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

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 H. MICHEL, Illinois
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ROBERT M. MOYER, *Staff Assistant to the Subcommittee*

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PART 6

OFFICE OF ECONOMIC OPPORTUNITY

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WASHINGTON : 1968

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

FRIDAY, APRIL 5, 1968.

OFFICE OF ECONOMIC OPPORTUNITY

WITNESSES

BERTRAND M. HARDING, ACTING DIRECTOR, OEO
ROBERT PERRIN, ACTING DEPUTY DIRECTOR, OEO
ROBERT A. LEVINE, ASSISTANT DIRECTOR FOR RESEARCH, PLANS, PROGRAMS, AND EVALUATION, OEO
WILLIAM A. PLISSNER, CHIEF, PROGRAM ANALYSIS DIVISION, OFFICE OF RESEARCH, PLANS, PROGRAMS, AND EVALUATION, OEO
ROBERT C. CASSIDY, ASSISTANT DIRECTOR FOR ADMINISTRATION, OEO
MELVIN F. FLAHERTY, CHIEF, FINANCE DIVISION, OFFICE OF ADMINISTRATION, OEO
JOHN D. JOHNSON, ASSISTANT DIRECTOR, INFORMATION CENTER, OEO
WILLIAM P. KELLY, ASSISTANT DIRECTOR FOR JOB CORPS, OEO
C. ROBERT LANE, DEPUTY ASSISTANT DIRECTOR FOR JOB CORPS, OEO
JOSEPH S. MURPHY, ASSOCIATE DIRECTOR OF JOB CORPS FOR PLANS AND PROGRAMS, OEO
WILLIAM RHODES, DIRECTOR, FINANCIAL MANAGEMENT DIVISION, OFFICE OF PLANS AND PROGRAMS, JOB CORPS, OEO
WILLIAM CROOK, ASSISTANT DIRECTOR FOR VOLUNTEERS IN SERVICE TO AMERICA (VISTA), OEO
THEODORE M. BERRY, ASSISTANT DIRECTOR FOR COMMUNITY ACTION PROGRAMS (CAP), OEO
JOSEPH T. ENGLISH, ASSISTANT DIRECTOR, OFFICE FOR HEALTH AFFAIRS, OEO
EARL JOHNSON, ASSOCIATE DIRECTOR FOR LEGAL SERVICES, CAP, OEO
JULE SUGARMAN, DEPUTY ASSOCIATE DIRECTOR FOR HEAD START, CAP, OEO
NOEL KLORES, ASSOCIATE DIRECTOR FOR SPECIAL PROJECTS, CAP, OEO
DON I. WORTMAN, ASSOCIATE DIRECTOR FOR PROGRAM OPERATIONS, CAP, OEO
GARY LONDON, CHIEF, FAMILY PLANNING PROGRAMS, CAP, OED
THOMAS BRYANT, EMERGENCY FOOD AND MEDICAL PROGRAMS, OFFICE OF HEALTH AFFAIRS, OED
JOSEPH C. DOHERTY, ASSISTANT TO THE ADMINISTRATOR, FARMERS HOME ADMINISTRATION, DEPARTMENT OF AGRICULTURE
STANLEY H. RUTTENBERG, ASSISTANT SECRETARY FOR MANPOWER ADMINISTRATION, DEPARTMENT OF LABOR
LEO C. BEEBE, EXECUTIVE VICE CHAIRMAN, NATIONAL ALLIANCE OF BUSINESSMEN
MARK BATTLE, ADMINISTRATOR, BUREAU OF WORK AND TRAINING PROGRAMS, DEPARTMENT OF LABOR

CURTIS C. ALLER, ASSOCIATE MANPOWER ADMINISTRATOR, DEPARTMENT OF LABOR
ANDREW TRUELSON, CHIEF, OFFICE OF SPECIAL SERVICES, SOCIAL AND REHABILITATION SERVICE, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
NOLAN ESTES, ASSISTANT COMMISSIONER, OFFICE OF EDUCATION
JOHN F. HUGHES, DIRECTOR, DIVISION OF COMPENSATORY EDUCATION, OFFICE OF EDUCATION, HEW

Economic Opportunity Program

PROGRAM AND FINANCING (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Program by activities:			
1. Work and training:			
(a) Job Corps	$339,774	$307,468	$295,000
(b) School and summer programs	132,841	191,100	198,500
(c) Comprehensive employment programs	144,661	309,000	493,800
(d) Special impact program		17,000	30,000
(e) Work experience program	120,510	112,543	51,300
Subtotal	737,786	937,111	1,068,600
2. Community action:			
(a) Local initiative program	236,604	325,000	378,160
(b) Headstart and Headstart Follow Through programs	294,558	310,115	344,940
(c) Other community action programs	150,706	178,450	233,880
Subtotal	681,868	813,565	956,980
3. Migrant workers program	28,164	25,800	27,100
4. Rural areas program	2,500	2,500	2,500
5. Volunteers in Service to America	23,970	27,460	29,500
6. General direction and administration	12,214	13,064	16,080
Total program costs, funded [1]	1,486,502	1,819,500	2,100,760
Change in selected resources [2]	173,530	−71,000	75,740
Total obligations	1,660,032	1,748,500	2,176,500
Financing:			
Receipts and reimbursements from:			
Federal funds	−527		
Unobligated balance lapsing	4,455		
New obligational authority	1,663,960	1,748,500	2,176,500
New obligational authority:			
Appropriation	1,687,500	1,773,000	2,180,000
Transferred to other accounts	−23,540	−24,500	−3,500
Appropriation (adjusted)	1,663,960	1,748,500	2,176,500
Relation of obligations to expenditures:			
Total obligations	1,660,032	1,748,500	2,176,500
Receipts and other offsets (items 11–17)	−527		
Obligations affecting expenditures	1,659,505	1,748,500	2,176,500
Obligated balance, start of year	965,449	1,139,775	1,036,573
Obligated balance, end of year	−1,139,775	−1,036,573	−1,217,067
Adjustments in expired accounts	−2,137		
Expenditures	1,483,042	1,851,702	1,996,006
Expenditures are distributed as follows:			
Out of current authorizations	667,632	707,600	906,900
Out of prior authorizations	815,410	1,144,102	1,089,106

[1] Includes capital outlay as follows: 1967, $10,488,000; 1968, $9,480,000; 1969, $5,000,000.
[2] Selected resources as of June 30 are as follows (in thousands of dollars):

	1966	1967 adjustments	1967	1968	1969
Unliquidated grants	603,812	78,126	1,002,808	1,066,404	1,142,088
Unpaid undelivered orders	284,307		136,967	2,371	2,427
Total selected resources	888,119	78,126	1,139,775	1,068,775	1,144,515

OBLIGATIONS BY PROGRAM (IN MILLIONS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Program by activities:			
1. Work and training programs:			
(a) Job Corps	$209	$285	$295
(b) School and summer programs	207	139	209
(c) Comprehensive employment programs	263	322	521
(d) Special impact program		20	30
(e) Work experience	100	45	20
Subtotal	(779)	(811)	(1,075)
2. Community action programs:			
(a) Local initiative	278	352	390
(b) Head Start and Headstart Follow Through	349	340	380
(c) Other community action	179	174	250
Subtotal	(806)	(866)	(1,020)
3. Migrant workers program	33	25	30
4. Rural areas program (loans and administration)	2	2	2
5. Volunteers in Service to America	26	30	32
6. General direction and administration	14	14	17
Subtotal	1,660	1,748	2,176
7. Transfer to Economic Opportunity Loan Fund	22	25	4
Total obligations	1,682	1,773	2,180

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

OFFICE OF ECONOMIC OPPORTUNITY

Personnel compensation:			
Permanent positions	20,967	30,074	33,082
Positions other than permanent	2,286	1,178	1,187
Other personnel compensation	1,056	1,437	1,365
Special personal service payments	45,903	54,040	56,709
Total personnel compensation	70,212	86,729	92,343
Personnel benefits	2,928	4,304	4,802
Travel and transportation of persons	13,622	14,500	15,500
Transportation of things	41	165	215
Rent, communications, and utilities	4,995	5,408	6,000
Printing and reproduction	2,362	2,516	3,014
Other services	94,545	194,662	223,249
Services of other agencies	15,894	8,439	5,066
Supplies and materials	4,088	868	879
Equipment	2,861	2,038	444
Lands and structures	1,567	0	0
Investments and loans	15	0	0
Grants, subsidies, and contributions	803,532	826,524	936,472
Insurance claims and indemnities	35	0	0
Total obligations, Office of Economic Opportunity	1,016,697	1,146,153	1,287,984

ALLOCATION ACCOUNTS

Personnel compensation:			
Permanent positions	33,355	36,442	34,030
Positions other than permanent	4,045	3,674	3,357
Other personnel compensation	2,203	2,055	1,905
Total personnel compensation	39,603	42,171	39,292
Personnel benefits	2,851	3,200	3,106
Travel and transportation of persons	2,646	2,985	2,967
Transportation of things	1,956	1,744	1,668
Rent, communications, and utilities	3,542	3,621	3,477
Printing and reproduction	435	711	863
Other services	12,805	18,726	17,651
Services of other agencies	1,694	1,521	1,291
Supplies and materials	25,158	22,138	19,685
Equipment	3,781	1,501	3,073
Lands and structures	1,797	434	3,033
Grants, subsidies, and contributions	547,782	504,320	793,215
Insurance claims and indemnities			
Quarters and subsistence charges	−715	−725	−805
Total obligations, allocation accounts	643,335	602,347	888,516
Total obligations	1,660,032	1,748,500	2,176,500
Obligations are distributed as follows:			
Office of Economic Opportunity	1,016,697	1,146,153	1,287,984
Agriculture	49,268	46,629	47,082
Health, Education, and Welfare	99,823	58,000	70,000
Interior	37,402	36,718	36,434
Labor	456,842	461,000	735,000

PERSONNEL SUMMARY (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
OFFICE OF ECONOMIC OPPORTUNITY			
Total number of permanent positions	2,800	3,110	3,310
Full time equivalent of all other positions	341	185	185
Average number of all employees	2,552	3,135	3,420
Average GS grade	9.0	9.0	9.0
Average GS salary	$9,455	$9,923	$9,880
ALLOCATION ACCOUNTS			
Total number of permanent positions	5,002	5,082	4,961
Full-time equivalent of all other positions	634	576	520
Average number of all employees	5,167	5,789	5,500
Average GS grade	7.8	7.9	7.6
Average GS salary	$7,725	$7,816	$7,916

Economic Opportunity Loan Fund

PROGRAM AND FINANCING

Program by activities:			
Operating costs, funded:			
Interest on borrowings	2,306	3,300	3,700
Provision for losses on current receivables	78	83	105
Total operating costs, funded	2,384	3,383	3,805
Capital outlay, funded:			
1. Family loans	28,354	24,000	15,300
2. Loans to cooperatives	3,580	5,000	2,800
3. Judgments and collateral acquired	1	1	2
Total capital outlay, funded	31,935	29,001	18,102
Total program costs, funded	34,319	32,384	21,907
Change in selected resources [1]	248		
Total obligations	34,567	32,384	21,907
Financing:			
Receipts and reimbursements from non-Federal sources:			
Repayments on loans	−7,503	−12,000	−14,900
Interest revenue	−2,265	−3,000	−3,800
Proceeds from sale of acquired property	−1		−1
Other revenue		−2	−5
Unobligated balance available, start of year	−9,109	−5,811	−2,929
Unobligated balance available, end of year	5,811	2,929	3,228
New obligational authority	21,500	14,500	3,500
New obligational authority:			
Appropriation			
Transferred from other accounts	21,500	14,500	3,500
Appropriation (adjusted)	21,500	14,500	3,500
Relation of obligations to expenditures:			
Total obligations	34,567	32,384	21,907
Receipts and other offsets (items 11–17)	−9,769	−15,002	−18,706
Obligations affecting expenditures	24,798	17,382	3,201
Obligated balance, start of year	1,118	549	−367
Obligated balance, end of year: Fund balance	−549		
Receivable in excess of obligations		367	1,160
Expenditures	25,367	18,298	3,994
Expenditures are distributed as follows:			
Out of current authorizations	25,367	549	367
Out of prior authorizations		17,749	3,627
Cash transactions:			
Gross expenditures	34,319	32,384	21,907
Applicable receipts	−8,952	−14,086	−17,913

[1] Balances of selected resources are identified on the statement of financial condition.

REVENUE, EXPENSE, AND RETAINED EARNINGS (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1960 estimate
Operating program:			
Revenue	$2,265	$3,000	$3,800
Expense	−5,397	−6,330	−5,513
Net operating loss	−3,132	−3,330	−1,713
Nonoperating income or loss:			
Proceeds from sale of acquired property: Cash	1	.....	1
Net book value of assets sold	−2	.....	−1
Net operating loss	−1	.....	.....
Net loss for the year	−3,133	−3,330	−1,713
Analysis of deficit:			
Deficit, start of year	−4,834	−7,967	−11,297
Deficit, end of year	−7,967	−11,297	−13,010

FINANCIAL CONDITION (IN THOUSANDS OF DOLLARS)

	1966 actual	1967 actual	1968 estimate	1969 estimate
Assets:				
Treasury balance	10,227	6,360	2,562	2,068
Accounts receivable, net	976	1,793	2,709	3,502
Loans receivable, net	40,912	62,327	76,371	77,848
Acquired property	.....	1	3	5
Judgments, net	.....	2	8	17
Total assets	52,116	70,483	81,653	83,440
Government equity:				
Interest-bearing capital:				
Start of year	23,950	56,950	78,450	92,950
Appropriations	33,000	21,500	14,500	3,500
End of year	56,950	78,450	92,950	96,450
Deficit	−4,834	−7,967	−11,297	−13,010
Total Government equity	52,116	70,483	81,653	83,440

ANALYSIS OF GOVERNMENT EQUITY (IN THOUSANDS OF DOLLARS)

	1966 actual	1967 actual	1968 estimate	1969 estimate
Undisbursed loan obligations [1]	2,094	2,342	2,342	2,342
Unobligated balance	9,109	5,811	2,929	3,228
Invested captial and earnings	40,913	62,330	76,382	77,870
Total Government equity	52,116	70,483	81,653	83,440

[1] The changes in these items are reflected on the program and financing schedule.

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
ALLOCATION TO FARMERS HOME ADMINISTRATION			
Investments and loans	32,183	29,001	18,102
Interest and dividends	2,306	3,300	3,700
Undistributed charges (provision for losses on current receivables, etc.)	78	83	105
Total obligations	34,567	32,384	21,907

Mr. FLOOD. Now we begin hearings with the Office of Economic Opportunity, the presentation to be made by Mr. Bertrand M. Harding, Acting Director of the Office of Economic Opportunity.

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

We will insert your biographical sketch in the record at this point:

Bertrand M. Harding, a career Government service official, was appointed Acting Director of the Office of Economic Opportunity March 22, 1968. He had been Deputy Director of the Agency since June 7, 1966.

