S.F. DIVISION, ODAB

OPERATION AND MAINTENANCE

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimated	1969 estimated
Personnel compensation:			
Permanent positions	4,605	4,913	5,152
Positions other than permanent	124	141	143
Other personnel compensation	217	226	234
Special personal service payments	55	66	70
Compensation of members	402	419	435
Total personnel compensation	5,403	5,765	6,034
Personnel benefits	390	414	443
Travel and transportation of persons	1	1	1
Transportation of things	2	3	3
Rent, communications, and utilities	134	137	153
Printing and reproduction	6	5	5
Other services	362	402	375
Supplies and materials	1,183	1,238	1,305
Equipment	192	243	217
Lands and structures	59	70	130
Grants, subsidies, and contributions	1	1	1
Subtotal	7,733	8,279	8,667
Quarters and subsistence charges	−80	−65	−65
Total obligations	7,653	8,214	8,602

PERSONNEL SUMMARY

NONMEMBER EMPLOYEES			
Total number of permanent positions	848	847	864
Full-time equivalent of other positions	20	25	25
Average number of all employees	842	849	867
Average GS grade	4.5	4.5	4.6
Average GS salary	$5,838	$6,247	$6,341
Average salary of ungraded positions	$5,455	$5,757	$5,788
MEMBER EMPLOYEES			
Average number of employees	240	243	252
Average salary	$1,667	$1,750	$1,741

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Medical care	3,512	3,857	4,013
2. Domiciliary care	1,637	1,702	1,742
3. Administration and central services	2,504	2,655	2,847
Total program costs, funded—obligations	7,653	8,214	8,602
Financing: Unobligated balance lapsing	32		
New obligational authority	7,685	8,214	8,602
New obligational authority:			
Appropriation	7,685	8,024	8,602
Proposed supplemental for wage-board increases		140	
Proposed supplemental for civilian pay act increases		50	
Relation of obligations to expenditures:			
Total obligations (affecting expenditures)	7,653	8,214	8,602
Obligated balance, start of year	394	547	611
Obligated balance, end of year	−547	−611	−600
Adjustments in expired accounts	−12		
Expenditures excluding pay increase supplemental	7,489	7,971	8,602
Expenditures from wage-board supplemental		132	8
Expenditures from civilian pay act supplemental		47	3
Expenditures are distributed as follows:			
Out of current authorizations	7,106	7,603	8,002
Out of prior authorizations	383	547	611

Capital Outlay

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimated	1969 estimated
U.S. SOLDIERS' HOME			
Other services		14	8
Equipment		195	96
Lands and structures			31
Total obligations, U.S. Soldiers' Home		209	135
ALLOCATION TO DEFENSE—CIVIL, ARMY			
Personnel compensation:			
Permanent positions	87	88	91
Other personnel compensation	1	1	1
Total personnel compensation	88	89	92
Personnel benefits	6	6	6
Other services	8	261	11
Lands and structures	3,294	79	482
Total obligations, Defense—civil, Army	3,396	435	591
Total obligations	3,396	644	726

PERSONNEL SUMMARY

ALLOCATION TO DEFENSE—CIVIL, ARMY			
Total number of permanent positions	8	8	8
Average number of all employees	8	8	8
Averafe GS grade	10.5	10.5	10.5
Average GS salary	$11,210	$11,267	$11,410

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities: Permanent improvements (costs—obligations)	3,396	644	726
Financing:			
Unobligated balance available, start of year	−160	−339	
Unobligated balance available, end of year	339		
New obligational authority (appropriation)	3,575	305	726
Relation of obligations to expenditures:			
Total obligations (affecting expenditures)	3,396	644	726
Obligated balance, start of year	13	3,302	331
Obligated balance, end of year	−3,302	−331	−60
Expenditures	106	3,615	997
Expenditures are distributed as follows:			
Out of current authorizations	106	110	665
Out of prior authorizations		3,505	332

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Biographical Sketch, Lieutenant General Albert Watson II

Albert Watson II, was born in Mount Vernon, Ill., January 5, 1909. He graduated from the U.S. Military Academy in 1930 and was commissioned a second lieutenant in the field artillery.

After 4 years as a battery officer at Fort Myer, Va., he attended the regular course at the Field Artillery School, Fort Sill, Okla., graduating in 1935; and the advanced horsemanship course, graduating in 1936. On July 13, 1935, he was married to Anne D. Bucher of Lewisburg, Pa. He remained at the Field Artillery School as an instructor and detachment commander until he was reassigned to Fort Riley, Kans., in 1941 to command a firing battery of the 3d 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, Okla., 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 10th Army. He went overseas in August 1944 and served with the XXIV Corps and 6th Army in Hawaii, Hollandia, and Leyte. Returning to the 10th Army, he remained through the Okinawa operation, reporting to General Headquarters, Pacific for duty in the G3 section in October 1945.

After serving for 2 years with G3, General Headquarters in Tokyo, he was transferred to the United States for amphibious training duty with the Navy in Coronado, Calif. In May 1950, he was assigned to the faculty of the Army War College, first at Fort Leavenworth, Kans., and later at Carlisle Barracks, Pa.

In the summer of 1953 he was sent to Korea where he commanded successively the X Corps Artillery and the 3d Infantry Division Artillery. In September 1954, he was appointed assistant chief of staff, G3 for the 1st Army, Governors Island, N.Y. 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 3d 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 3d U.S. Army with headquarters at Fort McPherson, Ga. 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 U.S. Soldiers' Home on November 1, 1966.

General Watson has 2 children: Albert Watson III, Captain, U.S. Army, and John B. Watson of Atlanta, Ga.

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. NATCHER. We take up next the request for the U.S. Soldiers' Home. We have before the committee General Albert Watson, the Governor, together with certain members of his staff.

Governor Watson, it is a pleasure to have you with us. I wonder if you would introduce these other gentlemen to the committee.

General WATSON. I would like to introduce General Cassidy, Deputy Governor, Colonel Ernest L. Janes, Secretary-Treasurer, Colonel Ivan W. Elliott, Quartermaster, and Ramond A. Gritton, Chief, Budget Division.

Mr. NATCHER. As I understand, General, you have a prepared statement?

General WATSON. Yes, sir.

Mr. NATCHER. Do you want to read your prepared statement or insert it in the record and highlight it?

General WATSON. I will read it, if I may.

Mr. NATCHER. You may proceed.

GENERAL STATEMENT

General WATSON. I am pleased to appear before the committee to justify the home's budget requirement for fiscal year 1969. The appropriation request is forwarded to Congress with the President's budget, but the amount is not charged to the taxpayer. The home is supported from a trust fund, not from the general revenues of the U.S. 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 basic eligibility criteria for admission have remained unchanged, they have been extended to include airmen and enlisted women of both services. On June 30, 1967, there were a minimum of 264,000 identifiable former Army and Air Force personnel entitled to membership in the home. This large pool has developed primarily from the mass of enlistments in the early 1940's and the large number of volunteers since that time. While only a small percentage apply for admission, applications for membership are expected to increase. The home is a place where members can spend their remaining days independent of public assistance. Their self respect is 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.

ADMISSION CRITERIA

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. Non-service-connected disabilities rendering them unable to earn a livelihood, provided they have had service during a war.

These criteria perpetuate the Home's fundamental mission of caring for the professional or career soldier and airman, and recognize and reward sevice to country.

ADMINISTRATION

General supervision and financial administration of the home was placed by Congress in a Board of Commissioners, now consisting of the Governor of the home, six Army officers, ex officio, and three Air Force officers. Subject to approval by the Secretary of the Army and the Secretary of the Air Force, this Board has 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.

ANNUAL REPORT

The law provides for an 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 U.S. Treasury. Thus, we are not a burden on the taxpayer. The balance in this fund at the end of December 1967, was $103.3 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.

In recent years, there has been a decline in receipts. Initially, this reduction resulted from both services raising their standards of enlistment which reduced the number of undesirables and misfits. Then, in 1963, the Uniform Code of Military Justice was amended to authorize commanding officers to impose forfeitures of pay as nonjudicial punishment. The Comptroller General decided that this type forfeiture would not accrue to the Home's trust fund. The loss to the Home's capital and income has been considerable. Increasing membership, rising prices, and higher salaries will force expenses to exceed income in the near future. Studies are being conducted to determine appropriate measures required to keep the Home financially solvent.

PHYSICAL PLANT

The permanent capacity of the domiciliary area is 2,015 beds. On February 12, 1968, 1,970 were assigned. Two wings are being added to the Sheridan domiciliary building increasing capacity by 387 beds. This construction is expected to be completed in December 1968. Hospital capacity is 492 beds and on February 12, 1968, 426 were assigned. The fiscal year 1969 budget provides for a 55-bed extension to the newest hospital building.

MEMBERSHIP

There were 2,591 members on the rolls on February 12, 1968, not all of whom required beds. Some were away on extended leave or in special hospitals serving the Home on a reimbursable basis. The average membership during fiscal year 1967 was 2,587. Fiscal year 1968 membership is expected to average 2,603. The fiscal year 1969 budget is based on an estimated average of 2,658. The small increase is based on recent trends plus opening the two outer wings of the domiciliary building during the last half of fiscal year 1969.

OPERATION AND MAINTENANCE APPROPRIATION

The budget request for fiscal year 1969 of $8,602,000 is $388,000 greater than the adjusted fiscal year 1968 appropriation. This increase is the net result of the following additions and reductions:

Additions:

$167,000-plus for nonrecurring maintenance items including replacement of an old sewer line, replacement of rusted water supply pipes, and other building and facility repairs.

$98,000-plus for 15 additional nursing spaces to fulfill the minimum requirement that each ward be under the direction of a nurse for 24 hours a day, and for 11 more member jobs for minimal staffing of the new domiciliary wings and increasing security around the Home.

$82,000-plus to pay for the full year 1969, pay increases granted wage board and civilian pay act employees in fiscal year 1968.

$61,000-plus to pay for the full year 1969, promotions and step increases granted employees in fiscal year 1968 and for payment during fiscal year 1969 of promotions and step increases expected to be granted.

$45,000-plus to buy a more expensive fuel oil with a lower sulfur content designed to reduce air pollution, and for additional fuel oil required for the expanded domiciliary building.

$28,000-plus for an extra holiday (Inauguration Day), and for 1 extra day of salaries over the normal 52-week base used in computing salaries.

$21,000-plus for agency contributions to retirement, insurance, health, and social security funds. This additional requirement is based on the increased cost of salaries as outlined above.

$22,000-plus for additional rations and supplies for the expected increase in members and patients, and for additional maintenance supplies.

$24,000-plus for additional electric current required for the expanded domiciliary building and for additional payments into the employees' compensation benefits fund based on actual costs during fiscal year 1967.

Reductions:

$108,000-minus which is the cost of nonrecurring maintenance items included in the fiscal year 1968 appropriation which will not recur in fiscal year 1969.

$26,000-minus for less recurring maintenance. The fiscal year 1968 painting program included the largest domiciliary building, plus the initial introduction into the painting program of the second largest domiciliary building.

$26,000-minus for replacement of less equipment. The fiscal year 1968 appropriation included funds for replacing an X-ray machine. The fiscal year 1969 request does not include such an expensive item.

CAPITAL OUTLAY APPROPRIATION

The budget request for fiscal year 1969 of $726,000 is $421,000 greater than the amount appropriated for fiscal year 1968. The 1968 appropriation provided $195,000 for purchase of furniture and equipment for the expanded domiciliary building, $90,000 to revise the

Home's master plan, and $20,000 for plans to expand the hospital ward wing and for plans to increase the emergency electrical system at the hospital. The fiscal year 1969 request includes $96,000 for furniture and equipment for the proposed expansion of the hospital, $8,000 for installation of furniture and equipment in the domiciliary building new wings, $591,000 for a 55-bed extension of the hospital ward wing, $18,000 for a system of panic buttons in lavatories, washrooms, and toilets at the hospital to enable patients to obtain emergency help, and $13,000 to replace some bathtubs with showers for patients who bathe themselves.

The members of the Home are grateful for the interest taken in their welfare and future by this committee. I am happy to represent them here today.

SUMMARY OF BUDGET REQUEST

Mr. NATCHER. Thank you very much, General.

The appropriation for 1968 is $8,024,000, and the request for 1969 is $8,602,000, an increase of $578,000, and an increase of 27 in average employment.

RATIO OF EMPLOYEES TO MEMBERS

The total membership is estimated to go up 55 with 45 domiciliary and 10 hospital. That is not quite a one-to-two ratio of employees to members. This seems pretty low, General, is that right?

General WATSON. Yes, sir. In fact, we are rather proud that we have what we consider to be a low-employee ratio for this area.

Mr. NATCHER. I think you have a right to be proud of that. The addition to the Sheridan building will be completed about the middle of next fiscal year. Are you going to have enough people under this budget to properly staff the new addition?

General WATSON. Yes, sir; for fiscal year 1969. As the outer wings fill up, we will require more employees.

CAPITAL OUTLAY

Mr. NATCHER. Now, turning next to capital outlay, you are requesting $726,000, most of which is for extension of the south side of the hospital ward wing. There is no question about the need for this at this time; is there?

General WATSON. No question at all, sir.

Mr. NATCHER. When do you expect the revision of your master plan to be completed?

General WATSON. This is a difficult estimate, sir. The money became available about 6 weeks ago. I would estimate it certainly should be completed by this time next year.

PROPOSED COMPREHENSIVE PLAN FOR THE NATIONAL CAPITAL

Mr. NATCHER. At this time I wish you would refresh our memory concerning the National Capital Planning Commission's designs on some of this land.

General WATSON. The document which sets forth a plan to take some of our land is called the proposed comprehensive plan for the National

Capital published by the National Capital Planning Commission in February 1967. In this plan, they propose to take two tracts of Soldiers' Home land. One is on the southeast corner; the other is near the southwest corner.

According to the document, they are to be declared surplus to Federal needs and will be used for schools and recreational purposes.

The first plot is about 40 acres and the second plot is about 20 acres. The initial proposal to take the land was carried in a previous draft of the final proposed plan. My predecessor in 1965 wrote a letter to the Planning Commission stating that this land was not available at that time and pending revision of our Master Plan, he would not concur with such a proposal.

We have had a master plan since 1953, and it is now out of date. The Planning Commission is aware of its existence. They have a copy of it. As a matter of fact, they have stated that they would defer consideration of subsequent building plans until a revised master plan has been prepared. All this construction we have today is covered by the 1953 plan. The Planning Commission was informed by me by letter of June 5, 1967, that the Board of Commissioners had opposed the taking of any land for non-Soldiers' Home purposes.

Mr. NATCHER. That is your position at this time?

General WATSON. That is our present position. I told them that, being a member of the Board, I, too, was opposed to giving up any of the land.

Mr. NATCHER. Mr. Michel.

STATUS OF THE TRUST FUND

Mr. MICHEL. General, what is the total amount of contributions to the trust fund this past fiscal year or do you work on a calendar year?

General WATSON. We have fiscal year figures for it here, sir. I take this to mean the contribution from the pay of personnel?

Mr. MICHEL. That is right.

General WATSON. It was $1,686,000. We estimate it will be about $1.7 million in the budget year we are discussing.

Mr. MICHEL. You say the balance of the trust fund at the end of 1967 was $103.3 million?

General WATSON. That figure was as of the end of December 1967, the end of the calendar year.

Mr. MICHEL. You draw from that trust fund for what?

General WATSON. Operation and maintenance funds, which includes the pay of personnel, the payment for supplies, and all other operating and maintenance costs for the Soldiers' Home. It includes capital outlay. In other words, anything we do in the way of adding to the buildings or buying furniture therefor is covered.

Mr. MICHEL. Is this total figure that you are asking for in excess of $8 million appropriated funds?

General WATSON. Technically speaking, yes.

Mr. MICHEL. You said three times in your statement that this is at no cost to the taxpayer.

General WATSON. Technically speaking, these are appropriated funds, because the law reads that I must submit a request for approval of the expenditure of these funds. The term that is used for that function is called appropriation.

Mr. MICHEL. But they are not coming from this trust fund; are they?

General WATSON. Yes; every cent is coming from the trust fund.

SOURCES OF INCOME TO TRUST FUND

Mr. MICHEL. What other income comes to the trust fund other than those million-plus contributions in the past year?

General WATSON. We get about twice that amount on interest, which is credited to the trust fund. We will get something like $4.3 million, we estimate, in 1969 for fines and forfeitures withheld from the pay of regular airmen or soldiers, enlisted or warrant.

Mr. MICHEL. Is overall income and draw from that trust fund about equal?

General WATSON. It is just about equal now. I am sure the chairman will recall that last year I mentioned the fact we are making financial studies. I am not ready to tell you what is in them because they are not finished. We anticipate difficulty on this score. We have one study by the Air Force which they are currently revising. Their estimates are a little high in certain regards and we are phasing them back a bit.

We have an Army estimate which is included in a study which the Army is conducting on the Soldiers' Home. I am certain we are going to have to come forward at least to the Secretaries of the two services for some increases.

APPLICATION BACKLOG

Mr. MICHEL. How many applications for membership or residency in the home would you say cannot be met?

General WATSON. The construction that is opening will be able to take care of 387 additional personnel sometime within the next 12 months. We estimate that will take care of our needs certainly until we come here next year.

Mr. MICHEL. Am I given to understand that anyone who petitions for entrance into the home will be taken care of?

General WATSON. We have a waiting list of about 20 women. We have a capacity for only 25 at this time. One of the new wings will be devoted to them entirely. So our capacity will jump from 25 to 184.

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

Mr. NATCHER. Mr. Casey.

STUDY OF TRUST FUND FINANCING

Mr. CASEY. General, I think last year we discussed this decrease in your trust fund. You have mentioned today you are still making a study. You have not completed the study?

General WATSON. We have not finished yet, sir. The staff assistance comes from the Army and Air Force and they have been most cooperative indeed. Because of the questions I have been asking, there

has been quite an increase of interest in this subject. I feel certain by this time next year I will be able to state exactly where we think we will be and what we think should be done about it.

Mr. CASEY. Anticipating that you are going to be needing some adjustments, one of the things I see that has thrown you out of adjustment, so to speak, would be the 1963 amendments to the Uniform Code of Military Justice which allowed the commanding officers to impose forfeitures of pay as nonjudicial punishment. Heretofore, all the pay forfeitures were under courts-martial, is that right?

General WATSON. Yes; that is correct. When the court-martial manual was changed, it added a nonjudicial type of punishment that was not specifically covered in our basic law. The Department of the Army went to the Comptroller General of the United States on May 29, 1963, and stated its view.

Mr. CASEY. He interpreted the law strictly to mean that you were only entitled to those fines and forfeitures that came from courts-martial?

General WATSON. That is exactly right, even though that was counter to our letter.

We stated this was a slightly different method of the same type of punishment that was granted before and therefore these moneys were properly included.

Mr. CASEY. You may have to seek legislative amendment in that regard if it turns out you get to the point where you need the money, like the outcome exceeds the income.

General WATSON. Yes, sir. I might say there is one point I have formed a casual opinion on and that is that 3 percent is very inexpensive interest on the trust fund.

Mr. CASEY. I think you mentioned that last year.

General WATSON. Yes, sir. Furthermore, it appears to be a little lower than the other trust funds are getting as a whole. There may be one or two that get less than we do. As an average we are below.

One percent on a hundred million is a million dollars, and that will help. It won't be enough for our eventual problems unless I turn up with something I do not know about now.

I might say finally, some of this help is available to us through existing legal authority. The Secretaries of the two services may raise the monthly withholding up to 25 cents from the present 10 cents. It is possible the Secretaries may decide to do that before coming forward with anything else.

Mr. CASEY. I think your full study will determine your alternatives which we cane await.

General WATSON. Yes, sir.

Mr. CASEY. Thank you very much.

Mr. NATCHER. General Watson, we want to thank you and the members of your staff for an excellent presentation.

General WATSON. Thank you, sir.

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, /$8,024,000/ $8,602,000: 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, /$305,000/ $726,000, to remain available until expended.

24 U.S.C. 41-60; 31 U.S.C. 711 (12, 725s (a): Departments of Labor, and Health, Education, and Welfare Appropriation Act, 1968

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Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1969

Title of Appropriation: Operation and maintenance and Capital outlay

DISTRIBUTION OF MEMBERSHIP

(All figures are averages)

	Actual 1967	Estimate 1968	Estimate 1969	Increase
DOMICILIARY				
Present	1,862	1,840	1,875	35+
Absent	277	280	290	10+
Total domiciliary	2,139	2,120	2,165	45+
HOSPITAL				
Present	396	425	435	10+
Absent	18	20	20	..
In contract hospitals	34	38	38	..
Total hospital	448	483	493	10+
TOTAL MEMBERSHIP	2,587	2,603	2,658	55+

Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1969

Title of Appropriation: Operation and maintenance and Capital outlay

SUMMARY OF DIRECT OBLIGATIONS BY PROJECT

In thousands of dollars

Project Number And Purpose	Actual 1967	Estimate 1968	Estimate 1969	Increase (+) Decrease (-)
Operation and maintenance				
1. Medical care	$3,512	$3,857	$4,013	$156+
2. Domiciliary care	1,637	1,702	1,742	40+
3. Administration and central services	2,504	2,655	2,847	192+
Total direct obligations	7,653	8,214	8,602	388+
Unobligated balance lapsing	32	.....	.....	...
New obligational authority	7,685	8,214 1/	8,602	388+
Capital outlay				
4. Permanent improvements (Total direct obligations)	3,396	644	726	82+
Obligations from prior year appropriations	-160	-339	...	339+
Unobligated balance carried forward from current year appropriation	339	...	...	...
New obligational authority	3,575	305	726	421+

1/ Includes $190 proposed for later transmittal to cover wage board and civilian pay act increases

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Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1969

Title of Appropriation: Operation and maintenance

Project 1 - Medical care (In thousands of dollars)

Objects of Expenditure	Actual 1967	Estimate 1968	Estimate 1969	Increase (+) Decrease (-)
11 Personnel compensation	$2,691	$2,896	$3,062	$166+
12 Personnel benefits	198	208	224	16+
25 Other services	176	188	188	
26 Supplies and materials	432	468	476	8+
31 Equipment	45	120	86	34-
Deduct quarters, subsistence, and laundry	-30	-23	-23	—
Total direct obligations	3,512	3,857	4,013	156+

EXPLANATION OF CHANGES

11 Personnel compensation ($166+):

$82+ Increase non-member employment ceiling from 450 to 465 to provide spaces for 15 more civilian nurses. The program of furnishing a clinical nurse for 11 wards, 24 hours per day, was curtailed in FY 1967 due to a lack of spaces available under the existing ceiling. This situation will become more critical as the average daily patient load increases in FY 1969 to an estimated 39 more than was averaged in FY 1967. The expected increse in patients is based on current trends and the effect of the increased membership resulting from the addition of 387 beds in the domiciliary area in December, 1968.

69+ Annualize in FY 1969, pay increases granted wage board and civilian pay act employees in FY 1968 ($38+), and annualize in FY 1969, promotions and step increases granted in FY 1968 and pay for promotions and step increases expected to be granted in FY 1969 ($31+).

15+ One extra day of compensation over the normal 52-week base ($10+); one more holiday (Inauguration Day)($6+); one less Sunday for which premium pay must be paid ($1-).

12 Personnel benefits ($16+):

$16+ Agency contributions to personnel benefit funds (retirement, insurance, health, and social security) amount to approximately 7% of total salaries for this project. The increase in FY 1969 is due to the increase in personnel compensation as outlined above.

Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1969

Title of Appropriation: Operation and maintenance

Project 1 - Medical care (Explanation of changes, continued)

26 Supplies and materials ($8+):

$ 8+ To provide additional rations and hospital supplies for the anticipated increase in patients from 425 to 435 per day.

31 Equipment ($34-):

$80- FY 1968 appropriation provided for replacement of an X-Ray machine. This item does not appear in the FY 1969 request.

46+ Replacement of more equipment than scheduled for FY 1968 including two large replacement items: 100 Hi-Lo hospital beds and 230 easy chairs. These furnishings were purchased when the Pipes Ward Wing was opened in 1954.

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Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1969

Title of Appropriation: Operation and maintenance

Project 2 - Domiciliary care (In thousands of dollars)

Objects of Expenditure	Actual 1967	Estimate 1968	Estimate 1969	Increase (+) Decrease (-)
11 Personnel compensation	$1,029	$1,081	$1,113	$ 32+
12 Personnel benefits	67	71	73	2+
26 Supplies and materials	537	548	558	10+
31 Equipment	35	25	21	4-
41 Grants, subsidies, and contributions	1	1	1	
Deduct quarters, subsistence, and laundry	-32	-24	-24	—
Total direct obligations	1,637	1,702	1,742	40+

EXPLANATION OF CHANGES

11 Personnel compensation ($32+):

$ 6+ Increase member employment to provide a duty sergeant and 3 janitors for minimum staffing of the 2 outer wings of the Sheridan domiciliary building which are expected to be opened in December, 1968; 2 additional attendants to act as arms and legs for the handicapped members housed in the domiciliary area rather than as permenent hospital cases.

26+ Annualize in FY 1969, pay increases granted wage board and civilian pay act employees in FY 1968 ($13+); annualize in FY 1969, promotions and step increases granted in FY 1968 and pay for promotions and step increases expected to be granted in FY 1969 ($7+); one extra day of compensation over the 52-week normal base ($4+); and one more holiday (Inauguration Day)($2+).

12 Personnel benefits ($2+):

$ 2+ Agency contributions to personnel benefit funds (retirement, insurance, health, and social security) amount to approximately 6% of total salaries for this project. The increase in FY 1969 is due to the increase in personnel compensation as outlined above.

Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1969

Title of Appropriation: Operation and maintenance

Project 2 - Domiciliary care (Explanation of changes, continued)

26 Supplies and materials ($10+):

$10+ To provide additional rations and domiciliary supplies for the anticipated increase in members from 1,840 to 1,875.

31 Equipment ($4-):

$ 4- To replace less equipment than is scheduled for purchase in FY 1968.

Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1969

Title of Appropriation: Operation and maintenance

Project 3 - Administration and central services (In thousands of dollars)

Objects of Expenditure	Actual 1967	Estimate 1968	Estimate 1969	Increase (+) Decrease (-)
11 Personnel compensation	$1,683	$1,788	$1,859	$ 71+
12 Personnel benefits	125	135	146	11+
21 Travel and transportation of persons	1	1	1	
22 Transportation of things	2	3	3	
23 Rent, communications, and utilities	134	137	153	16+
24 Printing and reproduction	6	5	5	
25 Other services	186	214	187	27-
26 Supplies and materials	214	222	271	49+
31 Equipment	112	98	110	12+
32 Lands and structures	59	70	130	60+
Deduct quarters, subsistence, and laundry	-18	-18	-18	
Total direct obligations	2,504	2,655	2,847	192+

EXPLANATION OF CHANGES

11 Personnel compensation ($71+):

$10+ Increase the member employment to provide spaces for 5 more guards (to increase all three guard shifts to 5 guards each to increase the security around the Home.)

61+ Annualize in FY 1969, pay increases granted wage board and civilian pay act employees in FY 1968 ($31+); annualize in FY 1969, promotions and step increases granted in FY 1968 and pay for promotions and step increases expected to be granted in FY 1969 ($23+); one extra day of compensation over the normal 52-week base ($7+).

12 Personnel benefits ($11+):

$ 8+ Each year the appropriation request carries the amount actually paid during the past year for employees' compensation benefits. The FY 1969 request is greater than FY 1968 based on these actual payments in FY 1967.

3+ Experience has shown that agency contributions to personnel benefit funds (retirement, insurance, health, and social security) amount to approximately 7% of total salaries for this project. The amount of the increase in FY 1969 is due to the increase in personnel compensation.

Title of Appropriation: Operation and maintenance

Project 3 - Administration and central services (Explanation of changes, continued)

23 Rent, communication, and utilities ($16+):

$16+ The increase is due entirely to the additional electricity required for the expanded Sheridan Building, plus additional current required for the proposed extension of the Pipes Ward Wing.

25 Other services ($27-):

$26- Following established schedules for painting, roof repairs, and similar recurring items, the maintenance scheduled for FY 1969 is less than FY 1968 due to the fact that the 1968 program includes painting the interior of the largest domiciliary building plus the introduction of the second largest domiciliary building into the the painting schedule for the first time since constructed.

38- The cost of nonrecurring and phased maintenance jobs scheduled for FY 1968 which will not recur in FY 1969.

37+ The cost of the following nonrecurring and phased maintenance jobs which are included in the FY 1969 program which are not included in the FY 1968 program:

Replacement of the ventilator filters and heating coils in two large domiciliary buildings and the hospital ward wing. These elements are in constant need of repair, are almost 15 years old, and can no longer be repaired effectively. ($13+)

Complete the program of replacing old incandescent street lights with mercury vapor lamps, primarily for safety and security reasons. ($7+)

Replacement and transistorizing the 4-channel internal radio system throughout the Scott and Pipes buildings. Parts are difficult to obtain for the 13-year old system and it requires considerable maintenance with less than satisfactory results.($12+)

Miscellaneous repairs including replacement of amplifier in the exterior loudspeaker system in the domiciliary area; installation of a panel ceiling in the vegetable room in the Sisters Quarters which is peeling due to excessive dampness, repairs to several porches.($5+)

Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1969

Title of Appropriation: Operation and maintenance

Project 3 - Administration and central services (Explanation of changes, continued)

26 Supplies and materials ($49+):

$45+ 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 to the expanded Sheridan domiciliary building.

4+ For spare part kits to overhaul 270 flush valves in toilets in the Scott domiciliary building and for additional maintenance supplies caused by the expanded facilities.

31 Equipment ($12+):

$12+ Equipment replacement for maintenance of buildings and facilities varies each year both in price and item. Increases in FY 1969 include $18 for cars and trucks, $6 for additional shop equipment, and $3 for more office equipment. Decreases include $5 for miscellaneous equipment, and $10 for one time purchase in FY 1968 of bookkeeping machine.

32 Lands and structures ($60+):

$123+ To replace 2,400 feet of terra cotta sanitary sewer line over 55 years old with cast iron pipe. These sewers are clogged with roots and the terra cotta is deteriorating.

7+ To replace water pipes of undetermined age which service Quarters No. 3, 4, and 5. They are clogged with rust to the point where pressure is markedly lessening each year.

70- The cost of items accomplished in FY 1968 which will not recur in FY 1969.

Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1969

Title of Appropriation: Capital Outlay

Project 4 - Permanent improvements (In thousands of dollars)

By Objects of Expenditure	Actual 1967	Estimate 1968	Estimate 1969	Increase (+) Decrease (-)
25 Other services	$.....	$ 14	$ 8	$ 6-
31 Equipment	.....	195	96	99-
32 Lands and structures	3,396	435	622	187+
Total direct obligations	3,396	644	726	82+

EXPLANATION OF CHANGES

25 Other services ($6-):

$ 14- This FY 1968 item is to correct a fault in the proscenium arch in Stanley Hall Chapel. It is being financed by reprogramming surplus balances of prior year appropriations no longer needed.

8+ To provide for installation of furniture and equipment in the outer wings of the Sheridan Building now under construction and scheduled for completion in December, 1968.

31 Equipment ($99-):

$195- This FY 1968 item provides for the purchase of furniture and equipment for the outer wings of the Sheridan Building.

96+ This FY 1969 item provides for the purchase of furniture and equipment for the south extension of the hospital ward wing.

32 Lands and structures ($187+):

FISCAL YEAR 1968 ITEMS

$ 90- Revising the Home's Master Plan
10- Planning for the extension of the Pipes Building
10- Planning for the installation of an improved emergency electrical system at the hospital
325- Completion of construction of the outer wings on the Sheridan Building

Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1969

Title of Appropriation: Capital outlay

Project 4 - Permanent improvements (Explanation of changes, continued)

32 Lands and structures (continued):

FISCAL YEAR 1969 ITEMS

$591+ Extension of the south side of the hospital ward wing (Pipes Building) to provide 55 additional beds including a 10-bed intensive care unit. At present, hospital capacity is 492 beds, average patient load expected in FY 1969, 435. In order to provide for the increase in patients resulting from the expanded domiciliary facilities, peak loads caused by seasonal ailments, normal flexibility required by attrition and movement of patients, the hospital ward wing, expanded northward in 1962, must now have a south expansion.

18+ The older hospital buildings do not have a system whereby patients in a lavatory, washroom, or toilet can obtain emergency help. It is proposed to install a system of panic buttons to correct this situation.

13+ There are certain areas where shower stalls should be made available to patients who bathe themselves. The cost of this project includes replacement of 9 bath tubs with 15 showers, throughout the hospital. The project is desired as a safety precaution.

Justification of Estimates for the United States Soldiers' Home, Fiscal Year 1969

Title of Appropriation: Operation and maintenance and Capital outlay

STANDARD CLASSIFICATION SCHEDULE FOR DIRECT OBLIGATIONS

In thousands of dollars

Objects of Expenditure	Actual 1967	Estimate 1968	Estimate 1969	Increase (+) Decrease (-)
Operation and maintenance				
11 Personnel compensation	$5,403	$5,765	$6,034	$269+
12 Personnel benefits	390	414	443	29+
21 Travel and transportation of persons	1	1	1	
22 Transportation of things	2	3	3	
23 Rent, communications, and utilities	134	137	153	16+
24 Printing and reproduction	6	5	5	
25 Other services	362	402	375	27-
26 Supplies and materials	1,183	1,238	1,305	67+
31 Equipment	192	243	217	26-
32 Lands and structures	59	70	130	60+
41 Grants, subsidies, and contributions	1	1	1	
Deduct quarters, subsistence, and laundry	-80	-65	-65	___
Total direct obligations	7,653	8,214 1/	8,602	388+
Capital outlay				
25 Other services	.....	14	8	6-
31 Equipment	.....	195	96	99-
32 Lands and structures	3,396	435	622	187+
Total direct obligations	3,396	644	726	82+

1/ Includes $190 proposed for later transmittal to cover wage board and civilian pay act increases.

2/20/68

WEDNESDAY, FEBRUARY 28, 1968.

FEDERAL RADIATION COUNCIL

WITNESSES

PAUL C. TOMPKINS, EXECUTIVE DIRECTOR, FEDERAL RADIATION COUNCIL
ARTHUR J. CRATEN, BUDGET REPRESENTATIVE, GSA

SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	60	61	61
Positions other than permanent	1	3	3
Total personnel compensation	61	64	64
Personnel benefits	4	5	5
Travel and transportation of persons	6	8	10
Rent, communications, and utilities	1	1	1
Printing and reproduction	3	4	4
Other services	29	30	30
Services of other agencies	8	10	11
Supplies and materials	1	1	1
Equipment	1		1
Total obligations	114	123	127

PERSONNEL SUMMARY

Total number of permanent positions	4	4	4
Average number of all employees	4	4	4
Average GS grade	11.3	11.3	11.3
Average GS salary	$15,017	$15,933	$15,933

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
Executive direction and administrative costs (program costs funded) [1]	99	123	127
Change in selected resources [2]	15		
Total obligations	114	123	127
Financing: Unobligated balance lapsing	17	8	
New obligational authority (appropriation)	131	131	127
Relation of obligations to expenditures:			
Total obligations (affecting expenditures)	114	123	127
Obligated balance, start of year [3]	44	49	50
Obligated balance, end of year [3]	−49	−50	−56
Adjustments in expired accounts	−2		
Expenditures [3]	107	122	121
Expenditures are distributed as follows:			
Out of current authorizations	65	73	71
Out of prior authorizations	42	49	50

[1] Includes capital outlay as follows: 1967, $1,000; 1968, none; 1969, $1,000.
[2] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $6,000; 1967, $21,000; 1968, $21,000; 1969, $21,000.
[3] Obligated balance, start of year includes advances and reimbursements of $30,000 for 1967 and $25,000 for 1968. Obligated balance end of 1967 includes advances and reimbursements of −$25,000. Expenditures include advances and reimbursements of $5,000 for 1967 and $25,000 for 1968.

Mr. NATCHER. We take up next the Federal Radiation Council.

We have before the committee Mr. Paul C. Tompkins, the Executive Director, together with certain members of the Council. Mr. Tompkins, it is a pleasure to have you appear again before our committee. As is our standard procedure, we will place your biographical sketch in the record.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

PAUL C. TOMPKINS, EXECUTIVE DIRECTOR, FEDERAL RADIATION COUNCIL

Tompkins, Paul C: Born Walla Walla, Wash., April 11, 1914. A.B., chemistry, Whitman College, 1935; additional studies, University of Chicago, 1936–37; Ph. D., biochemistry, University of California, 1941, Ely Lilly scholarship; research associate, biochemistry department, Stanford University, 1941–43, postgraduate fellowship; Manhattan project and Atomic Energy Commission, 1943–49, evaluation of hazards from injected and ingested radioisotopes and separation processes for high specific activity radionuclides; U.S. Naval Radiological Defense Laboratory, 1949–60; scientific director, 1951–60, protective measures for radioactive fallout; 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 to U.S. delegate to the United Nations Scientific Committee on the Effects of Atomic Radiation, 1962–66; member, Civil Defense Advisory Committee, National Academy of Sciences; member, National Academy Sciences-National Research Council Study Panel on Space Radiation Problems of Manned Space Flight; consultant, Panel of Armed Forces Radiobiology Research Institute.