Mr. Harding was born in 1919 in Fort Worth, Tex., and spent his boyhood in San Antonio. After graduating from Antioch College in Ohio in 1941 with a B.A. in economics, he went on to graduate studies in public administration at the University of Minnesota.

Mr. Harding entered Government service in 1942 with the Bureau of the Budget in Washington. Specializing in planning and management, he later served with the Veterans' Administration in Texas and the Atomic Energy Commission in Washington.

In 1953, Mr. Harding joined the Internal Revenue Service where he served in a number of positions leading up to his assignment as Deputy Commissioner in June 1961. While in Internal Revenue, he played a leading role in initiating a number of major improvements, including the development of the IRS automatic data processing system; development of the IRS long-range plan; reorganization of field collection activities; and the initiation of a system for selecting and training executives.

In 1962, Mr. Harding was cited as one of 10 leading Government administrators by the National Civil Service League and was presented with the league's career service award. In 1964, the Secretary of the Treasury awarded him the Department's exceptional service award. Further recognition was accorded Mr. Harding in December 1965, when he received the Rockefeller Public Service Award for distinguished Government service in the field of administration.

An active member of the American Society for Public Administration, he served as the National Capital Chapter vice president for meetings in 1965–66, and is the immediate past president of that chapter.

During World War II, Mr. Harding served as a navigator in the Air Force. He lives in Alexandria, Va., with his wife, the former Isobel Ames, of Malone, N.Y., and their two sons.

ASSASSINATION OF DR. MARTIN LUTHER KING

Mr. FLOOD. I see you have a statement.

Mr. HARDING. Yes.

Mr. FLOOD. How do you wish to proceed?

Mr. HARDING. I would like to make a small prelude to that statement, if I could, because of a matter in which our agency feels very strongly, relating to the tragic assassination last night of Dr. Martin Luther King.

On the steps of the Lincoln Memorial in the summer of 1963, Dr. King spoke eloquently of his dream—the dream of an America in which all men would sit down together in brotherhood.

As we begin our deliberations on the fiscal year 1969 appropriations for the Office of Economic Opportunity, I would like to underscore that this program, while not specifically a civil rights program, or an antiriot program, is dedicated to the pursuit of that dream for which Martin Luther King so nobly lived and so shockingly died.

In working together to create meaningful solutions to the problem of poverty in the midst of plenty, literally thousands of Americans—black and white—Jew and Christian—Catholic and Protestant—rich and poor—are sitting down together, planning together, directing their energies to a common goal for the common good.

This significant fragment of Martin Luther King's dream is a reality right now—in more than 1,000 American communities—in Georgia as well as in New York—in Iowa as well as Tennessee—in Illinois as well as Alabama. As a result, equality of opportunity is being assured for many of our citizens and the causes of civil unrest are being eliminated.

Set against the background of last night's senseless violence, I hope that our dispassionate and factual discussion today will take on new meaning, new urgency.

General Statement

If it pleases the Chairman, I will just proceed with the opening statement.

Mr. Flood. Yes.

Mr. Harding. Mr. Chairman and members of the subcommittee, it was just 4 months ago that OEO testified before you on behalf of its fiscal year 1968 appropriation. At that time, Mr. Shriver appealed for the President's full request of $2.06 billion. He spelled out the need for continuity of programs and the maintenance of effort from year to year. As you recall, OEO's final appropriation was $1.773 billion.

With this reduced sum we have had to fund certain congressionally mandated projects, redirect our efforts to give emphasis to vital employment programs, and maintain the level of our on-going efforts to the extent possible.

Because of this, a reduction of approximately 10 percent had to be made in local antipoverty programs during fiscal year 1968—a substantial cut in our Neighborhood Youth Corps was required in addition to a 5-percent reduction in Headstart, and serious cutbacks in other areas.

Today, I call upon this committee to heed the urgent crisis in our cities and rural areas; to recall with deep seriousness the report of the President's Commission on Civil Disorders, and to approve for fiscal year 1969, the President's full request of $2.18 billion.

In a time of austerity and powerfully competing demands for Federal expenditures—it is significant that the President has personally asked me to seek the full amount of the fiscal year 1969 authorization for the OEO.

Mr. Flood. What is that? The President has what?

Mr. Harding. Has personally requested me to seek the full amount.

Mr. Flood. You?

Mr. Harding. Yes, sir; to seek it before this committee.

Mr. Flood. Oh, is that unusual?

Mr. Harding. This is evidence of his recognition that OEO dollars are not only producing results—but are doing so efficiently—with a minimum of waste and duplication.

My personal intention is to push even harder for the improved management of these resources, in terms of both money and manpower.

For fiscal year 1969 we are requesting $407 million more than was appropriated in fiscal year 1968. This amount will fund no major substantive departure from what we have done in the past. In many cases it will simply permit us to continue programs at their current levels. In others, it will give us the flexibility to move ahead in those

areas which have been designated as the most crucial in the reduction of poverty.

WORK AND TRAINING

The first of these crucial areas is jobs. We are preparing to put $264 million more in work and training than we have spent in the current fiscal year: A total of $1.075 billion or about 50 percent of the total OEO budget.

Jobs are central because this is an economic opportunity program. And in our society, economic opportunity means the opportunity to get and hold a gainful, meaningful job. But merely to say that we want jobs is no solution to the employment needs of the poor. There are many avenues toward this goal, each of which may be most apprropriate for a particular segment of the poor population.

For poor youngsters who are just not likely to make it in their home settings, we believe the Job Corps is the most useful approach. This belief has been borne out by benefit-cost analysis and many other forms of evaluation. This budget asks $295 million for Job Corps, which will enable us to maintain the current enrollment in men's urban and conservation centers, increase the enrollment of women's centers in accordance with the will of the Congress, and begin an experimental program of skill centers located within core cities.

For the Neighborhood Youth Corps out-of-school program, intended for those poor youth who need less intensive training than that provided by Job Corps, we are asking for an increase of $52.5 million. For Operation Mainstream and for New Careers, both of which are still considered experimental programs in public employment for adults, we are asking increases of $7.9 million and $8.1 million respectively.

The big thrust, however, is not toward public employment but toward bringing the poor into the private sector of our economy—on-the-job training by private business for guaranteed jobs in private business.

Some day, perhaps, there will be a need for a major public employment program in the United States, but first we must see what private business can do. As the Kerner Commission report stated: "Job development and placement in private industry is critical to our proposed strategy."

The major new antipoverty thrust of the Federal Government is in the JOBS program—job opportunities in the business sector—which is not only designed to bring about training and employment by private business, but is managed in large part by private business, through the National Alliance of Businessmen, headed by Henry Ford II.

We had hoped to bring before this committee Mr. Leo Beebe who is the executive vice chairman of NAB.

If our hearings continue on into the latter part of next week and it suits the pleasure of the committee, we can arrange for Mr. Beebe to meet briefly with us and give you some idea about how they are proceeding with their project. We think this is important because such a large segment of our resources will be going into that particular aspect of the program.

The Federal role in this program is to cover the additional costs to business of training the hard-core poor. It is for this purpose that we ask the largest single increase proposed in our fiscal 1969 budget, an

increase of $130 million, from $51 million to $181 million for JOBS program. An additional $27.3 million increase requested for the concentrated employment program (CEP) will be spent on systems largely supportive of JOBS. In almost all of the 50 cities in which the JOBS program is being initiated, CEP, together with the local community action agency and the employment service will be responsible for recruitment.

Let there be no misunderstanding about it. If the country is serious about major business involvement in training the poor and providing jobs, these increases are an absolute necessity. Without them we will have to depend on exhortation to bring business in and exhortation simply cannot by itself create a program on the scale needed—not with all the good will in the world.

Not included in the programs I have mentioned are the 50,000 target area employees of the community action program—whose employment is carried in the budget under the substantive community action categories.

Together, all of these efforts represent a major and a coordinated program for employment of the hard-core poor. They are badly needed and full funding is an absolute prerequisite to their success.

EDUCATION

The second major area of our concern is education, which is the firm foundation on which stable, productive employment ultimately rests.

For fiscal year 1969 we are recommending sufficient funds to provide the continuation of Headstart at approximately the fiscal year 1968 level. But we believe that a substantial increase in the followthrough program is necessary to bring the gains of Headstart into our regular school system. Thus, we advocate an expansion in that program from $15 million to $50 million.

In addition, we believe that the successful upward bound program should be increased from $30 million to $38 million to permit 31,000 poor high school students to prepare themselves more adequately for higher education. As you know, 79 percent of the upward bound graduates are attending college—as compared with only 8 percent of high school graduates from the total poverty population.

COMMUNITY ACTION

Community action agencies now serve areas containing an estimated 70 percent of the poverty population. That they are performing well is evidenced by the fact that most of the political subdivisions which have the option to become community action agencies themselves, under the Green amendment, are indicating their desire to maintain the present community action structure. The $1.020 billion we are proposing for the total community action program in fiscal 1969 will enable us to maintain stability in the 1,000 community action agencies now in existence and to increase emphasis on health and education programs.

For the past 2 years, budget cuts have had a most unhealthy impact on the community action program. Good local efforts have had to be suspended. Community morale has declined. Poor people have lost vital employment opportunities and, as the Kerner Commission re-

ports, perhaps the greatest criticism of the program is that there is a lack of continunity due to insufficient funding.

By granting the full appropriation we can maintain this vital continuity and add immeasurably to the stability of hundreds of communities all over America.

The benefits rendered under the community action programs are many and varied. They give poor families the basic services they need to change their entire way of living—while a job changes their immediate economic status.

HOUSING DEVELOPMENT CORPORATIONS

We propose a substantial increase in the housing component of community action—with special emphasis on the highly successful housing development corporations which are pioneering a partnership of the Government and private industry in private home construction and rehabilitation. Nine hundred thousand dollars was budgeted for this program in fiscal year 1968. We are asking that it be increased to $4.5 million in fiscal year 1969. This will permit an increase of between 7 and 12 new housing development corporations in addition to the eight already funded and in operation.

COMPREHENSIVE HEALTH CENTER PROGRAM

The comprehensive health center program should be given the entire $90 million requested for fiscal year 1969 to permit full-scale operation of some 45 neighborhood health centers. This will provide about 1 million patients with first-class medical care—right in their own neighborhood. We strongly recommend a doubling of the funds for the community action family planning program. In fiscal year 1969, we will be able to serve 400,000 women—more than twice those assisted in fiscal year 1968.

LEGAL SERVICES

The $42 million requested for legal services will permit refunding of the existing 250 programs which are expected to handle 640,000 cases. Neighborhood service systems should be fully funded. If the total CAP appropriation is granted, it is expected that these systems will be able to serve about 4 million poor people—and coordinate many other local and national programs which are available, but on a scattered, piecemeal basis.

As Mr. Shriver said to you just 4 months ago: "The war on poverty has moved far beyond the stage of rhetoric. Now, after 3 years, it is touching the lives of millions." I would like to amend that statement. It is not just touching lives, it is changing lives. It is, in fact, changing America for the better. The gains are not just theory—they are hard fact.

All we ask is the chance to maintain our momentum and to build on the foundation already strongly established. The building materials are no longer controversial: Jobs, education, housing, health, justice. This is what $2.18 billion will buy in fiscal year 1969. I do not believe there is a more important way to spend our money here at home. And the President obviously agrees with us.

As the Kerner Commission set forth in its basic conclusion: "The need is not so much for the Government to design new programs as it is for the Nation to generate new will."

By giving us the funds necessary to do the job, you can prove to the American people that we do, indeed, have the will.

Thank you, Mr. Chairman.

BUDGET GUIDELINES

Mr. FLOOD. In looking through your budget for 1969, I noticed you give a great deal more priority to some programs than others when you cut up this pie that you have.

What guidelines do you use?

Mr. HARDING. We have almost 4 years experience now in terms of which programs seem to be working, which programs do not seem to be working.

We have an obvious guide in terms of a Presidential decision to emphasize the jobs program.

Mr. FLOOD. Four years, you say?

Mr. HARDING. I said almost 4 years; that is right, sir.

So based upon these experiences which we have had with operating programs, plus a judgment in which we entirely concur that the job problem is at the core of the——

Mr. FLOOD. How long have you been on board?

Mr. HARDING. I will have been on board 2 years in June, Mr. Chairman.

Mr. FLOOD. Go ahead. You were talking about guidelines.

Mr. HARDING. Yes. It is these judgments which we have made on programs which are successful, programs which are marginal, programs which are highly successful that lead us to make these evaluations between various categories. As I said to you, our No. 1 category, No. 1 priority, is on jobs.

NEW PROGRAMS IN 1969

Mr. FLOOD. What new programs are you selling this year?

Mr. HARDING. There is really nothing new in the budget, Mr. Chairman. There are programs, as you indicated, that are emphasized. For example, the material increases in Headstart, Follow Through, material increases in the Housing Development Corporation. These are programs which we feel need added emphasis. Most of our programs are held at about their ongoing rate with the exception of one program which is materially reduced.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. The request is for $2,180 million, that is $2 billion——

Mr. HARDING. Yes; it is a lot of money, Mr. Chairman.

Mr. FLOOD. Yes; we think so.

Mr. HARDING. But it is a mammoth problem.

Mr. FLOOD. Now, that is the maximum authorized to be appropriated? That is the amount you are requesting?

Mr. HARDING. Yes.

Mr. FLOOD. You asked for $2,400 million from the Bureau of the Budget?

Mr. HARDING. Yes, sir; that was before our authorization figure was set.

Mr. FLOOD. Was this accompanied by a request for additional legislation?

Mr. HARDING. No, sir. This was a request back in the fall, you see. Our authorization bill did not pass until October or November. So at the time that our authorization bill came through at the lower figure our budget request was adjusted accordingly.

EFFECT OF SUMMER PROGRAMS ON RIOTS

Mr. FLOOD. There is a running argument here whether or not your summer programs help prevent civil disturbance. What is your view?

Mr. HARDING. We really have two kinds of summer programs, as you undoubtedly know. One is essentially a recreational educational program which is administered through our Community Action agencies, and the other is what we call the Summer NYC program which is administered by Mr. Ruttenberg through the Department of Labor. This is by far the larger program in terms of dollars.

Our Community Action summer program will this year be at a $35 million level—using $30 million of NOA and $5 million from prior year funds. I am completely confident that programs which provide these young people jobs in the summer, which provide them an opportunity for recreation, for educational improvement, take them off the streets, give them something productive and useful to do, contribute to peace in our cities.

Obviously, they do not do the whole job. We have had riots in cities with large summer programs, and I guess it is not within my wisdom to judge how many riots did not occur because of the programs or how much worse the riots that did occur would have been but for these programs, but it is certainly my judgment that they have contributed to opportunities for the youth and a reduction in the violence.

Mr. FLOOD. We have heard several times and heard it lately, that we spent much more on these programs last summer than ever before—and we did—and we had much worse disturbance.

Mr. HARDING. Yes, sir. Again, of course, you have to judge what might have occurred if we had had no programs.