You have a prepared statement. Would you like to insert the statement in its entirety and highlight it for us, or would you like to read your statement?

Mr. TOMPKINS. I would like the opportunity to read it.

Mr. NATCHER. You go right ahead.

GENERAL STATEMENT

Mr. TOMPKINS. Mr. Chairman, with your permission, my opening statement will summarize the background of the Federal Radiation Council to indicate for you what the Council is and what it does.

CREATION 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 the 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 atmospheric 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 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.

The President 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, section 274h.

The membership of the Council as established by Executive Order 10831 consisted of the Secretaries of Health, Education, and Welfare; Defense; Commerce; and the Chairman of the Atomic Energy Commission. The Secretary of Labor was added at the time the Council was made statutory by Public Law 86–373, section 274h. The Secretary of Agriculture was appointed to the Council by the President on August 16, 1962. The Secretary of the Interior was added to the Council by the President on January 16, 1968.

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.

OPERATION OF COUNCIL

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 where considerations of radiation protection impinge on other facets of national policy.

The funds requested by the FRC are those required for the direct operation of the Council office. They provide for the salaries of the 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 for-

mulation of 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.

REPORTS ISSUED

Since its formation the FRC has issued eight reports. Three of these reported on fallout levels occurring in the United States, predicted the future levels that were anticipated, gave estimates 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.

Five reports provided guidance for radiation protection activities under different conditions. Report 1 developed the general philosophy that derivation of basic radiation protection guidelines involved reaching a balance between the risk of radiation exposure 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 possible radiation risks associated with those operations.

FRC report 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. The exposure conditions envisaged involved a continuous intake of radionuclides through the diet over a lifetime that would give a 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 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 2. The Council did not occur 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.

The last report was directed to the provision of radiation protection guidance for the control of the radiation hazards associated with inhalation of the short-lived radioactive decay products of radon 222 in underground mines generally but with specific reference to uranium mining. This report was released in preliminary form for discussion in the Joint Committee on Atomic Energy hearings on radiation exposure of uranium miners held during May, June, July, and August 1967. It was released in final form in September 1967. While the hearings were in progress, the Council submitted recommendations to the President which he approved on July 27, 1967, regarding the reduction of radiation exposure of uranium miners. The memorandum for the President stated that the Council would review its recommendations in approximately 1 year. The FRC staff and Working Group are now reviewing the progress being made in reducing exposure to radon daughters in uranium mining for the information of the Council at the time its guidance is reexamined.

In accordance with the President's desire to curtail Federal expenditures, the Council's estimates for both fiscal years 1968 and 1969 were reduced. Of the $131,000 appropriated by the Congress for 1968 only $123,000 will be required for obligation and expenditure. In addition, the initial estimate for 1969 of $131,000 has been reduced to $127,000. The reduction for both years, as shown in the request before you, was achieved by a cutback in nonpermanent employment (consultants for proposed FRC studies) and in contractual services such as those obtained from NAS and NCRP.

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

Mr. NATCHER. Thank you, Mr. Tompkins.

I believe, Mr. Tompkins, this is the only straight salaries and expenses item that this subcommittee handles that is budgeted for a decrease. Is $127,000 what you requested—did you request this amount or is this the amount that the Bureau has approved after they reduced your request?

Mr. TOMPKINS. Yes, sir.

Mr. NATCHER. How much did they reduce it, Mr. Tompkins?

Mr. TOMPKINS. $8,000 for 1968 and $4,000 for 1969.

USE OF RECOMMENDED GUIDES

Mr. NATCHER. You have no regulatory powers, but you recommend basic guides for radiation protection?

Mr. TOMPKINS. Yes, sir.

Mr. NATCHER. Are these guides accepted and followed, or do the other Federal agencies follow them if they like them and disregard them if they do not? How do they operate?

Mr. TOMPKINS. Frankly, sometimes it is a little difficult for me to tell. In general I think the Federal agencies do follow the guidance as established in the FRC reports. The guidance is broad enough and covers enough different ramifications of very complex subjects so by selecting one paragraph or another to base the regulatory decision on, one can literally always be in compliance with one part of the guidance but not necessarily in compliance with the overall philosophy. A little bit of all is in fact happening in different parts of the Federal Government.

PROGRESS ON URANIUM MINE SITUATION

Mr. NATCHER. We recognize the problem that we have had in the uranium mines. It has been recognized now for a number of years. Is anything yet being done to really correct the situation, Mr. Tompkins?

Mr. TOMPKINS. Yes, very much so.

Mr. NATCHER. Tell the committee about it.

Mr. TOMPKINS. First of all the study leading up to the recommendations that were made last summer started in 1965. The task force that the FRC staff drew together to examine this whole subject included representatives of the uranium mining industry and scientific people in radiobiology, the epidemiology groups of the Public Health Service, the representatives of the State offices of mining and the State health offices. So our interests and the general trend of the thinking associated with the adequacy of the controls as they existed in 1965 was known by everybody actively engaged in the field at both the Federal and State level.

As a result of these activities, some of the States, even before the Federal Government acted, started reducing what is called the cease work level, which in 1965 was at a technical value known as ten working levels. Later that was reduced by several States to five working levels, and as of now practically all States are ordering cease work operations at three working levels. In addition, following the hearings and the action taken by the Department of Labor, who issued definitive regulations last summer, the industry has undertaken what I would call a very large-scale program of ventilation improvements. Our study is showing definite progress in the number of people exposed at different average working level concentrations. The number of miners working in environments higher than one working level are going down now much faster than they were even previously. In addition to that, the four interested agencies, namely, the Department of Labor, the Department of Interior, the Department of Health, Education, and Welfare, and the Atomic Energy Commission, set up what they called an interdepartmental steering committee to develop a coordinated research and development program to accelerate the necessary research and development work for measuring the radon levels, improve the availability and capabilities of respirators, improve procedures, and to find ways to seal up the mines to prevent radon from diffusing in to the mine air.

That program was activated almost a year ago now—not quite—about 9 months ago. Very good progress is showing in this information area, although it is not necessarily yet finding its way into the mine operations.

Mr. NATCHER. Mr. Casey.

COOPERATION WITH THE STATES

Mr. CASEY. Are you having good relations with the States now?

Mr. TOMPKINS. Very fine relations with the States.

Mr. CASEY. You had a little friction when you first started out, I imagine, did you not?

Mr. TOMPKINS. A little. There may be some friction yet, although this does not affect us directly. Some of the States, and also the industry, feel that they could get along very nicely with just one inspection agency. At the present time they have at least three, namely, the appropriate State agency, the Department of Labor, and the Department of the Interior. They would like to reduce that to one. But beyond that as a complaint, I would say I have seen no evidence of real friction.

Mr. CASEY. I believe that is all, Mr. Chairman.

Mr. NATCHER. Mr. Tompkins, we want to thank you for an excellent presentation.

Mr. TOMPKINS. Thank you very much, we appreciate it.

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]

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	5,652	5,964	6,379
Positions other than permanent	37	40	86
Other personnel compensation	5	6	6
Total personnel compensation	5,694	6,010	6,471
Personnel benefits	451	471	514
Travel and transportation of persons	542	519	600
Transportation of things	21	22	25
Rent, communications, and utilities	310	312	346
Printing and reproduction	7	9	10
Other services	29	24	35
Services of other agencies	43	24	25
Supplies and materials	35	34	36
Equipment	43	12	28
Total obligations	7,175	7,437	8,090

PERSONNEL SUMMARY

Total number of permanent positions	442	446	465
Full-time equivalent of other positions	6	4	7
Average number of all employees	442	444	478
Average GS grade	11.0	11.1	11.1
Average GS salary	$12,948	$13,741	$13,842

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Mediation and conciliation of labor disputes	5,897	6,133	6,390
2. Ad hoc boards, panels, mediators, and consultants	35	35	125
3. Administration	1,224	1,269	1,575
Total program costs, funded	7,156	7,437	8,090
Change in selected resources [1]	19		
Total obligations	7,175	7,437	8,090
Financing: Unobligated balance lapsing	22		
New obligational authority	7,197	7,437	8,090
New obligational authority:			
Appropriation	7,210	7,425	8,090
Transferred to other accounts	−13	−14	
Appropriation (adjusted)	7,197	7,411	8,090
Proposed supplemental for civilian pay act increases		26	
Relation of obligations to expenditures:			
Total obligations (affecting expenditures)	7,175	7,437	8,090
Obligated balance, start of year	327	411	450
Obligated balance, end of year	−411	−450	−530
Adjustments in expired accounts	−12		
Expenditures excluding pay increase supplemental	7,079	7,373	8,009
Expenditures from civilian pay act supplemental		25	1
Expenditures are distributed as follows:			
Out of current authorizations	6,752	6,987	7,560
Out of prior authorizations	327	411	450

[1] Selected resources as of June 30, are as follows: Unpaid undelivered orders, 1966, $16,000 (1967 adjustments, −$12,000); 1967, $23,000; 1968, $23,000; 1969, $23,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS, WILLIAM E. SIMKIN, DIRECTOR, FEDERAL MEDIATION AND CONCILIATION SERVICE

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

Following receipt of a B.S. degree from Earlham College, Richmond, Ind., in 1927, he became principal of Central High School, Sherwood, N.Y. He also taught science and mathematics. 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 5 years' service as a field representative in West Virginia for the American Friends Service Committee, working on a project of retraining unemployed miners in furniture manufacturing.

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

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

In 1942, he left the field of arbitration temporarily to enter the service of the National War Labor Board. He served successively as Special Mediation Representative, Chairman of the Shipbuilding Commission, and 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.

Mr. NATCHER. We take up now the Federal Mediation and Conciliation Service. We have before the committee William E. Simkin, the Director, together with certain members of his staff. Mr. Simkin, it is always a pleasure to have you appear before our committee. We would like to have you present these other gentlemen to the committe, if you will, please.

Mr. SIMKIN. I have with me Mr. Robert H. Moore, who is the Deputy Director, Mr. Lawrence Eady, Director, Administrative Management, Mr. Willoughby Abner, special assistant to the Director, Mr. James J. Dinneny, Associate Director of Administrative Management, and Mr. Guy Marino, Chief of the Budget and Finance Division.

Mr. NATCHER. We are delighted to have all of you appear at this time.

Now, you have a statement. Would you like to read your statement or place it into the record, or highlight it? You can proceed in the order in which you desire.

Mr. SIMKIN. We submitted some 2 or 3 weeks ago a fairly full statement. Obviously, I will not read that. I have a statement here today which is very brief and which I will follow in general but not read precisely.

Mr. NATCHER. Go right ahead.

GENERAL STATEMENT

Mr. SIMKIN. Mr. Chairman and members of the committee, we do appreciate this opportunity to appear and present our justifications.

Very briefly, for 1969, our total request is for $8,090,000 excluding, of course, what we expect will be a pay supplement for such pay increases as may become due after the first of the year.

Now, in very summary form, that request is made up of two items: First, restoration of the $185,900 that we absorbed in the current fiscal year as a result of House Joint Resolution 888, the so-called two and 10 resolution. That, of course, was below the amount that had originally been authorized by the Congress.

Then, in addition to that, we request funds for 19 additional positions for 1969. That breaks down into 15 mediators and four secretarial positions. I would like to say just a word about how we saved or will save $185,900 this current fiscal year.

We are accomplishing that in three principal ways.

One of the ways to find the biggest chunk of money was to cancel our training seminars which we have had for some years on an annual basis. These training seminars are designed and are very effective in bringing our mediators up to date in terms of their work. That was a sizable chunk of money, roughly $70,000, which we had to take advantage of under the circumstances.

Secondly, at some risk, we had to postpone the starting dates of new mediators that we hired as replacements for this current year.

Postponement of so-called EOD dates has saved us a substantial sum this year.

Thirdly, we have been able to get by this year with substantially lesser employment of special boards, special outside experts, and notably Taft-Hartley boards, than we had frankly anticipated. This has been made possible, I think, without patting ourselves on the back, by a specially hard-hitting job on the part of our own staff.

I always keep my fingers crossed on this, but up to this date in fiscal 1968 we have not had any Taft-Hartley injunctions. The money for Taft-Hartley boards and for their work comes out of our funds.

So those are the three principal ways by which we were able to accomplish that saving.

Now, we do not feel—and we feel very sincerely about this—we do not feel that it would be possible to try to anticipate that kind of savings next year.

The fact that we had to cancel our seminars this year makes it even more imperative, in my judgment, that they be held next winter.

As far as postponement of starting dates for mediators, this is a risky business. It takes some months, at best, to train new men. This postponement this year means that we are running some risk, with an expected heavy workload this summer, because of the minimum training of the new people we have hired.

As far as Board money, the money for special experts, Taft-Hartley boards and the like, for some years now the Congress has appropriated the total sum of $125,000 with the general notion that under ordinary circumstances we will return to the Treasury the amount that is not expended. In short it is a sort of a special fund within our budget.

We feel that that total should not be reduced for fiscal 1969. As I will indicate later, I am frankly fearful of the time ahead. I think it is only a matter of necessary good judgment to have that money available in case we need it.

ADDITIONAL PERSONNEL

Now, as to justification for the 19 additional positions, we did some pretty tough bargaining with the Budget Bureau. My own personal opinion is that this request is at the bare minimum level to meet the responsibilities that lie ahead.

I don't need to discuss the criticality of the Vietnam situation. We have exercised very high priority in defense disputes. The ramifications of our defense effort, as you well know, are wide indeed; there are hundreds, literally thousands of plants that produce some vital products. We have maintained a very close liaison with the Defense Department and we alert them and they alert us as to pending disputes that are going to be critical.

AVOIDANCE OF USE OF TAFT-HARTLEY

The simple fact that we have avoided so far this year the exercise of Taft-Hartley, in spite of the literally hundreds of important defense disputes, is indicative of the priority attention and concentrated mediation that we have given to these cases. I don't think it is an overestimate to say, and we could cite specific cases if they should be

desired, that each year in the last 2 or 3 years there are a minimum of 50 or 60 cases that we handle which are what I would call potential Taft-Hartley disputes in the sense that an injunction would be required due to the defense effort, either if a strike occurred of any duration in a few instances or if the strike lasted for an appreciable period of time. By one means or another that has been avoided up to this date.

The general public is not fully aware of the fact that we are fighting this kind of a war without the special disputes settlement procedures that existed both during the Korean war and World War II. I, for one, hope that we will be able to continue the present method of handling of disputes. Even from the budgetary point of view the cost of our budget is chicken feed compared to what would be involved if we had to have a resurrection of anything like the War Labor Board or the equivalent disputes settlement functions that existed during the Korean war.

WORKLOAD

Now, I have a few random figures here in connection with increased workload and increased activity since fiscal 1967, they are introduced in this statement primarily to support our prediction, months ago, that this was going to be an extremely difficult year.

In the last 6 months of calendar 1967, strikes in which our mediators were involved totaled 1,147 in contrast to 1,095 in the same 6 months of the preceding year. That was an increase of 5 percent.

Perhaps even more important than that, as of the end of calendar 1967 our pending dispute level, that is, disputes in the hands of mediators but not yet concluded, was up by 14.6 percent above the comparable figure at the end of 1966.

The pace has quickened. January and February are normally what we call slow months. As you may know, most unions like to have their contracts expire in the good weather rather than in the winter so that normally January and February are slow months. This year the number of strikes in January and February in which we are involved is roughly double. I didn't bring the precise figures, but it is roughly double the average level of the strikes in the first 2 months of all the other years of the 1960's.

PREVENTIVE MEDIATION

If you are interested, I would like to amplify or have Mr. Moore amplify our preventive mediation work. It increased very substantially last fiscal year, and our activity in this area, which we feel is of inestimable value, has increased in this fiscal year already 12.7 percent above the comparable figures for fiscal 1967.

Our arbitration workload keeps going up geometrically all the time. The first 7 months of fiscal 1968 are 21 percent above the comparable period in 1967.

One other item which is not a huge item but it is of some importance, is that as of October 1967, the President issued Executive Order 11374 which discontinued the Missile Sites Labor Commission. That Missile Sites Commission has been financed since 1961 by money in approxi-

mately equal amounts from the Department of Defense and from NASA. It was an agency all by itself, but for housekeeping purposes it was placed in the Department of Labor. That Commission discontinued its responsibilities and they were transferred to us. So for the first time, in fiscal 1969, we will have in our own budget all of the expenses in connection with mediation and preventive work and related matters in connection with the missile sites. We have always had, ever since the Commission was established, an amount in our budget for the work of the missile sites mediators in the field. They have been under our budget. But this Executive order transfers the full responsibility, including all coordination and centralized functions, to us.

Now, these figures, of course, relate to what is happening right now. I wish I could honestly predict that fiscal 1969 will be no worse, or not much worse than fiscal 1968. I just candidly would have to predict that 1969 is likely to be an even rougher year than this fiscal year in terms of our total responsibilities.

It is primarily for these various reasons that we feel, very sincerely, that our budget request for this year is the real minimum amount that is needed to fulfill the responsibilities that we have.

I think that completes my initial statement, but we would be very glad to answer questions.

SUMMARY OF BUDGET REQUEST

Mr. NATCHER. Now, Mr. Simkin, as I understand, the appropriation for 1968 is $7,425,000. The request for 1969 is $8,090,000, which is an increase of $665,000. This, however, is complicated by the effect of action taken under House Joint Resolution 888. If I understand this correctly, your program increase is composed of restoration of $185,900 of the cut under House Joint Resolution 888.

Mr. SIMKIN. Right.

COST OF NEW PERSONNEL

Mr. NATCHER. Plus funds for 15 mediation positions and for four secretarial positions; is that correct?

Mr. SIMKIN. That is correct.

Mr. NATCHER. What is the cost of these 19 additional positions including salaries, travel, equipment, and anything else?

Mr. SIMKIN. I will ask Mr. Eady to answer that question.

Mr. NATCHER. Mr. Eady, what about that?

Mr. EADY. The cost of the 14 mediator salaries is $160,454. There are, of course, related costs having to do with personnel benefits which I have included with the total number of positions. I do have the breakdown that will describe the personal services cost, if that will be of interest and benefit to the committee.

Mr. NATCHER. Without objection, it will be inserted in the record at this point.

(The document follows:)

DETAIL OF INCREASED PERSONNEL COMPENSATION COSTS, FISCAL YEAR 1969 OVER 1968

	EOD date	Net cost
A. New positions:		
1 Coordinator, GS–15, $18,404 (national office)	July 1, 1968	18,404
1 Clerical, GS–6, $6,137 (national office)	do	6,137
14 Mediators, GS–12, $11,461 (field)	do	160,454
3 Clerical, GS–5, $5,565 (field)	do	16,695
Total, 19 positions		201,690
B. Annualization of part-year costs in 1968: 4 new positions (mediators EOD Oct. 9, 1967) and annualization costs of other positions due to resignations and retirement, offset by turnover savings and lump sum payments		53,510
C. Periodic step increase cost (199)		35,550
D. Promotions increase cost (30)		33,750
E. Increase cost in 1 extra day's pay		24,000
F. Annualization cost of pay raise effective Oct. 9, 1967 (70 extra days)		66,500
G. Restoration of part-time temporary employment for pay cost absorption		46,000
Total increase personnel compensation		461,000

Note: The total cost of the 19 additional positions including salaries, personnel benefits, travel, and other related items is $242,300.

ECONOMIC BENEFITS OF FEDERAL MEDIATION AND CONCILIATION SERVICE ACTIVITIES

Mr. NATCHER. Now, the justifications, Mr. Simkin, have some rather convincing statistics on the economic benefits from your activities. This material, of course, will be placed in the record.

Mr. SIMKIN. Yes. That is what I referred to as being included with our submission which we sent over some time ago. I understand that you are referring to our estimate of a minimum savings of $200 million to the economy and the related effect on taxes payable to the Government.

REQUESTS FOR ARBITRATION

Mr. NATCHER. On page 12 of the justifications shows the number of requests for arbitration is still going up rather steeply.

Mr. SIMKIN. Yes.

Mr. NATCHER. 1967 is well over double the number for 1961. What is the reason for this? Is this good or bad, Mr. Simkin?

Mr. SIMKIN. I think this is basically good. As you know, our arbitration function is a limited function. We receive requests from companies and unions, either jointly or separately according to the way their contract reads. We submit to the parties from the roster of qualified arbitrators which we maintain a list of names from which they can make their selection. Occasionally I have to make what we call a direct designation, which is simply appointing one man. Now, years ago I used to be an arbitrator. Arbitrators act under labor agreements to decide grievance disputes in lieu of strikes. The total volume of grievance arbitration is growing, has grown over the years as indicated by these figures. So I think it can be said without any real qualification that this increase in grievance arbitration is a desirable thing because it is an alternative to wildcat strikes. There are many situations where the parties arbitrate too much, but that is not our responsibility. The parties pay the costs of the arbitrator. We operate this function on a countrywide basis with a total staff of seven people.

There is one other organization that appoints arbitrators, performs a comparable function, the American Arbitration Association, a private institution. Our workload is currently substantially above theirs.

REFUSALS TO RATIFY CONTRACTS RECOMMENDED BY UNION LEADERS

Mr. NATCHER. We all know from reading the newspapers and you further mentioned, Mr. Simkin, in the justifications that there has been an increase in recent years in the number of contract solutions reached by labor leaders that have been rejected by union members. What do you think is the reason for this trend?

Mr. SIMKIN. We are not a research organization but we were so disturbed about this trend that we made a study of this last fall. As a result of that study, with help from the staff I wrote a 42-page document plus attached tables, and so forth, dealing with the subject. If you are interested, we would be glad to get you copies.

Mr. NATCHER. The committee would like to have a copy.

Mr. SIMKIN. It is a very complicated matter and I think that it is not possible to answer your specific question with any single two or three reasons. It is quite clear that the notion that used to exist not too many years ago that labor leaders were more avaricious than the members, and that if you could only let the membership vote on a proposition that we would have fewer problems, whatever the validity of that notion may or may not have been 10 or 15 years ago it is not very valid today.

In fiscal 1967, of what we call our active cases, and these are the ones in which the mediators actually get in at the bargaining table in a very active way and are the tough cases, about 8,000 a year—of these almost 8,000 cases a year in fiscal 1967 we had membership rejection in one out of seven, about 14 percent. That figure had grown from 4 years before, 8 percent, to 14 percent over that period. It unquestionably is getting more difficult for the union leadership to sell what the leadership considers to be a sensible settlement to the people in the shop.

I think the difficulties are many. In many instances a good educational job is not being done. In some instances there may be a special union political fight which heavily influences this matter. An obvious reason, of course, is that with the cost of living having gone up, as it has in the last year or year and a half, the pressures for more money are getting more severe. These are only a few of the reasons. It is not a good situation. I believe in the democratic method and I think there is a great deal to be said for the notion that members should accept or should vote on and pass on a contract. This produces an element of stability during the life of the contract if the people who live under it vote for it, but a great deal of work needs to be done in this area. Incidentally, we have done a good deal of work with our mediators in terms of working with the union people to try to find ways and means of cutting down this rejection percentage. I am glad to report that in the last 6 months of last year our comparable figure did drop down to 12 percent from 14-plus. So that it is possible that we may have gone over the hump with that problem. It may be at least leveling out or diminishing. I hope very much it is diminishing.

It is clear that this problem makes mediation more difficult. The mediator must go back to the bargaining table with the parties and spend a great deal of additional time on the case.

EFFECT OF MAINTAINING CURRENT STAFFING IN 1969

Mr. NATCHER. Now, Mr. Simkin, it is obvious this will be another economy year. What happens if you are held to your current staffing level in the bill for 1969?

Mr. SIMKIN. Well, I simply believe we would not be able to fulfill our responsibilities at that level. The burden is getting greater all the time. To repeat, this heavy insistence on priority, the heavily increasing volume of Defense cases, means obviously more mediator involvement. It means mediator involvement that does not show up in the statistics, travel time, that sort of thing, staying with the case. It is very difficult to cover that statistically. I do not think we can afford, in view of the total economic picture, to concentrate primarily on Defense cases and ignore the rest of the country. That would be a very bad development. In many of our offices, not all, right now during this slow time of the year, the men are very, very busy indeed. I am frankly fearful of whether we are going to be able to meet the demands even for this current summer. In view of the total picture that lies ahead—and I don't like to be a pessimist, but I do think we ought to be realists—in view of the total picture that lies ahead, these 14 additional mediators represent a real minimum requirement to do the job. We did have quite a struggle with the Budget Bureau. We accepted this figure and we will stand by it, but I just don't think we ought to have to contemplate any reduction below that level.

Mr. NATCHER. Mr. Casey.

CASELOAD STATISTICS COMPARED WITH PERSONNEL

Mr. CASEY. How many mediators do you have now?

Mr. SIMKIN. 266 field mediators, this does not count our minimal supervisory staff in the field. We have a regional director and an assistant in each of seven regions. They actually do some mediation as well as administrative work. This does not count our Washington staff. Many of us, including especially our troubleshooters and Mr. Moore and I even, get into cases.

Mr. CASEY. How many did you have in 1965, do you recall?

Mr. SIMKIN. In 1966, we had 262 authorized positions. We were authorized an increase of only four last year. The 1965 authorized figure is 247. On any specific date we may be slightly below our authorized strength.

Mr. CASEY. You had 245 in 1965?

Mr. SIMKIN. 245, as of June 30, 1965, two vacant positions on that date.

Mr. CASEY. The reason I ask is this, and I am going to give you a chance to enlighten me on it: In 1965, according to the workload data supplied in this book here you had more mediation assignments than you have had in any year during the 5-year period from 1963 through 1967.

Mr. SIMKIN. That is correct.

Mr. CASEY. You disposed of them.

Mr. SIMKIN. The assigned caseload figures by themselves, I admit frankly, would not support this request.

Mr. CASEY. That is why I wanted to bring it up. I want you to help us out.

Mr. SIMKIN. The caseload, unfortunately—or fortunately, depending upon how you look at it—is not a good test of mediator workload. One case simply means a case in which our men are involved. It does not give any weight to the difficulty of the case, to the importance of the case, to the number of days that the man has to spend on the job. As these disputes have been unquestionably getting more difficult, particularly in recent years, the realistic time involvement in preparation for and active participation in the case is increasing all the time.

Another important factor is that we have exercised tighter screening to cut down the number of small cases and the number of grievance cases in which we become involved. If we wanted to play a numbers game we could easily increase the number of small cases. To the contrary, we have been tightening up on acceptance of small cases and grievance cases.

Another even more important factor is that these dispute case statistics do not include, of course, any reference to our preventive mediation work. That work, which I consider extremely important, has been going up very rapidly. This is involving a great deal of mediator time.

Mr. CASEY. I think you have explained it in part. The mediation assignments, 1963 through 1967, are fairly constant. Your peak number of assignments was in 1965, 21,262. Your lowest year in number of assignments was in 1967 with 19,602. The number closed pretty well relates to those that were assigned, such as in 1965 you closed 21,071 and in 1967 you closed 19,348.

Mr. SIMKIN. I do not want to interrupt you, but I might give a little explanation of these figures. You will recall what I said before about a case having an indefinite definition. One case may be a dispute that takes a mediator half a day, involving 25 people, and one case may be a case in which he spends 70 days, involving several thousand people. But aside from that, our assignments are broken down into two categories. One type of assignment is a case where a mediator contacts the parties and finds that they do not need any help, in substance. He keeps in frequent touch with the parties. If negotiations are going along all right, they may decide that they need no active mediation assistance. It is part of our philosophy that bargaining ought to work by itself and we ought to be a little bit hard to get. So that about two-thirds of those assigments in a typical year never work out to what we call an active case.

An active case is down on line B–1, the joint conference cases. Another definition for that is an active case. These are the cases in which the mediator actually gets in at the bargaining table for varying lengths of time. A much better gage of disputes workload is this line showing joint conference cases.

Mr. CASEY. You are reading from something I do not think I have, so I don't know what you were talking about.

Mr. SIMKIN. It is from page 9 of our submission, table A.

Mr. CASEY. All right. I am with you now.

Mr. SIMKIN. That is one of the best single disputes workload criteria. I think really the best one is line C down here, joint meetings conducted. This joint meetings conducted means the number of days that the mediator sits with the parties in an active case. You will see that figure, in 1965 was 25,183, in 1966 it was 26,530, and last year it did drop back to 25,749.

Mr. CASEY. And 12,646.

Mr. SIMKIN. For the first half of 1968. One of the reasons that the 1967 figures are a little lower is that we had, as I indicated in my opening statement, an unusually large number of cases that were still in process at the end of the year. A case does not get into these statistics until it is concluded successfully.

Mr. CASEY. Do you think that these that are coming up are going to be of longer duration than they have averaged in the past?

Mr. SIMKIN. Yes, I do. The degree of difficulty in mediation of cases has been increasing both on the basis of what statistics we can find and on the basis of judgment ever since I have been in office.

Mr. CASEY. Do you think you need the full 14 new mediators?

Mr. SIMKIN. I certainly do.

Mr. CASEY. These cold statistics don't tell too much. As you say, they do not reflect the length of cases or anything of that nature. It appears kind of constant.

Mr. SIMKIN. It is unfortunate that we are not a better statistical agency than we are. I guess we are too busy trying to solve disputes.

Mr. CASEY. In fact, you are handling more cases in 1965 with fewer mediators than you did in 1967 but, as you say, you don't know unless you break them down as to the duration of each one.

PREVENTIVE MEDIATION

Mr. SIMKIN. Yes. To repeat what I said earlier, the volume of our preventive mediation work has gone up very substantially in this period of time and that accounts for a significant portion of the mediators' total workload.

Mr. MOORE. From the preventive standpoint—and this is largely in my area—as far back as 3 years ago, getting into the 1964 and 1965 fiscal years, our actual preventive activity cases handled were running in the neighborhood of 100 or more. Last year, in fiscal 1967, on the basis of a careful analysis of substance, it was over 1,100.

Mr. CASEY. If I could be your advocate for a few minutes, I think the fact that you kept these down to the number you have indicates you have been doing something preventivewise.

Mr. MOORE. That is right.

Mr. CASEY. Because this country is continually growing.

Mr. MOORE. Right. If I can illustrate, I can cite you—in fact, we have an analysis of some 30-odd cases which we would be glad to furnish to the committee. While they do not on their face identify them, we can give you the key to identification by company and unit. Now, in those cases, the variety of provable benefits is unbelievable, growing out of the preventive activities.

Mr. CASEY. There is no question that if you prevent them, why, everybody profits by it.

EARLY BIRD CONTRACTS

Mr. MOORE. 1,175 of these were documented for the last fiscal year 1967, and this year thus far it is running over 12 percent ahead of last year. It covers the whole gamut. For instance, we have had a number of remarkable, what we call, early bird contracts. This has been in some of the more important defense contracts, one particularly Union Carbide at Kokomo, Ind.

Mr. CASEY. We have heard that mentioned before here, early warning.

Mr. MOORE. This is not a warning system, it is actually getting a contract negotiated well in advance of the contract expiration date. We have had this recently in cases as much as a year in advance of the contract expiration date. As I say, we can cite specific cases.

Mr. CASEY. I wanted to bring it up now rather than wait until you leave and then bring it up, because it doesn't look too good. I think your strongest argument is your preventive activities or tactics, because if you had not prevented them, there is no question that these figures would have continued to go up.

Mr. MOORE. Let be briefly review this Kokomo case, if I may, sir. This was Union Carbide. It was also complicated by the fact that it was one of the first rounds of the coalition bargaining that is now the bugaboo in the copper strike. This plant primarily is producing a special type of alloy for impellers on the booster blades for jet engines of General Electric. We had already had a Taft-Hartley at General Electric's Avondale plant where the Defense Department said that it could not stand even a 1-day stoppage. Because of certain reserve supplies they managed to stand a brief strike at Kokomo. This was one of the bitterest, violence-ridden strikes that that part of Indiana has ever seen. You cannot imagine a worse relationship between labor and management: arrests, prosecutions, armed guards, everything, you just draw the picture.

As soon as the Taft-Hartley was invoked our staff got on it with great intensity. This is one of the several cases where we worked out an agreement well in advance of the expiration of the 80 days' cooling-off period, the 80-day injunction. Now, immediately after that the mediators got started on a preventive program. They started working with labor and management in a variety of ways, primarily in training programs for shop stewards and foremen in how to handle their day-to-day relationships and settle problems rather than create grievances. A joint committee functioned for information dissemination and communications. The reports coming to us were that prior to the preventive activity starting there were over 22 grievances per week scheduled for arbitration. During the several-week period that the mediators were working—and I might say that this was a long, tough chore—they dropped to seven. After the program was over, the average has been running less than two grievances per week for arbitration.

Now, on top of that, the mediator got to working with them and convinced them that they should not again go up against the strike deadline and get the tensions all built up. He was successful in negotiating a new 3-year agreement well before the expiration of the existing agreement.

So here we have bought through a preventive program for an important Defense plant an additional two and a half years of complete labor peace.

Mr. CASEY. The lost time would have been worth a lot.

Mr. MOORE. The people themselves say—because I have been down there and talked to them personally—that the relationship in the plant, the activities, the morale are all greatly improved. We can cite you case after case after case of this same general type.

PERSONNEL INCREASE IN 1968

Mr. CASEY. How many men did you ask for last year? You got cut down to four.

Mr. EADY. We asked for an increase of eight and we got four.

Mr. SIMKIN. The Budget gave us eight and the Congress cut us down to four. Our initial request in terms of the job as we saw it was far more than we are asking for for 1969.

Mr. CASEY. Then along came House Joint Resolution 888 and what did that do? Did that cut those four off?

Mr. MOORE. We just could not hire. We saved enough money by the delay, the lapse as they call it, to permit hiring of some now and the rest of them just at the end of June.

Mr. SIMKIN. We now have our full complement of 266, including those four that we got for this year, but we have just recently acquired this full staff by reason of the fact that we had to delay their entrance. We would liked to have hired them last fall.

Mr. MOORE. Some of them will not come on duty until June.

Mr. SIMKIN. We are up to 266 now. We have a few known retirements between now and June 30, 1968 and have already made commitments to new men to come on duty in June.

Mr. CASEY. You are not playing a game with us: you need eight, you are asking for 14 but will settle for eight?

Mr. SIMKIN. No. If we played any such game, we played it with the Budget Bureau.

Mr. CASEY. You have already been through that game. What did you ask the Budget Bureau for?

Mr. SIMKIN. We asked for 40.

Mr. CASEY. I believe that is all, Mr. Chairman.

Mr. NATCHER. Mr. Shriver.

WORKLOAD DUE TO VIETNAM

Mr. SHRIVER. In your written statement you say that as the Vietnam picture worsens the criticality of hundreds and even thousands of labor negotiations increases. This will require even increasing priority mediator attention. You say "We are fighting a major war without the special disputes settlement procedures that existed during World War II and Korean war." What are you referring to, special procedures?

Mr. SIMKIN. The War Labor Board in World War II and the special Wage Stabilization Board during the Korean war, which included special disputes procedures, special panels, and so forth, for a whole host of major cases.

Mr. SHRIVER. Do you think we should have those now?

Mr. SIMKIN. I do not. I think we are much better off without them, but it does mean that we are carrying that burden.

Mr. SHRIVER. What you are pleading for is the increased request?

Mr. SIMKIN. Yes.

Mr. SHRIVER. Thank you.

Mr. NATCHER. Mr. Simkin, we want to thank you and the members of your staff for an excellent presentation.

Mr. SIMKIN. Thank you. We appreciate your attention.

Mr. NATCHER. The committee will adjourn until 10 o'clock tomorrow morning.

JUSTIFICATION MATERIAL

Salaries and Expenses, Federal Mediation and Conciliation Service

INTRODUCTION

The primary function of the Service is to minimize industrial conflict and help the parties reach agreement without work stoppages. Three distinct but interrelated activities contribute to this purpose:

A. Dispute mediation
B. Preventive mediation
C. Arbitration service

Dispute mediation is concerned with rendering assistance to the parties, when needed, in connection with the negotiation or renegotiation of a collective bargaining agreement. It is frequently referred to as "crisis" mediation. Usually the mediator does not enter the negotiations unless an impasse appears likely or has been reached and the possibility of a work stoppage looms.

In preventive mediation the major purpose of the Service's activity is the long-term improvement of the labor-management relationship. The technique is to encourage the parties in discussion of their problems away from and without the tensions of a strike deadline. This continuous dialog approach is a highly significant development in labor-management relations that has become more prevalent in recent years and will be needed even more in the immediate future. The Service believes strongly that the potential for minimizing industrial tensions through preventive mediation and related programs is a very close second in priority to disputes mediation.

Arbitration is a widely accepted process utilized by labor and management as a method for solving problems that arise out of the terms and during the life of the collective bargaining agreement. It is the terminal point of the grievance procedure. Its acceptance by the parties results in settlement of grievances and other disputes without resort to work stoppages.