As I said in my opening statement, we do not consider ourselves to be an anti-riot program, and I know that Mr. Shriver has testified before this committee and before the authorization committee pointing out that what he really feels is that these summer programs should be viewed as an opportunity for the poor, the children of the poor to have the sort of summer that your children or my children might have had in terms of camping opportunities, swimming opportunities, jobs. All of our children, of course, have very little difficulty in this affluent society in getting summer employment. These ghetto kids don't. This is part of their growth and education. So we view it fundamentally as a positive program, an opportunity to productively develop these kids during their off-period in the summer. But it does have, in my judgement and certainly in the judgment of the Administration, it does make an important contribution to tranquillity in the cities.

TRANS CENTURY STUDY

Mr. FLOOD. Do you know Vince Burke of the Los Angeles Times?

Mr. HARDING. No, sir; I don't.

Mr. FLOOD. I do.

Now, in the Washington Post on January 25, 1968 Vince had a story and I will quote:

"Crash summer programs designed to keep the nation's ghettos cool have little effect in preventing riots according to a Government-financed study."

Do you know this one?

Mr. HARDING. I remember that study.

Mr. FLOOD. I am a great tearer-outer.

Mr. HARDING. This was the Trans Century study that was referred to here.

Mr. FLOOD. That is right.

Mr. HARDING. This is Dr. Levine, Director of our Research, Planning, Programing Operations. Maybe he would like to comment on that study.

Mr. LEVINE. I think that is a partial conclusion, Mr. Chairman.

Mr. FLOOD. Where are you from, Dr. Levine?

Mr. LEVINE. I am from Los Angeles. I know Vince Burke. I think Mr. Burke and the study he was citing are quite correct that these programs by themselves don't prevent riots. In that sense, they have little effect. I think, as I read the study and as I read Mr. Burke's piece, it didn't contradict what Mr. Harding has said. That is, that these help, that riots would be worse. We can clearly say, as you just pointed out, Mr. Chairman, that we had large summer programs last summer, we had the largest riots in our history last summer. So they don't prevent riots, there is no doubt about that, no question about that. But I think the question to be asked is whether riots would have been worse without the summer programs.

We have data, for example, that we gathered during the riots on the actions of people working with our summer programs. They were presented to the Congress last fall and the data indicated that, in fact, our programs help cool it, they did not work in cooling it completely. The situation is beyond that.

Mr. FLOOD. How long have you been on board?

Mr. LEVINE. About 3 years, Mr. Chairman.

Mr. FLOOD. Are you a sociologist?

Mr. LEVINE. I am an economist.

Mr. HARDING. The reference to crash programs is, I think, appropriate.

Mr. FLOOD. This is the point of the whole thing.

PLANNING FOR SUMMER PROGRAMS

Mr. HARDING. There has not been in the past adequate planning. This year's program, however, filled a very large gap in that regard. Early in the fall the Office of Economic Opportunity got together jointly with HEW. The Vice President organized a planning fund to be passed out in relatively small amounts——

Mr. FLOOD. Where did the money come from?

Mr. HARDING. It came from these participating agencies, those who participate in the summer programs, including OEO.

Mr. FLOOD. You pooled your resources?

Mr. HARDING. Yes; small pool of money to get out something like $1.5 million in toto to be passed out to the 50 largest cities in small grants to allow those cities to plan for their summer programs for the first time, to really sit down and see what their people could produce in the way of activities that they could productively put on with money that we would, hopefully, get from their own resources and from Federal resources.

I am confident that this is going to add immeasurably to eliminating this quality of crash that we have had in the past previous two summers.

SUPPLEMENTAL FOR 1968 AND 1969

Mr. FLOOD. Are you going to have a supplemental for 1968 or 1969?

Mr. HARDING. We do not have a supplemental; no, sir. We have requested no supplemental funds. There were funds added in the Senate, I guess, which the committee just threw out.

FUNDING LEVEL OF 1969 SUMMER PROGRAM

Mr. LAIRD. Mr. Chairman, would you yield to me at this point?

Mr. FLOOD. Mr. Laird.

Mr. LAIRD. In the budget transmission that we have from the President for 1969 he has a contingency reserve of $550 million for 1969 and of $150 million for 1968.

Mr. HARDING. This is the President's contingency fund.

Mr. LAIRD. No; this is the line item carried in the budget to cover supplemental requests not set forth specifically elsewhere. It is carried under the heading "contingencies."

Now, the other night at the White House the President said he had placed funds in reserve, for this summer, in your program. How much money do you have in reserve?

Mr. HARDING. We have $35 million put aside for this year's community action summer program.

Mr. LAIRD. That is the only reserve that the President was referring to?

Mr. HARDING. I don't really know what he was referring to, although there is money also being put in reserve or has been put in reserve in the Department of Labor for the summer NYC program.

Mr. LAIRD. The President refers to a larger figure than that when he talks about it.

Mr. HARDING. Well, he is undoubtedly adding the Labor figure, the OEO, CAP figure, and perhaps figures in other departments as well, but I am not familiar with that.

Mr. LAIRD. I am trying to get these figures reconciled in my own mind because he comes up with a larger figure than last year's figure.

Mr. HARDING. Mr. Perrin is our expert on summer programs. Perhaps he knows something about the totality of the reserve.

Mr. PERRIN. I am Robert Perrin, the Acting Deputy Director.

Mr. FLOOD. How long have you been on board?

Mr. PERRIN. Two years. I just got this new assignment about a week ago.

I do not know the figures for the entire Government.

Mr. FLOOD. What was your job a week ago?

Mr. PERRIN. Before that I was the Assistant Director for Governmental Relations.

Mr. FLOOD. A week ago you got this job?

Mr. PERRIN. Yes, sir.

Mr. FLOOD. Poor fellow.

Mr. HARDING. Mr. Chairman, when the President asked me to take on as the Acting Director, I asked Mr. Perrin to fill in behind me so that we had two of us trying to handle a three-man job.

Mr. FLOOD. You want to share your battle scars?

Mr. HARDING. Yes, sir.

Mr. PERRIN. The objective of the President and the Vice President, who is Chairman of the President's Council on Youth Opportunity, was for the Federal Government to at least match the summer programs that were in force last summer.

So all the agencies were asked to do that, to make that goal, to meet it. Now, as far as CAP is concerned, we spent approximately $35 million last summer in summer programs. We have made the same amount available for this summer. So therefore, we have matched our performance of last summer. Other appropriated OEO funds are provided for the neighborhood youth corps program to enable the Labor Department to do approximately the same thing with a number of young people in the NYC program. As I say, I don't recall offhand the total Government-wide figures of HEW and Labor, and so forth, but it generally comes out to about the same figure of last summer.

Mr. LAIRD. I am trying to get this straight in my own mind, Mr. Chairman. I understood from the President's remarks that the program would be larger this summer than last summer. Now, what you are telling me is, it is going to be the same level as last summer.

Mr. PERRIN. As far as I know, unless the other agencies have come up with additional funds for their programs. But as far as OEO is concerned, our summer program will be approximately the same level as last summer.

Mr. LAIRD. You don't intend to ask for any supplemental?

Mr. HARDING. No, sir.

Mr. LAIRD. Have you asked the Bureau of the Budget for a supplemental?

Mr. HARDING. We discussed the possibility of a supplemental with the Bureau of the Budget, yes, sir, but we have not made a formal request on it.

Mr. LAIRD. So you don't at this stage anticipate asking for any funds to be included in the second supplemental appropriation bill?

CONFERENCE REPORT LANGUAGE

Mr. HARDING. No, sir; we do not. Now, we are a little confused by the language that we read in the Conference Committee Report regarding the fact that OEO has enough money to plan for the summer program.

Mr. LAIRD. We understood in the cities you needed $1,150,000 for planning work that was being carried on by Vice President Humphrey's program. We understood that was available.

Mr. HARDING. That has been funded some time ago; yes, sir. But the point is that the action programs which will have to be obligated presumably before our appropriation becomes available next year, we are going to have to fund our portion of that out of these funds that we have reserved out of the community action primarily, in order to meet the President's goal.

Mr. LAIRD. If you will look at the language, it says such planning as may be desirable. We assumed that that would cover any planning that you would need to do to get ready for any program that might be covered by a supplemental request. But now that you tell me you are not asking for any supplemental, I take it you don't think that anything is desirable.

Mr. HARDING. Anything is desirable?

Mr. LAIRD. Yes. The language of the Conference Report says "such planning as may be desirable" because we anticipated there may be a supplemental request. But today you tell me there is no supplemental request planned, so that would seem to mean that you don't have any desirable projects you can't fund.

Mr. HARDING. No, sir; no, sir, not at all.

Mr. LAIRD. Then if you have some desirable projects, it is up to you to get the supplemental request up here.

Mr. HARDING. Over and above those which we are already going to fund jointly with the Labor Department, ourselves, HEW, et cetera, out of our regular appropriations, you are right. Please understand, Mr. Laird——

Mr. FLOOD. That is not responsive.

Mr. HARDING. Well, I was going to try to be responsive. In terms of the responsibility of getting supplemental requests over, Mr. Laird, I want you to clearly understand my response to the question was that our agency does not plan to request a supplemental for the summer. I would not, however, want to be in a position to speak for the President. If the President, for example, perhaps because of last night's affair, felt it necessary to go beyond those figures which we were able to take out of our budgets this current year to fund the summer, if he were to make a decision to go for additional funds then, of course, it is a new ball game.

Mr. LAIRD. That is why the word "desirable" was in the conference report. We felt that would cover any possibility that you might have to come to the Congress for further programing for 1968. And the desirability of any new programs would be determined by you.

Mr. HARDING. That is correct.

Mr. LAIRD. That is what the word "desirable" means.

Mr. HARDING. The implication, as I read that report, was that these programs would be funded in 1969, which I think is probably not realistic particularly in view of our history.

Mr. LAIRD. We were talking about 1968 and the desirability of planning for an increase in the program level in 1968.

Mr. HARDING. Does somebody have that language?

It says the OEO has sufficient funds on hand to do whatever planning may be desirable in connection with these programs. Now, we have done our planning in connection with the existing 1968 funds

and we certainly have the capacity to expand those plans because city requests, as you undoubtedly know, far exceed our capacity to fund. So that there are plans that could cover a much higher level of summer activity.

Mr. LAIRD. But you don't think they are desirable.

Mr. HARDING. Yes, sir; I think they are desirable.

Mr. LAIRD. Then you have got to make a request of the Congress, and there is no such request. I have just found out for the first time here that there is no request anticipated to be sent to the Congress; is that correct?

Mr. HARDING. That is correct. Mr. Berry, the director of the community action programs, wants to add something.

Mr. FLOOD. Mr. Berry.

Mr. BERRY. My name is Theodore M. Berry, director of the community action programs, and I have been since March of 1965.

NECESSITY OF ADVANCE PLANNING

I think we should approach this matter of summer programs realistically, that what we are doing in terms of summer programs for the summer of 1968 has to be planned for well in advance and this is what we attempted to do last fall. We did make funds available to some 50 cities to plan for the summer of 1968.

It is not reasonable to expect to receive a supplementary appropriation in June to be able to launch a well-coordinated, well-planned program for the same summer. So that while we may hold ourselves in readiness to fight fires, so to speak, with any additional money that might be made available under an emergency, from a program standpoint we have done all that we could do with the foreseeable funds that we have in hand, namely, $35 million, over and above what we have made available for planning for the summer of 1968. Last year, if there is any criticism growing out of the Trans Century report that the chairman alluded to, it can be attributed to the fact that we did not get a supplementary appropriation for a summer program until May of 1967, and the communities, at the last moment, were alerted that there would be additional funds. They had to, on a crash basis, formulate programs. This is not the way to do business.

Mr. LAIRD. We in the Congress acted rather rapidly on that 1967 supplemental request. I would like to point something out on that $75 million in the 1967 supplemental. The reason that you didn't get it until May was because of the timing of the transmission from the executive branch. I really think that if you will check the record, you will find that the $75 million was made available rather rapidly as far as the Congress was concerned.

It is just like this rat control program. The Congress passed the authorization last fall, and we didn't get the supplemental request for it until about 10 days ago. This idea of putting it on the Congress, I am really not very sympathetic with.

Mr. BERRY. I am not attributing any blame or responsibility. I am supporting the Acting Director in his position that we are not requesting at this late stage in a program year a supplementary request.

Mr. LAIRD. I understand. You think it would be a mistake to request a supplemental appropriation at this time?

Mr. BERRY. At this late time, and expect to do an effective job. If the Congress in its wisdom wishes to—and there is no indication that it does by the recommendations to strike out from the supplementary presently before it—

Mr. LAIRD. That is right. We had no justifications from your organization. I think that the Congress felt it should have justifications from the Office of Economic Opportunity, before it moved in that area. Now, your recommendation is that it would be too late to appropriate such money this year?

Mr. BERRY. We are not making a recommendation, one way or the other. We stand ready to serve both the Executive and the Congress according to its judgment as to the availability of funds with which to do the job. But in answer, and in support of the Director, I point out we have not made a request for the reason that we did not have adequate time or would not have adequate time to do the kind of quality program that we have asked communities to come up with. They have come up with programs within the funding level that we could reasonably foresee and make certain, or make known to them that it was available.

Mr. LAIRD. Thank you.

Mr. BERRY. And these funds are in their hands now.

Mr. LAIRD. Thank you for yielding, Mr. Chairman.

Mr. HARDING. I would like to amend Mr. Berry's statement just marginally, on Mr. Laird's point, in terms of the possibility of utilization of additional funds. As I said, we have no plans to request it, but were a supplemental to come to pass for any reason, either on the part of the Congress or on the part of the Executive, I think that the communities, because of the planning that they have gone through and the necessity of cutting those plans back, as Mr. Berry has indicated, to fundable levels, they are in a far better position this year than they were last year to handle a last-minute add-on to the program which they had otherwise envisioned.

EFFECT OF HOLDING TO 1968 FUNDING LEVEL

Mr. FLOOD. Now, we all know there will be attempts to cut this budget request from $2,180 million. What would be the effect if you get an appropriation of $1,773? That is what you have now.

Mr. HARDING. For one of the things that would be the matter with it, Mr. Chairman, let me take the comprehensive health program as an example. I am trying to find the current figure. Here it is. The comprehensive health program in the current operating plan, for example, is funded at a level of $33 million. These programs were all started up in 1967 and in 1968. They are on a rising curve of service and cost. In order to re-fund these programs in 1969 it will take approximately $90 million to allow them to continue at this level.

Mr. FLOOD. Why?

Mr. HARDING. Because they are building, Mr. Chairman. They start off necessarily, you see, with one or two doctors. They have plans to put on three, four, five, or six over a period of time. So that your total year's cost in the first year that you fund the program is relatively small because you are building your staff and building your clientele. Once that is built up to the level that we have approved, then the next

year's cost is appreciably higher for re-funding. So to re-fund comprehensive health in 1969 is going to bring us immediately an additional $57 million odd in NOA.

There are several programs of that nature which, if the budget were cut back to the current year appropriation level, we would actually have to reduce programs, as we had to reduce programs this year.

Mr. FLOOD. You are out from under the shadow, aren't you?

Mr. HARDING. I hope so.

FUNDS NEEDED TO MAINTAIN PRESENT PROGRAM LEVEL

Mr. FLOOD. How much would be required in 1969 just to maintain what you are doing now, what you fellows call the current program level?

Mr. HARDING. Yes, sir. Our present estimate is $1,958 million.

Let me point out, Mr. Chairman, in response to that question, so that it is very clear in your mind, that this would mean abandonment, essentially abandonment of most of the JOBS program to which I referred in my statement.

Mr. FLOOD. Most of the what program?

Mr. HARDING. The JOBS program, the job opportunities in the business sector. This is the big increment in our budget. If we were cut back to an annualization rate, the program would remain at about the $50 million that it now is.

ANALYSES OF MONTHLY OBLIGATIONS AND EXPENDITURES BY PROGRAM

Mr. FLOOD. I will tell you what you do; place in the record a table—we need tables here—by program, obligations and expenditures for each month, for the years 1967 and 1968.

Mr. HARDING. Yes, sir.

Mr. FLOOD. Of course, the last few months of 1968 will be estimates.

Mr. HARDING. You would like it estimated through fiscal year 1968; yes, sir.

(The information follows:)

ANALYSIS OF OBLIGATIONS, BY PROGRAM AND BY MONTH, FOR FISCAL YEAR 1968[1]

[In millions of dollars]

Fiscal year 1968	Job Corps	School-summer, com. empl. special impact	Community action	Migrants	Work experience	Rural loans program directions	VISTA	G.D & A.	Total
July	72.4	26.2	24.4	1.3	0.9	0.2	2.0	1.0	128.4
August	19.1	18.7	22.1	.3	4.4	.2	1.2	1.1	67.1
September	42.9	55.6	29.8	.1	6.6	.2	1.1	1.1	137.4
October	17.5	67.8	37.4		.1	.3	2.2	.8	126.1
November	29.5	4.9	7.0	.1	.7	.2	2.3	1.3	46.0
December	10.4	34.0	46.6	.1	2.4	.2	2.6	1.3	97.6
January	24.5	16.0	48.5	.3	5.0	.3	2.2	1.2	98.0
February	14.3	26.9	75.6	.1	5.1	.3	2.0	1.0	125.3
March	13.6	30.5	83.2	.5	4.8	.2	2.8	1.1	136.7
April	13.8	46.0	105.5	3.5	4.2	.1	3.5	1.2	177.8
May	12.2	75.3	180.3	8.6	5.2	.2	3.8	1.0	286.6
June	14.8	79.1	205.6	10.1	5.6	.1	4.3	1.9	320.9
Total	285.0	481.0	866.0	25.0	45.0	2.5	30.0	14.0	1,747.9

[1] Amounts shown for the periods February to June 1968 are estimates of obligational and expenditure activity.

ANALYSIS OF EXPENDITURES, BY PROGRAM AND BY MONTH, FOR FISCAL YEAR 1968 [1]

[In millions of dollars]

Fiscal year 1967	Job Corps	School-summer comp. empl. and special impact	Community action	Migrants	Work experience	Rural loan, program direction	VISTA	G.D. & A.	Adult basic education	Total
July	12.8	52.8	146.1	2.9	8.8	0.2	2.1	1.6	.....	227.3
August	20.2	46.9	47.8	2.5	11.1	.2	1.5	1.2	.....	131.4
September	36.2	27.1	59.9	2.4	10.0	.2	1.7	1.6	.....	139.1
October	32.0	30.0	67.1	2.1	7.7	.3	1.8	1.1	.....	142.1
November	33.4	27.2	106.5	1.8	4.8	.3	2.0	1.3	0.1	177.4
December	23.7	19.3	63.2	1.2	10.4	.2	2.1	1.0	.1	121.2
January	31.9	31.7	71.1	1.3	8.0	.3	1.7	.9	.4	147.3
February	23.1	26.8	35.7	1.2	9.2	.3	2.0	.8	.4	99.5
March	22.5	30.8	57.0	1.7	10.5	.1	2.3	.9	.3	126.1
April	24.6	38.9	75.0	1.9	10.3	.1	2.6	1.0	.6	155.0
May	26.2	60.1	71.4	2.2	11.2	.1	3.4	.8	.1	175.5
June	20.9	107.0	61.4	4.6	10.5	.2	4.3	.9	.....	209.8
Total, OEO programs	307.5	498.6	862.2	25.8	112.5	2.5	27.5	13.1	2.0	1,851.7
Estimated annual expenditures, rural loan fund										18.3
Total, estimated expenditures, fiscal year 1968										1,870.0

[1] Amounts shown for the periods February to June 1968 are estimates of obligational and expenditure activity.

ANALYSIS OF OBLIGATIONS BY PROGRAMS AND BY MONTH FOR FISCAL YEAR 1967

[In millions of dollars]

Fiscal year 1967	Job Corps	School-summer comp. empl. and special impact	Community action	Migrants	Work experience	Rural loan program direction	VISTA	G.D. & O.	Adult basic education	Total
July	21.6	12.6	32.4	0	3.0	0.2	2.2	1.4	----------	73.4
August	13.2	24.0	10.6	0	5.9	.2	1.6	1.6	----------	57.1
September	9.5	75.0	29.0	1.0	11.4	.1	1.6	1.6	----------	129.2
October	14.8	58.1	34.0	.2	2.0	.1	2.4	2.0	----------	113.6
November	11.8	27.0	54.9	8.0	1.7	.2	1.8	1.4	----------	1.06.8
December	12.5	16.5	32.3	1.8	4.1	.2	.9	.5	----------	68.8
January	22.6	25.3	27.6	1.3	9.9	.2	2.4	.5	----------	89.8
February	14.5	24.3	82.9	1.5	14.5	.2	2.7	.6	----------	141.2
March	17.7	20.3	74.8	6.6	3.6	.3	1.9	.9	----------	126.1
April	21.0	19.9	72.8	4.0	11.1	.2	1.5	.9	----------	131.4
May	14.5	12.3	127.2	5.4	17.6	.4	2.8	.7	----------	180.9
June	35.5	146.9	235.0	3.2	15.0	.2	4.5	1.5	----------	441.8
Total	209.2	462.2	813.5	33.0	99.8	2.5	26.3	13.6	----------	1,660.1

ANALYSIS OF EXPENDITURES BY PROGRAMS AND BY MONTH FOR FISCAL YEAR 1967

[In millions of dollars]

Fiscal year 1967	Job Corps	School—summer comp. empl. and special impact	Community action	Migrants	Work experience	Rural loan program direction	VISTA	G.D. & A.	Adult basic education	Total
July	10.7	21.0	79.3	----------	8.1	0.1	1.2	0.9	0.1	121.4
August	23.8	26.6	64.7	3.8	8.8	.2	1.6	1.5	.8	131.8
September	28.5	15.9	55.4	2.2	10.1	----------	1.1	1.1	1.4	115.7
October	28.7	21.6	61.6	1.9	11.1	.3	2.4	1.4	1.2	130.2
November	28.9	18.5	41.8	.1	11.1	.3	1.5	1.1	1.3	104.6
December	23.6	9.0	43.4	1.7	8.7	.2	1.7	.6	1.2	90.1
January	25.5	5.1	107.4	2.9	11.8	.2	1.9	.5	.1	155.4
February	29.4	25.1	35.7	1.2	9.1	.2	1.3	.6	.2	102.8
March	34.0	20.1	47.6	4.2	8.8	.3	2.2	.9	.1	118.2
April	23.9	21.8	48.5	2.1	9.4	.1	.2	.5	.2	106.7
May	23.0	32.5	50.1	2.2	12.4	.4	3.5	.9	.1	125.1
June	59.5	55.4	38.9	7.6	11.1	.2	4.7	3.6	.1	181.1
Total	339.5	272.6	674.4	29.9	120.5	2.5	23.3	13.6	6.8	1,483.1

Mr. FLOOD. Now, in your justifications you use the term "costs" and you use that rather than "obligations." What in the world is the difference?

Mr. HARDING. Yes, sir. I believe to that extent we are using costs as approximately the equivalent of expenditures. So what we are distinguishing there is the difference between the money which is obligated and that which is actually disbursed, which is essentially the table that you just asked us to put into the record.

Now, we may at time misuse those words or use them loosely. If we have done that, we apologize.

FUNDING STATISTICS BY PROGRAM, 1967–69

Mr. FLOOD. In the record, will you place the total amount of all funds available in each program, 1967, 1968, and the budget for 1969, and break them down showing the part that came from the current appropriation and the carryover that you had and will have from previous years.

Mr. HARDING. The unliquidated obligations from previous years; yes, sir.

(The information follows:)

	Unliquidated obligations, June 30, 1966	Fiscal year 1967, actual				Unliquidated obligations, June 30, 1967	Fiscal year 1968, estimates			Unliquidated obligations, June 30, 1968	Fiscal year 1969, estimates	
		Obligations	Total available	Past year adjustment	Expenditures		Obligations	Total available	Expenditures		Request	Total available
Job Corps	$210.1	$209.2	$419.3	$7.5	$339.5	$87.3	$285.0	$372.3	$307.5	$64.8	$295.0	$359.8
School and summer programs	45.6	206.6	252.2	−1.3	132.8	118.1	169.5	287.6	211.8	75.8	209.4	285.2
Comp. employment programs	56.7	248.6	305.3	−1.1	139.8	164.4	291.5	455.9	278.3	177.6	520.6	698.2
Special impact		7.0	7.0			7.0	20.0	27.0	8.5	18.5	30.0	48.5
Work experience	127.6	99.8	227.4	−3.2	120.5	103.7	45.0	148.7	112.5	36.2	20.0	56.2
Community action	479.0	813.5	1,292.5	−1.8	674.4	616.3	866.0	1,482.3	862.2	620.1	1,020.0	1,640.1
Migrants	23.1	33.0	56.1		29.9	26.2	25.0	51.2	25.8	25.4	30.0	55.4
Rural areas—Program director	.1	2.5	2.6		2.5	.1	2.5	2.6	2.5	.1	2.5	2.6
VISTA	3.9	26.3	30.2		23.3	6.9	30.0	36.9	27.5	9.4	32.0	41.4
Adult basic education	14.9		14.9	−2.8	6.8	5.3		5.3	2.0	3.3		3.3
General direction and administration	4.5	13.6	18.1		13.6	4.5	14.0	18.5	13.1	5.4	17.0	22.4
Total, OEO	965.5	1,660.1	2,625.6	−2.7	1,483.1	1,139.8	1,748.5	2,888.3	1,851.7	1,036.6	2,176.5	3,213.1

DISTRIBUTION OF PERSONNEL BETWEEN WASHINGTON AND THE FIELD

Mr. FLOOD. On page 10 you have a summary of personnel, but this does not show a breakdown between Washington and what you fellows call the field.

Mr. HARDING. You would like to get those?

Mr. FLOOD. All I want is for 1967, 1968, and 1969—the split between Washington and what you call the field.

Mr. HARDING. Yes, sir. We would be happy to supply that.

(The information follows:)

DISTRIBUTION OF PERSONNEL BETWEEN HEADQUARTERS AND FIELD

	June 30, 1967 actual	June 30, 1968 estimated	June 30, 1969 estimated
OEO direct program:			
Headquarters	1,553	1,669	1,669
Field	1,012	1,441	1,641
Total	2,565	3,110	3,310
Delegated programs—School-summer and comp. empl.:			
Department of Labor allocation:			
Headquarters	226	287	347
Field	295	393	533
Total	521	680	880
Work experience and training:			
HEW allocation:			
Headquarters	65	53	46
Field	24	24	15
Total	89	77	61
Department of Labor allocation:			
Headquarters	0	17	12
Field	0	18	18
Total	0	35	30
Rural areas:			
Headquarters	10	10	10
Field	240	240	240
Total	250	250	250
Job Corps:			
Agriculture-Interior allocation	4,040	4,040	3,740
Field			
Total, headquarters	1,854	2,036	2,084
Total, field	5,611	6,156	6,187
Grand total	7,465	8,192	8,271

Mr. HARDING. Let me explain to you very briefly that the field is really becoming the operational arm of this agency.

Until a very few months ago regional offices were rather strictly limited in terms of the grants that they could make. Community Action agencies were limited to $500,000. Beyond that point the grants had to come in here to Mr. Berry's office for approval. We have decentralized that responsibility so that our headquarters office can play its proper role of planning, evaluating, and oversight of our total operations—not become enmeshed in a lot of paperwork. We have got that paperwork out there in the field where those communities are, where the mayor of the city can talk to the regional directors immediately and work out his problems, and the director of the Community Action is right there. This is where the job ought to be done—the operational job ought to be done.

PERSONNEL INCREASE

Mr. FLOOD. You have an increase of 200 jobs for 1959.

Mr. HARDING. Yes, sir.

Mr. FLOOD. What is the matter with what you have?

Mr. HARDING. What the matter is is that we are not doing the job that we should be doing in terms of supervising those 1,043 Community Action agencies.

Mr. FLOOD. 200 jobs?

Mr. HARDING. Yes, sir; we have 1,100 Community Action agencies. The 200 jobs are slotted for precisely this purpose—to be put out into our regional offices to allow them to do the work with and on the Community Action agencies to the end that they more nearly perform the functions that they were designed to perform.

We think it is a terribly false economy to spend millions and millions of dollars in grants to local Community Action agencies and then let them flounder without assistance, without guidance, without supervision.

Therefore back in the fall we requested some 440 additional jobs from the Bureau of the Budget for this specific purpose—not for overhead, not for fancy stuff, but to ge out there into those communities and help those people spend that money in the most productive way possible.

The Bureau of the Budget gave us 240 additional jobs this fiscal year for that purpose with the understanding that as of July 1 they would make the additional 200 available. That is what those jobs are for.

In my view a more significant expenditures could not be made by this agency than to really support and assist those Community Action agencies to spend the big money in a productive fashion.

NEW FACILITIES PLANNED

Mr. FLOOD. On page 8 you have a summary table which shows that you estimate equipment purchases in 1969 will total $3,073,000—more than double 1968—and "lands and structures" costs are estimated to rise from $434,000 to $3,033,000.

Don't you know that equipment and construction are prime areas for reduction and deferral in a stringent budget year?

Mr. HARDING. Mr. Chairman, I believe this figure relates primarily to the new facilities that Mr. Kelly's organization plans in the coming fiscal year.

Mr. KELLY. About $2 million of that increase is programmed for the five intercity skill centers that were proposed as part of the 1969 budget.

Mr. FLOOD. How long have you been on board?

Mr. KELLY. With the OEO since before there was one. I was with the task force from May of 1964, as you will recall. The OEO was authorized the 22d of August and I became its first director of management in November of that year, 1964, after it had been appropriated for.

Mr. FLOOD. What is your position now?

Mr. KELLY. Director of the Job Corps, sir, since the 2d of December 1966.