The Service contributes to this process by making available to the parties names of skilled arbitrators from which the parties select individuals to hear and decide the issues in dispute. The parties pay the arbitrator's fee and other related expenses.

SUMMARY OF 1969 ESTIMATE

Throughout the current year and in fiscal year 1969—

(1) The Service will continue to give concentrated priority attention to disputes involving military production and procurement in support of the Vietnam war.

(2) It will work to reduce current tensions in labor-management relations by urging more positive collective bargaining in major negotiations with due recognition of the public interest.

(3) It will, through its preventive mediation activity, continue to assist the parties and to urge on them the need for devising new approaches to meet the complex bargaining problems arising from rapid industrial and technological change.

(4) It will, through its arbitration service, assist in the resolution of grievances and other problems that arise out of the terms of existing collective bargaining agreements.

A total appropriation of $8,090,000 is proposed for the budget year. This estimate will provide funds for—

(a) A national office staff of 73 positions, and increase of two over the current year.

(b) Seven regional and seven assistant regional director positions, no change from fiscal 1968.

(c) A mediator complement of 280 positions, an increase of 14 over the current year.

(d) A regional and field office administrative, stenographic, and clerical staff of 98 positions, an increase of three over the current year.

(e) An increase in total budgeted permanent positions from 446 in the current fiscal year to 465 in the budget year, a total increase of 19 positions.

IMPACT OF HOUSE JOINT RESOLUTION 888 (PUBLIC LAW 90–218)

Under the terms of Joint Resolution 888, approved by the President December 18, 1967, the Service was required to reduce its obligations for the current fiscal year (1968) by $185,900. This amount, in effect, had to be saved out of the appropriation of $7,425,000 as passed by Congress.

Subsequently, on instructions from the Budget Bureau the $185,900 was earmarked for and applied to the cost of the Federal employee pay increase which became effective retroactively to October 1, 1967 (total cost $211,700). The Budget Bureau, presumably, will seek congressional authorization for application of this amount to the pay increase cost. Accordingly, the 1968 column of the Service's budget proposal for fiscal year 1969 reflects this situation.

In several discussions with Budget Bureau officials, it was agreed that there should be no permanent reduction in the level of the Service's mediation function as a result of House Joint Resolution 888. This conclusion was reached because of the general outlook for increasing strife in labor-management relations and the special vital need for prompt and effective mediation of labor disputes in production areas related to the Vietnam conflict.

The 1969 budget proposal, therefore, is premised on two major factors:

1. It restores the mediation program to the 1968 level as approved by Congress before the $185,900 reduction took effect under House Joint Resolution 888.

The following areas are affected by this restoration:

Personal services and benefits	$77,000
Travel	62,000
Communications	17,900
Equipment	15,000
All other	14,000
Total	185,900

2. The estimate further provides in 1969 an additional program increase of 15 mediator type positions and four secretarial positions over and above the restored program level of 1968.

WORKLOAD DATA

The statistical charts which follow summarize workload data on a fiscal year basis:

Table A shows a summary of disputes mediation workload over the past 5 fiscal years, plus the first half of fiscal 1968.

Tables B and C show in detail, by region, the preventive mediation workload for fiscal year 1967. It summarizes different activities which evolved from the 1,175 preventive mediation cases worked on during the fiscal year.

Table D shows a 7-year summary of the service's arbitration activity.

TABLE A.—COMPARISON OF DISPUTES MEDIATION WORKLOAD (NUMBER OF CASES EXCLUSIVE OF PREVENTIVE ACTIVITY), FISCAL YEARS 1963–67 AND FIRST 6 MONTHS OF FISCAL YEAR 1968

	A 1963	B 1964	C 1965	D 1966	E 1967	F 1968 (July 1–Dec. 31)
A. Case totals:						
1. In process start of year	4,900	5,014	5,281	5,472	4,781	5,035
2. Assignments	19,987	20,797	21,262	20,230	19,602	9,219
3. Total workload	24,887	25,811	26,543	25,702	24,383	14,254
4. In process end of year	5,014	5,281	5,472	4,781	5,035	4,314
5. Cases closed	19,873	20,530	21,071	20,921	19,348	9,940
B. Analysis by types of mediation activity:						
1. Joint conference cases	7,013	7,221	7,445	7,836	7,193	3,644
2. Separate conference cases	338	324	316	300	284	116
3. No conference cases	10,772	11,208	11,283	11,048	9,970	5,337
4. No mediation activity	1,750	1,777	2,027	1,737	1,901	843
5. Cases closed	19,873	20,530	21,071	20,921	19,348	9,940
C. Joint meetings conducted	22,404	23,399	25,183	26,530	25,749	12,646
D. Separate meetings conducted	3,019	3,097	3,268	3,713	3,631	1,967

TABLE B.—PREVENTIVE MEDIATION SUMMARY, FISCAL YEAR 1967

Region	Carry-over, fiscal year 1966	New assignments	Total cases, fiscal year 1967	Canceled, fiscal year 1967	Closed, fiscal year 1967	Carry-over, fiscal year 1968	Defense	Incidence of types of activity in assigned cases		
							Defense	Joint committee	Training	Consultation/liaison
1	40	102	142	[1] 8(2)	77	59	38	64	19	132
2	41	118	159	5	113	41	58	34	58	147
3	35	74	109	.....	61	48	22	51	13	106
4	41	101	142	[1] 1	103	39	45	43	41	135
5	45	256	301	.....	240	61	78	85	88	295
6	43	131	174	6	97	71	42	69	57	167
7	40	108	148	10	91	47	40	58	46	133
Totals	285	890	1,175	30	782	366	323	404	322	1,115

[1] Case numbers not assigned.

TABLE C.—PREVENTIVE MEDIATION, CASE WORKLOAD DATA, FISCAL YEAR 1967

Region	Number of mediators (average)	Number of cases assigned	Case average (per mediation)	Activities, total time (days) [1]	Man-days average (per mediation) [1]
1	40.4	142	3.5	585	14.5
2	28.7	159	5.5	425	14.8
3	26.2	109	4.1	270	10.3
4	41.0	142	3.5	491	12.0
5	46.1	301	6.5	815	17.7
6	33.0	174	5.3	635	19.3
7	38.6	148	3.8	651	16.9
Total	254.0	1,175	4.6	3,872	15.2

[1] These data result from hand tally of all closed cases, which constitute the majority of the fiscal year 1967 workload; and an estimate of the remainder.

Note: Average number of cases per region, 168.

TABLE D.—ARBITRATION WORKLOAD

Processing requests for panels	Fiscal year						
	1961	1962	1963	1964	1965	1966	1967
Number of requests received	3,174	3,548	4,279	4,791	5,048	5,654	6,955
Number of panels issued	3,347	3,808	4,497	5,172	5,453	6,255	7,623
Number of selections made by the parties	2,185	2,303	2,719	3,142	3,286	3,386	3,953
Number of direct appointments made by the service at request of the parties	46	52	38	40	47	44	42

Disputes mediation workload (table A) does not show a marked statistical increase. The two most significant lines are B.1. (joint conference cases) and C (joint meetings conducted). Both of these totals would have been appreciably higher in fiscal 1967 and for the first half of fiscal 1968 if it were not for the fact that the Service has exercised tighter screening to reduce small cases and grievance cases as part of our program to give ever-increasing priority to defense related and other significant disputes.

A very important fact is that these statistics do not include work performed on a case until it is concluded. On December 31, 1967, our cases in process were 14.6 percent higher than on December 31, 1966. Work performed on those pending cases (4,314 in number) in calendar year 1967 will not show up in the data until the cases are closed in calendar 1968.

Preventive mediation data, comparable to tables B and C, are not available for fiscal 1966 and earlier years.

However, the extremely significant increase of preventive work is highlighted by the fact of 1,175 cases in fiscal 1967 in contrast to 922 cases in fiscal 1966, an increase of 27.4 percent. Moreover, careful case-by-case analysis shows that

the average case is increasingly more meaningful to the parties and to the economy.

Preventive activity for the first half of fiscal 1968 shows a further 11.2 percent increase above the comparable figures for the first half of fiscal 1967.

The consistent substantial growth of the arbitration workload is readily apparent from examination of table D. This growth continues. The first half of fiscal 1968 (number of requests received) is 18.7 percent above the first half of fiscal 1967.

MEDIATOR ACTIVITY

Data now available make it possible to present better per-mediator workload measures than has been the case in the past.

The data for fiscal year 1967, translated into an average mediator-year may be summarized as follows—

	Days
Days utilized in joint meetings with the parties—Active cases only	110
Days utilized in active participation in preventive mediation cases	15
Days at FMCS seminars, regional conferences, and workshops	8
Total	133

In short, 133 average working days in the year were accounted for directly by the above items.

Assuming, for the moment, a normal 5-day workweek and allowing for annual leave, holidays, and average sick leave taken, approximately 220 workdays are available.

This means that 133 out of 220 workdays or about 60 percent of the workyear is accounted for by the three items enumerated above.

Time requirements for the following very important tasks must be added:

1. The very considerable amount of travel involved in servicing active dispute and preventive mediation cases in an industrial area.

2. Preparation outside of conferences, and separate consultations in person and by telephone outside the meeting rooms in active (joint meeting) disputes cases.

3. Extensive contacts, in person and by telephone, in assigned disputes cases that do not require joint meeting services of the mediator (these cases exceed the joint meeting cases by a 2 to 1 ratio).

4. Reporting of both types of disputes cases (2 and 3 above).

5. Frequent necessary waiting time between joint meetings in the more important disputes cases where the time intervals are uncertain and/or so short as to prevent working in another active joint-meeting case.

6. Preparation for preventive mediation cases and consultations in person and by telephone outside the meeting rooms in the active cases as well as in many other cases that do not become active.

7. Reporting of preventive mediation cases.

8. Public relations activities (speeches, conference attendance, etc.) that are not associated with specific disputes or preventive mediation cases.

9. Keeping up with current labor relations developments by reading available literature and reports and by consultation with other mediators and other labor relations personnel, aside from the more formal seminars and other training programs. This is essential if a mediator is to do a competent job.

These nine necessary activities for which specific time accounting is not available more than account for the remaining 40 percent of a normal work year.

In fact, it is not an overstatement to indicate that these nonrecorded activities should and often do account for as much time, in total, as the recorded activities.

How is it possible to account for more time than is available in a normal work year?

The answer to that question is in several parts:

1. Especially during the heavy portion of the yearly disputes cycle, a typical mediator day on disputes is considerably longer than a normal workday.

2. Much of the preventive mediation work is performed at night after a regular day's work on other cases.

3. Much mediator time is worked on Saturdays, Sundays or holidays.

We can say with assurance that mediator productivity cannot seriously be challenged. In fact, since the figures cited are averages, those mediators with the heaviest workloads are being substantially overworked, sometimes to the point of hazard to health. Even with the best of administration and management, it is not possible to distribute the workload equally among 266 men with such a wide geographical dispersion.

ECONOMIC BENEFITS ACCRUING FROM EFFECTIVE MEDIATION

There are no precise measurements for evaluating mediation effectiveness or for computing the economic benefits which result from a work stoppage that is averted or shortened through mediation. Each year, however, the Service receives hundreds of letters from representatives of both labor and management testifying to the effectiveness, in specific situations, of the assistance given the parties in their negotiations. These letters are acknowledged and filed. They are not made public. In sum, they constitute a reliable but nonstatistical measurement of mediation, competently and effectively rendered.

It is possible, however, to make some rough estimates based on available data.

Direct cost benefits to the parties due to effective disputes mediation can be estimated as follows:

A. Wage losses eliminated or minimized

1. In fiscal year 1967, strike deadlines were postponed after mediator requests in 1,509 instances. In 1,201 of these cases, involving 525,343 employees, the additional time and intensive mediation prevented any strikes from developing. The potential strike time loss avoided in these 1,201 cases was 9,928,182 man-days, calculated by use of the BLS average of 18.9 days per strike. Discounting the figure by 50 percent on the basis that some postponements and subsequent settlements would have occurred without a mediator, or that strike duration would have been less than the BLS average, a conservative figure of 4,194,491 man-days is estimated.

2. In fiscal year 1967, 4,100 additional active cases were closed by FMCS mediators without strikes and without the necessity of postponement of strike deadlines. It is a conservative estimate that strikes would have occurred in 1,000 of these cases absent mediator assistance, and that the worktime lost would have been at least 4 million man-days.

3. Actual strike time losses are minimized by mediator assistance. Going back to BLS data for 1965 only for purposes of greater accuracy (bulletin No. 1525), Federal mediators participated in 1,683 strike cases, involving a total of 20,160,000 man-days of idleness.

Assuming that these strikes would have persisted for 3 working days longer in the absence of mediator assistance (a conservative estimate), 2,634,000 man-days of additional idleness were avoided.

4. Actual strike prevention due to preventive mediation activity is impossible to validate precisely, but it is a conservative estimate that "early bird" contracts and the positive effects of the wide variety of FMCS preventive activity saved at least 500,000 man-days of potential strikes.

5. Estimated total yearly strike time avoided is:

	Man-days
Cases settled without strikes where deadline postponement was involved	4,964,491
Cases settled without strikes prior to deadline	4,000,000
Strike time losses shortened	2,634,000
Results of preventive mediation activity	500,000
Total	12,098,491

At $22 per day (a figure used by BLS in appraising wages lost due to industrial accidents in 1965), the estimated annual wage losses avoided due to mediation	$266,166,802
rounded off to	$266,000,000

B. *Company profits saved by effective mediation*

As a conservative estimate, company profits preserved by avoidance of strikes and limiting the duration of strikes (items discussed in A above) were at least half the estimated wage loss or $133 million.

C. *Offsets*

Some strike time losses are recovered by workers after a strike has terminated—sometimes at overtime rates.

Likewise, some lost company profits are recovered subsequently.

Assuming 50-percent recovery, the total savings to the economy would be about one-half of the sum of $266 million and $133 million or about $200 million.

We do believe it is conservative to conclude that the Federal Government expenditure of $7,175,000 for fiscal year 1967 for the FMCS budget saved at least $200 million to the parties involved.

D. *Effect on taxes*

It is also very pertinent to note that taxes accruing to the Federal Government (individual worker income taxes and corporate taxes) by reason of the work of the FMCS far exceeded the FMCS budget.

FUTURE OUTLOOK AND WORK PROGRAM FOR FISCAL YEAR 1969

1. The Vietnam war

The requirements and needs of the military forces in Vietnam make it essential that there be no significant impairment in the flow of arms and supplies to our forces. The closest liaison and working relationship exists between the Service and the military agencies, both in the national and regional offices, and priority mediation is given to cases involving military production or procurement.

To date, no labor dispute within FMCS jurisdiction has caused any important impairment of the flow of arms and supplies to the Armed Forces. This high-priority concentration on dispute situations involving defense production marks the mediation program as one of highest priority. It will continue so. The alternative, if a serious breakdown of defense production occurs through work stoppages, is the establishment of machinery comparable to the War Labor Board in World War II. The budgetary cost of such procedures would make the FMCS budget look insignificant. Nor would such procedures be desirable on other counts.

2. Current labor-management unrest

The current turmoil in labor-management relations can be explained by a number of factors in combination.

After almost 7 years of relative industrial peace, disputes increased and became more difficult beginning early in calendar year 1966.

Record profits, the substantial increase in the BLS Consumer Price Index (3.3 percent in 1966 and probably 3.1 percent in 1967), and a tight labor market in many areas for other than the lowest level of unskilled worker, created a situation in which labor felt it was being "shortchanged." The reaction has been a show of belligerence by labor unions determined to get "more," to keep pace with, or ahead of, rising living costs, and to increase their relative share of the "economic pie." Further aggravating the situation is the fact that in the highly unionized industrial centers the push for "more" is coming especially from the skilled workers. This group is resentful of some alleged erosion of their preferred status by the leveling effect of years of industrywide across-the-board type of pay increases, punctuated by occasional special increases for skilled workers, but considered by them to be inadequate.

Employers, meanwhile, concerned by some recent profit downturns and by some slack in several key sectors of the economy (manufacturing plants were operating at only 84 percent of capacity in July 1967—the lowest ratio since 1962), have taken a more hard-boiled stance with the unions, and more and more are willing to take strikes rather than capitulate to union demands that the employers consider to be excessive.

Employers, further, are tending more than ever to adopting "united front" strategy, to developing "mutual aid" arrangements, and resorting on occasion to the use of the lockout as a defensive weapon against union efforts to pick off one company at a time.

Unions are increasing their technique of coalition or coordinated bargaining. This procedure is by no means new but it came into prominence in the 1966 contract negotiations involving General Electric and Westinghouse Corps. The

AFL–CIO Industrial Union Department, which is developing the coalition movement, has established more than 70 interunion committees in the past 2 years. For example, this union bargaining procedure and employer resistance to its is complicating the current copper strike. The coalition process may well become a major bargaining development in the future as large corporations continue to spread and diversify their operations, through mergers and amalgamations, over broader sectors of the economy.

Further complicating the settlement of disputes and contributing to the current turmoil is the rising trend of rank-and-file revolt against agreements negotiated by union leadership. This tendency for members to reject contract solutions reached in good faith by their leaders is a major problem which is growing. In the past fiscal year, in 14.1 percent of the joint meeting cases closed by the Service, the tentative settlements reached in negotiations were rejected by the union membership. This compares with 11.7 percent in 1966; 10 percent in 1965; and 8.7 percent in 1964. Rejections mean that the mediator must again reenter the case. The additional drain on mediator manpower in such cases is obvious.

Both labor and management have an overriding common interest in the reduction of labor unrest and a quick return to more stabilized collective bargaining. Adjustment of their differences can best be accomplished through their own bargaining efforts, and the bargaining process is the best safeguard of their mutual interests. Free collective bargaining, however, carries with it a joint responsibility. A proper regard for the public interest must be a factor in every major negotiation. The alternative to responsible collective bargaining, compulsion, is not palatable to either labor or management.

Mediation is the most important device for promoting peaceful adjustment of disputes.

Against the total labor-relations backdrop, it is clear that there will be a steadily increasing need for mediation for the indefinite future. The continuing growth of the economy, the increasing number of business establishments, and the steady increase each year in the number of NLRB bargaining certifications, all contribute to this conclusion.

The NLRB is certifying close to 5,000 new bargaining units each year, about 58 percent of which are in manufacturing plants. The Service is notified of these new certifications and, based on FMCS data, becomes involved in about 15 percent of the first contract negotiations arising out of the certifications. Mediation is especially important in these cases because of lack of bargaining experience on the part of the parties. The trend of certifications is pointing upward, and they constitute a steady increment each year to the potential workload of the Service.

Translating all of the foregoing into precise dispute mediation workload increase is not possible. It will, however, be substantial despite continued rigid screening and consolidation of cases, and despite refraining from entry into cases where the parties are making satisfactory progress on their own. Not only will there be an increase in terms of numbers—a very inadequate criterion—but even more so in terms of mediator time because of the complexity of the hard core issues over which bargaining impasses most frequently develop.

3. Preventive mediation activity

Preventive mediation is geared to the improvement of the labor-management relationship through continuing discussion between the parties of difficult and persistent problems. It is designed to get the parties to try constructively to eliminate sources of friction and trouble in their day-to-day relationships and to minimize the crisis aspect of bargaining.

The Service has been participating to some extent in this type of activity for many years. However, the program has assumed new importance more recently, both in quantity and in types of activity. The number of cases has grown from 202 assignments in 1962 to 1,175 in 1967.

One conclusion seems clear with respect to the current labor-management relationship: If collective bargaining is to perform the task assigned to it as a democratic institution, new approaches and new ways must be devised to meet the complex bargaining problems evolving essentially from the vast technological

revolution through which the Nation is passing. "Crisis" bargaining confined to the last few days of the life of the contract is no longer sufficient to do the job; there must be substantial mitigation of the crisis element before the actual bargaining deadline is reached. This concept of preventive mediation is not designed as a substitute for collective bargaining but rather an extension of it during the life of the contract. Issues appropriate for deadline treatment will be handled that way in most instances; but complicated issues that are not suited to crisis bargaining treatment can be handled in better ways.

Endorsement of the continuous dialog concept and evidence of its actual and potential value are available from many sources. Employer associations, the AFL–CIO, public groups such as the Committee for Economic Development and the American Assembly have all endorsed the basic idea. The National Labor Management Panel, presidentially appointed advisers to the FMCS have publicly approved the FMCS program. Numerous letters in our files from labor and industry representatives who have participated in FMCS sponsored preventive cases are very specific evidence of the values of this program.

4. Arbitration

The number of requests for arbitration panels in fiscal year 1967 totaled 6,955, up some 23 percent from the previous fiscal year. Over the past 10 years the arbitration workload, as measured by requests for panels, has increased by 120 percent. All other aspects of the arbitration caseload show similar steady increases. The tabulation on page 12 summarizes these data for the past 7 fiscal years.

There is a continuing problem of maintaining a roster of a sufficient number of experienced and acceptable arbitrators. The Service is trying to increase this supply by adding new arbitrators to its roster in the hope that the parties will select relatively inexperienced but potentially excellent arbitrators in cases where experience is not a compelling factor.

The Service is also continuing its cooperation with the American Arbitration Association and the National Academy of Arbitrators in developing training programs for new arbitrators. A program has been completed in the Cleveland area, adding to prior programs in the Chicago and Pittsburgh areas. A new program is contemplated for the St. Louis area.

The Service, furthermore, is doing everything possible to keep the cost of arbitration within reasonable bounds, giving due regard to the legitimate interests of the parties and of the arbitrators. The parties pay the arbitrator's fee.

MISSILE AND SPACE PROGRAM ACTIVITY

During the past fiscal year, the missile and space program of the Nation continued to move forward virtually unhindered by serious labor disputes. In fact, 99.74 percent of all available worktime on missile sites was free of work stoppages during this period.

This work record in such a vital phase of our national endeavors is indicative of the success achieved through the voluntary program of labor, management, and the Government working together.

Executive Order 11374, dated October 11, 1967, transferred the responsibilities of the Missile Sites Labor Commission (created in May 1961 under Executive Order 10946) to the Federal Mediation and Conciliation Service. About the same time the Defense Department announced its intention to construct an antiballistic missile (thin line) defense system. These actions will increase the Service's responsibility for mediating and resolving labor difficulties at missile site locations.

Priority will continue to be given to disputes at all missile and space sites.

For the first time, the fiscal 1969 FMCS budget will include all costs for handling missile and space sites disputes.

BOARDS OF INQUIRY AND OTHER AD HOC PANELS AND EXPERTS

Four Boards of Inquiry were appointed under the national emergency provisions of the Taft-Hartley Act during 1967, all attributable to the Vietnam war. These were:

(*a*) *General Electric-United Automobile Workers*, Evendale, Ohio, a plant producing jet engines. This dispute was settled during the injunction period with vigorous mediation assistance provided solely by the FMCS.

(*b*) *Union Carbide-United Steelworkers*, Kokomo, Ind., a plant producing jet engine component parts. This dispute was also settled during the injunction period with mediation assistance provided solely by the FMCS.

(*c*) *AVCO-United Automobile Workers*, Straford, Conn., a plant producing helicopter engines. This dispute was settled after weeks of FMCS mediation effort plus effective work done by Leo Brown, a special mediator retained by the Service, and assistance during the last week by the Under Secretary of Labor.

(*d*) *Pacific Coast Shipbuilders' Association-IBEW*. This dispute involving all important west coast shipyards in San Francisco, Portland, and Seattle was settled, subject to membership ratification, after months of FMCS mediation followed by mediation by a special board agreed to by the parties at our suggestion and under FMCS auspices.

About 55 other potential Taft-Hartley defense cases were settled through intensive mediation efforts.

The Service provided mediatory and administrative assistance to each of the Boards of Inquiry impaneled. Intensive mediation was particularly effective during the "cooling off" periods, and Service mediators cooperated closely with Board members in coordinating and timing the mediation drives. This type of cooperation and assistance will continue with future Boards of Inquiry.

Although no additional Taft-Hartley Boards of Inquiry have yet been appointed in fiscal 1968, the war uncertainties in the Far East suggest that it would be foolhardy to anticipate no actions of this sort between now and July 1969.

The sum of $125,000 is included each year in the Service's budget for Boards of Inquiry, special boards, panels, and outside experts. It is essential that the full amount be made available because of the uncertainly of future needs for boards and panels. Funds not obligated will be returned to the Treasury.

NATIONAL LABOR-MANAGEMENT PANEL

This advisory group, authorized by the Labor Management Relation Act of 1947, met twice during the past fiscal year. Pressures of serious disputes prevented other meetings from being scheduled.

Meetings of the Panel are held in executive session, thus permitting free and meaningful discussion and interchange of ideas on a variety of industrial relations and collective bargaining problems. These discussions are especially helpful to the Service in assessing labor and management attitudes on specific topics.

Panel activity will continue during this year and during fiscal year 1969. Close liaison is maintained with the members between the regularly scheduled meetings and the advice and counsel of the panel and its individual members have been of genuine benefit to the Service.

MANPOWER AND FINANCIAL REQUIREMENTS

1. Mediator manpower increases

The estimate for 1969 proposes an increase of 14 new mediator positions at grade GS–12. This will bring the total nonsupervisory mediator staff to 280.

The proposal for 1969 will enable the Service to continue its concentration on all disputes related to the Vietnam war; to encourage labor and management to engage in constructive collective bargaining with fewer stoppages; to service the Nation's missile and space sites; and to continue promoting through its preventive mediation program, a concept which is becoming more and more thoroughly endorsed and accepted, the benefits that can accrue from "continuous dialog" and other forms of labor-management discussion and cooperation.

With the steady increment each year in NLRB certifications (5,000 a year at the current rate), which portend a steady increase in mediation workload; with an economy rapidly expanding to an estimated $845 billion GNP in 1968, and likely over $900 billion by 1970; and despite the rigid screening which

the Service applies to its dispute notices, the facts stand clear that there will be a continuing increase in the demand for mediation services in the years ahead. So long as collective bargaining remains the cornerstone of our national labor policy, mediation readily available and competently rendered will continue to be the only major form of third-party assistance acceptable to the parties in bridging the gaps to their agreements.

2. National Office

Two positions are included in the 1969 estimate for the national office, a mediator coordinator (GS–15) for the missile activity and a secretary (GS–6) to the coordinator.

3. Field stenographic positions

There are three clerk-stenographer positions included in the estimate for location in two-mediator offices which do not at present have any stenographic assistance. There are 25 such locations.

We have reluctantly accepted this token increase of stenographic and clerical help at two-man offices only because of the severe budget restrictions this year and our belief that the increased budget must be concentrated on "fire power" at the mediator level.

4. Other nonmanpower increases

Excluding restorations of 1968 nonmanpower items affected by House Joint Resolution 888 (personnel benefits $7,500; travel $62,000; communications $17,900; printing and reproduction $1,000; other services $12,000; supplies $1,000; equipment $15,000), the 1969 proposal carries nonmanpower increases as follows: Personnel benefits $35,500; travel $19,000; transportation of things $3,000; communications $16,100; supplies and materials $1,000; and equipment $1,000.

The personnel benefits increase is related to and computed on the basis of additional personnel and total personal services compensation cost for 1969.

The travel increase of $19,000 is related to the new mediator positions.

The communications increase of $16,100 is related to increased Federal Telecommunications System toll and instrument rental charges.

The remaining increases totaling $5,000 are for transportation of things ($3,000), supplies and materials ($1,000), equipment ($1,000), and are related to the proposed staff increases for 1969.

THURSDAY, FEBRUARY 29, 1968.

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

Salaries and Expenses

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimated	1969 estimated
Personnel compensation:			
Permanent positions	23,436	25,389	26,779
Positions other than permanent	190	177	267
Other personnel compensation	53	40	48
Special personal service payments	56	38	61
Total personnel compensation	23,735	25,644	27,155
Personnel benefits	1,787	1,944	2,177
Travel and transportation of persons	1,450	1,364	1,639
Transportation of things	52	36	71
Rent, communications, and utilities	1,132	1,227	1,467
Printing and reproduction	617	716	707
Other services	853	872	1,024
Services of other agencies	90	78	82
Supplies and materials	288	264	320
Equipment	291	140	260
Insurance claims and indemnities	15	3	15
Total costs, funded	30,312	32,288	34,918
Change in selected resources	48	−193	156
Total obligations	30,360	32,095	35,074

PERSONNEL SUMMARY

Total number of permanent positions	2,302	2,418	2,528
Full-time equivalent of other positions	36	42	51
Average number of all employees	2,283	2,348	2,450
Average GS grade	9.3	9.6	9.5
Average GS salary	$10,489	$11,135	$11,105

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
1. Field investigation	19,036	19,949	21,392
2. Trial examiner hearing	3,115	3,236	3,544
3. Board adjudication	3,818	4,041	4,453
4. Securing compliance with Board orders	4,343	5,062	5,529
Total program costs, funded	30,312	32,288	34,918
Change in selected resources [1]	48	−193	156
Total obligations	30,360	32,095	35,074
Financing: Unobligated balance lapsing	650	135	----------
New obligational authority	31,010	32,230	35,074
New obligational authority:			
Appropriation	31,030	32,288	35,074
Transfer to other accounts	−20	−58	----------
Appropriation (adjusted)	31,010	32,230	35,074
Relation of obligations to expenditures:			
Total obligations (affecting expenditures)	30,360	32,095	35,074
Obligated balance, start of year	2,016	2,156	3,040
Obligated balance, end of year	−2,156	−3,040	−3,723
Adjustments in expired accounts	−23	----------	----------
Expenditures	30,197	31,211	34,391
Expenditures are distributed as follows:			
Out of current authorizations	28,322	29,107	31,507
Out of prior authorizations	1,875	2,104	2,884

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $255,000; 1967, $303,000; 1968, $110,000; 1969, $266,000.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESSES

BIOGRAPHICAL RESUMÉ, FRANK W. MCCULLOCH

Legal residence: 720 Ingleside Place, Evanston, Ill.

District of Columbia 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.; 1935–46, industrial relations secretary, council for social action, Congregational-Christian Churches, Chicago Office; 1946–49, director, labor education division, Roosevelt University, Chicago, Ill.; 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.

BIOGRAPHICAL SKETCH, ARNOLD ORDMAN, GENERAL COUNSEL, NATIONAL LABOR RELATIONS BOARD, WASHINGTON, D.C.

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.

Reappointed for a second term by President Johnson in May 1967 and again confirmed by the U.S. Senate.

He became the sixth NLRB General Counsel since passage of the Taft-Hartley Act in 1947, and the first two-term General Counsel since the inception of that office. 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, N.H., 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 the 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 at Chevy Chase, Md.

Mr. FLOOD. We now have with us the National Labor Relations Board.

We are pleased to have the Chairman, Mr. Frank McCulloch, who will make the presentation on behalf of the Board.

GENERAL STATEMENT

Mr. McCulloch, I see you have a statement. Do you wish to insert this in the record at this point and tell us about it?

Mr. McCULLOCH. With your permission, I will be very glad to do that.

(The statement follows:)

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

I wish to thank the committee for this opportunity to appear on behalf of the National Labor Relations Board, and to support its budget request for fiscal year 1969 to carry out the vital responsibilities laid upon it by Congress.

THE AGENCY REQUEST

The agency is requesting an appropriation of $35,074,000 in 1969. This is $2,921,340 more than the amount we expect to be available in 1968. In 1968, $32,288,000 was appropriated, $1,056,240 of this amount was reduced and placed in reserve by action of the Congress, and $920,900 of this reserve will be needed to pay for increased costs of the Postal Revenue and Salary Act of 1967. In total therefore, the agency expects to have $32,152,660 available in 1968, as compared to the $35,074,000 requested for 1969.

The $2,921,340 increase requested is 9 percent above funds expected to be available in 1968. This increase will pay for (1) a 4.3-percent increase in employment to handle a 5.8-percent increase in work; plus (2) an $885,988 increase for increased pay and other mandatory administrative costs; as well as (3) $234,500 for increased printing costs, and $69,000 for moving our computer automation program along slowly.

The $2,921,340 fund increase request includes about $200,000 for casework deferred from 1968 to 1969, and $112,000 for printing costs deferred from 1968 to 1969. In addition, most items of miscellaneous expenditure reflect in their 1969 increases the tightening up of these expenditures in 1968. Furniture and equipment costs for 1969, for example, are almost double the 1968 estimate; but the request for 1969 is actually below expenditures for equipment in 1967.

In summary, the 9-percent increase in funds requested for 1969 is higher than the 4.3-percent increase in employment because the request reflects the measures taken by the agency in 1968 to conform with the reductions enacted by the Congress after our appropriation was initially approved. In order to maintain service as well as possible, reductions were made in items which could be deferred to 1969 without immediate serious impairment of the program. In the long run, however, continued deferral of these items, including further deferral of miscellaneous expenditures, would seriously affect the agency's operations.

The 4.3-percent increase in employment is an increase of 102.1 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 problems of delay and backlog in the formal processing of cases.

THE AGENCY'S ROLE IN THE CURRENT LABOR RELATIONS PICTURE

The most noticeable feature of today's general labor relations situation is the rise in industrial unrest, which has manifested itself in the increasing number of strikes and man-days of employment lost, as well as in the number of strike settlements and negotiated agreements rejected by union members.

Although we do not have jurisdiction over contract negotiation breakdowns in the absence of unfair labor practice charges or over the public employment areas (local, State and Federal employment) which have also been involved in this unrest, we have been playing a role in quenching some of the incipient fires in the private sector. Our substantial rise in intake beginning in January 1967 has been to a large extent due to filing of charges by individuals. By offering these individuals—and other charging parties—an opportunity to litigate their grievances or complaints in an orderly manner, we believe we have made a contribution to the peaceful handling of these problems, and provided a damper on some of the sources of industrial conflict.

APPRAISAL OF OUR PRESENT SITUATION

When we submitted our 1968 budget request a year ago it was based upon the filing of an estimated 16,565 unfair labor practice charges and 14,400 repre-

sentation questions. This was a combined workload increase of about 3½ percent over estimated 1967 intake at that time. Today, as a result of the unexpectedly large rise in unfair labor practice filings, we have revised the 1968 estimate of filings to 17,805 charges and 13,945 representation filings, which then becomes in workload terms, an increase of 4.3 percent over the original 1968 estimate (and a 7.8-percent increase over the original fiscal year 1967 estimated intake.)

The committee's approval of our entire appropriation request ($32,288,000) was based upon notification and explanation of the large rise in unfair labor practice filings starting with January 1967. Thereafter, the Congress decided on an across-the-board cut in the funds of all Federal Government agencies in order to accommodate the Federal Government's expenditures to the overall economic situation. This reduction, which was not effective until December 1967, created a difficult operational problem affecting us during the last 6 months of fiscal year 1968.

To cope with this problem, we have put a freeze on hiring except for emergencies and a freeze on the filling of vacancies. In addition, miscellaneous expenses were postponed or cut to the bone insofar as possible. In printing we have deferred the issuance of Board volumes, which were to be obligated this year, into 1969. In order to cut travel and reporting costs, we have reduced the number of hearings which we had planned to hold. We have also asked our regional offices to consolidate their case handling travel so as to save as much travel fund money and employee time as possible. This means, however, that in individual cases we will not be able to give the prompt service we had been trying to provide.

Although we hope these actions will not reduce the efficiency of our operations, we cannot at this point foretell exactly what problems will result. For example, the loss of experienced staff in certain critical areas will create case-handling problems, as well as requests for the expenditure of more funds than our revised plan calls for in those areas.

In summary therefore, our appraisal shows that we may well be heading into trouble on all fronts, because of the cross conflict between more work than estimated on the one hand, and fewer people on the other, along with fewer dollars to move them about flexibly so as to plug up the gaps which develop in our case-handling processes.

THE 1969 REQUEST

In our plans for 1969 we have provided basically for a continuation of our established program of processing case intake and reducing backlog. We are assuming that we shall be able to cope with the problems which develop as a result of the reduced funds in the last half of fiscal year 1968. Our goals, therefore, are to reduce backlog, contain or reduce time delay in all critical areas, and improve productivity.

INTAKE

As you know, the agency's workload is based upon the filings of charges and petitions by unions, employers, and individuals. We have no control over these filings, but we do our best to estimate them as correctly and as conservatively as possible.

Our experience since 1958 has been a continuously rising flood of cases filed, which for most years has averaged out to almost a 10-percent rise. In fiscal year 1967 unfair labor practice intake rose by 7-percent, and representation work intake rose by 2½-percent. For 1968 and 1969 we have conservatively estimated a continuation of this rise but at a lower rate. We are estimating in unfair labor practice work a 4½-percent rise in 1968, and a 5½-percent rise in 1969. In representation work we are estimating a 2½-percent rise in 1968, and a 3½-percent rise in 1969.

Our intake thus far this fiscal year is higher than our estimate for unfair labor practice work and lower than our estimate for representation work. We, therefore, expect the cases coming in to reach our estimate, but frankly our real concern is that they will not too greatly exceed it.