Two million dollars of that are for the five skill centers contained within the President's budget for 1969.

Mr. FLOOD. Suppose you supply a complete answer for the record. (Information requested follows:)

Object class 31.0, "Equipment," and 32.0 "Lands and structures" appearing in the OEO object class tables on pages 8 and 9 of the justification book include only the direct obligations of the Federal Government. All obligations of contractors to the Federal Government, including those for capital items in object classes 31.0 and 32.0 are included under other services, object class 25.1.

Also note that estimates of capital requirements for "inner city centers—2.0 million were erroneously included in the table for allocation accounts (page 8) rather than OEO direct accounts (page 9). The breakout below shows the corrected distribution.

TABLE I ALLOCATION ACCOUNTS—CORRECTED ENTRIES, 1969
[In thousands]

	Purpose	Amount
Object class:		
25.1	Other services	17.004
31.0	Equipment	2.153
32.0	Lands and structures.	2.600
Total (including all other object classes)		886.516

BREAKOUT BY AGENCIES—1969 ALLOCATIONS

	Object 31.0	Object 32.0
Interior	0.950	1.3
Agriculture	.950	1.3
Labor	.214	
HEW	.039	
Total	2.153M	2.600
	4.753	

TABLE 2.—*OEO program accounts 1969—corrected entries*

Object class:		
25.1	Other services	$223.896 M
31.0	Equipment	1.364 M
32.0	Lands and structures	.433 M
	Total (including all other object classes)	1,289.984 M

All capital obligations whether by contractors of the Federal Government, OEO or other Federal agencies, are summarized program by program in the appropriate sections of the justification book. For example, total Job Corps' capital requirements appear on page 39 of the justification book. That table is shown below.

TABLE 3.—SCHEDULE OF FUNDING REQUIREMENTS

	1968 estimate	1969 estimate	Increase or decrease
Center capital:			
Civilian conservation centers:			
Federal	$2,000,000	$4,500,000	+$2,500,000
State	200,000	200,000	
Men's centers	1,400,000	1,800,000	+400,000
Women's centers	1,100,000	2,690,000	+1,590,000
R. & D. projects	300,000	30,000	−270,000
Inner-city skill centers		2,000,000	+2,000,000
Subtotal	5,000,000	11,220,000	+6,220,000

DEFINITION OF POVERTY

Mr. FLOOD. Now we get to semantics. Every year, my friend Dr. Berry, we have a new definition of poverty. You are usually very eloquent about that. This year we are writing a new dictionary.

Have you refined this definition since last year? What is poverty as of this morning?

Mr. BERRY. If we deal in terms of income this is an area in which Mr. Levine makes the analyses of cost-of-living and income data, and I think he has the latest redefinition of the income level of those who fall below that income as eligible for participation in the program.

Mr. FLOOD. What does that mean, "income level"?

Mr. BERRY. Income that can be used for the consumption of goods for the support of individual and/or his family, depending upon the number within the family. This data is gathered through the various departments of the agency. I think Mr. Levine, who is responsible for establishing those definitions, should respond to that question.

Mr. LEVINE. The only changes we made in the definition of poverty since the very beginning of the program have been annual adjustments for changes in the prices the poor pay.

The current definition of poverty for statistical purposes, is shown in a large and complete table here.

Mr. FLOOD. Can you do it in a paragraph?

Mr. LEVINE. Yes, sir. It is $3,300 roughly for a family of four for statistical purposes. It goes up and down for different sized families.

Mr. FLOOD. Why $3,300?

Mr. LEVINE. This is based on the Department of Agriculture estimated food basket for families near this income level multiplied by a factor for their other needs, a factor of roughly 3.

This allows some 20-cents-plus per person per meal. It is that low.

I can keep going if you like, but that is the basis.

Mr. FLOOD. Go ahead.

Mr. LEVINE. It varies by family size. Needs of different families vary. It is updated each year for changes in prices which go into the index. It is a very low standard of living, and there are yet some 30 million people——

Mr. FLOOD. You would be surprised at how many of my neighbors say, "I am a pauper? I didn't know it until I saw this in the paper." They refer to a statement, apparently by some official of OEO. They are now paupers. They never knew this.

Mr. LEVINE. The word "pauper" is a legal term, and I don't know the full legal definition. But I do believe somebody who has 20-plus cents per meal, 70 cents a day for food, is not well off—in fact, is poor.

Mr. FLOOD. A lot of these people don't know that until you tell them.

Mr. LEVINE. We are not trying to tell anybody that he is poor if he is really not poor.

Mr. FLOOD. But you did.

Mr. LEVINE. Because we have a program to end poverty, we have to define our objective and we have defined it this way, which is a very low standard of living.

Mr. FLOOD. Anything else you would like to add, Dr. Berry?

Mr. BERRY. Poverty is much more than the absence of food. It is the accumulation of the problems that result from sustained limitations on the development of their education, their health, their oppor-

tunities for employment, the adverse effect it has on the children in the family. It is these conditions, economic, social, and spiritual, to which we are addressing ourselves in the many programs that are funded particularly through the community action program. The depressed conditions that exist in the rural sections of our Nation have required our attention, but for inadequate levels of funds available, together with the limited resources that exist in rural areas, we are behind our schedule, behind our own schedule, in terms of addressing and focusing our resources, together with those which can be developed in rural areas, to relieve the conditions of housing, poor health, limited educational opportunities, and economic development that will provide employment.

There is a wide spectrum of needs that exist in all sections of our country which constitute the aggregate of the depressing effects of poverty upon the 30 million people who are in that category defined by limited means of providing the minimal support for the normal growth and the development of family life in our country.

Mr. FLOOD. Mr. Laird?

REPROGRAMING 1968 PROGRAM LEVELS

Mr. LAIRD. Mr. Harding, I would like to discuss with you briefly the budget procedures used in the Office of Economic Opportunity. When this appropriation bill passed the House of Representatives and as it was reported from this committee certain funds were earmarked for the Job Corps program, for the Neighborhood Youth program, for Headstart, and some other programs.

It went over to the Senate and the Senate did away with the earmarking.

Before going into the conference committee I asked Mr. Shriver for a breakdown of these programs if earmarking were withdrawn. What would be the various budget levels of these programs? The Director gave me such a breakdown for fiscal year 1968.

I find that that background material and the justifications not only developed here before this committee but given to me by Mr. Shriver—he is not here to answer this today, so I must direct it to you—were meaningless. Our hearings didn't amount to anything. The committee spent several days, morning and afternoon, going over these justifications. As we look back now over your justifications and the hearings on the 1968 budget, as well as the material the Director gave me on the use of the funds even at the conference committee level, it just meant nothing.

OEO took this money and decided that they would reprogram the whole amount. You really did reprogram it.

Are these justifications we are getting here today meaningful?

Mr. HARDING. Yes, sir; I think they are very meaningful. There are two factors that I would mention, however. One is that reprograming is necessary when the full request is not granted.

Mr. LAIRD. Yes, but I got the figures developed on the basis of various funding levels. We had the justifications on various funding levels running from $1,500 million to the full amount that could be appropriated.

I accepted them at their face value. You know what I am talking about?

Mr. HARDING. Yes, sir; I know what you are talking about. I would like to talk about our budget procedures a little bit in that context.

I assure you, sir, that nothing that Mr. Shriver did or that the agency did was intended to go back on or to fail to comply with understandings with this committee.

Mr. LAIRD. Mr. Shriver told me:

> If you go along with that figure there will not have to be a cut-back on Head Start and we will not have to cut back on the Job Corps and we will not have to cut back on the Neighborhood Youth Corps.

Yet I find when I go through the budget that you did cut back on those programs.

Mr. HARDING. The first figure to bear in mind, of course, is the $15 million that was reduced below the $1.788 billion figure. That had to be eaten somewhere.

There was an additional $10 million that was earmarked in the final action for transfer to HEW for vocational education.

Mr. LAIRD. That was not in the final action. That was already in the regular HEW appropriation bill as it passed the House on May 25, 1967. You were familiar with that. That was in the HEW appropriation bill.

Mr. HARDING. That is what I meant. That was not anywhere contemplated in our budget up until the point that it was put into the final appropriation.

Mr. LAIRD. It was law at the time that we were in conference on the OEO funding bill. It was a law, signed by the President of the United States.

Mr. HARDING. I meant, sir, at the time that he made commitments to you——

Mr. LAIRD. It was the law, signed by the President of the United States to transfer $10 million for the work study program.

Mr. HARDING. My recollection of the timing is a little hazy, sir.

Mr. LAIRD. I think somebody on your staff can help you out on that, It was the law at the time we were in conference.

Mr. LEVINE. I will not argue with you. I know Mr. Shriver made a commitment to you with lack of knowledge.

Mr. HARDING. He didn't have the figure in mind, sir. I know I didn't have it in mind.

I read that in the colloquy on the floor of the House in which I think you and Mr. Mahon agreed that the $10 million was to be transferred to Vocational Education.

All I am saying is that there was, therefore, $25 million that had to be eaten some place else.

In addition to that, sir, there was a number of programs that the Congress obviously felt very strongly about in the authorization bill. You are familiar with these—the day care program, emergency food and medical program, the special impact program, all of which were authorized at much higher levels than we were able to fund.

We felt an obligation to the Congress to at least partially fund these programs that were receiving so much attention and were of such concern to the authorization group, and therefore we did fund it.

In addition to that, a decision was made, and very consistent with this year's budget, that over and above the efforts which we had con-

templated in that budget for jobs that we had to do even more than we were funded to do, and therefore, we had to make reductions.

They are relatively minimal reductions we made in this program, as you well know. The effect in some cases, particularly in the Job Corps, which I know you are concerned about, unfortunately coming as late in the year as it did, resulted in a rather appreciable cutback in Job Corps facilities.

Mr. LAIRD. A considerable amount of money was wasted.

Mr. HARDING. You are talking about in capital investment?

Mr. LAIRD. For instance, I was not in favor of going ahead with the Job Corps center at McCoy in my State. I made that clear. I thought this was not the best location for that kind of a center.

I got into this at some length. The costs were high to establish that center. I asked questions about these high costs last year with regard to McCoy.

The only way you could justify going to McCoy would be to keep it open for at least a few years. I think it was a mistake to go there in the first place. Just exactly what I thought would happend did happen, it was closed up. You poured a lot of money down the drain in a project that was certainly not economically sound.

I can go through other examples like this but I don't want to get into specifics. I want to know whether these justifications we have here will be followed this year or are you just going to reprogram all this money as soon as your bill passes?

Mr. HARDING. We certainly have no intention of breaking faith with this committee, Mr. Laird. I am very concerned that you feel faith has been broken in the past.

I am trying to explain the circumstances which caused that to come about, and on the Job Corps matter I would like to point out to you that Mr. Kelly, concurred in by Mr. Shriver and myself, really made a rather courageous decision in terms of the absorption of this $10 million cut in terms of eliminating those facilities which were high cost or low producers or at least below a certain mark rather than making an across-the-board scale back in all of the Job Corps Centers which would have perpetuated the high-cost facilities and kept our unit costs high.

We recognize that we could have gotten away from most, if not all, of the political heat by leaving all of the facilities in place and merely taking a few beds out and saving some operating dollars. We chose to do the other one because we thought it was better business management.

Mr. LAIRD. I would like you to place in the record here how the cut in the 1968 budget was applied to individual programs.

The total overall cut was approximately $300 million. I would like to have it applied to the individual programs, and then I would like to take the program levels Mr. Shriver gave me for a $1.788 billion appropriation.

Mr. HARDING. I have made a small analysis here which might serve the sort of purpose that you have in mind.

(Information requested follows:)

COMPARISON OF FISCAL YEAR 1968 PROGRAMS AUTHORIZED, ANNUALIZATION (AS REPORTED TO CONGRESS), AND CURRENT PLAN

[In millions of dollars]

	Authorized	Annualization of 1967 operations	Current operating plan
Total OEO program	$2,060	$1,788	$1,773
1. Work and training	944	819	811
Job Corps	295	295	285
In school/summer (NYC)	[1] 164	162	169.5
Comprehensive employment program	[1] 415	292	291.5
(Out of school (NYC))	(153)	(153)	(104.6)
Nelson/Scheuer)	(96)	(96)	(69.1)
(JOBS)	(0)	(0)	(51.0)
(CEP)	(157)	(32)	(51.3)
(Support)	(9)	(11)	(15.5)
Special impact (new ID)	0	0	20
Work experience	70	70	45
2. Community action	1,022	877	866
Headstart	352	348	325
Headstart followthrough	120	4	15
Legal services	47	40	38
Upward Bound	35	35	30
Comprehensive health	60	42	33
Support	79	79	78
Local initiative programs	329	329	347
(Fiscal year 1967 projects)		(329)	(307)
(1968 summer projects)		(0)	(30)
(Emergency food and medical)		(0)	(10)
3. Migrants	27	27	25
4. Rural loans	20	20	17
5. VISTA	31	29	30
6. General direction and administration	16	16	14
Transfer to other programs		0	10
Employment and investment incentives (title IV)		0	0
Day care (title V–B)		0	[1] 0

[1] Fiscal year 1968 budget appendix shows following activity structure for these amounts:

	Millions
Neighborhood Youth Corps	$321
Adult work training and special impact	258

NUMBER OF POSITIONS IN 1968

Mr. LAIRD. The 1968 budget request is for 7,642 Federal positions. On page 4 of your justifications you show that you have 8,192 Federal positions for 1968.

It is a little difficult for me to understand a $300 million budget reduction in 1968 with an increase of 550 Federal jobs for that year. The original budget request was well over $2 billion and you justified that that would require 7,642 Federal jobs. The Congress cut the budget $300 million and you talk in your justifications this year about the 8,892 Federal positions you are funding.

I would like to know why, when we cut the budget the number of Federal jobs go up.

Mr. PLISSNER. I am the Chief of the Program Analysis Division in the Office of Economic Opportunity.

I think we will probably have to come back to you for the record on this to give you a detailed analysis.

Mr. HARDING. May we supply that?

Mr. LAIRD. It certainly had better be supplied for the record if you can't answer it now.

Mr. HARDING. We shall supply the information for the record.
(The information follows:)

The difference between fiscal year 1968 positions as shown in the 1968 and 1969 budget requests are shown below:

1968 positions shown in 1968 budget	7,642
Position increase allocated to the Department of Labor omitted from the 1968 OEO budget, personnel summary	[1] 305
Corrected 1968 positions in 1968 budget	7,947
CAP regional office position increase in fiscal year 1968	240
Miscellaneous position increases in allocation accounts	5
1968 positions shown in 1969 budget	8,192

[1] See p. 1217, appendix, the Budget of the United States, 1968.

The 1968 budget request included an increase of 305 positions in the Bureau of Work Training Programs for the support of OEO programs performed by the Department of Labor. By mistake, these positions were included in the budget only by the Department of Labor, the agency whose request was approved.