FACTORS AFFECTING INTAKE

The major factors which normally affect our intake are industrial growth, increases in the work force, labor union organizing and collective bargaining activity, industrial shifts resulting from automation, plant closings and relocations, and changes in local employment.

Starting, however, with January 1967, the major factor affecting our intake was the increase in filing of charges by individuals against both unions and employers. We are not certain as to why this occurred. In our last appearance before the committee we thought that the rise in strikes and industrial unrest would not necessarily affect filings with this agency. As we notified you, we were wrong in that estimate. We were affected, and we continue to be affected. The strong rise in unfair labor practice charges thus far this year, as well as last year, includes a very heavy rise in individually filed charges.

Our estimates for the rest of this year and next year are based upon this factor which has been continuing, as well as an expected pickup in filings by unions in connection with organizing drives. Our experience this past year for example, indicates a rise in filings involving building trades union organizing activities, as reflected by increased charges against these unions (and others) in the areas of secondary boycotts, jurisdictional disputes, and allegations of illegal picketing. Supporting this experience are reports that building trades unions are picking up their labor organizing activities both formally and informally. Another area where our workload is picking up is in the white collar organizing field. Our records indicate a 75-percent rise in elections involving such units from fiscal year 1966 to 1967. In 1967 these elections represented about 10 percent of all the elections we held. That percentage had risen in that 1 year from a little over 5 percent in 1966 to the 10-percent level in 1967. We expect increased organizing in retail, wholesale and other service industries. We also expect a pickup in regular manufacturing organization efforts.

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) minimum litigation, by encouraging voluntary settlement before formal litigation, and voluntary compliance with formal orders as early in the litigation process as can be achieved.

Our 1969 program is designed to carry out these objectives. Despite the problems that lie ahead of us, we are relying on the experience and the dedication of our staff, to find ways to cope with the problems that do arise, and to carry on our program for improving service and reducing time delay.

B. Informal processing

Most of our cases (about 90 percent) are handled informally in our regional offices. Till now, these offices have been current in their case handling for the most part. Although we know and expect that we shall have some impairment in this kind of service, we are confidently looking forward to the solution of those problems and the ability to maintain our service in 1969. The General Counsel, who supervises these offices, will discuss this in greater detail.

C. Formal case processing

Processing by trial examiners

As a result of the fund reductions in fiscal year 1968, we have reduced the tempo of the unfair labor practice hearing process, so that a lesser number of hearings will be conducted in 1968 than was estimated. We believe that the agency will hold about 970 hearings in 1968, as compared to the 1,160 we had planned to hold. Although this will delay case processing at this stage and create a number of other problems, it will also have the effect of providing more time for the trial examiners to write their decisions on the cases they have heard. As a result, we expect the trial examiner decision stage to become more current and take less time this year and next.

In 1969 we plan to step up the number of hearings held in order to process the cases deferred from 1968. We expect to increase the number of hearings from about 970 in 1968 to about 1,253 in 1969. Our 1969 program provides for eight additional trial examiner positions, to assist in handling this increase in work, and hopefully to bring the entire trial examiner operation, including hearings, closer to current processing. If we are successful, we should be able to reduce the time required from issuance of complaint to issuance of trial examiner decision from the 170 days now needed to around 150 days. We have also provided for increased productivity at this stage, and we shall do our best to achieve it.

Board decision work

The Board itself hopes to continue its improvements in both increasing productivity and reducing time delay. The Board has scheduled for decision this year about 900 unfair labor practice cases and about 200 representation cases. We shall make every effort to keep up with all the work we get from the trial examiners and regional directors, and the efficiency of our program will depend upon the ability of our staff in the field and in Washington to keep the cases moving, despite the problems of attrition and unfilled vacancies.

In view of the increased number of trial examiner decisions which we expect this fiscal year as a result of the reduction in hearings, we expect that we shall need no increase in the number of decisions the Board must issue in 1969. Our program in 1969 provides again for the issuance of about 900 unfair labor practice decisions and about 200 representation decisions.

Court enforcement

The agency has been facing and will continue to face a tremendous job of court enforcement. As the Board's unfair labor practice decisions have risen from about 200 ten years ago, to about 900 in the current estimate, the need for enforcement of these decisions has risen proportionately. We have provided for very heavy increases in this area to catch up with a rising backlog. The General Counsel will describe this operation in greater detail, since it comes under his supervision. It is crucial in the administration of the act that we carry out this court litigation program effectively.

MANAGEMENT IMPROVEMENT AND COST REDUCTION

Since most of the agency's funds are spent on personnel, the agency puts special emphasis on productivity improvements. Our division heads, as well as the Board and General Counsel, are looking for better ways to accomplish the agency's work so as to keep up with the constant need 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.

We have valued our cost reduction and management improvement program for 1969 at over $400,000. We shall use every resource to carry out this program, although we are aware that the problems caused by the necessary fund reductions in fiscal year 1968, may very well affect our over all production and efficiency and make it difficult for us to reach the goals set.

SUMMARY

Our main concern at this time is still the solution to the rising tide of unfair labor practice charges and resulting formal actions. 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 to resolve as speedily as possible those industrial conflicts which arise from representation and unfair labor practice disputes.

SUMMARY OF GENERAL STATEMENT

Mr. McCULLOCH. Thank you, Mr. Chairman.

My own statement will be supplemented by a statement by the General Counsel, who of course has so much of the agency under his supervision by the direction of Congress. We appreciate the opportunity to present our appropriation request.

BUDGET REQUEST

The agency request, Mr. Chairman, for 1969 is for $35,074,000. This is approximately $2,900,000 over the funds we expect for 1968. By

that I mean that the 1968 appropriation, after reduction by reservation of the 2 percent and the 10 percent last December, was diminished by a little over a million dollars. We expect that about $920,000 will be necessary in 1968 for Pay Act costs. When that is made available, the increase of our 1969 request over the 1968 figure will be $2,921,340.

This would make possible an increase in average employment of 102 persons. Roughly 40 would be in the field, and 60 in Washington.

I want to say a word here that is not explicitly set forth in my statement. We are sensitive to the enormous pressures on the Federal Treasury in this period of both national and international crisis. For that reason we have estimated the needs of our work as conservatively as possible. Yet the growing demands by the citizens who file cases with the agency must be reported to you frankly, for it is on that workload that our appropriation request is squarely based.

We have no control over those case filings. We cannot, as it were, turn off the faucet. We do not have our hand on the faucet. Additionally, in a period when industrial stability is a prime national need, the prompt performance by the Labor Board of the work given to it to do by Congress can, we hope, help by disposing of some 30,000 cases a year, to get rid of disputes that might otherwise develop into sources of deeper conflict.

ESTIMATED WORKLOAD

Against that background, I would say initially that the increases requested have been most carefully measured against the workload we see ahead. In fact, in the 2 months since these figures on which our request is based were prepared and analyzed and assembled, the realities of our case filings have once more already exceeded our estimates. Thus, the $2,921,000 requested increase was computed to cover not only the added Pay Act and mandatory administrative costs of some $885,000 and added printer and computer automation program costs of $303,000, but also a 5.8 percent increase in workload to be handled by a 4.3 percent increase in employment. That is the basis on which our figures were presented in the justification and in the statements we have presented to you.

Yet in the first 8 months of fiscal year 1968, the number of unfair labor practice case filings is already running nearly 1,000 more than in the same period of 1967. Our projection in the formal estimate for the full 12 months was that the increase would be only 765. February, in particular, has seen a remarkable increase which we have difficulty in accounting for, and we are not even quite through February with 2 or 3 days yet to be reported for this short month.

In the representation case area, the petition filings were lagging a little behind the estimates. However for the month of February they suddenly shot up by more than 15 percent over last year. In short, the workload flowing into our regional offices in the past 3 months suggests that our long-run estimate for 1969 may also be on the low side.

In addition to meeting the expected increase in new case filings, our request for funds is also aimed to enable us to reach the essential case work, printing costs and equipment needs that were deferred because of the reduction in appropriation in December 1967, below the amount

that your committee had determined upon. Thus, the 9-percent increase in funds requested for 1969 is higher than the 4.3-percent increase in employment because the request reflects measures taken by the agency to conform with the reduction enacted by Congress after our appropriation was initially approved—and the need, therefore, in 1969 to catch up with those deferred services.

CURRENT STATUS OF CASE HANDLING

Our current situation in case-handling is therefore rendered more difficult because our official 1968 intake estimates are higher than initially made when you approved our appropriation early last year, and the actual filings are even higher now than they were expected to be when we revised the estimate. And finally, we must try to accomplish our enlarged mission with the reduction of a million dollars below the sum you first voted.

To cope with this problem we put a freeze on hiring except for emergencies, and a freeze on filling vacancies. In addition, miscellaneous expenditures were postponed or cut to the bone. In printing we deferred the issuance of Board volumes which were to be obligated this year into 1969. In order to cut travel and reporting costs we have reduced the number of hearings for the last 6 months of this year which we had otherwise planned to hold. We have also asked our regional offices to consolidate their case-handling travel so as to save as much travel fund money as possible.

So we feel we are heading into difficulties on all fronts because of this cross conflict between more work than estimated on the one hand, and fewer people than estimated to take care of the work on the other, along with fewer dollars to move staff flexibly to points where the caseload has gone up even more than in other points.

Now confronting this problem in 1969, as against the 1968 situation which I have outlined in very general terms, our appropriation request is based on our aim to process the new cases filed and to reduce the backlog in which there is some buildup at the Board level and in enforcement, as a result of the factors I have mentioned.

Our estimates for 1969 are, we think, again conservative as seen against the background of 1967 for which there are actual figures. We are estimating for 1969 a 5½-percent increase in the case intake in unfair labor practices as against a rise of 7 percent for 1967. We are estimating for the representation cases—the election cases—an increase of 3½ percent for 1969 as against a two and a half percent rise in 1967. These are as realistic as we can make these estimates, looking 18 months ahead.

CAUSES OF CASELOADS INCREASE

This committee usually is interested in the factors that produce this constant swelling tide. I do not believe we have any new information to give you, but we attribute it, as we have before, to the growth in the economy, to the increases in the work force itself in number of people, and very importantly to the increased union organizing that is going on, as well as, to the industrial shifts that create conflicts and problems.

We see as one of the new factors not always easy to explain the sharp increase in the filing of charges with the Board by individuals.

As you know, charges may be filed by employers, by unions, and by individuals, and we note that the third class, the charges filed by individuals has gone up much more than the other two. Whether this is a reflection of the ferment in the work force that is reflected in the rejection of negotiated settlements made by bargaining committees of unions, it is difficult to know. But at least this is one of the factors we put on the table before you. It may also be part of the unrest that is evident in the increase in the number of strikes. In any event, it is here with us.

In the increases we anticipate in union organizing, these have been announced in substantial measure by the building trades. We have seen it reflected in the increased charges and petitions filed by them and in charges brought against them, because an increase in their organizing sometimes seems to be attended by charges of secondary boycotts and jurisdictional disputes. There have thus been more charges against the unions, too. The organization of white-collar workers is reflected in the increases in petitions filed with us. Our records show a 75 percent rise in elections involving white-collar workers from 1966 to 1967.

Mr. FLOOD. Have you been involved, or do you expect to become involved in this new development among our public servers, teachers, firemen, policemen, and so on? Do you have fallout on that as of yet?

Mr. MCCULLOCH. We have no direct jurisdiction over public employees, but there might be a fallout in the private sector. I am sure there can be an indirect result as other white-collar workers move to organize.

Mr. FLOOD. So far nobody has tried to petition you to get in through the back door?

Mr. MCCULLOCH. I do not know of it.

Mr. ORDMAN. No.

Mr. FLOOD. I imagine somebody will.

Mr. ORDMAN. I may suggest, Mr. Chairman, there is a marked fallout because organized labor has had its greatest difficulty in trying to organize the so-called white-collar industry. As organization spreads among teachers and other public employees who are in the white-collar group, suddenly the attitude of related white-collar people in private employment changes. I think there is a certain bit of snobbery built in. The reasoning is: If organization is good enough for teachers, why is it not good enough for us in private employment.

Mr. FLOOD. Do you have anything else?

Mr. MCCULLOCH. Just summarizing hastily, as we look to the needs at the board level particularly, and in the field, and I will leave the field work and litigation matters for Mr. Ordman to outline to you——

Mr. FLOOD. Suppose we take Mr. Ordman following you and then I will ask you a few questions.

TRIAL EXAMINERS

Mr. MCCULLOCH. May I just say a couple of words about the trial examiner's situation? In dealing with the appropriation cuts for the last half of this year, we reduced the number of trial examiner hearings, both to cut down on travel time and expense and the whole expense of the hearing. We will have to catch up next year. This is another point where the deferment of the trial examiner hearings gives

us a greater problem and a pileup of work for 1969. This is another one of the areas, along with deferred printing and the buildup of other backlogs, that underlies the 1969 request.

We expect the Board to keep its 1969 decisional output at the same high level it does for 1968. We are proud of our production record. We know, however, that we must reduce time delays in the fully litigated cases. We are doing everything we can both at the Board level and, as Mr. Ordman will say, at the other levels to achieve improvements in our productive efficiency, in getting out the decisions and getting them out swiftly. It is not easy. This 1969 request is our best estimate of what we need to take care of this backlog and this increasing caseload of new filings.

Mr. FLOOD. I think we understand that.

We are very pleased as usual to have with us the General Counsel of the National Labor Relations Board, Mr. Arnold Ordman, who will make the presentation in behalf of his office.

I see, Mr. Ordman, you have a prepared statement. How do you wish to proceed?

GENERAL STATEMENT OF NLRB GENERAL COUNSEL

Mr. ORDMAN. With the Chairman's permission, I would like to have my prepared statement submitted for the record and then I could touch only the highlights with reference to the statement.

Mr. FLOOD. Without objection, that will be so ordered and you will proceed, Mr. Ordman.

(The statement follows:)

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

I 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 1969.

THE AGENCY REQUEST

The agency is requesting $35,074,000 for fiscal year 1969, or $2,921,340 more than the $32,152,660 which is required for fiscal year 1968. This increase will pay for $885,988 in mandatory administrative costs, and $2,035,352 for increased program and miscellaneous expense costs to support an increase in average employment of 102, or 4.3 percent, to handle an increase of 5.8 percent in our work program.

Average employment on the General Counsel's staff is to be increased by 79.2 for an increase of 4 percent. This is distributed as follows: Field employment is to be increased by 40 for an increase of less than 3 percent to process a 5-percent work increase. Washington employment is being increased by 7.8 percent to handle work increases ranging from 6 to 25 percent. The larger percentage increases are in the Washington staff because of increased emphasis on the backlog program in the agency's formal work. We propose to absorb the increased work for which additional manpower is not provided 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 th 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 prosecutions of such com-

plaints 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 1967 OPERATIONS SUMMARY

General

As we indicated to you in our letter of last May, the agency faced an unexpectedly large increase in filings in the last 6 months of fiscal year 1967. Since these filings have their initial and major impact in our field offices, the problem we faced was maintenance of service in those offices. As I will indicate in greater detail below, I think we accomplished a great deal in fiscal year 1967. In terms of program our greatest accomplishment was in the time delay area; there we held the line, despite the large rise in intake and the resultant increase in pending caseloads. As of December 1967, it took no longer to process a case either informally, or formally, than it took the previous year, before this unexpectedly large increase in filings occurred.

Field operations

Despite the operational problem referred to above, our field offices once more did a fine job of carrying out their mission in fiscal year 1967.

Again, we can point to the fact that up to December 1967 cases were being investigated currently and the great bulk of the cases were being processed in 45 days or less. The length of time cases had been pending under investigation on the average was 27 days in December 1966 and 27 days in December 1967. The big change was the increase in the number pending from 1,442 in December 1966 to 1,569 in December 1967. Nevertheless, even as to cases going to complaint, the 59-day interval between filing of charge and issuance of complaint achieved last year has been maintained.

Although the percentage of cases settled declined a little from the record highs achieved in fiscal year 1966, the percentage settled in the field is still higher than any year before 1966. As we have indicated previously, we cannot overestimate the importance of cases settled. The agency settles those charges which after investigation are considered to have merit. A voluntary settlement not only contributes to better labor relations, a paramount objective of the National Labor Relations Act; failure to obtain such a settlement results in a substantial increase in costs, because formal litigation and its attendant costs and manpower requirements become necessary. We are pleased to report that we are still settling between 75 and 80 percent of all cases which our field offices consider to have merit.

In essence, therefore, our field officers were able to hold the line and continue to provide reasonable service despite the large increase in intake during the last 6 months of fiscal year 1967 and the first 6 months of fiscal year 1968.

Court enforcement

As I reported to you last year, our court litigation dockets are extremely heavy. As part of our program to decrease backlog and provide better service, we have been trying to build up the staff of attorneys who prepare and argue petitions for enforcement or review of Board orders in the circuit courts of appeals. We now have about 80 attorneys in our Appellate Court Branch, which handles the problems of circuit court enforcement. In fiscal year 1967 the Branch was able to increase its output in the form of pleadings, supporting briefs, and related activities by 25 percent over fiscal year 1966. Despite this tremendous increase in work accomplished, the branch was not able to keep up with the tremendous flood of cases coming to it from the constantly increasing number of Board decisions in unfair labor practice cases. As I will indicate hereafter, we have adopted ambitious programs in 1968–69 to deal with this problem.

MANAGEMENT IMPROVEMENT

The General Counsel is responsible for the agency's program to automate its operations both in the field of printing of decisions, and in the development of a modern case operations information system.

In fiscal year 1967, we began the establishment of a regular operation for the printing of Board volumes of decisions by the Government Printing Office's computer system for setting print. It had been our hope that a large number of volumes of Board decisions could be printed by this method in fiscal year 1968, saving the agency a substantial amount of money in the cost of printing. As indicated hereafter, this program has been affected by 1968 retrenchments.

Similarly, the agency had begun to lay plans for automating its information gathering and reporting systems. Our program in this area as in the computer typesetter program was recommended on the basis of a feasibility study by the Bureau of Standards. In fiscal year 1967 we managed to train a few members of our staff to program regular work reports for computer processing. However, our program for proceeding in this direction has also been affected by 1968 fund reductions.

1968–69 PROGRAM

General

1968 outlook

As you know, the committee had approved our entire request for fiscal year 1968 recognizing the need of the agency for coping with the unexpectedly large intake. After approval of our appropriation, however, the Congress in agreement with the President reduced all appropriations and budget requests in the attempt to control inflationary forces in the economy. This agency found itself with a requirement for reducing a significant sum from its program needs in the last half of fiscal year 1968. The agency has carried out this reduction by stopping all hiring and by not filling vacancies, except for emergencies. In addition, miscellaneous expenses (many of which affect our ability to carry out our program) were cut or deferred to the greatest extent possible. Although we do not as yet know the full extent to which these reductions will affect our operations, we are already experiencing certain types of problems (as set forth below) which will probably get worse as the year progresses.

One of the most difficult problems we have is the recruitment and retention of able people. At the moment we are faced with the critical problem of the loss of experienced personnel, both professional and clerical. Private industry is paying high prices for experienced and able people. For example, we recently lost an able grade 5 legal secretary although we were able to offer her a promotion to grade 6. A private law firm was offering her better than the starting salary of grade 7 to leave us and come to them. Another example, of this trend, which I found rather startling, was an article in the New York Times to the effect that the competition for young lawyers leaving school had gotten so strong that the top New York City law firms were offering $15,000 to a young lawyer just out of school. This must be compared to the grade 9, or $8,000, we offer new professional employees and most of the professionals we hire are new law school or college graduates. At the very least, therefore, we think it essential to contact the schools 6 months before graduation and to start making commitments for hire after graduation as soon as the people we want to hire are willing to accept such a commitment.

The loss of experienced personnel who cannot be replaced may seriously weaken the ability of our staff to continue processing the casework as it has been doing; both in terms of quality of investigation and analysis, and in terms of speed of processing.

The deferment of hearings means that our field trial attorney will have to spend much more time on those cases keeping in touch with their witnesses than they might otherwise. It also means the possible loss of witnesses while awaiting trial.

The restrictions on travel mean deferment of investigations. The longer it takes to investigate and determine whether merit exists, the greater the difficulty of eventual settlement; because the cost of settlement rises as time passes. Most of our settlements are informal adjustments reached quickly after a charge is filed; when both parties are more likely to want to end the proceeding, and get back to their regular activities.

Finally, the large pending caseloads aggravate the problems mentioned above by increasing the number of cases involved in long investigations and making more difficult the disposition of a large number of cases.

1969 program

1. General

Our 1969 program provides for putting the agency case processing machinery back into high gear. This means that (1) work and expenditures deferred from

1968 must be provided for, (2) 1969 filings must be processed, and (3) backlog and time delay must be reduced insofar as possible. We hope to be able to report to you a continuation of our progress in reducing time delay and improving service when we return to present our budget program for fiscal year 1970.

2. Field operations

We have provided a 3-percent increase in employment to process an expected increase in filings of 4.8 percent and the requirements for reducing backlog, which includes the holding of the deferred unfair labor practice hearings. Those offices which accumulate backlogs in fiscal year 1968, as a result of the retrenchments, will be given top priority in our fiscal year 1969 staffing program. In addition, it may be necessary to provide mobile units of professionals from other regions in order to overcome such backlogs quickly. This approach may prove to be quite expensive, but it is absolutely necessary. We cannot allow any regional office to stay in a state of noncurrent case handling for more than a minimal period. The inability to correct such a problem quickly could engender a sense of frustration in those who rely on our services. It could destroy very quickly the value of a number of years of hard work, spent establishing the principle that excessive delay will not be countenanced in initiating field investigations, and in reaching determinations on the merits of cases filed. Our clients know our approach and are conditioned to expecting and cooperating with a quick investigation. This attitude has helped us maintain a state of currency in most regional office investigations, and has facilitated the high percentage of settlement of which we are so proud.

Although we are proud of the achievements of our field staff, we must temper our hopes for 1969 with the understanding that the loss of experienced staff and the needs for recruitment provide a very stiff challenge to our program hopes for 1969. The high rate of turnover means that we have a constant program of training new staff members on a large scale each year. The success of this recruitment effort and the ensuing training effort are vital to the success of the program.

Court enforcement

In order to cope with the rising tide of unfair labor practice decisions which require enforcement, we have provided for substantial increases in personnel in our Appellate Court Branch in fiscal years 1968 and 1969. We are hoping that this staff will be able to increase briefs filed in Appellate Court from 312 in fiscal year 1967 to 393 in fiscal year 1968 and to 464 in fiscal year 1969. These are increases in work of about 25 percent each year as compared to proposed employment increases of about 15 percent in 1968, and only another 8 percent in 1969. Through this program we hope we can substantially reduce the backlog in the enforcement of Board decisions by the end of 1969.

Management improvement

As indicated previously, we have deferred the printing of Board volumes from fiscal year 1968 to fiscal year 1969 except for a small number (one to three). This is why the fiscal year 1969 request includes a large increase in funds for printing in 1969. If we are successful with this program, we shall be able to issue Board volumes of decisions within 3 to 6 months after the last decision is issued by the Board, as compared to about 15 months under the old system.

Our program for the automation of our information gathering and reporting system has also been delayed. We hope to hire the nucleus of a computer staff in 1969. If we are successful in these efforts, then we would return to you for authorization to expand our computer rental and the computer handling of our information system in fiscal year 1970.

SUMMARY

With your help and understanding we have been able to make demonstrable progress in vitually 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. Under the statute the General Counsel has independent authority over the investigatory and prosecutory functions; this puts the General Counsel in charge of our field operations.

Also by statute and by delegation of the Board, the General Counsel is in charge of the Litigation Division of the Board and the Administrative Division of the Board which services both sides of the agency. I am going to be very brief and I want to touch only the highlights because Chairman McCulloch has already given you an outline of our request, the allocation of funds, and a rough idea about the allocation of people as is set forth in more detail in the submitted statements.

WORKLOAD ESTIMATES

I can probably be of best service to this committee simply to point out that the increases we are seeking this year arise out of really two pivotal situations. One is the dramatic increase in caseload, a factor over which we have no control. The second factor is the impact of the budgetary retrenchments made near the end of the last calendar year.

Mr. FLOOD. There is no need for you to go out looking for business.

Mr. ORDMAN. There is not. As a matter of fact, in our public appearances we always encourage voluntary resolution of disputes and we plead with people to solve their own disputes and not come to the agency.

Mr. FLOOD. In most Government agencies it is the other way around. They are out beating the bushes.

Mr. ORDMAN. As to the dramatic increase in caseload, my recollection is that this committee last year more correctly foresaw its likelihood than we at the agency did. Our history in estimating future intake has been a history of conservatism. A comparison of our estimates with our actual intake over the past 10 or 12 years reveals that we have usually underestimated our intake. Yet in view of the fact that we must project how often the public will solicit our services for a period ranging from 6 to 18 months in the future, I submit that our record for estimates has been quite good and reflects the excellent staff work in our agency. It is particularly noteworthy, however, that during the last 6 months of calendar year 1967, the rate of increase in our unfair labor practice case intake has been substantially greater than our estimate. Our representation cases did not quite come up to our estimate. However as you are aware, the unfair labor practice cases are the greater workload. We have this workload, and it is important that we service it. One of the difficulties created by the retrenchment we had last year is that we stopped filling vacancies. Our attrition rate nontheless continues.

COMPETITION FOR PROFESSIONAL EMPLOYEES

We hire a great many professionals. We have said this to the committee before.

Mr. FLOOD. A great many what?

Mr. ORDMAN. A great many professionals, a disproportionate number of lawyers and investigators as opposed to the number most agencies and departments employ. As we say frequently, we run the best graduate school in the country.

Mr. FLOOD. They don't stay very long. How long do you hold these lawyers on the average?

Mr. ORDMAN. I would take a guess and this is only a guess, about 3 years; 3 plus years.

Mr. FLOOD. You take them right out of law school?

Mr. ORDMAN. For the most part we take them right out of law school. We are today lucky to be able to get applicants from law schools and we try to take only the good ones. We are able to offer them the magnificent sum of $8,000. There were front page stories in the newspapers——

Mr. FLOOD. Is that a grade 9?

Mr. ORDMAN. Yes.

Mr. FLOOD. Between $8,000 and $9,000.

Mr. ORDMAN. Yes. There was a front page story in the New York Times the other day, and the other papers carried it, too. A leading law firm, Cravath and Swain in New York City, announced that it is paying graduates from law schools $15,000 a year. The other firms are falling into line naturally or they will lose out. So we are faced now with the fact that we are losing people because they feel the lure of higher salaries in private employment. If $15,000 is going to be the starting sum and we compete in the neighborhood of $8,000 we start with a disadvantage, and the disparity tends to widen for lawyers with more experience. We tend understandably to lose our better people because that is what private enterprise looks for. This makes it difficult. Nevertheless, we have promised you in the past an increase in productivity and we have pretty much made good on that promise, notwithstanding that we are having to replace experienced personnel with raw recruits. Another impact of the retrenchment, already noted, is that we have cut down on travel. Labor disputes, as you are aware, are the kind of disputes which are easiest to settle when they are fresh.

We have done wonders in settlement because we have been current in our field operations. If we can go to work on a case as soon as it is filed our chances of settling that case and allaying a labor dispute are vastly improved. With delays, having to defer travel which we have to do now, having to consolidate travel, this is making our operation more difficult. We are not yet feeling the full impact of the retrenchment because we have done quite well in staying current in our field operations. But we still haven't got the full backlash of the cutbacks we have had this last 6 months and that we are going to have to make up for in the next 6 months. As you know, time is of the essence in our service. The stretching out of the trial calendar, delaying trials, means, that we have to keep in touch with our witnesses longer and it takes more preparation and more time. This accounts for a substantial portion of the increased funds we are requesting. We need those funds both to stay current with the increased intake and to make up for this backlog. To borrow a phrase used in a different frame of reference, Mr. Chairman, we want to give you a bigger bang for a buck. Actually, we want that buck to abate the bangs because as we settle these disputes, we are allaying the industrial turmoil. We are trying to keep it from being more aggravated. I think, Mr. Chairman and members of the committee, I will leave the rest to my submitted statement and I will try to answer questions.

REDUCTION UNDER PUBLIC LAW 90–218

Mr. FLOOD. The 1968 appropriation is $32,288,000, but then Congress passed House Joint Resolution 888. Your organization, at least in my opinion—and now I am speaking only for myself—is a classic example of the evil of this across-the-board cutting. The committee does its share of reducing budgets, but I repeat for the purpose of emphasis. An outfit like yours, the Federal Mediation and Conciliation Service, and the Railroad Adjustment Board are shining examples of the dangers of this meat axe, across-the-board cutting. The Departments of Labor, HEW, Defense have some elbow room. When they get an across-the-board cut like this, they have leeway, they can do something about it. I know what the situation is with small agencies. You have to give up pencils and paper and paperclips. It is a bad thing. I do not know what to do about it when you get a meat axe cut either from the Congress or the President. But there it is.

EXEMPTION PROVISIONS UNDER PUBLIC LAW 90–218

Mr. LAIRD. Mr. Chairman, there is one aspect of this problem that I cannot quite understand. In this resolution providing for the reduction formula which was recommended by the President to the Congress, we wrote an exemption that up to $300 million could be set aside. This was to take care of agencies such as yours, the National Mediation Board, the Railroad Adjustment Board, the National Mediation and Conciliation Service and others. This was done by the Congress. This was not in the President's recommendation to us. The President's recommendation was straight across, 10 percent. But those of us that were on the conference on House Joint Resolution 888 wrote this language in there.

Did you apply to the President for consideration under that section of the act, which was written in there specifically to handle agencies such as yours?

Mr. MCCULLOCH. We made strong representations to the Bureau of the Budget on this matter. They said there was no chance of our sharing in that $300 million. The judgment was made against our participating in that.

Mr. LAIRD. The problem, from our point of view, is that that authority has been used very, very little.

Mr. FLOOD. There is no doubt about that. You understand, this came about as a result of initiative in the legislative branch.

Mr. MCCULLOCH. It gave us a glimmer of hope.

Mr. FLOOD. It was meant to be a lot more than hope. The Congress appropriated millions one year for a carrier and the Executive would not build the carrier. We said here is the money, build the carrier; the President said "No," he would not build it. By the way, that has never been tested in the Supreme Court. We have been talking about that for years. George Washington first raised the issue. That was a long time ago. He started it. They have done a lot with it since. My feeling was that the Congress meant the exemption provision to be as much a directive as we can direct. At least that is what I thought.

Mr. MCCULLOCH. We made repeated efforts at the highest staff level and at the level of the Board.

Mr. FLOOD. Let me ask you this: I think we all understand the general impact of House Joint Resolution 888 on your agency. I do not want to belabor it, but I think the record should show these things. Do you feel, both of you, that there are genuine, provable inefficiencies of this procedure?

Mr. MCCULLOCH. Yes, sir.

Mr. FLOOD. Instead of saving money in the long run, which was the intent and purpose of Resolution 888, could or will this actually result in increased costs? Can you document that if you say "Yes"?

Mr. WRIGHT. It would be difficult to document but it is obvious that prices and salaries are going up. The work you could do this year will cost you more next year because of the higher salary scale. This is true of the printing problems as well as case work within the agency. Costs have been mounting every year. We have not estimated for those mounting costs, but this case cost problem will be further aggravated by the need to reinterview witnesses in cases that have been held back on trial which then becomes a double job instead of a single job of preparation for the trial.

Mr. FLOOD. In view of what you said, and in view of the reaction you heard from some of the subcommittee so far, you may not be able to document this in the literal sense, but you can develop the line of thinking you just started to expound in the record for obvious reasons.

(The information requested follows:)

Additional future costs due to delayed case handling and deferral of certain miscellaneous expenses occur under two broad categories of increasing costs: (*a*) Normal regular cost of living and other rises in the rates for personal services and for miscellaneous expenses and (*b*) increased costs directly related to the delays in case processing. These increases, while real, are speculative as to exact amount of the increase; therefore, we are not permitted to and did not include these increases in our appropriation request.

Under category (*a*) above, and as a result of postponing case work from this year until fiscal year 1969, the primary cost increase considerations are as follows: (1) Under the Postal Revenue and Salary Act of 1967 the salary rates for personal services will probably average at least 5 percent more; (2) a House committee is now preparing legislation to raise the maximum "per diem" allowance for travel by 25 percent and related travel costs continue to rise but no precise estimate can be provided; (3) in recent years costs of court reporter services for hearings have been rising 15–25 percent per year and may increase at such a rate next year. Other items under category (*a*) include the deferral of printing of volumes of Board decisions and orders and other volumes of legal reference materials and the deferral of purchases of equipment. Printing costs have been rising regularly over past years and, while we have no basis on which to estimate at this time, the recent experience of 5 to 15 percent each year is not unreasonable. Similarly, the cost of certain equipment has been rising over the years and we can assume that much of this rise experience will continue in 1969 and will affect the cost of those items deferred from this year to next.

A more serious but less measurable and predictable increase in costs will occur under category (*b*) about as follows: (1) Investigations delayed too long can result in increased investigational problems such as finding witnesses who have moved and talking to witnesses whose recollections are no longer clear, (2) investigations delayed can reduce the number of settlements we can secure (resulting in substantially increased costs in litigation) as a result of increased back pay due to employees discharged for union activity or as a result of the firming up of emotional attitudes which can prevent settlement, (3) hearings delayed make it necessary for the field trial attorney to spend much more time than he ordinarily would preparing for trial, as a result of the need for maintaining communication with his witnesses and the need for reinterview of witnesses just before the delayed hearing occurs.

Mr. ORDMAN. Mr. Chairman, I want to interpolate. This it seems to me is painfully obvious. One of our greatest economies and one of the

greatest contributions we make to peaceful industrial relations is our settlement program. We are settling in the neighborhood of 80 percent of all the cases that would otherwise go to trial before a trial examiner and the Board.

Mr. Chairman, what happens is this: If we have to defer our investigations, we lose much of the impetus for settlement. If we can investigate a typical discriminatory discharge case, for example, within a matter of a few weeks, the back pay bill is minimal and settlement is very likely.

Mr. FLOOD. If you get them on the first bounce.

Mr. ORDMAN. Yes. If we have to defer that for 2 or 3 or 6 weeks, it becomes harder.

Mr. FLOOD. I think that is clear, Counsel.

Mr. ORDMAN. We also have to try the case and the trials become more difficult with lapse of time. It obviously costs us considerably more. It might be hard to put on paper but if it costs us a 1-percent drop in settlement factor, which it is likely to do, this will cost us a fortune in money.

BUDGET REQUEST

Mr. FLOOD. You are asking $35,074,000 which will allow you to add 110 positions. That is an increase of less than 5 percent.

Mr. MCCULLOCH. That is right.

Mr. FLOOD. The increased in take of cases in 1969 will likely be more than 5 percent. Instead of diminishing, the backlog is more likely to increase. Looking at the situation objectively, and knowing a little more about the situation than you did when this budget was drawn up, don't you agree that is so?

Mr. MCCULLOCH. It would be very difficult unless we can effect improvements in our efficiency. We are committed to that. We have incorporated in the budget which we have presented to you in the appropriation request, at least a $400,000 saving as our best effort to "quantify," as it were, what we save by getting out more work with the same number of people.

Mr. FLOOD. How much did you ask the Bureau of the Budget for?

Mr. MCCULLOCH. The request to the Bureau went in before the Pay Act.

Mr. FLOOD. How much?

Mr. MCCULLOCH. $34,808,000.

Mr. FLOOD. That was made before the Pay Act?

Mr. MCCULLOCH. That is right. If you add the million and a quarter for the Pay Act that would amount to a little better than $36,050,000.

Mr. FLOOD. Mr. Laird.

Mr. LAIRD. Mr. Chairman, I have no further questions. I think the record has been pretty well developed concerning the problems that the Board has. We want this Board to perform the duties that it has been given.

Mr. FLOOD. Mr. Natcher.

Mr. NATCHER. No questions.

Mr. FLOOD. Mr. Shriver.

Mr. SHRIVER. No questions.

Mr. FLOOD. Mr. Casey.

Mr. CASEY. No thank you, Mr. Chairman.

NATIONAL LABOR RELATIONS BOARD

Comparative Table of Obligations by Object
for 1968 and 1969 Fiscal Years

TABLE II
Page 1 of 1 Page

Object Classification	Fiscal Year 1968 Estimate		F. Y. 1969 Estimated Request	Comparison of 1969 Estimated Request to 1968 Estimate	
	Before Pay Act	After Pay Act		Before Pay Act	After Pay Act
11 Personnel compensation	$24,803,350	$25,644,350	$27,155,400	+$2,352,050	+$1,511,050
12 Personnel benefits	1,876,100	1,943,900	2,177,100	+301,000	+233,200
21 Travel and transportation of persons	1,363,600	1,363,600	1,639,200	+275,600	+275,600
22 Transportation of things	35,900	35,900	71,400	+35,500	+35,500
23 Rent, communications & utilities:					
Communication services	994,400	1,006,500	1,096,300	+101,900	+89,800
Rents and utilities	220,800	220,800	370,200	+149,400	+149,400
24 Printing and reproduction	716,400	716,400	707,100	-9,300	-9,300
25 Other services	949,548	949,548	1,106,600	+157,052	+157,052
26 Supplies and materials	264,397	264,397	319,913	+55,516	+55,516
31 Equipment	139,725	139,725	259,500	+119,775	+119,775
42 Insurance claims and indemnities	2,828	2,828	15,287	+12,459	+12,459
Total costs	31,367,048	32,287,948	34,918,000	+3,550,952	+2,630,052
Change in selected resources	-193,000	-193,000	+156,000	+349,000	+349,000
Total direct obligations	31,174,048	32,094,948	35,074,000	+3,899,952	+2,979,052
Estimated pay act increases	...	920,900	...	...	+920,900
Additional obligations from "Advances and Reimbursements":					
11 Personnel compensation	56,700	58,600	33,100	-23,600	-25,500
12 Personnel benefits	4,400	4,500	2,400	-2,000	-2,100
21 Travel and transportation of persons	7,800	7,800	2,500	-5,300	-5,300
23 Rent, communications & utilities:					
Communications	1,500	1,500	1,500	...	...
Rents and utilities	300	300	300	...	...
25 Other services	100	100	100	...	...
26 Supplies and materials	300	300	200	-100	-100
Total reimbursable obligations	71,100	73,100	40,100	-31,000	-33,000

NATIONAL LABOR RELATIONS BOARD

Comparison of 1968 and 1969 Estimated Average Employment
for the Organizational Units of the Agency

TABLE III
Page 1 of 3 Pages

Organizational Unit	Estimated Average Employment F. Y. 1968 Estimate	F. Y. 1969 Estimated Request	Change from 1968 Estimate to 1969 Estimated Request
Board Members' Offices & Related Units:			
Board Members' Offices & Legal Assistants	162.0	166.4	+4.4
Office of the Executive Secretary	28.9	33.8	+4.9
Office of the Solicitor	4.0	4.0	...
Division of Trial Examiners	133.4	144.8	+11.4
Office of the Security Officer	3.0	3.0	...
Division of Information	10.7	10.7	...
Total Board Members' Offices and Related Units	342.0	362.7	+20.7
General Counsel and Staff:			
Office of the General Counsel	13.9	15.0	+1.1
Division of Operations:			
Departmental Staff	55.3	58.7	+3.4

NATIONAL LABOR RELATIONS BOARD

Comparison of 1968 and 1969 Estimated Average Employment
for the Organizational Units of the Agency

Organizational Unit	Estimated Average Employment		
	F. Y. 1968 Estimate	F. Y. 1969 Estimated Request	Change from 1968 Estimate to 1969 Estimated Request
General Counsel & Staff: (Continued)			
Division of Operations : (Continued)			
Field Staff:			
Regional Directors and Regional Attorneys	62.7	63.5	+0.8
All Other Field Professionals	836.9	847.4	+10.5
Field Clericals	574.9	600.8	+25.9
Subtotal, Field Staff	1,474.5	1,511.7	+37.2
Subtotal, Division of Operations	1,529.8	1,570.4	+40.6
Division of Litigation:			
Office of the Associate General Counsel	3.0	3.3	+0.3
Supreme Court Branch	2.8	4.0	+1.2
District Court Branch	15.0	16.0	+1.0
Appellate Court Branch	89.2	97.2	+8.0
Litigation Services Section	14.3	16.6	+2.3

NATIONAL LABOR RELATIONS BOARD

TABLE III
Page 3 of 3 Pages

Comparison of 1968 and 1969 Estimated Average Employment
for the Organizational Units of the Agency

Organizational Unit	Estimated Average Employment		
	F. Y. 1968 Estimate	F. Y. 1969 Estimated Request	Change from 1968 Estimate to 1969 Estimated Request
General Counsel & Staff: (Continued)			
Division of Litigation: (Continued)			
Office of Appeals	33.0	34.0	+1.0
Legal Research & Special Projects Branch	24.9	23.4	-1.5
Subtotal, Division of Litigation	182.2	194.5	+12.3
Division of Administration	237.5	255.9	+18.4
Subtotal General Counsel and Staff	1,963.4	2,035.8	+72.4
Net Permanent for the Agency[1/]	2,305.4	2,398.5	+93.1
Summary:			
Total Permanent, Departmental	830.9	886.8	+55.9
Total Permanent, Field	1 474.5	1 511.7	+37.2
Net Permanent for the Agency	2 305.4	2,398.5	+93.1
Additional obligations from "Advances and Reimbursements":	2.6	0.6	-2.0
1/ Excludes M.Y. for "positions other than permanent"	42.4	51.4	+9.0

NATIONAL LABOR RELATIONS BOARD

Comparison of Program and Financing by Activities
for 1968 and 1969 Fiscal Years (Cost Basis)

TABLE IV
Page 1 of 2 Pages

Description	Fiscal Year 1968 Estimate		F. Y. 1969 Estimated Request	Comparison of 1969 Estimated Request to 1968 Estimate	
	Before Pay Act	After Pay Act		Before Pay Act	After Pay Act
Program by activities:					
1. Field investigations.....	$19,389,948	$19,949,048	$21,391,900	+$2,001,952	+$1.442,852
2. Trial Examiner hearings.....	3,129,700	3,236,400	3,544,300	+414,600	+307,900
3. Board adjudication.....	3,914,600	4,041,300	4,452,500	+537,900	+411,200
4. Securing of compliance with Board orders.....	4,932,800	5,061,200	5,529,300	+596,500	+468,100
Total program, cost funded.....	31,367,048	32,287,948	34,918,000	+3,550,952	+2,630,052
Change in selected resources 1/..	-193,000	-193,000	+156,000	+349,000	+349,000
Total obligations.....	31,174,048	32,094,948	35,074,000	+3,899,952	+2,979,052
Financing:					
Unobligated balance lapsing.....	+135,340	+135,340	...	-135,340	-135,340
Proposed new obligational authority...	31,309,388	32,230,288	35,074,000	+3,764,612	+2,843,712

1/ Selected resources as of June 30 are as follows: unpaid undelivered orders, 1966 $255,000
1967 303,000
1968 110,000
1969 266,000

NATIONAL LABOR RELATIONS BOARD

Comparison of Program and Financing by Activities
for 1968 and 1969 Fiscal Years (Cost Basis)

TABLE IV
Page 2 of 2 Pages

Description	Fiscal Year 1968 Estimate		F. Y. 1969 Estimated Request	Comparison of 1969 Estimated Request to 1968 Estimate	
	Before Pay Act	After Pay Act		Before Pay Cost	After Pay Act
New Obligational Authority:					
Appropriation.....	$32,288,000	$32,288,000	$35,074,000	+2,786,000	+2,786,000
Transfer to "Operating Expenses, Public Bldgs. Services," Gen. Service Adm.	-57,712	-57,712	...	+57,712	+57,712
Total new obligational authority.....	32,230,288	32,230,288	35,074,000	+2,843,712	+2,843,712
Additional obligations from "Advances and Reimbursements":					
1. Field investigations.....	49,200	50,800	23,800	-25,400	-27,000
2. Trial Examiner hearing.....	6,000	6,000	6,000	...	...
3. Board adjudication.....	7,300	7,400	6,100	-1,200	-1,300
4. Securing of compliance with Board orders.....	8,600	8,900	4,200	-4,400	-4,700
Total obligations.....	71,100	73,100	40,100	-31,000	-33,000

NARRATIVE JUSTIFICATION
OF
APPROPRIATION ESTIMATES
FISCAL YEAR 1969

"Salaries and Expenses,
National Labor Relations Board"

APPROPRIATION REQUEST FOR 1969

An appropriation of $35,074,000 is requested for fiscal year 1969. A comparison of fiscal year 1968 appropriation availability and the fiscal year 1969 appropriation request follows:

		Fiscal Year 1968	Fiscal Year 1969	Increases 1969/1968
A.	Appropriation availability 1968 and net increase for 1969 before pay and postal cost increases Total appropriation - $32,288,000 Less Congressional Reduction	1,056,240	$31,231,760	$33,820,000	$2,588,240
B.	Plus increased cost due to Postal Revenue and Salary Act of 1967		920,900	1,254,000	333,100
C.	Funds Available 1968 and Request 1969		32,152,660	35,074,000	2,921,340

The increase in appropriation availability (before increased pay and postal costs) is broadly accounted for by (a) $1,385,052 for increased case filings in fiscal year 1969, (b) $346,800 for increased backlog work of which $200,000 represents a deferral of 1968 work, (c) $303,500 for increased printing and computer program costs, including $112,000 of 1968 expenditures deferred to 1969, and (d) $552,888 for additional mandatory administrative costs.

	Fiscal Year 1968	Fiscal Year 1969	Increases 1969/1968
Positions.....	2,418	2,528	110
Average Employment.....	2,347.8	2,449.9	102.1

The Agency's work program budget for 1969 is based upon the large increase in work in 1967 and 1968 as well as that estimated for 1969. As we notified the Committee, fiscal year 1967 unfair labor practice intake jumped suddenly in the last half of the year and has continued to increase at a faster rate than originally estimated for 1968. Consequently we are attempting to process in 1968 an unfair labor practice intake 7 1/2% higher than estimated. Although this was offset to some extent by a reduction in representation intake from estimate, the net effect has been a substantial increase in workload over estimate in 1968.

The Congressional reduction in the Agency's fiscal year 1968 funds will make it necessary to reschedule for 1969 some of the work we had hoped to process in 1968. We estimate this rescheduled 1968 work at 6/10ths of 1% of the total work increase scheduled in 1969. The 1969 work increase due to rising intake is projected at another 4.8% (5.5% in unfair labor practice work and 3.5% in representation work). Additional backlog reduction in 1969 is rated at 4/10ths of 1%. The total 5.8% increase in work scheduled for 1969 (1.0% backlog and 4.8% increased intake) is to be processed with a 4.3% increase in employment, with the balance of the work scheduled for 1969 to be accomplished by cost reduction valued at $400,000.

We must anticipate definite setbacks in the scheduled fiscal year 1968 improvements, as a result of the reduction in available funds. Our fiscal year 1969 work plan, therefore, must call for minimizing the deferment and for resumption as soon as possible, of our program for improving production and more adequately fulfilling the statutory mandate of Congress.

ORGANIZATIONAL SUMMARY OF NEW EMPLOYMENT REQUESTED

	Increases in Positions	Increases in Ave. Empl.
Board Members and Related Units		
Board Members	13	11.2
Trial Examiners	13	11.7
Office of the General Counsel		
Field Staff	44	40.2
Washington Staff	40	39.0
Total	110	102.1

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

Workload

The Agency's request for funds and positions is primarily based upon its estimates of the filing of unfair labor practice charges and

representation petitions by the public. The agency has no control over these filings and bases its estimates upon various factors which experience demonstrates will affect the volume of filings.

Currently the Agency is experiencing one of its periods of intensive growth in case filings, and the estimates for 1969 reflect this. (See page 9 , Intake).

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 the prompt removal of sources of industrial conflict by voluntary settlement or adjustment without litigation. (The two pie charts which follow show actual disposition patterns in fiscal year 1966 and 1967 for representation and unfair labor practice cases processed.)

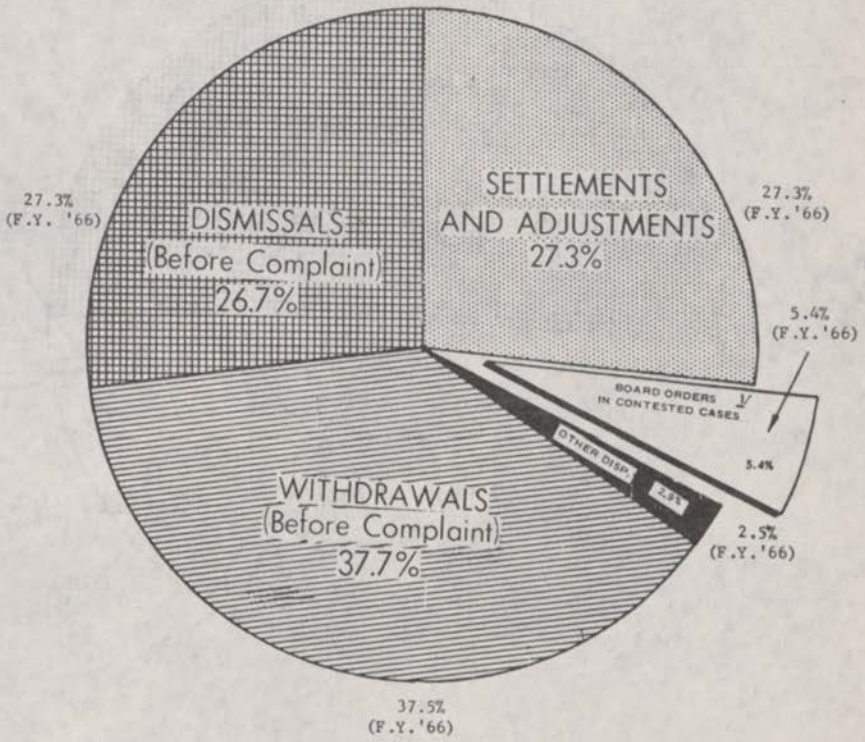
The budget estimate provides for the reduction of time delay by administrative action where possible and by reduction of backlog where necessary. Reduction of time delay is exceedingly important in the

DISPOSITION PATTERN FOR ULP CASES

(Based on Cases Closed)

Fiscal Year 1967

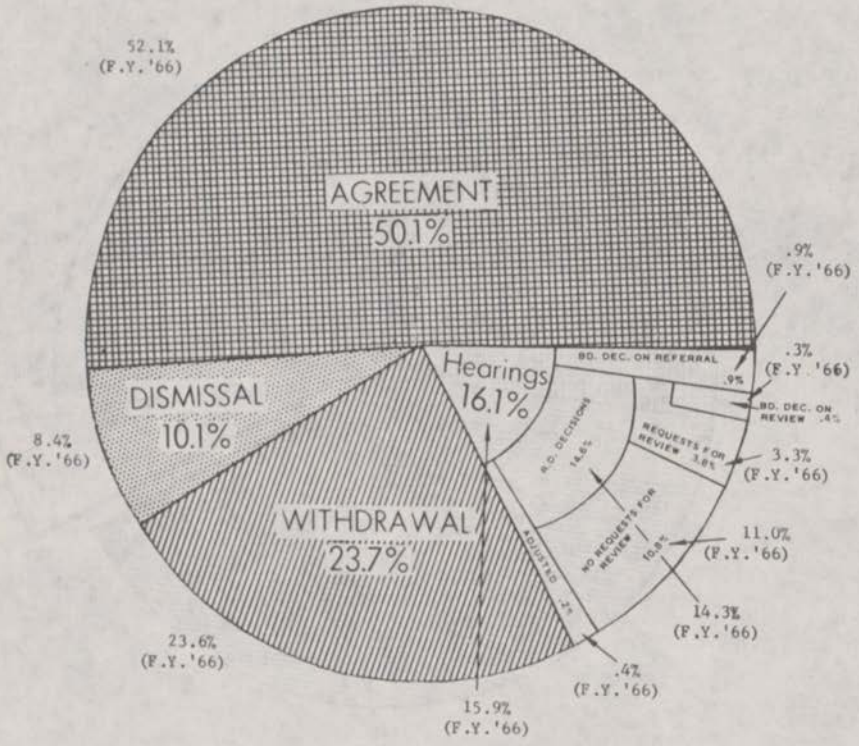
Compared with Fiscal Year 1966



1/ CONTESTED CASES REACHING BOARD MEMBERS FOR DECISIONS

DISPOSITION PATTERN FOR REPRESENTATION CASES

(Based on Cases Closed)
Fiscal Year 1967
Compared with Fiscal Year 1966



volatile field of labor relations. (See page 15, WORKLOAD PROCESSING REVIEW)

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. (See page 24, MANAGEMENT IMPROVEMENT AND COST REDUCTION)

Current Situation

The Agency had estimated an increase in filings of unfair labor practice charges of about 4% for fiscal years 1967 and 1968 combined (1% in fiscal year 1967 and 2.9% in fiscal year 1968), but filings increased dramatically in the last half of fiscal year 1967 (as we notified the Committee). We had a 7% increase in 1967 and currently estimate another 4 1/2% in fiscal year 1968, or a total of 11 1/2% for the two years as compared to the 4% originally estimated.

In representation work we had estimated an increase of 10% for the two years. But filings were not as heavy as expected, and we now estimate an increase of 5% for the 2 years.

Since the work required for processing unfair labor practice charges is about 2 1/2 times the work involved in processing representation petitions, we have had for the two year period a net increase in work of 10%, as compared to the 5.5% estimated before this unexpected buildup in the intake picture.

The Committee recognized this problem when it was considering our fiscal year 1968 request a year ago and approved our entire appropriation request. After our appropriation was approved, however, the Congress in response to a proposal by the President (Title 2 of President's Surtax Proposal 11-29-67) made an across the board cut in most agency appropriations, materially reducing the funds available to this Agency in the second half of fiscal year 1968. In order to accomplish the decrease we put into effect a freeze on hiring and, except for emergencies, a freeze on filling vacancies which occur as a result of turnover. In addition, miscellaneous expenses, particularly printing, travel, transfer of employees, and equipment, were postponed or cut to the bone insofar as possible.

These actions have necessarily slowed the flow of cases and will in some areas reduce efficiency. We expect the trial calendar for example, to extend to 12 weeks or more before the end of the fiscal year, as compared to the 8-9 weeks to which we had been able to hold it despite the case increase. We have stretched out our program for the automated printing of volumes of Board Decisions, as well as our program to computerize our information gathering and reporting systems. One of the results of these postponements was to reduce drastically the need for funds for printing in fiscal year 1968, and to increase just as drastically, the need for obligating funds for printing in fiscal year 1969.

The fund increase sought for 1969, therefore, will be used to counteract the problems which develop in 1968, and to get the Agency's casehandling

back into the rapid, regular movement of cases we keep trying to achieve and improve. We hope to regain the losses in processing time which we are unable to prevent in 1968, and to pick up again our forward progress toward improvement and reduction in time delay.

INTAKE

Experience

Since 1958 the Agency has had a continuing increase in filings each year, almost without exception. The average annual rate of increase has been about 10% in unfair labor practice filings (with the exception of 1965 and 1966, when intake rose 1% each year) and somewhat lower in representation filings. In 1967 unfair labor practice work picked up again and increased by 7%. (See page 10, TABLE A)

Current Estimates

Fiscal Year 1968

Unfair labor practice charges and situations are estimated to rise 4 1/2% from 1967 to 1968 resulting in a 1968 intake of 17,805 charges and 16,185 situations. Representation filings are estimated to rise by 2 1/2% in 1968 resulting in an intake of 13,745 petitions and related representation questions.

TABLE A

Comparison of Recent Case Intake Experience with Budget Estimates for Fiscal Years 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968 and 1969

	Unfair Labor Practices		Representations
	Cases	Situations	Cases a/
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	17,040	15,499	13,385
11. Fiscal Year 1968(July-December 1967)	8,574	7,914	6,179
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 Estimate 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
3. Actual intake	17,040	15,499	13,385
I. Budget Estimates for Fiscal Year 1968 --			
1. As estimated in 1968 Budget	16,565	15,124	14,440
2. As estimated in 1969 Budget	17,805	16,185	13,745
J. Budget Estimates for Fiscal Year 1969	18,785	17,075	14,235

a/ Includes union decertification (UD), amendment of certification (AC), and unit clarification (UC) cases.

For the first 6 months of fiscal year 1968, however, unfair labor practice case intake actually rose 9.3%, unfair labor practice situations rose 9.8%, and representation matters rose 1.7%. Unfair labor practice filings are ahead of our estimate, and representation filings are lower. We hope that intake for the full year will not exceed our estimate.

Fiscal Year 1969

Unfair labor practice charges and situations are estimated to rise by 5 1/2% in 1969 to 18,785 charges and 17,075 situations. Representation matters are estimated to rise by 3 1/2% to 14,235.

FACTORS AFFECTING INTAKE

General

The major factors affecting filings with the Agency normally include industrial growth, increases in the work force, automation, plant closings and relocations, sales and mergers. These phenomena give rise to increased labor union organizing and collective bargaining activity,

dislocations and readjustments of bargaining relationships; all of which add to potential case filings.

Our fiscal year 1965-1966 experience, when the unfair labor practice intake increase was low, appeared to reflect the manpower shortage problem resulting from the Vietnam situation at that time as well as the general well-being of the economy. This leveling off of the upward curve, however, was only temporary.

In 1967, as noted above, we had a sharp rise again in unfair labor practice filings, all in the second half of the fiscal year. We have attributed this sudden rise to the industrial unrest that was also reflected in the large increase in strikes. This situation has continued into the first half of fiscal year 1968. For the full calendar year of 1967 strikes were higher than in any year since 1953, and man-days idle were the highest since 1959, representing 30/100 of 1 percent of working time as compared to 19/100 of 1 percent in calendar year 1966. The increase in unfair labor practice filings in 1967 was reflected mainly in filings by individuals. These rose by 776 as compared to a total increase of 1,107 in all charges filed.

Continuing Industrial Growth

Our regional directors, in reviewing the basis for their work estimates for 1968 and 1969 report continuing industrial growth across the country. The President in his economic forecast (as well as other informed opinion) expects the economy to continue to grow. Estimates of real

growth (after deducting price increases) vary from 4% to 5% as compared to the 2 1/2% achieved in 1967.

Increased Labor Union Activity

Labor unions are planning increased organizing activity in several fields. Traditional organizing effort continues with special emphasis in a number of areas. Building trades unions are planning to organize non-union building contractors. One regional director, for example, sent us a newspaper report of a building trades union plan for a four state organizing drive. Efforts to organize white collar workers are being spurred by a "white collar council" organized by the AFL-CIO. Although the most publicized efforts in this area involve for the most part local, state, and federal government employees, other white collar organizing efforts are being felt in areas over which the Agency has jurisdiction. For example, it was recently reported that UAW-AFL-CIO added 5,000 clerical workers to its rolls in 1967. Our own records indicate that elections involving white collar units rose by 75% from fiscal year 1966 to 1967, and the number of eligible voters rose by 40%. These elections now constitute about 10% of all the elections we hold.

The entire July 1967 issue of the monthly AFL-CIO Federationist was devoted to a discussion of organizing efforts and problems. The articles discussed organizing: the new young worker, the changing geographical site of the job (greatest growth in the South, Southwest,

and West, and in the suburbs as compared to metropolitan areas), the public employee, the white collar worker, and the gray collar worker (service industries). The various activities of organized labor mentioned above reflect themselves in the filings which we actually experience.

The rise in individually filed charges was mentioned previously. We have also had significant increases in charges alleging violations by unions of the various portions of subsection 8(b) of the Law including (in popular language): allegations of discrimination against individuals in hiring halls or by other means, allegations of secondary boycott for organizational as well as jurisdictional purposes, jurisdictional dispute questions, and allegations of illegal picketing. The types of charges mentioned above, are of course all additional to the most numerous type of charges filed, that is the allegations of violations of subsection 8(a) by employers which result mainly from traditional union organizing campaigns. The most numerous alleged violations of subsection 8(a), which protects the rights of employees as enumerated in section 7, are 8(a)(1) interference, restraint or coercion, 8(a)(3) discrimination by discharge or other means, and 8(a)(5) refusal to recognize or bargain in good faith with a representative freely chosen by employees.

WORKLOAD PROCESSING REVIEW

General

1968 Picture

The two most important factors in the Agency's workload picture and its program for 1969 are, first, the unexpectedly large rise in unfair labor practice work in fiscal years 1967 and 1968, resulting in a total workload intake increase of 10% for 1967-1968 as compared to the 5.5% estimated; and, second, the reduction in case processing resulting from cutbacks in funds available from our 1968 appropriation.

Effects of Unexpectedly Large Rise in Intake

In fiscal year 1967 the large rise in intake was reflected mainly in increases in cases pending at all levels. In total number, for example, unfair labor practice charges pending rose from 6,658 on June 30, 1966 to 7,338 on June 30, 1967. This was a rise in pending cases of 680 as compared with the 1,107 increase in charges filed. Representation petitions pending on June 30, 1966 amounted to 2,659, and by June 30, 1967 the number pending was 2,892, or a rise of 233 out of the 337 additional petitions filed in fiscal year 1967.

Despite these increases in pending case-load, the speed of Agency operations had not been affected through December. In the 6 months from July to December, 1967 the Agency was able to hold the line; although it was unable to improve time delay as originally hoped for, before the unexpectedly large increase in case work in 1967. Table B shows that it

TABLE B
Comparison of Median Time (Days) Elapsed in Processing Cases

Stages	July-December (Fiscal Years)									
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
UNFAIR LABOR PRACTICE CASES-										
From Filing to Complaint.....	143	63	44	46	49	56	57	59	60	59
From Complaint to Close of Hearing.....	54	71	43	45	51	53	62	73	67	64
From Close of Hearing to Trial Examiner Decision.....	73	87	95	65	70	77	126	114	103	106
From Trial Examiner Decision to Board Decision.....	194	146	150	176	132	123	136	105	119	120
Total, Filing to Decision.....	464	367	332	332	302	309	381	351	349	349
REPRESENTATION CASES-										
A. Field Processing										
From Filing to Notice of Hearing.....	12	11	10	10	10	10	8	9	9	9
From Notice of Hearing to Close of Hearing.....	16	15	14	14	13	13	13	13	13	14
Subtotal, Filing to Close of Hearing.....	28	26	24	24	23	23	21	22	22	23
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	118
Total, Filing to Board Decision.....				136	144	131	122	131	165	141
b. By Regional Director 1/										
From Hearing to R.D. Decision.....				20	17	18	17	20	20	21
Total, Filing to R.D. Decision				44	40	41	38	42	42	44

1/ F. Y. 1967 the Board issued only 206 decisions while the Regional Directors issued 1,882 or approximately 90% of the total initial representation decisions.

took the same time to process a case from hearing to Board decision in these 6 months as it did the year before. However, in view of the restrictions adopted to reduce the expenditure of funds in the remainder of fiscal year 1968, we expect to experience greater time delay and other problems as detailed below.

Effects of Reduction from 1968 Appropriations

The reduction in funds from the Agency's appropriation in fiscal year 1968 requires severe retrenchments during the last half of the fiscal year. We expect greater time delays in the investigation of cases as a result of the necessary consolidation of travel plans for investigations to save time and travel costs. Similarly, the deferral of hearings, and the consolidation of dates for formal hearing so that several cases can be heard by one trial examiner on a calendar call basis or by one trial examiner travelling from one case to the next one scheduled, is expected to extend our trial calendar from 8-9 weeks to about 12 weeks. These measures were required in order to reduce reporting costs as well as travel costs. (The exact effects of the retrenchment on operations in 1968 had not been worked out at the time such data were submitted for the President's budget. We would like to bring to your attention, therefore, our expectation that we shall probably hold about 970 unfair labor practice hearings in 1968 rather than the 1,160 shown in the budget, and that to make up for it, we shall hold about 1,253 hearings in 1969 instead of the 1,192 shown. An additional effect of

this hearing shift is an estimated increase in trial examiner decisions in 1968 from the 1,020 shown to 1,033, and a decrease in trial examiner decisions in 1969 from 1,090 to 1,059.)

We also expect program results in 1968 to be affected by our decision to leave vacancies unfilled except for emergencies. We expect the resulting turnover will produce uneven ratios of staff to work, thereby aggravating the program difficulties described above.

All of the problems noted above will probably be aggravated by the large pending case-loads now being processed in our field offices One of the most costly results could be a reduction in the percentage of cases that can be settled because of the time required to investigate, determine merit, and proceed to hearing.

In summary, we expect the 1968 retrenchments to cause operating problems as a result of maldistribution of staff, and we expect to have to defer to 1969 a portion of the work, especially hearings, which we had expected to process in 1968.

1968 Summary

The inability to carry out our field office program as a result of the deferral of hearings, reduction of travel funds, and freeze on the filling of vacancies is expected to increase time required to process cases in the field offices and to decrease efficiency. We have, however, made every effort to minimize the detrimental effects in 1968, and as indicated below, we will move quickly in 1969 to correct the deficiencies as they develop.

Since our trial examiners all have less hearings to conduct and less travel, they will have more time to concentrate on reducing the number of cases pending trial examiner decision. This should bring that stage into processing balance and reduce the time required to issue trial examiner decisions, offsetting to some extent the additional time required to investigate and to go to hearing.

The Board expects to continue to process the cases coming to it and to try to reduce the time needed to issue a Board Decision. The Board expects to increase the number of unfair labor practice decisions it issues in 1968 from the 803 it issued in 1967 to as many as 906, depending on the number it receives for processing and the loss of Board legal assistants.

Our court enforcement branch also plans to increase its brief filings in the Circuit Courts of Appeal by 25% over 1967, from 312 to 393, provided loss of staff does not impair the program.

1969 Request

The budget request for 1969 includes $1,385,052 additional for processing the increase in intake, and $346,800 additional for further backlog reduction.

Our proposed program, as detailed below, is to continue to go forward in terms of efficient handling of cases, and in terms of further reduction of time delay. The funds requested for backlog reduction will be used to repair the breaks in our time delay program and to further

reduce backlog in all areas. This may mean, if necessary, some rearrangement of employment and funds from current plans.

If we are successful in fiscal year 1969 we should be able to maintain or restore, if necessary, to current processing the 90% of our cases which are handled informally in our field offices. In addition, we should be able to reduce time required to process formal cases from charge to decision by about 20 days as a result of improvement at the trial examiner decision stage.

Informal Case Processing in the Field Offices

Our objectives for this phase of case processing are twofold: first, to accomplish the job of processing the expected 4.8% increase in intake workload in 1969; second, to further improve time delay by reducing hearing backlog. This is a 5% increase in work to be accomplished with about 3% increase in employment. We are holding to these objectives despite the many operational problems created by the required retrenchments in fiscal year 1968. However, we want to point out here, as elsewhere in this statement, that some of the side effects of the fiscal year 1968 retrenchments may well result in additional and unexpected backlogs and impairments in time service. We are aware of this possibility, but have provided in this request only for an employment increase sufficient to process the estimated intake increase and the programmed backlog reduction, less our provision for cost reduction in the form of productivity and efficiency improvements.

Formal Case Processing

Hearing Stage

1968 Expectations

Our established goal is to process those cases which cannot be settled and require formal hearing within stated time limits. In fiscal year 1967 and the first half of fiscal year 1968 we were unable to improve significantly on the time taken at this stage because of the unexpected influx of unfair labor practice casework. (We held 1,035 hearings in 1966 and expect to hold 1,253 in 1969.) In the first half of fiscal year 1967 it took 67 days to process the median case from complaint to close of hearing, and in the first half of fiscal year 1968 it took 64 days. (See Table B)

As a result, however, of the retrenchments required in the second half of fiscal year 1968, we shall, as previously indicated, have to defer hearings and extend the trial calendar. (We had expected to hold 1,160 hearings, but we have had to reduce our estimate to 970.) This will increase the time required to process a case from complaint to close of hearing in 1968.

1969 Program

As stated, we plan to increase the number of hearings held in 1969 to 1,253 from the 970 expected in 1968 in order to catch up with the deferral of hearings from 1968. By doing this we expect to contract the calendar again and bring time delay at this stage back to current

levels or better, or about 60 to 65 days if possible. We have provided for an 8% increase in trial examiner staff to handle a 29% increase in hearings and a 2 1/2% increase in trial examiner decisions. We have provided a 2% increase in productivity of trial examiners in 1969 in addition to our 7% in 1968, or a total of almost 10% for 1968 and 1969 combined.

Trial Examiner Decision Stage

As a result of the deferral of hearings from 1968 to 1969, we were able to schedule more trial examiner decisions in 1968, and more significantly, look to 1968 as the year when we should be able to reduce our pending load of cases awaiting trial examiner decision to levels which we consider as allowing current processing and the achievement of significant reduction in time delay at this stage. Table B shows that it has been taking over a 100 days to process a case from close of hearing to trial examiner decision. With the reduction in pending cases at this stage which we are hoping to achieve by the end of fiscal year 1968, we expect to be able to reduce the time required in the last half of fiscal year 1968 to about 90 days. We hope that this improvement will offset to some extent the loss of time from filing to complaint and from complaint to close of hearing. In 1969 we hope to continue the improvement at this stage and reduce the time required from close of hearing to trial examiner decision to 80 days or less.

Board Decision Stage

The Board (as Table B shows) was able to improve, as compared

with 1967, the time required to issue a representation decision; so that in the first half of fiscal year 1968 it took about 120 days in the median case to process both unfair labor practice cases and representation petitions to Board decision.

The Board has at the same time been dramatically improving its productivity. Total productivity increase from 1965-1967 was in excess of 25%.

The Board's program for 1968 and 1969 is to keep pace with work intake and to continue its efforts to reduce time delay. To accomplish this the Board hopes to issue around 900 unfair labor practice decisions and about 200 representation decisions in each of these two years.

Court Enforcement

The rising number of Board decisions has brought a constantly rising need for appellate court enforcement. Regional office referrals for enforcement have risen from 280 in fiscal year 1964 to 463 in fiscal year 1967. By 1969 they are estimated to be almost double the 1964 number.

Our enforcement branch has had to cope with the difficult legal problems of briefing and oral argument in the Circuit Courts of Appeal while relying more and more on inexperienced young attorneys. Our experienced staff, including supervisors, are often tempted to leave us by high salary offers from private law firms.

Nevertheless, in 1967, the branch was able to increase the

number of briefs filed by 20%. Our goals in 1968 and 1969 are equally ambitious. It is our hope that we can both increase productivity and the number of briefs filed. This is, however, a very difficult program to accomplish.

Settlement Program

We have assumed a continuation of our settlement program at levels achieved in fiscal years 1966 and 1967, which were so high that they constituted records of Agency achievement. It is our hope that these expectations can be met although delays in case processing at any stage, (but most importantly in our field offices) could have an adverse effect on the level of settlement achieved. Respondents are more inclined to settle a case if they know that failure to settle will mean a quick hearing with trial examiner and Board decision following in reasonable time. Conversely, a case delayed increases the cost of settlement, and correspondingly, the willingness to settle.

MANAGEMENT IMPROVEMENT AND COST REDUCTION

The budget request is based upon our original plan for productivity improvement at all production levels providing cost reduction valued at $400,000. In view of the problems which are developing as a result of the 1968 retrenchments, the achievement of the goals set will probably be worth much more than that since we will have to surmount those problems and in addition achieve the productivity improvement set.

Important parts of our management improvement and cost reduction effort are our sub-programs to automate the printing of Board decisions and

to computerize our agency information system. Because of the fund reduction in fiscal year 1968, we deferred the printing of about seven Board volumes of decisions. We are continuing the work of getting ready for such automated printing and have provided for the completion of 1 to 3 volumes this year. Similarly, our program to computerize the Agency information system provides for no increase in 1968 and for the hiring of only the nucleus of a staff in 1969. Expanded computer rental and operation has been postponed to 1970.

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 the 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.

THURSDAY, FEBRUARY 29, 1968.

PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

WITNESSES

MISS BETTY FURNESS, SPECIAL ASSISTANT TO THE PRESIDENT FOR CONSUMER AFFAIRS
WILLIAM G. KAYE, EXECUTIVE DIRECTOR
LESLIE V. DIX, DIRECTOR FOR LEGISLATIVE AFFAIRS

SALARIES AND EXPENSES

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
Permanent positions	177	218	477
Positions other than permanent	20	18	20
Other personnel compensation	2	3	3
Total personnel compensation	199	239	500
Personnel benefits	14	17	35
Travel and transportation of persons	24	27	40
Rent, communications, and utilities	10	10	25
Printing and reproduction	21	19	30
Other services	12	6	20
Services of other agencies	19	19	25
Supplies and materials	7	7	15
Equipment	3	1	10
Total obligations	309	345	700

PERSONNEL SUMMARY

Total number of permanent positions	19	19	46
Full-time equivalent of other positions	2	1	2
Average number of all employees	17	18	44
Average GS grade	10.2	10.6	10.2
Average GS salary	$11,719	$12,794	$11,186

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

Program by activities:			
Advancing the interests of consumers (program costs, funded)	299	345	700
Change in selected resources [1]	10		
Total obligations	309	345	700
Financing: Unobligated balance lapsing	18		
New obligational authority	327	345	700
New obligational authority:			
Appropriation	327	337	700
Proposed supplemental for civilian pay act increase		8	
Relation of obligations to expenditures:			
Total obligations (affecting expenditures)	309	345	700
Obligated balance, start of year	44	29	54
Obligated balance, end of year	−29	−54	−104
Adjustment in expired accounts	4		
Expenditures excluding pay increase supplemental	328	313	649
Expenditures from civilian pay act supplemental		7	1
Expenditures are distributed as follows:			
Out of current authorizations	285	295	600
Out of prior authorizations	43	24	50

[1] Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, $9,000; 1967, $19,000; 1968, $19,000; 1969, $19,000.