Since the fiscal year 1968 President's budget request, the Bureau of the Budget has approved an increase in CAP regional office positions to strengthen program review, technical and management assistance to grantees, and program monitoring. A total increase of 440 positions was approved; 240 in fiscal year 1968, and 200 in fiscal year 1969. This increase was discussed more fully by Mr. Harding, above.

ADMINISTRATION AND PROGRAM DIRECTION COSTS

Mr. LAIRD. I would like a table showing by program, and the totals, the cost of administration and executive direction for 1967, 1968, and the budget for 1969.
(Information request follows:)

ADMINISTRATION AND PROGRAM DIRECTION COSTS

[In thousands of dollars]

Program	Fiscal year 1967 actual	Fiscal year 1968 estimate	Fiscal year 1969 estimate
OEO direct programs:			
Job Corps	$6,367	$6,633	$6,685
Community action	6,234	7,583	6,629
VISTA	4,998	4,361	4,450
Headquarters administration	11,230	11,500	13,500
Regional offices	(16,236)	(23,651)	(26,596)
Job Corps	2,556	3,057	3,475
CAP	10,285	15,017	16,371
VISTA	1,035	3,077	3,250
Administration	2,360	2,500	3,500
Subtotal, direct programs	45,065	53,728	57,860
Delegated programs:			
Department of Labor programs	(7,749)	(10,500)	(12,500)
Headquarters	3,669	4,830	5,500
Field	4,080	5,670	7,000
Work experience, HEW	(1,034)	(1,950)	(1,500)
Headquarters	755	1,219	960
Field	279	731	540
Rural areas	(2,500)	(2,500)	(2,500)
Headquarters	167	175	176
Field	2,333	2,325	2,324
Subtotal, delegated programs	11,283	14,950	16,500
Total, OEO	56,348	68,678	74,360

RESEARCH AND DEVELOPMENT

Mr. LAIRD. I would like a table for the record showing, by program, the amounts for research, development, evaluation, and program planning.

Mr. LEVINE. Yes, sir.

(Information requested follows:)

SUMMARY OF OEO RESEARCH, DEMONSTRATION, AND EVALUATION, FISCAL YEARS 1967 AND 1968: CONTRACTS AND GRANTS

[Dollars in millions]

	Fiscal year 1967 projects		Fiscal year 1968 projects		Fiscal year projects amount
	Number	Amount	Number	Amount	
Research:					
Headstart	24	$1.4	4	$1.5	$1.5
Basic census data	12	1.8	5	.3	.5
Community action	50	2.2	9	1.4	.8
Job Corps	6	.2	5	.2	.6
VISTA (combined with evaluation)					
Manpower Administration	10	.8	12	.8	1.1
R.P.P. & E		4.0		3.6	3.6
Total	102	10.4	35	7.8	8.1
Demonstration:					
Headstart	5	.8	13	2.1	2.1
Community action	127	25.4	38	21.1	21.0
Job Corps	9	2.7	3	1.9	4.0
VISTA	1	.3	31	1.4	
Manpower Administration	21	2.1	12	1.3	1.7
Total	163	31.3	97	27.8	28.8
Evaluation:					
Headstart (including research in fiscal year 1968)	29	3.6	23	4.5	4.5
Community action	24	2.4	11	3.0	3.0
R.P.P. & E			2	1.4	1.6
Job Corps	25	.7	25	1.0	3.0
VISTA (evaluation and research)	47	.4	421	.4	
Manpower Administration	5	.3	20	2.5	3.3
Total	130	7.4	502	12.8	15.4
Planning:					
Community action		3.0		6.0	14.0
Job Corps (curriculum development)	10	.9	11	.8	1.5
VISTA					
Manpower Administration					
Total	10	3.9	11	6.8	15.5
Grand total	405	53.0	645	55.2	67.8

PERSONNEL FREEZE

Mr. LAIRD. Mr. Harding, what instructions have you issued to stop expansion of programs and hiring of personnel in view of the recent action of the Senate and the indications that the House might possible concur?

As you know, the Senate took action by a substantial vote to cut back the overall Government expenditure level. This would seem to me to have considerable effect upon your program.

Mr. HARDING. That related to 1969?

Mr. LAIRD. Yes.

Mr. HARDING. In terms of program expansion, Mr. Laird our agency has been, as you know, operated under a continuing resolution for almost half of fiscal year 1968.

At the time that we got out from under that continuing resolution I placed an employment freeze on the agency for the purpose of trying to reevaluate our personnel utilization. That employment freeze is still in effect. The only exception to it was the employment of additional people that were authorized by the Bureau of the Budget for our community action program.

We are essentially at a standstill now in terms of employment.

ANTIRIOT COMMISSION REPORT

Mr. LAIRD. What actions are being taken within OEO in regard to a supplemental request to carry out the recommendations of the President's Antiriot Commission?

Mr. HARDING. We are taking no action on the supplemental at all, Mr. Laird.

Mr. LAIRD. Earlier today you spoke of the funds which you had in reserve for the summer program. What other funds do you have in reserve?

Mr. HARDING. That is about all the funds that I can thing of of any appreciable amount.

I imagine there is a small amount of money in reserve for some evaluation studies that Dr. Levine will undertake. These are relatively small.

The only big reserve is the summer money.

Mr. LAIRD. That is all, Mr. Chairman.

EFFORTS AT COORDINATING OEO PROGRAM

Mr. NATCHER. As I understand it, you are requesting $2,180 million for fiscal year 1969?

Mr. HARDING. Yes, sir.

Mr. NATCHER. That is $407 million more than the amount appropriated for 1968.

As far as poverty is concerned in this country, I think the majority of the people know that we have conditions existing in the United States that must be corrected. I sincerely believe that the majority of the people in the United States are in favor of correcting these conditions.

What have you and members of your staff been able to do in the last 20 months in regard to bringing this program together?

You have a lot of money in the poverty program, a lot of different programs underway.

Since you have taken over have you been able to bring this program together a little bit better from the standpoint of operation? There is where we have trouble in the Congress.

You know, when you speak in terms of $2,180 million, certainly that is a lot of money, but that is not a lot of money to spend on our country, Mr. Harding.

You know, Mr. Chairman, we hear a lot of complaints about our country. There is still a lot right about this country and the time is here for the people to stand up and shout saying so.

I think that living in the greatest country in the world we will correct these problems. What are you people doing from the standpoint of bringing this program together to help my chairman and

the members of this subcommittee and the Congress, generally, in seeing to it that we can appropriate $2.180 billion?

Mr. HARDING. First let me say, sir, that I certainly want to agree with your statement that there is a lot that is good in this country, and the very fact that this country has an antipoverty program I think is one of the greatest monuments to our commitments to helping out the poor within our confines.

In terms of what I have been able to do since Mr. Shriver was nominated for the ambassadorship, I am afraid I will have to plead I have not accomplished too much in 2 weeks. I do not think, however, that that really was the intent of your question. What you really are interested in is what has been done.

I think what has been done is monumental over a 3½-year period.

The Job Corps facilities that have been established——

Mr. NATCHER. I understand that, Mr. Harding. Excuse me for interrupting you.

I think the Director of the Job Corps setup will agree I am sold on the Job Corps setup in the United States. You are correct as to the time element—not just what you have been able to do but what has your organization been able to do in the last 20 months to bring this program together to make it operate better? That is what I have in mind. Lots of mistakes have been made in this program and lots of serious mistakes. I say that to you frankly.

What have you been able to do to get this organization together to know what is going on, to see that it is properly functioning—Job Corps, community action, and everything else? What are you doing?

Mr. HARDING. For one thing we have one of the most imaginative and effective inspection operations that I have encountered in my 26 years in the Government service, where we have people fanning out into all of our activities at the first sign of any difficulty, sending in immediate reports back that go directly to the Director, about incipient problems, things that need to be corrected, where we need to perform an audit, where we need to get a regional person out to correct a situation.

This program has, I think, contributed immeasurably to our capacity to stay on top of what is very obviously a very large and diffuse operation throughout the entire country.

I think another important thing we have done, and we are moving even more rapidly in this direction, is that we are taking many of our programs, particularly our manpower programs, and delegating them to the Department of Labor where the real manpower expertise resides, so that we do not have to duplicate those people and that expertise to administer these programs.

A large percentage of our budget now goes and is administered by Mr. Ruttenberg and his office in the Department of Labor. I think this has been a large step in the direction of bringing better management.

We are constantly installing new and accepted administrative systems within the agency, so that, for example, our mail could be handled in a more systematic and responsive fashion.

Frankly this has been most of my effort in the 2 years that I have associated with the program, and this is primarily the reason that Mr. Shriver asked me to come to OEO—to try and bring some of the accepted bureaucratic routines, if you will——

Mr. FLOOD. Where did you come from?

Mr. HARDING. From the Internal Revenue Service, sir.

I was the Deputy Commissioner of Internal Revenue, Mr. Flood, for 3 years prior to coming to OEO.

Mr. FLOOD. All right.

Mr. HARDING. So I have spent a great deal of my time purely in management systems and in trying to make the organization run somewhat more smoothly.

It was a new organization, Mr. Natcher, and it was an organization started up mostly with a dream and mostly with people, very few of whom, who had very little Federal administrative experience.

Mr. Kelly has had a long and distinguished career in the Federal bureaucracy but he was the exception. We were staffed with very, very bright and very, very dedicated people, but people who were a little short in terms of how you got things done in a big bureaucracy, and so we have brought a number of people of this type in to lend stability and management know-how to OEO. This has been a continuing thing. Certainly it is nothing I have done in the last 2 weeks.

Mr. NATCHER. Mr. Harding, you and your associates can help this subcommittee and the full Committee on Appropriations and the Congress generally if you will see to it that the money that is appropriated is spent properly, produces results, and stop a lot of these mistakes.

Mr. HARDING. Yes, sir.

APPALACHIA

Mr. NATCHER. In the State of Kentucky we have 120 counties. We have 49 counties in Appalachia.

I can take you into some counties in Kentucky and show you conditions that you cannot find anywhere else in the United States.

I think Mr. Berry would agree to that. It is pitiful.

We sit in the Halls of the Congress and adopt an Appalachian program that provides for $846 million in highways. You go through the mountains of Kentucky, build these fine roads. The people up there want these funds to go into the local communities and the towns.

We don't need to spend $840 or $900 million in the Appalachian program, through the sections we are trying to aid and assist, for highways. That is an example that I am trying to make to you, Mr. Harding. It is not under your shop and not under your control at all. However, when you go into the mountains of Kentucky and see some of the pitiful conditions there, and you see a fine divided highway being built, and they say, "We are employing 75 to 80 people from this community"—that is good for a time, but what will that do for that section of Kentucky 3 years from now? You see what I mean?

Mr. HARDING. Surely.

Mr. NATCHER. You would get a lot more money if you can show this committee and show the Congress generally that this money is being expended properly, and that we are receiving benefits for it, and it is helping our people.

My people are objecting to the manner in which it is being handled.

Mr. HARDING. Yes, sir.

Mr. NATCHER. You know, I have considerable difficulty with some of these amounts and some of the programs that you have in operation when I find out what you have accomplished.

Mr. Berry, as I understand it from Mr. Harding's statement to the committee, a little over $1 billion of the overall amount requested will go into the Community Action program projects. Is that correct?

Mr. BERRY. Yes, sir; $1.020 billion.

Mr. NATCHER. How do you feel generally so far as community action is concerned?

Just by way of general discussion, how do you feel? Most of the money is going into your shop.

Mr. BERRY. We have 1,043 community action agencies throughout the country. In relation to the needs, various areas of service that community action agencies have attempted to develop programs in, we are touching and affecting a relatively small number, approximately 4 million during the last fiscal year. We estimate we will reach a larger number given the appropriation we are asking.

We have improved, and the community action agencies have improved, both the quality and the delivery of the programs that we have funded in our operation. I think we have made substantial advances and improvements in the mandate that Congress has spelled out in the statute, enabling the community action agency to be a planning and coordinating and delivery mechanism for the service of the people in that community. We have made substantial coordinating progress with the Department of Labor, with HEW, the Office of Education, in the improvement of standards of the Headstart, the follow-through, the Neighborhood Youth Corps, the employment training programs, bringing them closer to the community action agencies so that there is a single agency that is handling and coordinating the programs funded by both delegated programs and by those that are funded from the community action program section.

This, in relation to the total need, is not sufficient to reach all of the people. But those that have been reached, particularly through the service programs of the neighborhood service center concept, which has been an instrument of major emphasis and attention by all Community Action agencies, in bringing those resources that exist, both welfare and employment, and also including Health, are the people at the community level where there is the greatest need.

I propose in my presentation on Tuesday to go into that in more depth, and also I think I will substantially establish that we are delivering this at a reduced cost for purposes of your consideration because much of the criticism—unwarranted, I say—has been the misconception that there is a high administrative cost in providing these services and these programs.

I think we will be prepared to present to you the concrete hard core, both in terms of people reached, improved quality of the program, and at a considerably reduced level of administrative cost from the point of view of the operating agencies, both national, regional, and local community operation.

Mr. NATCHER. Mr. Harding, in the section of Kentucky which qualifies for nearly all of these programs, especially in the 49 counties we have in the Appalachian program, those people who know the situation best say that a lot of money has been squandered. Newspaper

editors of fine small newspapers, bankers, businessmen, they are all very much concerned about the way a lot of the money has been used.

They do not object to the fact that the overall amount in the poverty program is so many billion dollars. They do not object to that.

They say "We know our conditions up here. We have people suffering and people that need a lot of help. But what you are doing is not right."

Mr. Harding, I do not know of anybody in the world that knows better than the business leaders in those sections what some of their needs are. They may be wrong about a lot of things. I think those people generally understand what they need and what will help them.

I say to you that those who go down into my section of the country and go into the sections where people are suffering and need help, will be quite surprised at what they discover.

I am very much concerned about it, Mr. Harding. You can put me as one member of this subcommittee and as one member of the appropriations committee where I can cast the vote of my people for this program.

You ask me, "Did you cast the vote of your people for the rat bill?" Certainly I did.

I serve on another subcommittee where we have $245 or $250 million for research in Agriculture. Why couldn't we have $20, $40, or $60 million to help the people with this situation in our cities?

As the new director of this organization, if you will pull this program together, convince the people in this country that you are spending this money right and producing results, you will have no trouble with this committee, and you will have no trouble with the Congress.

ILLINOIS PILOT PROJECT FOR ELDERLY

Mr. MICHEL. Closely following up Mr. Natcher's remarks, Mr. Chairman, let me change my order in the questioning.

If you are in such a tight budget situation and you are squeezing every dollar you possibly can, why would the Office of Economic Opportunity approach a committee on the aging in Illinois several weeks ago to see whether they could find a way to make a quick request for $200,000 for a demonstration project on social eating? They refer to "Any imaginative way to make eating more pleasant for older people—just make the request." Two million dollars is being made available by the U.S. Government at times like these when dollars are so hard to get.

I got this information from a member of that committee on aging in Illinois who is responsible in part for advising a pilot project for the elderly in Peoria where the recommendation there is for individual kitchens for elderly people.