Mr. FLOOD. We are pleased to have with us this morning Miss Betty Furness, Special Assistant to the President of the United States for Consumer Affairs.

Miss Furness, I see you have a prepared statement. How do you wish to proceed?

Miss FURNESS. Since I am rather new at this, Mr. Chairman, if I may, I prefer to read the statement. It isn't very long. May I?

Mr. FLOOD. You certainly may.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

Mr. LAIRD. I think we should have something of the witness' background.

Mr. FLOOD. Because of the great interest of the subcommittee, and the special interest of the gentleman from Wisconsin, Mr. Laird—and I hasten to add, the gentleman from Pennsylvania, Mr. Flood—we would like a biographical background statement, Miss Furness. This, by the way, is customary under these circumstances.

Miss FURNESS. Mr. Chairman, I have such a document here in the event you would ask for it, so there it is.

Mr. FLOOD. Without objection, the biographical sketch of Miss Furness will appear in the record at this point.

BETTY FURNESS

Betty Furness was appointed Special Assistant to the President for Consumer Affairs on March 4, 1967. President Johnson also named her Chairman of the President's Committee on Consumer Interests and Executive Secretary of the Consumer Advisory Council.

Born in New York, on January 3, 1916, Betty Furness attended schools in that city.

She entered motion pictures in 1932 and made 35 films in 5 years. She has since had careers on the stage, in radio and TV, and as a lecturer.

The offer for what turned out to be an 11-year appearance in Westinghouse commercials came in 1949 when Miss Furness was appearing in TV's "Studio One."

She became interested in politics when the appliance company sent her to political conventions in 1952; she broadcast at the 1952, 1956, and 1960 conventions, and in 1964, she covered the political conventions as a reporter for CBS.

Betty Furness also had her own radio and TV shows. They include "Penthouse Party," "Success Story," "Meet Betty Furness," and "Dimensions of a Woman's World."

She became concerned with consumer problems on public service, question-and-answer type shows she emceed entitled "At Your Beck and Call" and "Ask Betty Furness."

"Living for the Sixties"—an interview-discussion show Miss Furness did for educational TV dealt with the myriad of problems of older people and offered suggestions for possible solutions.

In the spring of 1965, Betty Furness volunteered as a recruiter for VISTA—Volunteers in Service to America—and Headstart, visiting 35 cities over a period of 2 years.

A member of the National Academy of TV Arts and Sciences, Miss Furness is the only woman to have served as president of its New York chapter. She also served as chairman of that organization's award committee and was instrumental in revising the Emmy Award structure. She is also a member of NOW—National Organization of Women—and American Women in Radio and TV.

Miss Furness was married August 15, 1967, to Leslie Midgley, a producer of TV news and documentaries for Columbia Broadcasting System.

Her first marriage to Composer-Conductor John Green ended in divorce. Her second husband Hugh Ernst, a radio producer, died in 1950. She has one child, Barbara, now Mrs. Denton Snyder, the wife of a Smith College drama instructor and the mother of a son, Christopher John.

Mr. FLOOD. Very well. Will you proceed with your statement?

GENERAL STATEMENT

Miss FURNESS. Thank you, Mr. Chairman.

Gentlemen, I am pleased to appear before this subcommittee to discuss the budget of the President's Committee on Consumer Interests.

We are requesting a budget of $700,000 for fiscal year 1969. That's a substantial increase over the $337,000 which the Congress appropriated for the current year, and in these introductory remarks I would like to explain why we need this higher amount.

The President has established the broadest and most comprehensive consumer program of any administration.

Last year, he urged the Congress to pass 12 consumer bills and earlier this month he added six more to the list.

This consumer program is designed to make a working reality of the consumer bill of rights which President Johnson has repeatedly advocated.

The right to be informed, the right to choose, the right to safety, the right to be heard—these are all rights the consumer can justly claim, both as citizen and as the unmistakable cornerstone of the American economy.

The consumer today buys two-thirds of this country's gross national product. His confidence in the marketplace or distrust in that marketplace affects very directly whether our economy shall flourish or flounder.

And you know how much that marketplace has changed since the first consumer protection bill was signed by President Grant a century ago.

In that time, the consumer's confidence in the marketplace depended on whether a small handful of people were honest or not. And these were usually people he knew and knew well because they were his neighbors as well as his merchants.

There was a chance he could be defrauded through the mail, of course, and that's exactly what President Grant's bill was designed to avoid.

Today, the marketplace is different.

Incredible technological changes, greater marketing sophistication, the increasingly complex industrial structure, the rapid increase in the number of products and services available—all of these things have created a massive marketplace so complex that even the most learned consumer could lose confidence.

That's why the President is so completely committed to his consumer goal "to assure every American consumer a fair and honest exchange for his hard-earned dollar."

To do this, he is placing increasing responsibilities on his Committee on Consumer Interests.

First of all, since our last budget request, he has elevated the Committee to Cabinet-level status so that the consumer will have personal representation in the highest councils of Government. Secondly, he has made the Office of his Special Assistant for Consumer Affairs a full-time position. This has, of course, greatly increased the duties of my staff.

The new budget we are requesting would increase the permanent Committee staff from 19 to 46.

RESPONSIBILITIES OF THE COMMITTEE

Perhaps if I outline for you what that staff has to do, you will see why such an increase is needed.

First of all, the President has given my office heavy responsibility for his legislative program.

Our office is responsible for research into consumer needs and recommendations on priority legislation and administrative programs;

For drafting specific legislation, for coordinating and evaluating legislative proposals by other Federal agencies;

For analysis of legislative proposals by Members of Congress;

And for testimony before congressional committees and general liaison with the Congress.

Since I came into office on May 1 of last year, I have testified five times before congressional committees and I expect an increasing schedule of testimony as the new consumer bills reach their committees.

On request, the President's Committee also serves in an advisory capacity for consumer legislation and administrative programs within the States.

In the last year alone, 10 States established consumer bureaus and others are now being developed. This work was done with the help of the President's Committee.

We have talked with Governors and legislators, attorneys general and local consumer groups in an effort to get the States to match the new attention the Federal Government is directing toward the consumer and his growing needs.

That new Federal attention has also increased the duties of our public affairs office which is working hard to serve the consumer's right to be informed. We are doing everything we can to let the consumer know what he can do to help himself.

Since May, I have made 53 speeches in 16 States and the District of Columbia and appeared on radio and television 38 times, exclusive of news coverage.

In all of these appearances, I've tried to let the consumer know what the Government is doing to protect him, what business is doing to help him, what he can do to advance himself.

INCREASED PUBLIC INTEREST

The increased public attention consumer matters are gaining is reflected very well in the rising flow of mail—especially consumer complaints—coming into my office.

The rate of consumer mail has more than doubled since November 1 and almost tripled since September 1.

The consumer not only has a right to be heard but should expect something to be done about his complaints. We work very hard to see that something is done about them.

We meet as often as we can with industry representatives, letting them know what consumers want and need and urging voluntary action to meet those needs.

Where consumer complaints involve the responsibilities of other Government agencies, we work with those agencies to insure that Federal legislation is enforced in the manner and to the extent the Congress intended.

CONSUMER EDUCATION

We have also established a consumer education program which was not included in the last budget.

We plan to assist and support local communities and State governments, with schools at every level and consumer organizations throughout the country in developing comprehensive consumer education at every age and income group.

This is no easy chore. Our schools are far behind in meeting the consumer challenge with progressive consumer programs.

The high schools have home economics courses and these efforts are useful and good. But cooking and sewing are not enough.

Our students must be taught how to understand our complicated marketplace and how to get what they need out of it. They must become informed buyers.

Shouldn't English classes teach teenagers how to evaluate and analyze advertising claims and explore the language of mass media or the fine print of a contract? That is a brand of English, you know.

Shouldn't mathematics courses also teach students how to finance purchases, what sources of credit are, how to figure these credit charges and use charge accounts wisely?

Shouldn't science courses also provide enough education in electronics to know how to shop intelligently for a television set or be able to recognize safe wiring?

Shouldn't business courses provide more information on investments and interest rates and contracts?

I think they should and helping the schools to respond to this challenge is going to be a hard and expensive job.

We are also continuing our work with consumer organizations and with industry and marketing groups in all the areas of consumer need.

We are involved today in something of a consumer revolution. The consumer has at last found his voice and started to use it.

The Government must respond to the consumer's cry because it is not an irrational one, nor unjust, nor untimely.

He does have needs that deserve quick and able attention.

The President's Committee on Consumer Interests is one of the organizations that can do that.

President Truman once observed that while some Americans have their interests in Washington protected by special lobbies, most of the people depend on the President of the United States to be their lobbyist.

That's what his Committee on Consumer Interests is trying to do and I urge you to to appropriate the funds we need to be successful.

Thank you.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. The request is for $700,000 and 46 permanent positions. That is compared with the current budget of $337,000 and 19 positions. If I understand correctly from your justifications, this is a general strengthening of all your activities, is that right?

Miss FURNESS. That is true. The one area not included last year was the consumer-education area. That now exists. Otherwise it is a strengthening of every existing department.

Mr. FLOOD. But this increase is not for any special pigeon; this is across the board.

Miss FURNESS. Right across the board.

LEGISLATIVE PROGRAM

Mr. FLOOD. Now, what legislation are you pushing and what are your priorities?

Miss FURNESS. I am, of course, anxious to push the President's entire consumer legislative program because I believe in all of it.

As far as priorities are concerned, sir, it pretty much depends on how they come up. We have been pushing very hard——

Mr. FLOOD. What are some of the things you have been pushing?

Miss FURNESS. Truth-in-lending we have been working very hard on recently. I feel that is absolutely essential. I think it cannot be more important and in point of fact I think it is only the beginning of consumer protection as far as credit is concerned.

Mr. FLOOD. This is priority 1, obviously.

Miss FURNESS. That is right, at the moment. Then I would think as the issues come along, I think that now that we are acquainted with the experience of the meat inspection, it is clear that the same abuses happen in poultry inspection. A year ago we didn't know about it, so it wasn't priority. Now we do know about it, so it is priority. I think that is one that will be moving very quickly.

Now, there is another area in the present consumer program that probably won't even get involved in legislation, but I think it is very important. That is the one I hear the most about and that is the frustration about repairs to appliances, television sets, and automobiles.

Mr. FLOOD. Home appliances?

Miss FURNESS. Home appliances, television sets, and automobiles. Actually the home appliances is the one that I have started to work on.

I don't think that is going to end up in legislation necessarily.

Mr. FLOOD. Do you get any fallout on automobiles?

Miss FURNESS. It is tremendous. People are terribly frustrated. They are not convinced that anything, be it a toaster or automobiles, is repaired quickly enough, efficiently enough, inexpensively enough.

Mr. FLOOD. Are they?

Miss FURNESS. Evidently not or I wouldn't be here saying I am hearing so much about it. I find when I move around to talk about these things, when I hit this area people say, "It is funny you said that. Let me tell you what happened to me last Tuesday."

Everyone has frustrations in this area.

Mr. FLOOD. In other words, "I just happen to have here a verse and chorus."

Miss FURNESS. Exactly.

Mr. FLOOD. For the record, you might develop that a little further. We are pretty much aware of what you have stressed, but there might be some other things about which this subcommittee is not quite as aware and I think the record should show two or three more.

These are obviously top priorities so you are answering both of my questions at once.

Miss FURNESS. I can ad lib some more. I have a file here of the state of each of the consumer bills. Where they are at this time.

Mr. FLOOD. What are two or three consumer bills besides the one you mentioned?

Miss FURNESS. One has been passed even since we typed this up. The Interstate Lands Sale Disclosure Act, for example. That is a very full and essential bill.

Mr. FLOOD. What is that?

Miss FURNESS. That will keep people from buying land that may not exist. The bill will require full and accurate disclosure of land being offered for sale through the mails. A number of States have excellent laws on this to keep away from fraudulent real estate sales, but there is not a law covering interstate sales. It will prevent the old trick of selling desert land where there will not be electricity in our lifetime, or Florida under-water land. "It is swell; it is just a little wet."

This certainly should be passed.

Mr. FLOOD. What is the status of the measure, do you know offhand?

Miss FURNESS. It has been referred to the Senate Banking and Currency Committee. Hearings were held last year.

In the House it is in Mr. Staggers' committee and there have been no hearings.

Mr. FLOOD. For the record, suppose you supply for the committee the status of your legislative program.

Miss FURNESS. I would be happy to.

(Information follows:)

CONSUMER LEGISLATIVE REPORT
Issued By
OFFICE FOR LEGISLATIVE AFFAIRS
PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

February 13, 1968
Legislative Summary: 1968-1

4 of the 12 Consumer Bills recommended by President Johnson in his Consumer Message to the 90th Congress (1st session) have now been signed into Public Law:

--National Commission on Product Safety (PL 90-146)
--Partnership for Health Amendments of 1967 (PL 90-174)
(Section 5 concerns Clinical Laboratories Improvement)
--Flammable Fabrics Act Amendments of 1967 (PL 90-189)
--Wholesome Meat Act (PL 90-201)

--Fire Research and Safety Act has passed both House and Senate and now awaits possible Senate acceptance of House version; President's signatur
--Truth-in-Lending has passed both House and Senate and now awaits Senate House Conference.
--Natural Gas Pipeline Safety Act has passed Senate only.

STATUS REPORT ON PENDING BILLS
* indicates Administration support

*TRUTH-IN-LENDING

HOUSE: By a record vote of 382 yeas to 4 nays the House passed on February 1, 1968, H.R. 11601, the Consumer Credit Protection Act. The four Congressmen who voted against the bill were: Thomas G. Abernethy (D-Miss.), G. V. Montgomery (D-Miss.), James A. McClure (R-Idaho), Robert G. Stephens, Jr. (D-Ga.)

The House amended its own House Banking and Currency Committee report at the urging of House Banking and Currency Committee Chairman Wright Patman and Subcommittee on Consumer Affairs Chairman Leonor K. Sullivan, and now includes within its bill:

--Full disclosure on all revolving credit accounts.
--No exemption for finance charges of $10 or under.
--Other provisions of the bill passed by the House on on February 1 which are not in the Senate passed version (S. 5).
--Restrictions on wage garnishment.
--Inclusion of credit life insurance premiums in annual rate when such insurance is mandatory.

AUTHORIZATION TO REPRODUCE GRANTED

--Elimination of dollars per hundred per year on the average balance option.
--Additional disclosure procedures for second mortgages (Cahill Amendment).
--Establishment of Commission on Consumer Finance.
--Administrative enforcement procedures.
--Truth in Credit Advertising
--Monthly disclosure on installment contracts (Widnall Amendment).
--Disclosure on first mortgages.
--Legislation effective nine months from date of enactment. (Effective date of Senate-passed S. 5 would be July 1, 1969.)

Added on the floor was an amendment which would let Federal authorities help enforce State usury laws when violations involve interstate traffic in loans (Poff Amendment).

NOTE: The House, after voting on the H. R. 11601 Consumer Credit Protection Act, voted to accept the Senate number for the bill, so in effect the House version was offered to the Senate as amendments to S. 5.

SENATE: Passed amended S.5 July 11, 1967, 92 to 0.

JOINT SENATE-HOUSE ACTION NOW PENDING:

SENATE CONFEREES: Senators John J. Sparkman (D-Ala.) Chairman, William J. Proxmire (D-Wis.), Edmund S. Muskie (D-Maine), Wallace F. Bennett (R-Utah), Bourke B. Hickenlooper (R-Iowa).

HOUSE CONFEREES: Representatives Wright Patman (D-1-Texas), William A. Barrett (D-1-Pa.), Leonor K. Sullivan (D-3-Mo.), Henry S. Reuss (D-5-Wis.), Thomas L. Ashley (D-9-Ohio), William S. Moorhead (D-14-Pa.), William B. Widnall (R-7-N.J.), Paul A. Fino (R-24-N.Y.), Florence P. Dwyer (R-6-N.J.).

*FIRE RESEARCH AND SAFETY ACT OF 1967

HOUSE: H.R.11284--Fire Research and Safety Act introduced 6/29/67 by Congressman Miller (D-8-Calif.)

Authorizes the Secretary of Commerce to conduct a fire research and safety program into causes and nature of fires, development of improved methods and techniques of fire prevention, control, and reduction of death, personal injury, and property damage. This would be done on a grant basis to States and local governments, other non-Federal public agencies, and non-profit institutions. Would establish a National Commission on Fire Prevention and Control.

--STATUS:-Referred: House Committee on Science and Astronautics
-Chairman George P. Miller (D-8-Calif.)
-Committee reported bill favorably 7/31/67
-Passed House 268-78 on 2/8/68 amended to reduce appropriation from proposed $10 million to $5 million.

SENATE: S.1124--Fire Research and Safety Act introduced 2/28/67 by Senators Magnuson (D-Wash.) and Cotton (R-N.H.)

As introduced, same as House Bill, except did not include establishment of National Commission on Fire Prevention and Control.

--STATUS:-Committee amended to provide for establishment of a National Commission on Fire Prevention and Control. Also amended to reduce fire research and safety program appropriation from proposed $10 million to $5 million.
-Passed Senate 8/17/67 by voice vote.

*INTERSTATE LAND SALES FULL DISCLOSURE ACT

SENATE: S.275--Interstate Land Sales Full Disclosure Act introduced 1/12/67 by Senators Williams (D-N.J.), Bible (D-Nev.), Mondale (D-Minn.), Muskie (D-Maine.)

Requires anyone making an interstate public offering of undeveloped land to file a statement with a Federal agency containing all the important information about the land being offered. This information would then have to be supplied in understandable form to every person who was asked to buy a piece of the land.

--STATUS: -Referred: Senate Banking and Currency Committee
-Chairman John J. Sparkman (D-Ala.)
-Referred: Subcommittee on Securities
-Chairman Senator Harrison A. Williams Jr. (D-N.J.)
-Hearings held 2/28/67 and 3/1/67
-No further action

HOUSE: H.R. 6158--Interstate Land Sales Full Disclosure Act introduced 2/27/67 by Congressman Patman (D-1-Texas)

Same as S. 275

--STATUS: -Referred: House Interstate and Foreign Commerce Committee
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action.

OTHER BILLS INTRODUCED: H.R. 496, H.R. 3821, H.R. 6476, H.R. 13999

*WELFARE AND PENSION PLANS DISCLOSURE ACT

SENATE: S.1024--Welfare and Pension Plan Protection Act of 1967 introduced 2/20/67 by Senator Yarborough (D-Texas)

Strengthens and improves the protections for the interests of participants in, and beneficiaries of employee welfare and pension benefit plans, under the Act of August 28, 1958, as amended by requiring fair dealings and more detailed reporting by the people who manage the plans, eliminating certain types of conflicts of interest, and providing for periodic audits and other disclosures.

--STATUS: -Referred: Senate Committee on Labor and Public Welfare
-Chairman Lister Hill (D-Ala.)
-No further action

OTHER BILLS INTRODUCED: S.1103, S.1255, S. 1635

HOUSE: H. R. 5741--Welfare and Pension Plan Protection Act of 1967 introduced 2/20/67 by Congressman Perkins (D-7-Ky.) and H. R. 6498--Identical Bill introduced by Congressman Dent (D-21-Pa.)

Same as S. 1024

--STATUS: -Referred: House Committee on Education and Labor
-Chairman Carl D. Perkins (D-7-Ky.)
-Referred: General Subcommittee on Labor
-Chairman John H. Dent (D-21-Pa.)

OTHER BILLS INTRODUCED: H. R. 686, H.R. 688, H. R. 692, H. R. 1119, H. R. 6355, H. R. 5716, H. R. 3317, H. R. 8279, H. R. 5906, H. R. 4462, H. R. 2076, H. R. 13544, H. R. 3317

*INVESTMENT COMPANY ACT OF 1967

SENATE: S. 1659--Investment Company Amendments Act of 1967 introduced 5/1/67 by Senator Sparkman (D-Ala.)

Amends the Investment Company Act of 1940 to establish methods for controlling noncompetitive charges. These include limitations on the sales load at the time the investment is made (including prohibition of the "front and load"), and provisions to assure the reasonableness of the annual management fee.

--STATUS: -Referred: Senate Committee on Banking and Currency
-Chairman John J. Sparkman (D-Ala.)
-Hearings held 7/31, 8/1-4, 8/14-15, and 11/19/67 Hearings held 11/19/67 on Amendment #438 to S. 1659 introduced 11/16/67 by Senator McIntyre (D-N. H.) which subjects certain activities of banks to certain provisions of securities laws.
-No further action

HOUSE: H. R. 9510--Investment Company Amendments Act of 1967 introduced 5/1/67 by Congressman Staggers (D-2-W. Va.) and H. R. 9511--Identical Bill introduced by Congressman Moss (D-3-Calif.)

Same as S. 1659

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W. Va.)
-Referred: Subcommittee on Commerce and Finance
-Chairman John E. Moss (D-3-Calif.)
-Hearings concluded 10/24/67
-New Bill H. R. 14742 introduced in January by Congressman Moss is same basic bill but modifies some of secondary recommendations to reflect agreements between Federal Securities and Exchange Commission and industry, and includes in modified form Sen. McIntyre amendments to Senate Bill S. 1659.
-Hearings set for 2/28/68 on bank amendment section of bill.

*ELECTRIC POWER RELIABILITY ACT OF 1967

SENATE: S. 1934--Electric Power Reliability Act of 1967 introduced 6/12/67 by Senators Muskie (D-Me.), Aiken (R-Vt.), Bartlett (D-Alaska), Brewster (D-Md.), Gruening (D-Alaska), Jackson (D-Wash.), Kennedy (D-N.Y.), Long (D-Mo.), Magnuson (D-Wash.), Metcalf (D-Mont.), Moss (D-Utah), Pastore (D-R.I.), Pell (D-R.I.), Ribicoff (D-Conn.), Tydings (D-Md.), Williams (D-N.J.), Young (D-Ohio).

Bill would amend the Federal Power Act to facilitate the provision of reliable, abundant, and economic electric power supply with due regard for the proper conservation of scenic and other natural resources. It would strengthen system coordination by adding a new Part IV to the Federal Power Act, authorizing the establishment of regional councils to provide effective coordination planning by utilities. The FPC would be instructed to promote regional coordination and provide a public presence in the work of the councils. The bill further provides inducements, including Federal eminent domain, access to rights-of-way across federally owned lands, and immunity from certain anti-trust actions.

--STATUS: -Referred:Senate Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
-Committee hearing 8/22/67
Regional hearings 12/20/67 in Seattle, Wash.
-Subsequent regional hearings planned in next few months.

OTHER BILLS INTRODUCED: S.1835, S.2889

HOUSE: H.R.10727--Electric Power Reliability Act of 1967 introduced 6/8/67 by Congressman Staggers (D-2-W.Va.)

Same as S.1934

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W.Va.)
-Hearing held 12/5/67
-No further action

OTHER BILLS INTRODUCED: H.R. 10721, H.R. 10722, H.R.10772, H.R. 10779, H.R.10816, H.R.10885, H.R. 10935, H.R.10975, H.R. 11029, H.R. 11069, H.R.11404, H.R.12042, H.R. 12322, H.R.14971

*MEDICAL DEVICE SAFETY ACT OF 1967

HOUSE: H.R.10726--Medical Device Safety Act of 1967 introduced 6/8/67 by Congressman Staggers (D-2-W.Va.)

Authorizes the Secretary of HEW to require pre-market clearance of therapeutic devices. It also provides the Secretary with authority to establish standards for such devices. Exceptions are provided, such as those devices intended solely for investigational use by a qualified expert, or those made to the specification of licensed practitioners.

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action

SENATE: No bill introduced as of 2/13/68

*NATURAL GAS PIPELINE SAFETY ACT

SENATE: S.1166--The Natural Gas Pipeline Safety Act of 1967 introduced 3/3/67 by Senator Magnuson (D-Wash.)

Authorizes the Secretary of Transportation to establish, within 24 months after enactment, minimum Federal safety standards for pipelines transporting natural or other flammable gas or non-flammable hazardous gas in or affecting interstate or foreign commerce. The standards would cover design, installation, inspection, testing, construction, extension, operation, replacement and maintenance of pipeline facilities; would establish a Technical Pipeline Safety Standards Committee appointed by the Secretary; would establish civil penalties for violations of the prohibited acts of up to $1,000 for each violation for each day the violation persists, not to exceed a total of $400,000 for a related series of violations.

-STATUS: -Referred: Senate Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
-Committee reported favorably on S.1166 10/26/67 but, by 9 to 7 vote, exempted "gathering lines which carry gas from producing wells to the distributor"; did not provide criminal penalties.
-Senate passed Act, as amended in Committee, 78-0 on 11/9/67.

HOUSE: S.1166--The Natural Gas Pipeline Safety Act of 1967 passed by Senate 11/9/67

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-Z-W. Va.)
-Hearing held 12/6/67
-Hearing [illegible] 2/27/68

NOTE: Among the bills before the House, the Administration feels S.1166 is a preferable bill with the following amendments: (1) Strike the section requiring publication of the Secretary's reason for rejecting a recommendation of the Technical Advisory Committee; (2) Clarify that grants in aid to the States cannot be substituted for funds already being spent by the States for pipeline safety; (3) Delete criminal sections; (4) Remove the partial exception from retroactive application of standards.

OTHER BILLS INTRODUCED: H.R.12091, H.R.13936, H.R.13950, H.R.13953, H.R.14265, H.R.14484, H.R. 14606, H.R.14209

H.R. 9148, H.R.12091, H.R.14606, H.R.15246 Ref. House Com. on Judiciary

*RADIATION CONTROL FOR HEALTH AND SAFETY ACT

SENATE: S.2067--Radiation Control for Health and Safety Act of 1967 introduced 7/10/67 by Senators Bartlett (D-Alaska), Byrd (D-W.Va.), Church (D-Idaho), Fong (R-Hawaii), Muskie (D-Maine), and Randolph (D-W.Va.)

Provides for the protection of the public health from radiation emissions from electronic products which are in commerce or are imported into the United States by granting Secretary of Health, Education, and Welfare authorization to prescribe standards. Imports which fail to comply with any applicable standards would be refused entry. Civil penalties prescribed.

--STATUS: -Referred: Senate Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
-Hearings held 8/28-8/30/67
-No further action

HOUSE: H.R.15156--A bill to amend the Public Health Service Act to provide for the protection of the public health from radiation emissions from electronic products introduced 2/6/68 by Congressman Staggers (D-2-W.Va.)
Similar in objective and basic approach to S.2067

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W.Va.)
-Referred: Subcommittee on Public Health and Welfare
-Chairman John Jarman (D-5-Okla.)
-Being considered with H.R.10790 on which hearings had been held (executive session).

HR 10790 similar in objective and basic approach to HR 15156.

OTHER BILLS INTRODUCED: H.R.11101, H.R.11107, H.R.11365 H.R.12092, H.R.12125, H.R.12185, H.R.13324, H.R.11364, H.R.11401, H.R.15196

*WHOLESOME POULTRY PRODUCTS ACT OF 1968

SENATE: S. 2932-To clarify and otherwise amend the Poultry Products Inspection Act, to provide for cooperation with appropriate State agencies with respect to State poultry products inspection programs and for other purposes introduced 2/6/68 by Senators Ellender (D-La.) and Montoya (D-N. Mex.)

Same as H. R. 15146

--STATUS: -Referred: Senate Committee on Agriculture and Forestry
-Chairman Allen J. Ellender (D-La.)
-No further action

OTHER BILLS INTRODUCED: S. 2846

HOUSE: H. R. 15146--To clarify and otherwise amend the Poultry Products Inspection Act to provide for cooperation with appropriate State agencies with respect to State poultry products inspection programs, and for other purposes, introduced 2/6/68 by Congressman Purcell (D-13-Tex.), (Dow D-27-N. Y.), Smith (D-5-Iowa), and Foley (D-5-Wash.)

Same as S. 2932

--STATUS: -Referred: House Committee on Agriculture
-Chairman W. R. Poage (D-11-Texas)
-Hearing scheduled for 2/19/68

OTHER BILLS INTRODUCED: H. R. 15154, H. R. 15149, H. R. 14594
H. R. 14741 H. R. 14782

*WHOLESOME FISH AND FISHERY PRODUCTS ACT OF 1968

SENATE: S.2958--A bill to regulate interstate commerce by amending the Federal Food, Drug, and Cosmetic Act to provide for the inspection of facilities used in the harvesting and processing of fish and fishery products for commercial purposes, for the inspection of fish and fishery products, and for cooperation with the States in the regulation of intrastate commerce with respect to State fish inspection programs, and for other purposes, introduced 2/8/68 by Senators Magnuson (D-Wash.) and Hart (D-Mich.)

--STATUS: -Referred: Senate Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
-No further action

OTHER BILLS INTRODUCED: S.1472

HOUSE: H.R.15155--A bill to regulate interstate commerce by amending the Federal Food, Drug, and Cosmetic Act to provide for the inspection of facilities used in the harvesting and processing of fish and fishery products, and for cooperation with the States in the regulation of intrastate commerce with respect to State fish inspection programs, and for other purposes, introduced 2/6/68 by Congressmen Staggers (D-2-W.Va.) and Pepper (D-11-Fla.)

--STATUS: -Referred: House Interstate and Foreign Commerce Committee
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action

OTHER BILLS INTRODUCED: H.R.14954: Ref. Committee on Agriculture
H.R.14560: Ref. Committee on Merchant Marine and Fisheries

*AUTO INSURANCE STUDY AND INVESTIGATION

SENATE: S.J. 129--To authorize the Secretary of Transportation to conduct a comprehensive study and investigation of the existing compensation system for motor vehicle accident losses, and for other purposes, introduced 12/14/67 by Senators Magnuson (D-Wash.), Bartlett (D-Alaska), Cannon (D-Nev.), Hart (D-Mich.), Hartke (D-Ind.), Lausche (D-Ohio), Long (D-La.), Mearoney (D-Okla.), Moss (D-Utah), and Pastore (D-R.I.).

--STATUS: -Referred: Senate Commerce Committee
-Chairman Warren G. Magnuson (D-Wash.)
-Hearings scheduled for 3/12-14/68

HOUSE: H.R. Res. 958--Identical with S.J. 129 introduced 12/14/67 by Congressman Moss (D-3-Calif.)

--STATUS: -Referred: House Interstate and Foreign Commerce Committee
-Chairman Harley O. Staggers (D-2-W.Va.)
-Hearings scheduled 4/11 & 4/15

*DECEPTIVE SALES ACT OF 1968

HOUSE: H.R.15354--Deceptive Sales Act of 1968 introduced 2/15/68 by Congressman Staggers (D-2-W.Va.)

Amends the Federal Trade Commission Act, as amended, by providing for temporary injunctions or restraining orders for certain violations of that act.

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action

OTHER BILLS INTRODUCED: H.R. 15033, H.R.15339, H.R. 15508

SENATE: No bill introduced as of 2/28/68

*RECREATIONAL BOAT SAFETY ACT OF 1968

HOUSE: H.R.15223--A bill to provide for a coordinated national safety program to reduce boating accidents, and deaths and injuries resulting therefrom, introduced 2/8/68 by Congressman Garmatz (D-3-Md.)

--STATUS: -Referred to House Committee on Merchant Marine and Fisheries
-Chairman Edward A. Garmatz (D-3-Md.)
-No further action

SENATE: S.3015--To provide for a coordinated national safety program to reduce boating accidents, and deaths and injuries resulting therefrom.

--STATUS: -Referred to Senate Commerce Committee
-Chairman Warren G. Magnuson (D-Wash.)
-No further action

NOTIFICATION OF DEFECTS IN TIRES

SENATE: S. 2638--To provide an improved and enforceable procedure for the notification of defects in tires introduced 11/8/67 by Senator Nelson (D-Wis.)

--STATUS: -Referred: Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
- No further action

HOUSE: No bill introduced as of 2/13/68

ESTABLISHING A FEDERAL DRUG COMPENDIUM

SENATE: S. 2944--A bill to protect the public health by amending the Federal Food, Drug, and Cosmetic Act to provide for a Federal drug compendium which lists all prescription drugs under their generic names together with reliable complete, and readily accessible prescribing information, and includes brand names, suppliers, and a price information supplement, and providing for distribution of the compendium to physicians and others, and for other purposes, introduced 2/7/68 by Senator Nelson (D-Wis.)

--STATUS:-Referred: Senate Committee on Labor and Public Welfare
-Chairman Lister Hill (D-Ala.)
-No further action

OTHER BILLS INTRODUCED: S. 720 by Senator Nelson on 1/30/67.

HOUSE: No bill introduced as of 2/13/68

INVESTIGATION OF UNFAIR METHODS OF COMPETITION AND UNFAIR OR DECEPTIVE ACTS OR PRACTICES IN HOME IMPROVEMENT INDUSTRY

SENATE: S. J. Res. 130--To authorize and direct the Federal Trade Commission to conduct a comprehensive investigation of unfair methods of competition and unfair or deceptive acts or practices in the home improvement industry, to expand its enforcement activities in this area, and for other purposes introduced 12/15/67 by Senator Magnuson (D-Wash.)

--STATUS: -Referred: Senate Commerce Committee
-Chairman Warren G. Magnuson (D-Wash.)
-No further action

HOUSE: H.J. Res. 968--Identical with S.J.Res. 130 introduced 12/15/67 by Congressman Adams (D-7-Wash.)

--STATUS: - Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action

DOOR-TO-DOOR SALES ACT

SENATE: S. 1599--Door-to-Door Sales Act introduced 4/20/67 by Senator Magnuson (D-Wash)

Assists in the protection of the consumer by enabling him, under certain conditions, to rescind the retail sale of goods or services when the sale is entered into at a place other than the address of the seller.

--STATUS: - Referred: Senate Committee on Commerce
- Chairman Senator Warren G. Magnuson (D-Wash.)
- No further action

HOUSE: H.R. 10904--Door-to-Door Sales Act introduced 6/15/67 by Congressman Foley (D-5-Wash.)

Bill identical with S. 1599.

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W. Va.)
-No further action

FULL DISCLOSURE ON GUARANTEES

SENATE: S. 2726--A bill to assist in the protection of the consumer by requiring full disclosure of the terms and conditions of guarantees; and by creating an Advisory Council on Guarantees, Warranties, and Servicing to conduct further study of the problems arising in securing adequate performance under these guarantees and under customary service contracts, introduced 12/6/67 by Senators Magnuson (D-Wash.) and Hayden (D-Ariz.)

--STATUS: -Referred: Senate Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
-No further action.

HOUSE: H. R. -13679--To prohibit the introduction of merchandise into interstate commerce if a guarantee is made with respect to such merchandise unless the merchandise bears certain detailed information with respect to the guarantee, introduced 10/25/67 by Congressman Bingham (D-23-N. Y.)

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W. Va.)
-No further action

OTHER BILLS INTRODUCED: H. R. 1486

EFFECTIVE WARRANTIES ON APPLIANCES

SENATE: S. 2728--A bill to require manufacturers of new household appliances distributed in interstate commerce or affecting interstate commerce to provide, in compliance with standards prescribed by the Secretary of Commerce, warranties effective to protect consumers from deception and unfair trade practices; to provide means for the enforcement of such warranties; and for other purposes introduced 12/6/67 by Senators Hayden (D-Ariz.) and Magnuson (D-Wash.)

--STATUS: -Referred: Senate Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
-No further action

HOUSE: No bill introduced as of 2/13/68

ESTABLISH STANDARDS FOR MOTOR VEHICLE WARRANTIES

SENATE: S. 2727--To promote higher standards of quality control in the manufacture of motor vehicles; to provide for the establishment by the Secretary of Commerce standards for new motor vehicle warranties and for motor vehicle dealer franchise agreements; to prescribe effective remedies for breach of such warranties and agreements; and for other purposes, introduced 12/6/67 by Senator Magnuson (D-Wash.) and Hayden (D-Ariz.)

--STATUS: -Referred: Senate Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
-No further action.

HOUSE: H. R. 14746--Same title as S. 2727 introduced 1/22/68 by Congressman Minish (D-11-N.J.)

--STATUS: -Referred: Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action

FAIR CREDIT ADVERTISING ACT

SENATE: S. 2268--Fair Credit Advertising Act, introduced 8/10/67 by Senators Magnuson (D-Wash.), Bartlett (D-Alaska), Brewster (D-Md.), Clark (D-Pa.), Dodd (D-Conn.), Hart (D-Mich.), Inouye (D-Hawaii), Kennedy (D-Mass.), McGee (D-Wyo.), Mondale (D-Minn.), Proxmire (D-Wis.), Scott (R-Pa.), Tydings (D-Md.), Young (D-Ohio).

Assists in the protection of the consumer by requiring meaningful disclosure of the cost of credit in advertising designed to promote retail installment sales, installment loans, or open-end credit plans.

--STATUS: -Referred to Senate Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
-No further action

TRUTH IN TRADING STAMPS ACT

HOUSE: H.R. 2914--Truth in Trading Stamps Act introduced 1/18/67 by Congressman Wolff (D-3-N.Y.)

Establishes a Commission on Trading Stamp Practices to provide for the regulation of trading stamp companies and for other purposes.

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action

OTHER BILLS INTRODUCED: H.R. 2915, H.R. 4133, H.R. 4999, H.R. 5462, H.R. 5602, H.R. 9486, H.R. 9613

SENATE: No bill introduced as of 2/13/68

MEDICAL RESTRAINT OF TRADE ACT

SENATE: S.260--Medical Restraint of Trade Act introduced 1/12/67 by Senator Hart (D-Mich.)

Strengthens the antitrust laws by prohibiting the sale of licensed practitioners of drugs, or devices, prescribed by such practitioners and knowing receipt of rebates, refunds, discounts, or commissions in connection with the supplying to patients of such products, with certain exceptions, and for other purposes.

--STATUS: -Referred: Senate Committee on Judiciary
-Chairman James O. Eastland (D-Mich.)
-Referred: Subcommittee on Antitrust and Monopoly
-Chairman Philip A. Hart (D-Mich.)
-Hearings held January, February, March, 1967
-No further action

HOUSE: No bill introduced as of 2/13/68

INTERGOVERNMENTAL UTILITY CONSUMERS' COUNSEL ACT

SENATE: S. 2933--Intergovernmental Utility Consumers' Counsel Act of 1968 introduced 2/6/68 by Senator Metcalf (D-Mont.)

Establishes an independent agency to be known as the U.S. Office of Utility Consumers' Counsel to represent the interests of the Federal Government and the consumers of the Nation before Federal and State regulatory agencies with respect to matters pertaining to certain electric gas, telephone, and telegraph utilities; to amend section 201 of the Federal Property and Administrative Services Act pertaining to proceedings before Federal and State regulatory agencies; to provide grants and other Federal assistance to State and local governments for the establishment and operation of utility consumers' counsels; to provide Federal grants to universities and other non-profit organizations for the study and collection of information relating to utility consumer matters; to improve methods for obtaining and disseminating information with respect to the operations of utility companies of interest to the Federal Government and other consumers; and for other purposes.

--STATUS: -Referred: Senate Committee on Government Operations
-Chairman John L. McClellan (D-Ark.)
-No further action

HOUSE: No bill introduced as of 2/13/68

STRENGTHEN THE FEDERAL CIGARETTE LABELING AND ADVERTISING ACT

SENATE: S. 1803--To strengthen the Federal Cigarette Labeling and Advertising Act introduced 5/17/67 by Senators Magnuson (D-Wash.), Kennedy (D-N.Y.) and Moss (D-Utah)

--STATUS: -Referred: Senate Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
-No further action

OTHER BILLS INTRODUCED: S. 2394

HOUSE: H.R. 10903--To strengthen the Federal Cigarette Labeling and Advertising Act introduced 6/15/67 by Congressman Foley (D-5-Wash.)

Bill identical to S.1803

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action

OTHER BILLS INTRODUCED: H.R.11175, H.R.11717, H.R.12054, H.R.12543, H.R.13220

TO ESTABLISH REGULATIONS PROHIBITING CERTAIN BROADCASTING OF CIGARETTE ADVERTISING

SENATE: S.2395--To direct the Federal Communications Commission to establish regulations prohibiting certain broadcasting of advertising of cigarettes, introduced 9/11/67 by Senators Kennedy (D-N.Y.) and Randolph (D-W.Va.)

--STATUS: -Referred: Senate Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
-No further action

HOUSE: H.R.12994--To direct the Federal Communications Commission to establish regulations prohibiting certain broadcasting of advertising of cigarettes introduced 9/19/67 by Congressmen Moss (D-3-Calif.), Jarman (D-5-Okla.), Helstoski (D-9-N.Y.)

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action

OTHER BILLS INTRODUCED: H.R.13132, H.R.13219

TO TAX CIGARETTES ON THE BASIS OF THEIR TAR AND NICOTINE CONTENT

SENATE: S.2396--To amend the Internal Revenue Code of 1954 to tax cigarettes on the basis of their tar and nicotine content introduced 9/11/67 by Senators Kennedy, (D-N.Y.) and Randolph (D-W.Va.)

--STATUS: -Referred: Senate Committee on Finance
-Chairman Russell B. Long (D-La.)
-No further action.

HOUSE: H.R.12995--To amend the Internal Revenue Code of 1954 to tax cigarettes on the basis of their tar and nicotine content introduced 9/19/67 by Congressmen Moss (D-3-Calif.), Jarman (D-5-Okla.), Helstoski (D-9-N.Y.)

--STATUS: -Referred: House Committee on Ways and Means
-Chairman Wilbur Mills (D-2-Ark.)
-No further action

OTHER BILLS INTRODUCED: H.R.13133

DEPARTMENT OF CONSUMER AFFAIRS

HOUSE: H.R.7114--Consumers Act of 1967 introduced 3/13/67 by Congressman Rosenthal (D-8-N.Y.)

Establishes a Department of Consumer Affairs in order to secure within the Federal Government effective representation of interests of consumers; to coordinate the administration of consumer services by transferring to such Department certain functions of the Departments of Commerce; Labor; and Health, Education, and Welfare; and other agencies; and for other purposes.

--STATUS: -Referred: House Committee on Government Operations
-Chairman William L. Dawson (D-1-Ill.)
-No further action.

OTHER BILLS INTRODUCED: H.R.6921

SENATE: No bill introduced as of 2/13/68.

NATIONAL CONSUMER SERVICE FOUNDATION ACT

SENATE: S.2186--National Consumer Service Foundation Act introduced 7/27/67 by Senators Hart (D-Mich.) and Brewster (D-Md.)

Establishes a National Consumer Service Foundation as an independent agency in the executive branch of the Federal Government.

--STATUS: -Referred: Senate Committee on Government Operations
-Chairman John L. McClellan (D-Ark.)
-On October 4, 1967, Senator McClellan asked unanimous consent that the Committee on Government Operations be discharged from further consideration of the bill and that the bill be referred to the Senate Commerce Committee
-Chairman Warren G. Magnuson (D-Wash.)
-No further action.

HOUSE: H.R. 2374--National Info-Tag Act introduced 1/16/67 by Congressman Rosenthal (D-8-N.Y.)

Establishes a National Consumer Information Foundation as an independent agency in the executive branch of the Federal Government.

--STATUS: -Referred to House Interstate and Foreign Commerce Committee
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action.

RESTRICT MAILING OF UNSOLICITED CREDIT CARDS

HOUSE: H.R.12646--To prohibit federally insured banks from making unsolicited commitments to extend credit, and for other purposes introduced 8/28/67 by Congressman Patman (D-1-Texas)

--STATUS: -Referred: House Committee on Banking and Currency
-Chairman Wright Patman (D-1-Texas)
-Hearings held 11/8 and 11/9/67
-No further action

OTHER BILLS INTRODUCED: H.R.13796
Bills referred to House Committee on Judiciary:
H.R.13829, H.R.14007, H.R.14042, H.R.14045, H.R.14208, H.R.14333

SENATE: S.2793--To Restrict the Mailing of Unsolicited Credit Cards introduced 12/15/67 by Senator Mondale (D-Minn.)

Amends chapter 83 of title 18, United States Code, by adding the following new section immediately following section 1734: "Unsolicited credit cards and similar documents and devices nonmailable...."

--STATUS: -Referred: Senate Committee on Post Office and Civil Service
-Chairman A.S. Mike Monroney (D-Okla.)
-No further action

PROHIBIT TRANSPORTATION OR USE IN INTERSTATE OR FOREIGN COMMERCE WITH UNLAWFUL OR FRAUDULENT INTENT OF COUNTERFEIT, ALTERED, LOST, STOLEN, REVOKED OR CANCELLED CREDIT CARDS

HOUSE: H.R. 307--To amend title 18 of the U.S. Code to prohibit the transportation or use in interstate or foreign commerce, with unlawful or fraudulent intent, of counterfeit, fictitious, altered, lost, stolen, wrongfully appropriated, unauthorized, revoked or cancelled credit cards introduced 1/10/67 by Congresswoman Bolton (R-22-Ohio)

--STATUS: -Referred: House Committee on Judiciary
-Chairman Emanual Celler (D-10-N.Y.)
-No further action

OTHER BILLS INTRODUCED: H.R.888, H.R.10374, H.R.11985, H.R.13658, H.R.13745

SENATE: No bill introduced as of 2/13/68

FEDERAL MOTOR VEHICLE INSURANCE GUARANTY CORPORATION

SENATE: S.688--Federal Motor Vehicle Insurance Guaranty Corporation introduced 1/26/67 by Senators Dodd (D-Conn.) Magnuson (D-Wash.), Bartlett (D-Alaska), Brewster (D-Md.), Case (R-N.J.), Clark (D-Pa.), Hart (D-Mich.), Hartke (D-Ind.), Montoya (D-N.Mex.), Moss (D-Utah), Nelson (D-Wisc.), Proxmire (D-Wisc.), Yarborough (D-Texas), and Williams (D-N.J.)

Establishes a Federal Motor Vehicle Insurance Guaranty Corporation, and for other purposes.

--STATUS: -Referred: Senate Commerce Committee
-Chairman Warren G. Magnuson (D-Wash.)
-No further action

HOUSE: H.R.4004--Federal Motor Vehicle Insurance Guaranty Corporation introduced 1/26/67 by Congressman Moss (D-3-Calif.)

Establishes a Federal Motor Vehicle Insurance Guaranty Corporation, and for other purposes.

--STATUS: -Referred: House Interstate and Foreign Commerce Committee
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action.

OTHER BILLS INTRODUCED: H.R. 4005, H.R.4006, H.R.4007, H.R. 4008, H.R.6113, H.R.6478, H.R. 6682, H.R.6688, H.R.7140, H.R. 7141, H.R. 7142, H.R.7143, H.R. 7144, H.R. 7145, H.R.7146, H.R. 7147, H.R. 7411, H.R.7854, H.R.10194, H.R.7238, H.R. 7838

INVESTIGATION OF COST OF MEDICAL CARE

HOUSE: H.J. Res--939--To Establish A Joint Committee on the Cost of Medical Care introduced 11/28/67 by Congressman Pepper (D-11-Fla.)

Establishes a Joint Committee on the Cost of Medical Care (six Members of Senate to be appointed by the President, and six Members of the House to be appointed by the Speaker) to make a study of costs of medical care, identifying reasons for unusual increases and suggesting methods and procedures for preventing similar increases in the future; first report of committee to be made not later than 120 days after effective date of concurrent resolution. Final report to be submitted 1/1/69. Report to be referred to Committee on Rules and Administration in Senate and appropriate committees in the House.

--STATUS: -Referred: House Committee on Rules
-Chairman William M. Colmer (D-5-Miss.)
-No further action.

SENATE: No bill introduced as of 2/13/68

TO REQUIRE TAMPERPROOF ODOMETERS

SENATE: S.1621--To provide that motor vehicles sold or shipped in interstate commerce shall be equipped with tamperproof odometers in order to protect the American consumer from being deceived by unscrupulous motor vehicle salesmen introduced 4/26/67 by Senator Proxmire (D-Wis.)

--STATUS: -Referred: Senate Committee on Commerce
-Chairman Warren G. Magnuson (D-Wash.)
-No further action

HOUSE: H.R. 975--To Prohibit Certain Tampering with Speedometers on Motor Vehicles Used in Commerce, and for Other Purposes introduced 1/10/67 by Congressman Multer (D-13-N.Y.)

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action

OTHER BILLS INTRODUCED: H.R.7549

COMMISSION TO STUDY BANKRUPTCY LAWS

SENATE: S.J. Res. 100--To create a Commission to Study the Bankruptcy Laws of the U.S. introduced 8/2/67 by Senator Burdick (D-N.D.)

Creates a Commission (2 members of Senate; 2 members of House; 3 referees in bankruptcy; 3 businessmen knowledgeable in field of bankruptcy) to study, analyze, evaluate, and recommend changes to the Act entitled "An Act to establish a uniform system of bankruptcy throughout the United States (30 Stat. 544), as amended in order for such Act to reflect and adequately meet the demands of present technical, financial, and commercial activities.

--STATUS: -Referred: Senate Committee on the Judiciary
-Chairman James O. Eastland (D-Miss.)
-No further action.

HOUSE: No bill introduced as of 2/13/68

ESTABLISH NATIONAL MEDICAL DEVICES STANDARDS COMMISSION

SENATE: S.1598--National Medical Devices Standards Commission Act introduced 5/20/67 by Senator Smathers (D-Fla.)

Creates a national commission to study quality controls and manufacturing procedures of medical devices, surgical instruments, artificial organs and limbs, therapeutic instruments and devices, and other medical and hospital equipment; determine the need for and the extent of Federal regulation of such medical devices; recommend to the President and to the Congress methods for determining constructive minimum performance standards, and feasible methods for Federal regulation.

--STATUS: -Referred Senate Committee on Labor and Public Welfare
-Chairman Lister Hill (D-Ala.)
-No further action

HOUSE: H.R.6165--National Medical Devices Standards Commission Act introduced 2/27/67 by Congressman Reinecke (R-27-Calif.)

Bill same as S.1598.

--STATUS: -Referred: House Committee on Interstate and Foreign Commerce
-Chairman Harley O. Staggers (D-2-W.Va.)
-No further action

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For further information on consumer legislation, call Office of Legislative Affairs, President's Committee on Consumer Interests, 202-395-3455.

Leslie V. Dix
Director for Legislative
Affairs

CONSUMER REPRESENTATION IN STATE AND CITY GOVERNMENTS

Mr. FLOOD. You did touch upon this in your direct statement, but I want you to emphasize it a bit more because some people think more should be done. Are State governments taking an active part in this field? To what extent are State governments taking an active part? How long have they been active? How are they going at it? Are they setting up bureaus or agencies or departments? Are they giving it a once over lightly? Do you think they mean it?

Miss FURNESS. Some are serious and some are not. Several have just been formed this year, as I said. I have a rundown of the condition of the various States which I would be happy to put into the record.

Mr. FLOOD. List the 50 with a short paragraph with reference to my question. Just a couple of sentences.

Miss FURNESS. Some of them are marvelous. Some are falling down.

Mr. FLOOD. If they are good, give them a couple of paragraphs.

Mr. DIX. May I suggest we break it down into two categories; those of voluntary consumer nature—consumer organizations—and those that are statutory, or have an official status in the States?

Mr. FLOOD. You may do that. At this point I was more concerned about the official State operations, however, your suggestion is good.

(Information follows:)

CONSUMER REPRESENTATION IN STATE AND CITY GOVERNMENTS

Location and Types of Representations

Currently eight States, and one city have some form of consumer representation at the executive level. They are:

States: California, Connecticut, Florida,* Massachusetts, Michigan,* New Hampshire, New Jersey,* Rhode Island.

City: New York, N.Y.*

State-Level Representation

To date consumer representation at the State level has taken one of four forms—

A Consumer Advisory Council (Florida, Massachusetts, Michigan, New Hampshire, Rhode Island);

A Consumer Counsel (California);

A Department of Consumer Protection (Connecticut);

An Office of Consumer Protection in the State Department of Law and Public Safety (New Jersey).

CALIFORNIA

California's Office of Consumer Counsel was established by legislative action in 1959. The functions of the Consumer Counsel are—

To advise the Governor on matters affecting the interests of the people as consumers;

To recommend to the Governor and the legislature legislation to protect and promote the interests of the people as consumers;

To study consumer problems and report on them to the people; and

To appear before governmental commissions, departments, and agencies to represent and be heard on behalf of consumers' interests.

Information may be obtained from: Mrs. Kay Valory, Consumer Counsel, State Capitol, Sacramento, Calif. 95814.

*Established during 1967.

CONNECTICUT

Connecticut has a department of consumer protection in the executive branch, which is responsible for administering a wide variety of consumer protection legislation, including that pertaining to food and drugs and weights and measures. The department was established in 1959. Information may be obtained from: James J. Casey, Commissioner, Department of Consumer Protection, State Office Building, Hartford, Conn. 06115.

FLORIDA

The Florida Consumers Council was created by statute in 1967. It is empowered to study and make recommendations on consumer protection laws; report violations; develop educational programs; hold conferences; and recommend programs to encourage business to maintain high standards. The commissioner of agriculture is chairman of the 20-member council. An office of consumer services was also established in the department of agriculture. Information may be obtained from: Robert Bishop, Director of Consumer Services, Department of Agriculture, The Capitol, Tallahassee, Fla. 32304.

MASSACHUSETTS

The Massachusetts Consumers' Council was created by statute in 1963. The council is empowered by legislation to conduct studies, investigations and research and advise the executive and legislative branches in matters affecting consumer interests. It is to coordinate other consumer services as available to further consumer education. Information may be obtained from: Dermot P. Shea, executive secretary, Consumers' Council, State Office Building, Government Center, 100 Cambridge Street, Boston, Mass. 02202.

MICHIGAN

The 1966 Michigan Legislature enacted legislation establishing a Michigan Consumer's Council, effective April 1, 1967. The council is composed of three separate committees—a legislative citizens committee appointed by the legislative council, an executive committee (of three public officials), and the Governor's Citizens Committee. The council is directed to provide programs to protect consumers from harmful products and merchandise, false advertising and deceptive practices, to eliminate fraudulent practices, to serve as a clearinghouse on fraudulent commercial practices, and to recommend needed legislation. Information may be obtained from: Mr. Gene Reyhons, Director of the Legislature Service Bureau, State of Michigan, P.O. Box 240, Lansing, Mich. 48902.

NEW HAMPSHIRE

A consumer council, consisting of 10 housewives, was appointed by the Governor in October 1966. Information may be obtained from: Mrs. F. Richard Maher, Chairman, New Hampshire Consumer Council, 8 Pepperidge Drive, Manchester, N. H. 03103.

NEW JERSEY

The office of consumer protection in the deparmtent of law and public safety was established March 30, 1967. The following functions are performed—

Receives consumer complaints and forwards them to appropriate State agencies.

Advise the Governor and the attorney general as to all matters affecting the interests of the public as consumers.

Review State policies and programs of primary importance to consumers or the unmet consumer needs which can appropriately be met through State action.

Consider the aspects of State policies, programs and operations wherein the view of consumers should be made available to State officials and the manner in which such views can be communicated to appropriate departments and agencies.

Recommend the enactment of such legislation as it deems necessary to protect and promote the interests of the public as consumers.

Appear before governmental departments, agencies and commissions to represent and be heard on behalf of consumer interests.

Cooperate with and establish necessary liaison with consumer organizations.

Assist in the coordination of Federal, State and municipal activities relating to consumer affairs.

Do such other acts as may be incidental to the exercise of the powers and functions conferred by this act.

Information may be obtained from: Paul Krebs, Director, Office of Consumer Protection, Department of Law and Public and Public Safety, 1100 Raymond Boulevard, Newark, N. J. 08904.

RHODE ISLAND

A consumers' council was established in Rhode Island during the 1966 legislative session. The purpose of the council is to provide representation for the consumer and to develop and disseminate consumer information. Information may be obtained from: Edwin Palumbo, Executive Director, Rhode Island Consumers' Council, 365 Broadway, Providence, R. I. 02909.

City-level representation

NEW YORK, N.Y.

A consumer council was established April 22, 1967. It consists of 10 members, either city officials or representatives from city agencies, and it is empowered to hold public hearings on consumer problems and to develop legislation to protect individual buyers. Information may be obtained from: Office of the Mayor, City Hall, New York, N.Y. 10007.

CONSUMER FRAUD BUREAUS OR PROTECTION AGENCIES IN STATE AND COUNTY GOVERNMENTS

Twenty-six States and one county have some form of consumer fraud or protection agency functioning for the most part in the offices of the attorneys general. While the exact makeup of such bodies and the functions assigned to them vary from State to State, generally they are empowered to protect the consumer through (as stated by the New York Bureau of Consumer Frauds and Protection) mediation, education, legislation, and litigation.

STATES WITH CONSUMER PROTECTION AGENCIES

Alaska	Kansas*	New Mexico*
Arizona*	Kentucky*	New York
California	Maine	North Dakota
Connecticut	Maryland*	Ohio
Delaware	Massachusetts*	Pennsylvania
Florida*	Michigan	Texas*
Hawaii	Minnesota	Vermont*
Illiois	Missouri	Washington
Iowa	New Jersey*	

Counties with consumer protection agencies:

Nassau County, N.Y.*

VOLUNTARY CONSUMER ORGANIZATIONS AT NATIONAL, STATE, AND LOCAL LEVEL

As of December 31, 1967, there were a total of 40 voluntary consumer organizations existing at the national, State, or local level. These are voluntary groups drawing membership, for the most part, from individuals. They seek to promote consumer interests at their respective level through programs of education and the promotion of needed legislative action. The distribution of these organizations is as follows:

National: 3.
State: 25 in 24 States.
County: 1.
City: 11.

*Established since January 1, 1967.

National-level consumer organizations (3) :
Consumer Federation of America, Inc. :* Washington, D.C.
Council on Consumer Information : Columbia, Mo.
National Consumers League : Washington, D.C.
State-level consumer organizations (25 in 24 States) :
Alaska :* Alaska Consumers Council.
Arizona : Arizonal Consumers Council.
California : Association of California Consumers.
Colorado : Colorado Consumers Association, Inc.
Connecticut : Connecticut Consumers Association, Inc.
Georgia : Georgia Consumer Council.
Illinois :* Illinois Federation of Consumers.
Indiana :* Indiana Consumers Association.
Kentucky :* Consumer Association of Kentucky, Inc.
Maryland : Maryland Consumers Association, Inc.
Massachusetts : Massachusetts Consumer Association
Minnesota : Minnesota Consumers League
Missouri : Missouri Association of Consumers.
New Jersey : Consumers League of New Jersey.
New Mexico : Albuquerque Consumers Association.
Ohio : Consumers League of Ohio.
Ohio : Ohio Consumers Association.
Oregon : Oregon Consumer League.
Pennsylvania : Pennsylvania League for Consumer Protection.
Rhode Island :* Rhode Island Consumers' League.
Texas : Texas Consumers Association.
Utah :* League of Utah Consumers.
Vermont :* Vermont Consumers' Association.
Virginia :* Virginia Citizens Consumer Council.
Wisconsin : Wisconsin Consumers League.
Count-level consumer organizations (1) :
Dade County, Fla. : Dade County Consumers Council.
City-level consumer organizations (11) :
Cincinnati : Consumer Conference of Greater Cincinnati.
Detroit :* Consumer Research Advisory Council.
District of Columbia :* Consumer Association of the District of Columbia ;
District of Columbia Citywide Consumer Council.
Kansas City :* Kansas City Consumer Association.
Newport News :* Peninsula Consumer League, Inc.
New York City : Metropolitan New York Consumer Council.
Palo Alto : Automobile Consumers Protective Association, Inc. ; Peninsula Consumers Association.
Sacramento : Citizens for Consumer Action.
St. Louis : St. Louis Consumer Federation.

Miss FURNESS. There is one city and one county with consumer representation——

Mr. FLOOD. How is Pennsylvania?

Miss FURNESS. Pennsylvania has a Bureau of Consumer Protection in the justice department and has an excellent voluntary consumer group. One of the better ones.

Mr. FLOOD. I think you can develop that by listing the States and your editorial comments will probably cover the question.

TEXTILE ADVISORY COMMITTEE

Your justifications mention the Textile Advisory Committee. Tell us a little more about that. What, in general, is the industry doing in this field? Up in my country we no longer rely only on the coal industry. We have diversified and gone into textiles, shoes, and so forth.

*Formed since January 1, 1967.

Miss FURNESS. Mrs. Peterson was helpful in appointing that committee. The Textile Advisory Committee, under her direction, pulled together a glossary of terms for permanent care labeling of fabrics. This is a real problem. If you buy clothes, a lot of them have a tag on them telling you how to care for them, but when you come to cleaning them and washing them, how do you know which tag went with which, even though you are conscientious enough to hold onto the tag? With a lot of our new miracle fabrics, they can also miraculously disappear under improper heat or washing and cleaning conditions. So she suggested they voluntarily agree on terms that firms universally would put on labels that would stay permanently on garments.

Mr. FLOOD. This applies to the shirts you don't have to iron?

Miss FURNESS. I don't know if you are familiar with any experience such as I have had. I found a lot of things weren't cotton by the simple expedient of putting a hot iron on them. If there was a hole the shape of the iron, it wasn't cotton.

So they came up with these terms. Now they have volunteered to go to the apparel industries and see if they can talk the apparel industries into voluntarily using these things.

Mr. FLOOD. What is industry doing?

Miss FURNESS. The apparel industry, some of the bigger manufacturers think it is a marvelous idea. The textile industry seems to be behind it. The yard goods people seem to be behind it and the creators of the fibers are behind it. It is going to take quite a lot of persuasion to get every shirt and jacket and pants and skirt manufacturer in the industry to put these labels in.

Mr. FLOOD. I am sure of that. That is why I referred to the textile industry itself.

Miss FURNESS. The textile industry itself has been very eager to do this. They were helpful in pulling these things together and they are urging the apparel manufacturers to use them.

Mr. FLOOD. The next question follows like night follows day. What are the labor organizations doing?

Miss FURNESS. Regarding what?

Mr. FLOOD. Your whole program.

Miss FURNESS. Regarding my whole program?

Mr. FLOOD. Yes.

Miss FURNESS. The labor organizations are very helpful. They have people throughout their various unions who work on consumer legislation information and education. They are in very close touch with our office. We have urged them to be even more active, to put people in at the local level to really deal with the consumers on a protection level rather than just an information level.

It is hard to differentiate between information and protection. Information is telling a lady not to let the door-to-door salesman repair her roof if she doesn't know who he is, and if the roof really needs repair.

Mr. FLOOD. First of all, don't let them in the house.

Miss FURNESS. That is information. Now, protection is going to be after she has made that mistake. Or, you know, trying really to educate people against these things.

Mr. FLOOD. That is a good distinction. That is a hard one to make.

Miss FURNESS. It is, and unfortunately even after some people know they shouldn't do these things, they fall into them, but we feel that so many people aren't aware of the traps.

NATIONAL CONSUMER ORGANIZATIONS

Mr. FLOOD. On page 13 you have three national consumer organizations set forth. What do they do? What do you do to help them, if you do?

Miss FURNESS. The Consumers' Federation of America is a brand new organization that was actually only formed last fall. That is the organization that hopes to make one voice for the consumer. That would be an organization comprised of voluntary groups to get together for an exchange of information, to lobby where they feel that they want to, and simply advance the consumer interests.

Now, what I do with them, there is input of material from my office, not just addressed to the Consumers Federation of America, but addressed to each of the members in every existing consumer organization. The Council on Consumer Information in Columbia, Mo., is what?

Mr. DIX. That is a scholastic or academic-oriented organization largely, Mr. Chairman, composed of economists and professors in the field of consumer economics.

They have been in existence 14 years. They are meeting in your state this spring and in fact we will be on their program at the University of Pennsylvania.

They publish a very outstanding learned journal in the field of consumer affairs.

Mr. FLOOD. How about this third outfit?

Mr. DIX. The third is an old organization representing the consumer. It is a professional consumer protection group.

Mr. FLOOD. What more would be accomplished if they were combined all together into one organization?

Miss FURNESS. That is what they are trying to do on the consumer federation level. Get everybody under one umbrella, but then it would be a federation. Obviously every group has to do its own work on a local basis or a specialized basis, such as the Council of Consumer Information in Missouri.

Mr. DIX. The Consumer Federation, Mr. Chairman, as the name implies, also contains organizations that have a primary goal in another direction, but have a substantial orientation to consumer concerns. Organized labor, for example, is a very important member of that organization.

If they affiliate, another would be the General Federation of Womens' Clubs in another spectrum. All of these groups concerned with consumer matters are coming into this federation to make this a broad-gaged organization that represents many different interests, or areas of interest.

Mr. FLOOD. Miss Furness, did you ever try to get the PTA into this business?

Miss FURNESS. Yes, the PTA is one of the organizations we deal with regularly.

Mr. FLOOD. Mr. Laird.

CONFUSION IN BUDGET SUBMISSION

Mr. LAIRD. Miss Furness, I am concerned about the budget as transmitted to us. The appropriation language of the budget transmission provides for $517,000, not for $700,000, which you testified to.

The budget brackets $337,000, your appropriation last year, and italicizes $517,000, indicating it as the new budget request. This is the line item to which your testimony is directed. I was concerned about the reference in your statement to $700,000.

Miss FURNESS. I don't blame you, Mr. Laird. That turns out to be literally a typographical error. It was simply a mistake in the preparation of that paper.

Mr. LAIRD. In the budget; it was a mistake in the preparation of the budget?

Miss FURNESS. Yes, it was a mistake.

Mr. LAIRD. You know it is hard for me to accept that as a typographical error. A plausible mistake would be between $500,000 and $700,000, but when it says $517,000 instead of $700,000 that would mean three typographical errors. There are three digits wrong.

Miss FURNESS. Can you explain that?

Mr. KAYE. In the final proofs the Bureau of the Budget called us and said, "We have just caught it, but it is too late; it has gone over. I understood they notified the Department of Labor in which our budget is carried. There are other items also on the page after the $700,000 figure that give further detail——

Mr. LAIRD. Yes, we have a question mark indicating an inconsistency for 1969. I was somewhat concerned when I saw the bill figure was $517,000 and your testimony was directed to $700,000.

Miss FURNESS. I don't blame you.

INFLATION

Mr. LAIRD. I was surprised at the list of priorities that you had for consumer affairs. There was no recognition of the No. 1 concern of consumers in America. As reflected in every major national opinion poll that has been taken in the last 6 months, the No. 1 concern of consumers is inflation, the cost of goods and the tremendous increase in prices. We have had an 11 percent increase in the cost of living in the past 36 months, and the Bureau of Labor Statistics predicts in the next 14 months a five and a quarter percent increase in the cost of living. Every polling organization in the country shows this as the consumers No. 1 concern.

It disappoints me that the No. 1 concern of consumers in America as reflected in every opinion poll taken in this country is not recognized in this statement you present to us today.

Miss FURNESS. Mr. Laird, I think you may be quite right in saying it should have been recognized. The fact of inflation and the increase of prices is not the business of my office. It is, of course, the concern of my office.

I believe that the administration is trying very hard to try to curb inflation, but my office is not run by economists. I frankly don't know what in my office could be done to reduce or hold down prices. I feel that my responsibility, as far as the consumer is concerned, is to help them to deal as intelligently as possible with the money that they have.

Mr. LAIRD. Don't you think this consumer concern is a recognition of the fact that our current inflation is not the fault of labor, nor the fault of business. But it is our Government's faulty fiscal policies that is causing this inflation?

Miss FURNESS. I can't recognize that just as such, Mr. Laird, but I prefer not to get into a discussion of economics because I am not an economist. I know my limitations.

Mr. LAIRD. The No. 1 problem facing the consumer in America today is the cost-price squeeze we are caught in; whether it is the farmer in the field, the housewife in the kitchen, or the worker in the factory. This is their No. 1 consumer concern. It is the fault of the Government. It is the policies of Government that are responsible for this. It is the fact that we have built up these tremendous deficits.

I happen to favor the tax increase. I think consumers have got to be in a position where they understand what this business of paying for Government is all about.

Now the Government can sell seatbelts, it can protect their meat and their poultry, and I think that is all fine. But if our dollar goes to pieces, all of this protection to the consumer won't mean very much. That is why I was glad to see, when consumers of this country were asked to name their No. 1 problem, they identified in every major poll the cost and inflation problems and this tax that is being levied upon them by our fiscal policies.

I would hope some of these consumer groups, in the federation you are helping to organize, would take that into consideration.

REDUCTIONS UNDER PUBLIC LAW 90–218

Miss Furness, what is the situation with regard to the effect of Public Law 90–218, which was House Joint Resolution 888, on your budget? Were you required to freeze 10 percent?

Miss FURNESS. No.

Mr. LAIRD. You were exempted by the President?

Mr. KAYE. Our budget is also within Labor, so our small staff was not affected by the 10-percent cut. It would amount to approximately two people.

Mr. LAIRD. So you did not have to absorb any of the 10-percent reduction?

Miss FURNESS. No.

Mr. LAIRD. This was absorbed in other sections of the Labor Department budget?

Miss FURNESS. Yes.

Mr. LAIRD. That is all I have, Mr. Chairman.

Mr. FLOOD. Mr. Natcher.

Mr. NATCHER. Miss Furness, I want to thank you for the excellent statement you made to our committee. I think you are doing a good job. I like the way you answer these questions. You have a right im-

portant assignment, and I believe that the membersof this committee would agree with that. I am delighted with the way that you presented your subject to the committee.

Miss FURNESS. Thank you, sir, very much.

Mr. NATCHER. Thank you, Mr. Chairman.

Mr. FLOOD. Mr. Shriver.

CONSUMERS UNION

Mr. SHRIVER. Your justifications on page 12; there you list 40 different consumer organizations. You omit the Consumers Union. Are you familiar with that organization?

Miss FURNESS. Yes, but I don't believe they qualify exactly as do these other groups. They are a testing and printing group rather than the groups of people who organize and say, "What can we get behind and what can we do." With regard to their printing, I believe they push certain bills, but that is the reason they are not listed on there.

Mr. KAYE. These would be characterized perhaps as citizens' groups here that have been organized in various states, counties and cities, on consumer affairs, rather than being a testing organization such as the Consumers Union.

CONSUMER EDUCATION

Mr. SHRIVER. You are requesting five professional and two clerical positions for consumer education. Why shouldn't the preparation of curricula in the consumer education field, if it is deemed necessary, be prepared by the Office of Education instead of by your committee?

Miss FURNESS. Well, I would hope very much that they would work on that with us, but it isn't simply a matter of preparing the materials. It is not easy to persuade school systems that they should put in consumer education. We have had a man acting as consultant to the office for a couple of years doing this on a part-time basis. He has met with great success in some places, curiosity in others, and failure in others.

We are so eager to get consumer education into the educational system that we are willing to try to help them work out any kind of package that they want. Very few schools want to put in a whole class called "Consumer Education," although actually Illinois just passed a law making consumer education compulsory, but that is the first state that has done that.

We have found that probably the most effective way to do it quickly is to get consumer education into the existing curricula. So, depending on what kind of consumer education the school would like to deal with, we have to tailor different packages, or help them. Obviously they are going to develop their own, but we want to be able to tailor different ideas because in many cases people will say, "Yes, we would like to do that, but how?"

They are more likely to do it if they are given a road map, I think.

Mr. SHRIVER. Why shouldn't this be within the Department of Health, Education, and Welfare, where the Federal Government is spending billions of dollars?

Miss FURNESS. We are working very closely with them. In point of fact, a liaison from HEW has been appointed to our office for this

specific purpose. We feel that perhaps because we are most acutely aware of the problems of consumer education that we would like to help spearhead this drive. They are concerned about many other things over there. We are concerned solely with consumer problems.

LIAISON WITH OTHER GOVERNMENT AGENCIES

Mr. SHRIVER. How many liaison people have been appointed from various departments of the Federal government to work with you?

Miss FURNESS. The liaison officers from the various departments and agencies that we turn to automatically come to about 30 or 35 and we have a list of them here.

Mr. SHRIVER. Would you put this in the record?

Miss FURNESS. Yes.

(Information follows:)

LIAISON OFFICERS FOR CONSUMER AFFAIRS, OCTOBER 26, 1967

Council of Economic Advisers: Mr. Saul Nelson, Senior Staff Economist, Council of Economic Advisers, Executive Office Bldg., Rm 323, Washington, D.C. 20506. Government Code Phone 103. X 5040. Outside No. 395–5040.

Department of Agriculture: Mr. Rod Leonard, Deputy Assistant Secretary, Department of Agriculture, Room 224E, Administration Bldg., Washington, D.C. 20250. Government Code Phone 111, X 7213. Outside No. 388–7213.

Department of Commerce: Mr. Walter A. Hamilton, Deputy Assistant Secretary for Domestic Business Policies, Department of Commerce, Room 5867, Washington, D.C. 20230. Government Code Phone 189, X 3624. Outside No. 967–3624.

Department of Defense: Mr. Samuel Silver, Director of Industrial Relations, Department of Defense, Room 3B916, Pentagon, Washington, D.C. 22314. Government Code Phone 11, X 74854. Outside No. OX 74854.

Department of Health, Education, and Welfare: Miss Dianne McKaig, Special Assistant to the Secretary for Consumer Interests, Department of Health, Education, and Welfare, Room 5521, North Building, Washington, D.C. 20201. Government Code Phone 13, X 20979. Outside No. 962–0979.

Department of Interior: Mr. James C. Rettie, Assistant Director, Program Support Staff, Office of the Secretary, Department of Interior, Room 7353, Washington, D.C. 20240. Government Code Phone 183, X 5720. Outside No. 343–5720.

Department of Justice: Mr. Joseph J. Saunders, Chief, Public Counsel and Legislative Section, Antitrust Division, Department of Justice, Room 3117, Star Bldg., Washington, D.C. 20530. Government Code Phone 187, X 2515. Outside No. 737–2515.