But here is somebody from OEO trying to get a study going. Can't you find ways to obligate $200,000 for a study other than a project like this so they can have a greater time eating? Whose idea is that? It is in your shop out there.

Mr. HARDING. I certainly would like to look into the facts relative to that. I agree with you on the basis of the report that you have that it does not look like the best expenditure of $200,000.

Mr. MICHEL. I sure hope you will. I am not so naive as to think there will be anything in the record here to satisfy me because you will call out there and somebody will say, "We don't know a thing about it." But what happened is that somebody got on the phone. I will bet dollars to doughnuts there is nothing in writing.

I know as an absolute fact that it happened.

When this kind of thing goes on, it makes it more difficult, as Mr. Natcher brought out and the chairman of this committee brought out, to go to the floor at a time we are hard put for dollars and say "We know they are getting the most they possibly can."

By golly, it takes only one little instance like this. We cannot say $200,000 is an insignificant amount because it is a lot of money.

Mr. HARDING. The only thing I will ask you to do is to hold your absolutely firm and final decision on is this. We have encountered a number of situations in the past where I have gotten reports of the sort you suggest, and people seem to think that any program related to poverty is necessarily coming out of OEO.

I have found a number of situations where it was not OEO. Somebody says "poverty" and they translate that into OEO.

I do not say that is so but I hold out the possibility it was not an OEO overture.

(The information follows:)

Inquiry into the facts indicated the Office of Economic Opportunity has not and will not be involved in this project. Specifically, the supervisor of the section for services for the aging, Illinois Department of Public Aid, Mrs. Elizabeth Breckinridge furnished the following information:

(1) An application for approximately $77,000, which has not been funded yet, has been sent to Office for Aging, Department of Health, Education, and Welfare.

(2) The application was made under title IV of the Older Americans Act.

(3) The proposed program would involve primarily three low-income housing projects in which older people, many of whom have incomes under $1,000 a year, live; it would provide balanced meals in cafeteria style Monday through Friday; it would also provide extensive nutritional and marketing help with the goal of helping isolated aged people better care for themselves.

(4) The program is sponsored by the Peoria Neighborhood House and would have a council helping it called the Illinois State Council on Aging.

WOODLAWN PROJECT

Mr. MICHEL. What kind of pressure does OEO apply to a youth commission out in Illinois, for example, to release four convicted murderers to be teachers in the Woodlawn project in the south side of Chicago? What do you know about that?

Mr. HARDING. I know about the Woodlawn project and the south side of Chicago.

Mr. MICHEL. How about the recruitment of convicted murderers and giving them a release to teach in a project like that? Do you think this is the only way we can get the job done?

Mr. HARDING. I am sure it is not. That particular project, as you know, is bottomed on the idea that the participants and the instruction staff are kids with very bad records.

Mr. MICHEL. Do you think we have to go to the extreme of having convicted murderers teaching these kids? Do we have them rehabilitated to that extent that they will make that good a teacher?

Mr. HARDING. I will have to look at the individual cases involved.

Mr. MICHEL. I wish you would look at this one and put something in the record to satisfy me on this case because it can be documented. We will not do it here for the record.

Mr. HARDING. Surely.

Mr. MICHEL. Projects like this just rankle us no end. We are the laughing stock of our constituents when we go back home and this stuff is exposed. They ask "What is the matter with you guys? Don't you have them up before your committee, Don't they have to account to you for these dollars?"

Mr. HARDING. We will certainly look into this particular instance. TWO as you know is a tremendously controversial operation and it is what we call a very high risk operation.

We are looking at it very, very carefully. It is a bright hope if, in fact, you can get these completely disenchanted kids out of this gang warfare bit and into an educational process to educate each other rather than to shoot each other. That is really what TWO is about.

Mr. MICHEL. I am not quarreling with the objective but the means to the ends.

Mr. HARDING. I understand you perfectly. It may very well be that the objective is impossible of achievement. We are watching that project very carefully to evaluate its ultimate success.

It is an experiment. It is an experiment like here in Washington with the PRIDE organization. You take some chances when you get into it.

Mr. BERRY. Since that project was funded out of community action, I would like to know the specific allegation. Did I understand that the charge is that someone from OEO, or paid for by OEO, has appeared before some——

Mr. MICHELL. Someone has put the pressure on the Illinois Youth Commission.

Mr. BERRY. That is entirely a new allegation. I know nothing of it. We will certainly investigate it.

The Illinois Youth Commission to obtain a parole, is it, of some two individuals?

(The information follows:)

ILLINOIS YOUTH COMMISSION

OEO's investigation indicates that no person associated with the Woodlawn organization (TWO) or the OEO has had any communication with the Youth Commission of Illinois, officially or unofficially, regarding the release or parole of any convicted persons. More specifically, the investigation did not disclose any evidence that any person, in TWO or the OEO Great Lakes regional office or headquarters office, made any attempt to influence or pressure the Illinois Youth Commission to release any convicted murderers or felons to be teachers in the Woodlawn project or any other project.

Mr. MICHEL. We have spent $800,000 on that project thus far.

Mr. HARDING. That is right.

Mr. BERRY. We have not spent that much. It was funded for slightly more than that but they have not spent that much.

CASH CONTRIBUTIONS BY LOCAL CAA

Mr. MICHEL. How many of the local community action agencies put up any cash at all? May we have that supplied for the record?

Mr. HARDING. Yes, as distinguished from in kind?

Mr. MICHEL. Yes.

Compare it to the whole number of community action programs so I can see whether or not it is 1 percent or 2 percent.

(Information requested follows:)

CASH PORTION OF NON-FEDERAL SHARE FOR 31 SELECTED COMMUNITY ACTION AGENCIES

City	Total NFS	Cash portion NFS	City	Total NFS	Cash portion NFS
Washington, D.C.	$560,945	$49,994	Phoenix, Ariz.	$131,000	$9,000
Louisville, Ky.	175,294	0	Seattle, Wash.	865,000	231,000
Baltimore, Md.	834,434	520,737	St. Louis, Mo.	1,773,352	30,626
Pittsburgh, Pa.	777,146	0	Denver, Colo.	887,750	85,309
Huntington, W. Va.	71,818	0	Kansas City, Mo.	550,828	78,924
LKLP, Ky.	129,532	1,500	Omaha, Nebr.	380,550	9,009
Atlanta, Ga.	693,000	209,000	Dallas, Tex.	151,000	0
Birmingham, Ala.	140,000	44,000	Oklahoma City, Okla.	203,615	5,809
Memphis, Tenn.	80,000	36,000	Houston, Tex.	687,018	200,000
Miami, Fla.	1,846,000	0	New Orleans, La.	395,222	775
Tampa, Fla.	633,000	0	Chicago, Ill.	6,947,988	1,800,000
Buffalo, N.Y.	441,568	185,908	Milwaukee, Wis.	744,628	1,500
Rochester, N.Y.	429,239	0	Toledo, Ohio	472,337	27,500
Jersey City, N.J.	364,874	94,436	St. Paul, Minn.	312,669	16,900
Providence, R.I.	398,439	0			
San Francisco, Calif.	800,000	201,000	Total for these selected CAA's	23,199,246	3,918,927
Oakland, Calif.	321,000	80,000			

Note.—For late major fundings in 31 selected community action agencies, 16.9 percent of applied non-Federal share is in cash. The remaining NFS is in kind, including plant, equipment, and services fairly evaluated.

OEO BUSINESS LEADERSHIP ADVISORY COUNCIL

Mr. MICHEL. Would you also please put in the record the firms represented on the OEO Business Leadership Advisory Council, and those that are members of the Advisory Council and have one or more contracts with your shop.

Mr. HARDING. Relationship between firms on the Advisory Council and any contracts with any of those firms?

Mr. MICHEL. Right.

Mr. HARDING. Yes, sir.

(Information requested follows:)

The following information regarding active contracts with member firms of OEO's Business Leadership Advisory Council is hereby furnished for the record.

OFFICERS, MEMBERS, AND FIRMS—CONTRACT PURPOSE, NUMBER, PERIOD, AND AMOUNT

Gerald L. Phillippe, Vice Chairman, Business Leadership Advisory Council; chairman of the board, General Electric Co., 570 Lexington Avenue, New York, N.Y. operation of Clinton, Iowa Job Corps Center, OEO–4071, July 1, 1967–December 31, 1968, $7,447,000—(contract is with General Learning Corp., subsidiary of GE-Time Life).

Levi Jackson, member, Business Leadership Advisory Council; manager, personnel and administration, General Parts Divsion, Ford Motor Co., McKean and Textile Roads, Ypsilanti, Mich.; operation of Guthrie, Okla. Job Corps Center, B89–4056, November 22, 1967–June 30, 1968, $1,769,000—(contract is with Philco-Ford Corp.).

William Ruder, member, Ruder & Finn, Inc., 130 East 59th Street, New York, N.Y.; expanded Job Corps art exhibit tour, B89–4394, February 15 1968–February 15, 1969, $8,600.

Thomas J. Watson, Jr., members, chairman of the board, International Business Machines Corp., Old Orchard Road, Armonk, N.Y.; data socioeconomic model systems, OEO–2293, July 1, 1966–June 30, 1968, $456,300.

Council membership is as follows:

OFFICERS

Chairman: Walker L. Cisler, chairman of the board, the Detroit Edison Co., 2000 Second Avenue, Detroit, Mich.
Vice Chairman: Lloyd N. Cutler, Esq., Wilmer, Cutler & Pickering, Farragut Building, 900–17th Street NW., Washington, D.C.
Vice Chairman: Gerald L. Phillippe, chairman of the board, General Electric Co., 570 Lexington Avenue, New York, N.Y.
Past Chairman: Thomas S. Nichols, chairman, executive committee, Olin Mathieson Chemical Corp., 460 Park Avenue, New York, N.Y.

MEMBERS

Gardner Symonds, chairman, Tenneco, Inc., Post Office Box 2511, Houston, Tex.
Thomas J. Watson, Jr., chairman of the board, International Business Machine Corp., Old Orchard Road, Armonk, N.Y.
Jay Wells, president, Wells Television, Inc., Pan Am Building, New York, N.Y.
John Wheeler, president, Mechanics & Farmers Bank, Durham, N.C.
Walter H. Wheeler, Jr., chairman of the board, Pitney-Bowes, Inc., Stamford, Conn.
Stanton L. Young, Independent Oil Producer, First National Bank Building, Oklahoma City, Okla.
Asa Spaulding, president, North Carolina Mutual Life Insurance Co., 114 W. Parrish Street, Durham, N.C.
Lyle Spencer, president, Science Research Associates, Inc., 259 East Erie Street, Chicago, Ill.
William G. Stewart, Cyclops Steel Corp., Station Street, Bridgeville, Pa.
Stuart T. Saunders, chairman of the board, Pennsylvania Railroad Co., Philadelphia, Pa.
Richard J. Schwartz, president, Jonathan Logan, Inc., 1407 Broadway, New York, N.Y.
Charles E. Scripps, chairman of the board, Scripps & Howard, Cincinnati, Ohio.
W. Kenneth Menke, president, Pittsburgh Chemical Co., Grant Building, Pittsburgh, Pa.
James McCormack, chairman, Communications Satellite Corp., 19th and L Streets NW., Washington, D.C.
Alfred C. Neal, president, Committee for Economic Development, 711 Fifth Avenue, New York, N.Y.
Dr. Charles F. Jones, president, Humble Oil & Refining Co., Post Office Box 2180, Houston, Tex.
Edgar F. Kaiser, chairman, Kaiser Industries Corp., Kaiser Center, 300 Lakeside Drive, Oakland, Calif.
Joseph H. Kanter, president, Kanter Corp., 690 Northland Road, Forest Park, Cincinnati, Ohio.
Marion B. Folsom, Eastman Kodak Co., Rochester, N.Y.
Arthur Gartland, Cronin & Gartland and Co., 15 Broad Street, Boston, Mass.
Dr. A. G. Gaston, president, Booker T. Washington Insurance Co., Birmingham, Ala.
Carl A. Gerstacker, chairman of the board, the Dow Chemical Co., Midland, Mich.
Eli Goldston, president, Eastern Gas and Fuel Associates, 2900 Prudential Tower, Boston, Mass.
Robert Hilkert, first vice president, Federal Reserve Bank of Philadelphia, Philadelphia, Pa.
Norman Houston, chairman, Golden State Mutual Life Insurance Co., 1999 West Adams Boulevard, Los Angeles, Calif.

Andrew J. Houvouras, Jr., president, Huntington Plating, Inc., 625 Monroe Avenue, Huntington, W. Va.
Levi Jackson, manager, personnel and administration, General Parts Division, Ford Motor Co., McKean and Textile Road, Ypsilanti, Mich.
Donald C. Cook, president, American Electric Power Co., Inc., 2 Broadway, New York, N.Y.
Richard Cudahy, president, Patrick Cudahy, Inc., Cudahy, Wis.
Arthur H. Dadian, Esq., 1842 16th Street NW., Washington, D.C.
William Patrick, assistant general counsel, Michigan Bell Telephone Co., 1365 Cass Avenue, Detroit, Mich.
William Ruder, Ruder & Finn, Inc., 130 East 59th Street, New York, N.Y.
Harvey Russell, vice president, Pepsi-Cola Co., 500 Park Avenue, New York, N.Y.
George R. Brown, president, Brown & Root, Inc., Post Office Box 3, Houston, Tex.
Carter L. Burgess, chairman of the board, American Machine Foundry, 261 Madison Avenue, New York, N.Y.
John Burke, executive secretary, the Business Council, 888 17th Street NW., Washington, D.C.
Nathan L. Shainberg, chairman of the board, Sam Shainberg Co., Memphis, Tenn.
Olcott Smith, chairman, Aetna Life Insurance Co., 151 Farmington Avenue, Hartford, Conn.
Roger P. Sonnabend, president, Hotel Corp. of America, 464 Commonwealth Avenue, Boston, Mass.
C. Malcolm Davis, president, Fidelity Union Trust Co., 765 Broad Street, Newark, N.J.
John D. DeButts, vice chairman, American Telephone & Telegraph Co., 195 Broadway, New York, N.Y.
John M. Ely, president, Prexy's, Inc., 241 East 44th Street, New York, N.Y.
Philip Klutznick, Klutznick Enterprises, 401 North Michigan Avenue, Chicago, Ill.
C. Virgil Martin, president, Carson Pirie Scott & Co., One South State Street, Chicago, Ill.
James B. McCahey, Jr., president, Chicago, South Shore & South Bend RR. Co., Michigan City, Ind.
C. Malcolm Davis, president, Fidelity Union Trust Co., 765 Broad Street, Newark, N.J.
John D. DeButts, vice chairman, American Telephone & Telegraph Co., 195 Broadway, New York, N.Y.
Alphonsus J. Donahue, president, Donahue Sales Corp., 41 East 51st Street, New York, N.Y.
Donald S. Carmichael, Esq., Terminal Tower, Cleveland, Ohio.
Richard H. Carter, president, Fostoria Corp., Fostoria, Ohio.
William Colihan, Jr., executive vice president, Young and Rubicam, Inc., 285 Madison Avenue, New York, N.Y.
Vernon Alden, president, Ohio University, Athens, Ohio.
Ralph M. Besse, president, the Cleveland Electric Illuminating Co., Post Office Box 5000, Cleveland, Ohio.
Cabell Brand, president, Ortho-Vent Shoe Co., Salem, Va.