Department of Labor: Mrs. Aryness J. Wickens, Consumer Program Adviser, Department of Labor, Room 3222, Washington, D.C. 20210. Government Code Phone 110, X 2066. Outside No. 961–2066.

Department of State: Mr. Keld Kristensen, Chief, Business Practices Div., Department of State, Room 3333, Washington, D.C. 20520. Government Code Phone 182, X 5913. Outside No. 383–5913.

Department of Treasury: Mr. William N. Griggs, Special Assistant to Assistant Secretary, Department of Treasury, Room 3025, Washington, D.C. 20220. Government Code Phone 184, X 5881. Outside Phone 964–5881.

Post Office Department: Mr. Henry Montague, Chief Postal Inspector, Post Office Department, Room 3426, Washington, D.C. 20260. Government Code Phone 177, X 7371. Outside No. 961–7371.

Civil Aeronautics Board: Mr. John W. Dregge, Director, Community and Congressional Relations, Civil Aeronautics Board, Room 1006 Universal Building, Washington, D.C. 20428. Government Code Phone 128, X 6863. Outside No. 382–6863.

Federal Aviation Administration: Dr. Marvin K. Strickler, Jr., Special Assistant for Aviation Education, Office of General Aviation Affairs, Federal Aviation Administration, Room 1021A, Washington, D.C. 20590. Government Code Phone 13, X 25333. Outside No. 962–5333.

Federal Communications Commission: Mr. Arthur Schatzow, Chief, Research & Education Division, Federal Communications Commission, Room 348, 1919 M Street NW., Washington, D.C. 20554. Government Code 169, X 464. Outside No. 632–6300.

Federal Power Commission: Mr. George Gleason, Technical Assistant to the Chairman, Federal Power Commission, Room 4005, Washington, D.C. 20426. Government Code 129, X 6084. Outside No. 386–6084.

Federal Trade Commission: Mr. Gale Gotschall, Assistant General Counsel for Federal-State Cooperation, Federal Trade Commission, Room 576, Washington, D.C. 20580. Government Code Phone 1262, X 124. Outside No. EX 3–6800.

Food and Drug Administration: Office of the Commissioner, Food and Drug Administration, 200 C Street SW., Washington, D.C. 20204. Government Code Phone 161, X 2031. Outside No. 521–5600, Ext. 2031.

General Service Administration: Mr. Charles Gasque, Director, Federal Procurement Regulations Staff, General Services Administration, Room 1130 General Services Building, 18th and F Streets NW., Washington, D.C. 20405. Government Code Phone 183 X 4161. Outside Phone 343–4161.

Department of Housing and Urban Development: Mr. Harry Knapp, Director, Consumer Relations Department of Housing and Urban Development, 1626 K Street NW., Washington, D.C. 20410. Government Code Phone 128, X 8023. Outside Phone 382–8023.

Interstate Commerce Commission: Mr. Edward Margolin, Director, Bureau of Economics, Interstate Commerce Commission, Room 5355, Washington, D.C. 20423. Government Code Phone 156, X 7271. Outside Phone 737–9765.

Office of Economic Opportunity: Mr. Richard Saul, Chief for Consumer Actions and Cooperatives, Office of Economic Opportunity, 1200 19th St., NW., room 621, Washington, D.C. 20506. Government Code Phone 128, X 22352. Outside Phone 382–2352.

Securities and Exchange Commission: Mr. Walter North, Associate General Counsel, Securities and Exchange Commission, room 701, Washington, D.C., 20549, Government Code Phone 13, X 33383. Outside phone WO 3–3384.

Trade Negotiations: Mr. Louis Krauthoff, chairman, Trade Information Committee, Office of Special Representative for Trade Negotiations, 1800 G Street, NW., room 729, Washington, D.C., 20506. Government Code 103, X 3387. Outside Phone 395–3387.

U.S. Information Agency: Mrs. Mildred Marcy, Women's Activities Adviser, U.S. Information Agency, room 908, 1776 Pennsylvania Avenue, NW., Washington, D.C., 20547. Government code 182, X4685. Outside phone DU 3–4685.

Veterans' Administration: Dr. Manes Specter, Veterans Administration Liaison Officer, PCCI, Veterans' Administration, room 1027, 810 Vermont Avenue, NW., Washington, D.C., 20420. Government code 148, X 3825. Outside phone DU 9–3825.

Small Business Administration: Mr. Norman Ableson, Special Assistant to the Administrator, Small Business Administration, 1441 L Street, NW., room 1008, Washington, D.C., 20416. Government code phone 128, X 6116. Outside phone 382–6116.

Government Printing Office: Mr. Rowland E. Darling, Deputy Superintendent of Documents, Government Printing Office, room B–601, Washington, D.C., 20402. Government code phone 149, X 2081. Outside phone 541–2081.

Alternate for Mr. Weaver: Mrs. Ruth Prokop, Special Assistant to Under Secretary Wood, Department of Housing and Urban Development, Washington, D.C. 20410.

Replacing: Mr. Richard Gerson (will become the Department's Staff Support Representative on the committee) (will provide backup for Mrs. Prokop and Mr. Weaver).

ESTIMATED PERSONNEL NEEDS DUE TO PROPOSED CONSUMER LEGISLATION

Mr. SHRIVER. Can you estimate at this time how many additional positions will be necessary for consumer education if the Congress passes the various consumer bills that you have mentioned, and as have been proposed by the President?

Miss FURNESS. Well, no more than we have indicated here. What was it, five?

Mr. SHRIVER. For all of these bills that have been recommended in your area? Just five more people?

Miss FURNESS. That is education within the schools. Now, the Public Affairs Office would then be responsible for getting out information to consumer groups about these bills, explaining them, asking for assistance in educating consumers about those bills. That would be the responsibility of the Public Affairs Office.

Mr. SHRIVER. You wouldn't be confronted with additional personnel for the same purpose?

Miss FURNESS. Oh, no.

Mr. SHRIVER. After the passage of the several bills that are in Congress?

PUBLIC AFFAIRS ACTIVITIES

Mr. SHRIVER. You are requesting four professional and four clerical positions for public affairs activities. What is the difference between public affairs activities and consumer education activities?

Miss FURNESS. Education goes more to the school systems and to some degree to information. Now, there would be an overlap here when you get to information because there is an enormous job to be done in getting out existing information. There is information available that is not getting to the people. I am particularly aware of this in the poverty areas where the credit practices are just terrible and people don't know what to look out for; and there is certainly information that can be given to them; to protect people or to try to protect them from making bad deals, from getting over their heads in debt. You can go all the way from there to teaching them how to cook. You know, knowledge of good nutrition. There is a wide, wide variety. We are not putting out from my office the material that we should be today as far as information is concerned because we don't have the staff.

LOBBYING FOR CONSUMERS

Mr. SHRIVER. You refer in your statement to something President Truman observed about the President of the United States being a lobbyist for the people. Of course, we as Members of Congress get a great deal of mail ourselves, and we feel we represent them, having been elected.

Since I have been in Washington, and this is my fourth term, most of the lobbying with me has been from various bureaus and agencies of the Federal Government.

What do you think the place of your office is in connection with lobbying in the Congress?

Miss FURNESS. I would like the consumer to acquire something closer to one voice rather than two hundred million voices. I am sure you people represent your people or you wouldn't be voted back in. I am sure you represent your own constituency. I don't think people, as consumers, are doing enough lobbying, even to you. I think they have a notion that their Congressman is going to do what is right, or they are not aware of specific bills that are up, so they don't know enough to do their own individual lobbying.

I think it would be very helpful if the consumer accomplished that if they either wrote to you directly, more often on consumer subjects,

or if they made their views known to consumer organizations, we could get a stronger voice.

Now, I think the only example—certainly the big example of consumers lobbying recently was on the meat bill. And they did individually at that time. The facts were brought to their attention through the press and they were very quick to let all of you gentlemen know how they felt about it.

But you talk about the Interstate Land Sales Act, or medical devices. If the subject of the bill doesn't interest people particularly, they are not liable to let you know about it. Also, many of them don't know about it in the first place. They don't know it exists.

There is a bill on mutual funds. If you are not buying mutual funds, you are not going to lobby for that bill, but the people who are interested in protecting the status quo of the mutual funds are going to lobby hard and fast.

So what I would like to see is to see the consumer somehow get a voice that would represent all of them, and that means you too.

Mr. SHRIVER. Well, we are all consumers and the people in our districts select us to look after their interests up here.

Miss FURNESS. I am sure that you do, but there are instances where I think it is valuable to get the voice of the entire consumer—now, of course, this is ridiculous. You are not going to get two hundred million people even to want the same thing, but I do think where people would like some more protection or some more help or some more information that it is difficult for them now because they feel it is a large, impersonal world.

Mr. FLOOD. Mr. Smith.

NEED FOR CONSUMER VOICE

Mr. SMITH. Miss Furness, I want to say I really appreciate the way you have tackled your job. I think you have done a good job in the time that you have been there. I was one of those who didn't think you would. As soon as you were installed in your office, there was a barrage of political ridicule of you personally attacking your qualifications and of the job you were trying to do and I thought that perhaps it would stick.

I believe that if you don't speak up for consumers, there won't be an adequate voice under the present situation.

I am not satisfied with this setup as the final thing on consumer interests. I think it is going to take a lot more than a public relations office such as you have because I think the consumers are less and less represented as years go by. Our economy is more complex and as each industry grows bigger and bigger, even individual companies now can have their personal lobbyists in Washington. I ran into it on the meat bill and a couple of other bills before that. They simply get their position explained in more detail and more forcefully than the average consumer does.

If you don't do the job, I don't know who will. I also think you have more to do with inflation than you took credit for. I have observed that. Most of the inflation in prices of articles in the grocery store has nothing to do with fiscal policy. It is a matter of misleading

advertising, deceitful packaging, and charging whatever most customers will pay without questioning the price. Flour, today, is 10 percent less than it was a year ago per hundred pounds on the wholesale market, but it costs more in a grocery store, and the people handling it on the retail end are making more after taxes than they ever made before. The increased price has nothing to do with an increase in basic cost or fiscal policy. A lot of the increases came from including less in bigger boxes and deceitful packaging, which is directly in your area.

Recently in a grocery store, I saw a roll of towels and on the package it said, "The new" and then it gave the brand name and so forth, and the price was 2 cents more. But they still had some of the old ones left. I became curious and compared the "new" with old. Do you know what the difference was between the new and the old one? The roll of towels in the "new" package had 8 percent less footage. The old one was something like 180 feet and the new one was about 165 feet. 2 cents more and less footage. It had nothing whatever to do with a new product.

Now, I don't know who is doing anything about inflation if you aren't, because this is the kind of inflation that hurts just as much as an increase in cost per package because it costs more per unit. It is hidden. A lot of people don't realize it.

I think you really do have more to do with inflation than what you have indicated. I want to compliment you on the way you have handled the job so far, but I do think that we need to continue to look toward some other kind of a structure that will give more complete consumer protection than you are able to do.

Miss FURNESS. Thank you.

Mr. SMITH. That is all, Mr. Chairman.

Mr. FLOOD. Mr. Hull.

Mr. HULL. Mr. Chairman, I would just like to tell Miss Furness that I think she did a good job this morning. I wish her well.

Miss FURNESS. Thank you very much.

CONSUMER SERVICES COMPLAINTS

Mr. HULL. What are your main complaints, that come in? All types and kinds, I guess.

Miss FURNESS. Well, I perhaps over-stated the fact that the biggest group of complaints is on repairs. Repairs of appliances, automobiles, the warranties and guarantees involved in the repairs.

Mr. HULL. Why would they come to you on it?

Miss FURNESS. Well, that happened when people knew there was somebody to write to.

Now, I have publicized this fact and I find that anything I start publicizing then gets more mail because people say, "Oh, if she is interested in that, then I want to tell her my problem."

Mr. HULL. I understand that. I bought a new car several years ago and when I started down the highway the gas gage didn't work. I took it to the garage five times before they got it fixed. It was the inconvenience of it that bothered me. I don't know how you are going to get a mechanic to do better work. I don't know how you can get a painter on anyone else to do a good job unless they have it in their system.

STATE LICENSING

Mr. FLOOD. Are there any States that require automobile mechanics to be licensed? I know the beauty parlor operator has to be licensed in my State. Various technicians in many States have to be licensed. Do any States require that automobile mechanics be licensed?

Mr. DIX. Yes, sir. I believe California is an example of that. Again, we are looking into this whole area of licensing. There are those who say that licensing is not the answer, that this may be sometimes a device to keep qualified people out of the marketplace. It tends to inhibit the free entry into the field. Again, on the other side of the coin, which I believe some of us share, those standards that can be meaningful and achieve true licensing offer perhaps at least some hope for solution. Betty Furness' Consumer Advisory Council—the President's council, actually—is embarked upon a very important study and research in this area with the States.

Mr. SMITH. Would the gentleman yield?

Mr. HULL. Yes.

Mr. SMITH. You mentioned California and other States, I have been extremely disappointed. I thought that perhaps the States were going to move into the consumer field and do something.

Mr. FLOOD. What field?

Mr. SMITH. Consumer protection and so forth. Then you mentioned California. In the past year they have dropped the consumer protection council that they had. I also understand the administration in New York riddled its consumer program in recent years. It seems like the States are going backwards instead of forward.

Miss FURNESS. Enough are going forward so that we are not too discouraged. It is particularly unfortunate about the California case because they had a very good woman at the head of the office on the State level, Helen Nelson.

Mr. SMITH. These two States have 20 percent of the national population.

Miss FURNESS. I think this movement is growing and I think you will find there will be action on it in many more States.

Mr. HULL. Is it humanly possible to get somebody back in line where they have pride in their work?

Miss FURNESS. If I could do that, that would really be a goal.

Mr. HULL. I do not expect you to do it, but I think that is one of the problems.

Miss FURNESS. Of course it is.

Mr. FLOOD. Mr. Casey.

JURISDICTION OF CONSUMER INTEREST AGENCY

Mr. CASEY. I, too, wish to compliment you, Miss Furness, on your presentation this morning and the manner that you not only handled yourself here but you have been handling your very difficult job. I am sure it is one that has been subjected to a lot of criticism because a lot of people think they are smart enough to look after themselves and they see no necessity of the creation of a Government agency to look after them. I think history itself and day-to-day contacts determine

the need for more education and information in this field. One thing I am interested in is the poultry inspection which you mentioned. That is primarily a health matter, is it not?

Miss FURNESS. That is right.

Mr. CASEY. You are primarily concerned with the quality and quantity the consumer receives, not only quality in hard goods, but quality of services.

Miss FURNESS. Health would have to come under it because the right to safety is the right not to eat a chicken that is going to pass a disease to me.

Mr. CASEY. That is true. But we also have the State health organizations and State health agencies, and we have our Health Education and Welfare Department, the Public Health Service. Do you feel that they need this additional push from your Department, to call it to their attention as well as the consumers?

Miss FURNESS. I am afraid I do. After the experience with meat inspection, I do not think that it is fair for certain plants and certain poultry stores, groups, breeders, whatever, to operate under lax conditions that are not up to the Federal conditions, where they may be passing on unsanitary, unwholesome poultry to the consumer. It is economically unfair to the people who are dealing with federally inspected poultry and meat. That is after the health of the consumer which is my primary concern. I cannot see those bills other than consumer bills. I must say the consumer interest spreads very far and very wide.

Mr. CASEY. In fact, it would apply to everything, then, as far as your concern seems to be. Anything that anyone buys or purchases?

Miss FURNESS. That is right.

INSURANCE

Mr. CASEY. How about insurance?

Miss FURNESS. I certainly think that is of consumer interest.

Mr. CASEY. I know there are many of these very brilliantly worded insurance ads where especially the elderly are being preyed upon, where they think they are going to get for a few dollars a year enormous coverage and when you finally read the fine print of the policy they may be covered if a brick falls off a building or some very odd accident of that nature. They are misled in every direction. Usually that is the people who are uninsurables and they are looking for something, and they have low income also. They are retired. So this is also in your area.

Miss FURNESS. It certainly is. In point of fact, we are involved in the study of automobile insurance right now at the President's suggestion. Here, again, is an example where I did not have many complaints about automobile insurance sent directly to me. They probably went to insurance companies or the Department of Transportation. But the minute I spoke out and said that the President had authorized a study of automobile insurance or was asking for one, the stories I get in the mail are just terrible.

Mr. CASEY. I will be glad to send you my letters. I am getting quite a few myself. Of course, the minute that the President does evidence

an interest or you evidence an interest in some particular consumer problem, it generates mail for all of us. Of course, there are some things I am sure you are going to have to educate the people to that they must expect to pay for what they get. It works both ways. I am sure you understand.

Miss FURNESS. Absolutely. They would also like to get what they pay for.

Mr. CASEY. That is right. That is your primary responsibility. By the same token, you have lots of people who think since they are insured they do not mind driving too close to the garage door. They do not realize they are running the rates up everytime they bust a fender or every time they are negligent in locking their car and having it stolen. That all builds up. Frankly, your position and your office is not an office for determining fiscal policy of this Government. I am sure if you were charged with that you would be asking for a much larger budget than you have here and much larger staff. You have no enforcement authority.

Miss FURNESS. That is right.

Mr. CASEY. Yours is primarily an educational and promotional Department that is trying to encourage the States to assume more responsibility in this field.

Miss FURNESS. That is right.

Mr. CASEY. Also to encourage industry itself to be more responsible.

Miss FURNESS. That is quite true.

Mr. CASEY. I trust you would prefer that a lot of this could be accomplished without legislation.

Miss FURNESS. I think everything should be started without legislation. Certainly when we are dealing with industry I would far prefer to see them do their own policing, better some of their own practices, and some innovative work that they just haven't gotten around to yet.

PACKAGING

Mr. CASEY. Let me ask you this. Do you have any intention of trying to get uniform sizes on particular products?

Miss FURNESS. That will be covered through the truth-in-packaging law where industry has been asked to come in with their own suggestion regarding the number of packages, the undue proliferation of packages, and make their suggestion as to how they would think they could accomplish a job that would make it a little easier for the consumer to make a decision.

Mr. CASEY. Do you think that all breakfast foods or all toothpaste should come in the same size?

Miss FURNESS. I certainly do not think it should come in the same size. I think there are some instances where they are packaged in such obscure sizes, the sizes of which are so obscure that I cannot help but conclude that the reason they are packaged that way is to keep me from figuring out what the price is per ounce.

I think there are instances where things can come out in even numbers of ounces where they do not. I certainly would like to see some of those cut out. I have been talking recently—I got ahold of one that

seemed so silly to me that I used it on a few examples—there are 56 different sizes or different weights of toothpaste. I do not really see why. How small can it be and how big can it be? Fifty-six seems like an awful lot. I don't care how many there are, but I just wonder why there are that many.

The only conclusion I can come to, since that comes out to the fact that there is a weight at every quarter ounce, that they are just trying to keep me from figuring out how much it costs.

Mr. CASEY. One manufacturer says it contains special solution X and the other uses this without solution X. One kid has fewer cavities.

Miss FURNESS. That is the business they are in. They are not only allowed but encouraged to do that. Why can't they package the stuff so I can figure out how much it costs if that is what I want to know; if I want to base my decision on what to buy according to cost.

Mr. CASEY. You would be happy if they would all use the same type of measurement?

Miss FURNESS. Yes; I would think if toothpaste came in 2, 5, or 10 ounces, however it would break down, I do not think it needs to be 2¾ ounces or 6⅞ ounces. It doesn't make any sense to me.

Mr. LAIRD. That is on the package now.

Miss FURNESS. Yes; it is on the package. To divide your 6⅞ ounces into 27 cents is more than I am able to do. I could divide 6 ounces into 27 cents right like that and tell you how much the stuff costs.

Mr. LAIRD. You want it in even ounces.

Miss FURNESS. This is a for-instance. I do not want to tell the toothpaste business how to package or sell their goods. I use this as an example of what seems to me to be undue proliferation.

Mr. LAIRD. The point is you would like to have it in even ounces.

Miss FURNESS. Sure.

Mr. CASEY. With reference to that the thing that my wife is critical of is that the same brand will use ounces on one package and use grams on another. I couldn't tell you how many grams there are in an ounce.

Mr. FLOOD. That is what throws me.

Mr. CASEY. You find that particularly on spices and things of that kind. You will find one in a jar that will be in grams and the other will be in ounces and you don't know which is the better buy.

Mr. FLOOD. Prescriptions, if they say ounces, I know what they are talking about, but then when they get into the other things, I am gone.

Miss FURNESS. I think the intent of the truth-in-packaging law was to make the labeling more clear so that we can make more reasonable decisions about what it is we want to buy if price is the object in making the decision.

Mr. CASEY. You think you need all these additional 27 that you are asking for?

Miss FURNESS. I think I do; yes. We are not operating in the manner in which we should be at all now.

Mr. CASEY. I thought you were doing a pretty good job and stirring up the public.

Miss FURNESS. It is like we are one step ahead of the sheriff, as they say in the movies.

Mr. CASEY. Thank you very much.

MEETINGS OF THE PRESIDENT'S COMMITTEE ON CONSUMER INTERESTS

Mr. LAIRD. How often does the President's committee meet?

Miss FURNESS. On a very irregular basis.

Mr. LAIRD. How many times has it met since you have been in office?

Miss FURNESS. The committee of the principals has met once.

Mr. LAIRD. What kind of attendance did you have at that meeting?

Miss FURNESS. With the exception of one or two of the Secretaries who were out of town, everyone was there.

Mr. LAIRD. You have been in office now for how long?

Miss FURNESS. Ten months tomorrow.

Mr. FLOOD. Are there any other questions?

Miss FURNESS. Mr. Chairman, may I say a word before departing. One thing, I would like to thank all of you gentlemen very much for your courtesy and for your kind remarks. I think I really must say that, although this is a difficult and tricky job, it has been made a great deal easier for me by the very excellent work that my predecessor, Esther Peterson, did within the job. She established a lot of the ground rules and caught a lot of the early brickbats that were therefore spared me. I can only say I think she did a really remarkable job. I would like then if I may to offer this background book, if you would care to have it for the record. It includes every bit of background information to support everything we have said.

Mr. FLOOD. It is unlikely that we could include such a large volume in the record, but we would appreciate it if you would file it with the committee to be examined by any member who wishes to examine it.

Mr. LAIRD. Mr. Chairman, I think Miss Furness did very well in her first appearance before the House Appropriations Committee. I wish to compliment her on her fine appearance before the committee today.

Mr. FLOOD. I might say it was very gracious of you, Miss Furness, to say such things about Mrs. Esther Peterson. She is an old friend of ours.

Miss FURNESS. She is an old friend of everyone who has ever met her.

Mr. FLOOD. She is a real enthusiast. I want to join the other members here in saying some kind words about your performance. You did very well. As you get to know them you will appreciate that the members of this subcommittee are capable of quite vigorous examination. To survive your first hearing in the fashion you have is rather an achievement. Thank you very much.

Miss FURNESS. Thank you.

JUSTIFICATION MATERIAL

ADVANCING THE INTERESTS OF CONSUMERS

(1968 $337,000; 1969 $700,000)

The consumer goals and assigned objectives of the Administration have shifted and increased markedly. They follow the appointment of the first full-time White House Special Assistant for Consumer Affairs, the upgrading of the President's Committee on Consumer Interests to Cabinet and agency-head status and the reappointment of the Consumer Advisory Council. These changes of emphasis in the Executive Branch parallel a quickening of interest in consumer affairs in the Congress as well as in the State legislatures across the land. Increased demands on the staff organization to support these new consumer requirements have resulted in a request for a minimal enlargement of the operation, as more fully explained below.

The President's Committee on Consumer Interests constitutes the consumer voice in the Administration; makes recommendations to the President on Administration consumer policies, studies the plans and programs of Federal agencies affecting consumer interests, and assists all Federal agencies in accomplishing inter-agency coordination of such programs; plans, develops and proposes legislation necessary to implement the President's consumer policies and objectives, including coordination of all consumer legislation proposed by, or referred for comment to the Executive Branch, and, in a consultative capacity, when requested by the States, local governments, or private groups, supplies comments or assistance concerning prospective legislation and ordinances; promotes cooperation and communication on consumer affairs between the Federal Government, the States and their local subdivisions, consumers, business, private organizations and individual consumers; participates in the dissemination of consumer education and information; cooperates with business and industry in the improvement of the marketplace; provides staff support and assistance to the President's Consumer Advisory Council.

The Special Assistant to the President for Consumer Affairs serves as Chairman of the President's Committee. The membership of the President's Committee and the Consumer Advisory Council are listed in Tables A and B.

Budget and Positions

The President's Committee on Consumer Interests is requesting a Fiscal Year 1969 budget of $700,000. This is an increase over the $337,000 which the Congress appropriated for Fiscal Year 1968. This $700,000 budget will make possible 46 permanent positions on the staff, compared with 19 permanent positions in our present 1968 budget.

Table C shows how the present and proposed positions of the President's Committee are allocated by office within the Committee.

Legislative Activities

The President has given this Committee heavy responsibility in his legislative program--research into consumer needs and recommendations to the President on priority legislation and administrative policies; drafting specific legislation; coordinating and evaluating plans and programs of Federal agencies affecting consumer interest; assisting all Federal agencies in accomplishing inter-agency coordination for such programs; analysis of legislative proposals by members of Congress; testimony before Congressional committees; general liaison with the States in developing expanded consumer legislation and administrative programs.

The President proposed twelve consumer bills in his 1967 Consumer Message, more than double the number proposed the year before. Four of these measures have already been signed into law (as of January 15, 1968); eight are pending. The President has now proposed at least seven additional measures in his 1968 Consumer Program.

Since May 1, 1967, the Special Assistant to the President has testified five times before the Congress. A heavier schedule of testimony is anticipated for the next year.

The legislative affairs office also works with the National Conference of Commissioners on Uniform State Laws, and currently is serving in an advisory capacity to the National Conference in the drafting of a Uniform Consumer Credit Code.

The office is represented on the newly established American Bar Association Committee on Consumer Affairs, and maintains membership on the American Bar Association Consumer Bankruptcy Committee.

The increased attention to the problems of consumers is paralleled in activity at the State level. (Table D)

Eight States now have formal consumer representation at the executive level via consumer councils or consumer departments including three formed in calendar 1967 (Florida, Michigan, and New Jersey). Twenty-six States have consumer fraud or protection agencies; ten of these are new since January 1, 1967. In addition, Nassau County, New York, established a consumer protection bureau in 1967.

Requests from Governors, members of the State legislatures, States' Attorneys General, and State voluntary consumer groups for consultation and recommendations concerning State legislation and administrative programs have increased significantly in the present Fiscal Year. This increased demand is expected to accelerate in the next Fiscal Year.

We are requesting two professionals and two clericals for the legislative affairs area. One of these professionals will also serve as a permanent staff liaison to the Consumer Advisory Council, which functions under the aegis of the President's Committee on Consumer Interests.

Consumer Education

Legislation must go hand-in-hand with a positive program of consumer education. There is strong evidence that States and localities recognize this and are increasing their consumer education activities. New York State has recently made consumer education a statewide elective course. Illinois' legislature has just made consumer education a mandatory subject in that State. Other States and localities are following this trend.

We are often called upon by local school groups to counsel them in the preparation of curricula in the consumer education field and to provide assistance in terms of in-service teacher training. We are also asked by business and consumer groups to assist or advise them in the preparation of consumer information materials.

The Committee's responsibilities in the consumer education and information field require that we provide staff to service these activities. We do not presently have budget and permanent staff to assign to consumer education and regard this as a serious omission. A part-time consultant is not a sufficient commitment to meet the problem. We therefore request five professionals and two clerical staff to assist us in carrying out our responsibilities in the areas of consumer education and consumer information.

Public Affairs Activities

The increased public and press interest in consumer affairs as well as the establishment of the Special Assistant as a full-time position have materially added to the demands on the public affairs staff. Since May 1, 1967, the Special Assistant has made 42 speeches and 26 appearances on television or radio. There were numerous participations by the Special Assistant and staff members on panel discussions and in meetings of business, consumer, labor, or educational groups. In addition to speeches and statements, there are press releases to be prepared, press arrangements to make, and substantial correspondence to be handled.

Other duties include maintaining liaison with public information offices of departments and agencies, and preparing and issuing public information booklets and brochures. The President's Committee published two major consumer information booklets in 1967, and has plans to add other publications in the future.

Throughout this period,the public affairs office has been understaffed and the Committee has had to request public affairs assistance from the Cabinet departments and agencies that are members of the President's Committee.

We therefore request additional public affairs staff consisting of four professionals andfour clericals.

Producer/Marketing Relations

The Committee has a regular program of meeting with business groups on consumer-related matters. These meetings will undoubtedly increase in frequency as the amount of consumer legislation grows and as the Committee continues to focus attention on the unmet consumer needs in the marketplace.

To encourage voluntary improvements in the marketplace, the Committee will increase its efforts to create additional industry advisory groups to aid in the work of the Committee. The pattern for these new advisory groups will be along the lines of the already established Textile Advisory Committee, which voluntarily agreed to undertake a campaign for improved labeling of clothing and other consumer textile products and which has published a Guide on permanent care labeling at the

instigation of the Committee. We anticipate that additional business advisory groups will be formed in Fiscal Year 1969.

These business relations activities will require the additional staff support of two professionals and two clericals.

Field Operations

There has been a marked increase in consumer affairs activities by existing national, State, and local civic, labor, church, fraternal, and women's organizations. In 1967, the President's Committee organized or had a primary role in organizing a number of consumer conferences and meetings in Washington and elsewhere.

The number of national, State, local organizations, consumer organizations is also growing rapidly. Three national consumer organizations are active, the newest of which--The Consumer Federation--was formed in 1967. A committee of 37 of these national organizations active in consumer affairs meets regularly with the President's Committee.

Twenty-four States, 1 county, and 11 cities now have voluntary consumer organizations (Table E). Fourteen were formed in 1967. These groups testify in support of consumer bills before the local, State and national legislatures. They initiate and support new and more effective consumer legislation; they encourage consumer representation at the various levels of government; they promote more effective consumer education.

These voluntary groups encourage improvements in such areas as product pricing, quality of goods, servicing and guarantees, credit and insurance, home improvements, cost of food, drugs and medical care, safety, and other areas determined by their respective board of directors.

To carry out the Committee's work in this area, we are requesting one professional and two clericals for our Field Operations staff.

Administration

We also request one additional professional as a special technical staff assistant to the Executive Director of the President's Committee on Consumer Interests. This person will assist in the administrative duties of the Committee including maintenance of our contacts with the various Federal agencies with consumer-related activities. This person will also help to organize the formal agenda for meetings of the President's Committee on Consumer Interests.

WORKLOAD STATISTICS

	1967	1968(Est.)	1969(Est.)
Conferences serviced, organized.....	6	6	12
Information materials: Prepared.....	5	6	6
Distributed.....	1,000,000	500,000	500,000
Promotional contacts; Business.....	120	240	300
Federal Government.....	350	450	600
State Government.....	50	100	200
Education.....	50	50	100
Voluntary Organizations.....	200	200	300

TABLE A

President's Committee on Consumer Interests

Honorable Betty Furness, Chairman
President's Committee on Consumer Interests
Washington, D. C. 20506

*Honorable Arthur Okun
Chairman, Council of Economic Advisers
Washington, D. C. 20506

Honorable Sargent Shriver
Director, Office of Economic Opportunity
Washington, D. C. 20506

Honorable Ramsey Clark
Attorney General
Washington, D. C. 20530

Honorable Lawrence F. O'Brien
Postmaster General
Washington, D. C. 20260

Honorable Stewart L. Udall
Secretary of the Interior
Washington, D. C. 20240

Honorable Orville L. Freeman
Secretary of Agriculture
Washington, D. C. 20250

Honorable Alexander B. Trowbridge
Secretary of Commerce
Washington, D. C. 20230

Honorable W. Willard Wirtz
Secretary of Labor
Washington, D. C. 20210

Honorable John W. Gardner
Secretary of Health, Education, and Welfare
Washington, D. C. 20201

Honorable Robert C. Weaver
Secretary of Housing and Urban Development
Washington, D. C. 20006

Honorable Paul Rand Dixon
Chairman, Federal Trade Commission
Washington, D. C. 20580

Honorable William J. Driver
Veterans Administration
Washington, D. C. 20420

And such other Government officials as the President may designate.

Executive Order 11349
May 1, 1967

*Nominated by the President to be Chairman, Council of Economic Advisers

TABLE B

Consumer Advisory Council

The Council members appointed by the President on August 11, 1967 are:

Bronson C. LaFollette, of Madison, Wisconsin - Chairman
(Attorney General of Wisconsin)

Robert J. McEwen, of Boston, Massachusetts
(Associate Professor and Chairman of the Department of Economics, Boston College)

William J. Pierce, of Ann Arbor, Michigan
(Professor of Law and Director of the Legislative Research Center, University of Michigan)

Corwin D. Edwards, of Eugene, Oregon
(Professor of Economics, University of Oregon)

Richard H. Grant, of Portsmouth, New Hampshire
(General Manager, Pease Air Force Base Federal Credit Union)

Gerald A. Lamb, of Waterbury, Connecticut
(State Treasurer, State of Connecticut)

Louis Stulberg, of New York City, New York
(President, International Ladies Garment Workers Union)

William L. Lanier, of Metter, Georgia
(State Executive Director, Agricultural Stabilization and Conservation Service)

Mary L. Bailey (Mrs. Charles W.). of Austin, Texas
(Housewife)

Maurine B. Neuberger, of Portland, Oregon (currently residing in Washington, D. C.) (Chairman, Citizen's Advisory Council on the Status of Women)

Mrs. Otrie Taylor, of Los Angeles, California
(Neighborhood Aid Participant for Neighborhood Aid projects in Watts, Los Angeles)

Louise Gentry, of State College, Pennsylvania
(Assistant Dean for Resident Education, Pennsylvania State University)

The President's Special Assistant for Consumer Affairs, serves as Executive Secretary of this new Council.

TABLE C

Fiscal Year 1969 Budget

	FY 1968			FY 1969		
	Prof.	Cler.	Total	Prof.	Cler.	Total
Office of						
Executive Director	2	1	3	3	1	4
Legislative Affairs	2	2	4	4	4	8
Producer/Marketing Relations	2	1	3	4	3	7
Consumer Education	0	0	0	5	2	7
Public Affairs	3	3	6	7	7	14
Field Operations	2	1	3	3	3	6
	11	8	19	26	20	46

TABLE D

January 1968

CONSUMER REPRESENTATION IN STATE GOVERNMENTS

California
Connecticut
*Florida
Massachusetts
*Michigan
New Hampshire
*New Jersey
Rhode Island

CONSUMER FRAUD BUREAUS OR PROTECTION AGENCIES

Alaska
*Arizona
California
Connecticut
Delaware
*Florida
Hawaii
Illinois
Iowa
*Kansas
*Kentucky
Maine
*Maryland
*Massachusetts
Michigan
Minnesota
Missouri
*New Jersey
*New Mexico
New York
North Dakota
Ohio
Pennsylvania
*Texas
*Vermont
Washington

Counties having consumer protection agencies:

* Nassau County, New York: Department of Consumer Affairs.

Cities with special "Councils" appointed by the mayor to deal with consumer problems:

* New York City Consumer Council

* Formed since January 1, 1967

TABLE E

CONSUMER ORGANIZATIONS January 1968

State

*Alaska Consumers Council

Arizona Consumers Council

Association of California Consumers

Colorado Consumers Association, Inc.

Connecticut Consumers Association, Inc.

Georgia Consumer Council

*Illinois Federation of Consumers

*Indiana Consumers Association

*Consumer Association of Kentucky, Inc.

Maryland Consumers Association, Inc.

Massachusetts Consumer Association

Minnesota Consumers League

Missouri Association of Consumers

Consumers League of New Jersey

Albuquerque Consumers Association

Consumers League of Ohio

Ohio Consumers Association

Oregon Consumer League

Pennsylvania League for Consumer Protection

*Rhode Island Consumers' League

Texas Consumers Association

*League of Utah Consumers

*Vermont Consumers' Association

*Virginia Citizens Consumer Council

Wisconsin Consumers League

County (Florida)

Dade County Consumers Council

City

Consumer Conference of Greater Cincinnati

*Consumer Research Advisory Council (Detroit)

*Consumer Association of the District of Columbia

*D. C. Citywide Consumer Council

*Kansas City Consumer Association

*Peninsula Consumer League, Inc. (Newport News, Virginia)

Metropolitan New York Consumer Council

Automobile Consumers Protective Assoc., Inc. (Palo Alto)

Peninsula Consumers Association (Palo Alto)

Citizens for Consumer Action (Sacramento)

St. Louis Consumer Federation

* Formed since January 1, 1967

More

TABLE E (continued)

CONSUMER ORGANIZATIONS

National

*Consumer Federation of America
Washington, D. C.

Council on Consumer Information
Columbia, Missouri

National Consumers League
Washington, D. C.

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