HOUSING DEVELOPMENT CORPORATIONS

Mr. MICHEL. How much do you plan to give to the Housing Development Corporations this coming year?

Mr. HARDING. $4.5 million in 1969.

Mr. MICHEL. Where does this show up in the justification?

Mr. HARDING. Listed on page 100.

The full discussion of that program can be found on page 125.

Mr. MICHEL. With regard to your expenditures on this particular project at this time, have they given you any new ideas as to expertise, management skills, qualifying for programs with HUD, and so on?

Mr. HARDING. Yes, sir; that has been their primary thrust and their great utility as far as we are concerned.

Mr. MICHEL. Do you have any of this in published form?

Mr. BERRY. We have a document that is of assistance to the new corporations but not a published summary of the results. We refer to Philadelphia which is the earliest funded housing development corporation in which it has qualified for some 600 units for rehabilitation of housing.

Mr. MICHEL. What form does that take again? You say that is a report?

Mr. HARDING. It is mentioned on page 125.

Mr. BERRY. We can assemble the current information on the Housing Development Corporations that have been funded within the past year.

As you know, it takes some time to qualify and secure certification for projects through HUD so that many of these housing corporations have been in their development stage.

Mr. MICHEL. About how many are in that stage now?

Mr. BERRY. I think we have some eight to 10.

Mr. MICHEL. Could we have those listed in the record?

Mr. BERRY. Yes, we can provide you with the current status of these corporations, projects they have planned, and projects which are actually in processing stages.

Mr. MICHEL. And the amounts so I get some idea of the magnitude of this program.

(Information requested follows:)

HOUSING DEVELOPMENT CORPORATIONS

	CAP grant through fiscal year 1967	Estimated fiscal year 1968 CAP grant	Housing units in process	Value of housing in process	Total housing units planned	Total value of housing planned	End date of current planning cycle
Philadelphia Housing Development Corp., Philadelphia, Pa	$160,000	$210,000	1,200	$15,600,000	2,000	$26,000,000	December 1968.
North Carolina Housing Development Corp., Durham, N.C	376,426	0	525	5,250,000	1,800	17,800,000	June 1969.
Housing and Development Administration, New York City	911,975	0	1,500	21,000,000	3,000	42,000,000	Do.
Housing Development Corp., Washington, D.C	294,294	350,000	300	4,000,000	1,500	22,000,000	Do.
Hope Inc., Cleveland, Ohio	126,950	125,000	60	750,000	150	2,000,000	December 1968.
Bicentennial Civic Improvement Corp., St. Louis, Mo	101,950	100,000	70	700,000	350	3,150,000	June 1970.
Home Ownership Plan Endeavor, Inc., Baltimore, Md	99,789	0	42	500,000	150	1,800,000	December 1968.
Metro Denver Fair Housing Center, Denver, Colo	172,860	250,000	35	250,000	(1)	(1)	
Leslie, Knott, Letcher, and Perry (counties) Community Action Council, Whitesburg, Ky	75,733	0	(2)	(2)	(1)	(1)	
Rural Development Corp., Los Angeles, Calif	0	570,000	(2)	(2)	1,200	1,200,000	June 1969.

[1] Feasibility study in process.

[2] Program development phase.

TURNKEY PROGRAM

Mr. BERRY. Our most recent and significant breakthrough is in the development of the Turnkey program in conjunction with HUD in some rural areas. The first of these is in Gulfport, Miss., in which the local housing authority, in conjunction with the planning facilities that have been provided by OEO, has developed a project in which the low-income tenants, with sweat labor in the project will be able to secure and obtain equity sufficient to qualify for purchase of these homes.

In St. Louis we have a rehabilitation project in the neighborhood which a neighborhood corporation is participating in with private mortgage money from mortgage institutions indigenous to the St. Louis community, and they are providing the mortgage funds with which these homes might be rehabilitated and sold to the occupants.

We will provide for the record a summary of the progress thus far with the limited number of housing development corporations we have funded.

Mr. MICHEL. I would be very interested in that. I think that is a very significant area.

Mr. HARDING. Very significant.

Mr. MICHEL. It helps in a very sensitive spot in this whole business we are talking about.

CONSUMER EDUCATION

How much do you plan to spend on consumer education?

Mr. HARDING. The figure is 3.9 for 1969.

Mr. MICHEL. Compared with what in 1968?

Mr. HARDING. 3.6.

Mr. MICHEL. What form does this education take?

Mr. BERRY. It covers a wide spectrum of educational information on consumer credit. We have developed programs for the establishment of credit unions, and this has particularly been in conjunction with the Federal Credit Agency. There are credit unions, cooperatives, the legal services, and the program also has a component for informing and educating people in reading documents and understanding the installment contracts that are frequently the necessary instruments which the poor have to resort to, so as to protect them against usurious contracts.

There are also educational programs particularly designed to inform people as to the values of group buying, the economy, or economies that can be obtained by group purchases.

Mr. MICHEL. Where does this take place? We are talking about an item of $3,900,000. Maybe this is a small amount, but it sounds like somebody has put together a little textbook and some pamphlets and that is all we hear from it.

Do you have an adult education class where you have somebody in there teaching consumer education? How practical a thing are we talking about here? I want the nuts and bolts and dollars and cents. You said something about making people aware of installment buying and consumer credit. That is good. This is woefully lacking. Kids in school today don't know half as much of what I was taught in a rudimentary economics class in school.

However, how do you get this done to justify our appropriation of $3,900,000 of Federal funds?

Mr. BERRY. Generally, these programs are a component, a service component in a neighborhood service center application for funding. When a community presents a proposal for the establishment of a neighborhood center they identify the service programs that will be operated in those centers for which they will receive some funds in their total neighborhood service center grant for the implementation of a consumer education project. The specific content of the program is generated and operated by the community action agency, or the target area, the neighborhood advisory board, if it is delegated to the supervision and the oversight of a neighborhood organization. This is the input of the local community. We generally have developed an educational booklet which will inventory ideas which a community may enlarge or adopt as the method that they will use in their community. We do not formulate a specific program and say this is the merchandise that you have to deliver to your community. This is the genius, the spirit of the community action that local communities will develop with some guidance and for some qualitative evaluation as to how effective that program has been when it comes up for refunding. But in the great majority of instances they are related to a neighborhood service program that has been established in the community.

ILLINOIS MIGRANT COUNCIL

Mr. MICHEL. Mr. Harding, I wouldn't expect you to respond to this off the top of your head, but would you supply for the record what the funding is planned for the Illinois Migrant Council during the fiscal year coming up?

Mr. HARDING. Yes, sir.

(The information follows:)

ILLINOIS MIGRANT COUNCIL

The Illinois Migrant Council, funded under the authority of title III of the Economic Opportunity Act, received its fiscal year 1967 grant on March 31, 1967, in the amount of $986,101. This 15-month grant obviates the necessity for any further grant to the council in fiscal year 1968. Under current plans for fiscal year 1969, it is likely that the council will be refunded at a level comparable to its fiscal year 1967 grant. However, refundings in fiscal year 1969 necessarily depend upon grantees' performances through the date application is made, as well as on the total title III–B appropriation for the year. As a consequence, no firm commitments on funding levels in fiscal year 1969 can be made at this time.

GRANTS TO NATIONAL STUDENT ASSOCIATION

Mr. MICHEL. Do you have any money in here for grants to the National Student Association?

Mr. HARDING. I think we looked into that not too long ago. Did we have a program?

Mr. BERRY. We provided that at the last hearing. There haven't been any new cap grants or contracts to them since that time.

Mr. HARDING. We will supply up-to-date information.

Mr. MICHEL. Bring us up to date on the colloquy that we had on that little item, if you don't mind.

Mr. HARDING. Yes, sir.

Mr. BERRY. I think the information we submitted was their role, students who would participate in tutorial programs in various sections of the country. But we will furnish it again for the record.

(The requested information follows:)

The following information pertaining to contracts with the National Student Association, Washington, D.C., is hereby submitted for the record.

CONTRACT No. OEO–2493

Purpose: The Contractor shall continue the operation of the Tutorial Assistance Center to (a) serve as policy and program consultant in the tutorial/community education area to the Education Division of the Community Action program; (b) collect data, make on-site evaluations, and coordinate research in this program area; and (c) conduct a demonstration program to stimulate community-action orientation and educational innovations in tutorial projects.

Amount: $244,401.00.

Period: March 11, 1967 through April 23, 1968.

CONTRACT No. B89–4248

Purpose: The Contractor shall conduct a demonstration program to develop and stimulate the participation of college students in target areas adjacent to university communities. The program shall demonstrate methods of matching Volunteer resources with community needs in order to stimulate self-sustaining community action and to introduce university students to the problems of urban poverty.

Amount: $63,196.00.

Period: September 5, 1967 through September 5, 1968.

Mr. MICHEL. I think that just about takes care of the general questions, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen. We will see you Tuesday morning.

(NOTE: Summary justification material follows. The detailed justifications for specific programs follows the detailed hearing on them.)

JUSTIFICATION MATERIAL

Office of Economic Opportunity

ECONOMIC OPPORTUNITY PROGRAM

Amounts Available for Obligation

	1968	1969
Appropriation	$1,773,000,000	$2,180,000,000
Transfers to:		
HEW-Vocational Education Training	10,000,000	-
Agric.-Indemnity Payments to Dairy Farmers	300,000	-
Economic Opportunity Loan Fund	14,500,000	3,500,000
Total	$1,748,500,000	$2,176,500,000

Office of Economic Opportunity
Economic Opportunity Program

Obligations by Activity

	1968 Estimate			1969 Estimate		
	Positions			Positions		
	OEO Direct	Delegate Agencies	Amount	OEO Direct	Delegate Agencies	Amount
Work and Training:						
Job Corps-OEO	547		$285,000,000	547		$295,000,000
-Allocation		4,040 1/			3,740 1/	
School & Summer Programs		680	169,500,000		880	209,400,000
Comprehensive Employment Programs		2/	291,500,000		2/	520,600,000
Special Impact Program		2/	20,000,000		2/	30,000,000
Work Experience Program		112	45,000,000		91	20,000,000
Sub-total	(547)	(4,832)	($811,000,000)	(547)	(4,711)	($1,075,000,000)
Community Action Program	1,219		865,700,000	1,419		1,020,000,000
Migrant Workers Program		3/	25,000,000		3/	30,000,000
Rural Areas Program		250	2,500,000		250	2,500,000
Volunteers in Service to America	321		30,000,000	321		32,000,000
General Direction and Administration	1,023		13,693,374	1,023		17,000,000
Total Obligations-OEO	3,110		$1,747,893,374	3,310		$2,176,500,000
-Allocation		5,082			4,961	
Add Transfers to:						
HEW-Vocational Education			10,000,000			--
Agriculture-Milk Indemnity			300,000			--
G.S.A. - Rents			306,626			--
Economic Opportunity Loan Fund			14,500,000			3,500,000
Total Appropriation	3,110	5,082	$1,773,000,000	3,310	4,961	$2,180,000,000

1/ Positions funded in Depts. of Agriculture and Interior to operate Conservation Training Centers.
2/ Personnel included in Dept of Labor shown for "School and Summer Programs."
3/ Personnel included in Community Action.

Comparison of Obligations and Costs
By Program Structure and Budget Activity
Fiscal Year 1967
(in millions of dollars)

		Total	Employment	Individual Improvement	Comm. Support	General Support
Work and Training:						
Job Corps	Costs	339.8	339.8			
	NOA	209.2	209.2			
School & Summer Programs	Costs	132.8		132.8		
	NOA	206.6		206.6		
Comprehensive Empl. Prog.	Costs	144.7	144.7			
	NOA	262.6	255.6		7.0	
Special Impact Programs	Costs	--				
	NOA	--				
Work Experience Program	Costs	120.5	120.5			
	NOA	99.8	99.8			
Sub-Total	Costs	737.8	605.0	132.8		
	NOA	778.2	564.6	206.6	7.0	
Community Action:						
Local Initiative	Costs	236.6	18.0		218.6	
	NOA	277.7	21.0		256.7	
Head Start & Head Start Follow-Thru	Costs	294.6		294.6		
	NOA	349.2		349.2		
Other CAP	Costs	150.7		45.4	105.3	
	NOA	179.5		51.1	128.4	
Sub-Total	Costs	681.9	18.0	340.0	323.9	
	NOA	806.4	21.0	400.3	385.1	
Migrant Workers	Costs	28.1		25.1	3.0	
	NOA	33.0		30.0	3.0	
Rural Areas Program	Costs	2.5			2.5	
	NOA	2.5			2.5	
VISTA	Costs	24.0			24.0	
	NOA	26.3			26.3	
GDSA	Costs	12.2				12.2
	NOA	13.6				13.6
Total	Costs	1,486.5	623.0	497.9	353.4	12.2
	NOA	1,660.0	585.6	636.9	423.9	13.6

Comparison of Obligations and Costs
By Program Structure and Budget Activity
Fiscal Year 1968
(in millions of dollars)

		Total	Employment	Individual Improvement	Comm. Support	General Support
Work and Training:						
Job Corps	Costs	307.5	307.5			
	NOA	285.0	285.0			
School & Summer Programs	Costs	209.6		209.6		
	NOA	169.5		169.5		
Comprehensive Empl. Prog.	Costs	290.5	290.5			
	NOA	291.5	291.5			
Special Impact Programs	Costs	17.0			17.0	
	NOA	20.0			20.0	
Work Experience Program	Costs	112.5	112.5			
	NOA	45.0	45.0			
Sub-Total	Costs	937.1	710.5	209.6	17.0	
	NOA	811.0	621.5	169.5	20.0	
Community Action:						
Local Initiative	Costs	325.0	24.5		300.5	
	NOA	352.0	26.1		325.9	
Head Start & Head Start Follow-Thru	Costs	310.1		310.1		
	NOA	340.0		340.0		
Other CAP	Costs	178.4		55.1	123.3	
	NOA	174.0		58.3	115.7	
Sub-Total	Costs	813.5	24.5	365.2	423.8	
	NOA	866.0	26.1	398.3	441.6	
Migrant Workers	Costs	25.8		22.3	3.5	
	NOA	25.0		21.0	4.0	
Rural Areas Program	Costs	2.5			2.5	
	NOA	2.5			2.5	
VISTA	Costs	27.5			27.5	
	NOA	30.0			30.0	
GD&A	Costs	13.1				13.1
	NOA	14.0				14.0
Total	Costs	1,819.5	735.0	597.1	474.3	13.1
	NOA	1,748.5	647.6	588.8	498.1	14.0

Comparison of Obligations and Costs
By Program Structure and Budget Activity
Fiscal Year 1969
(in millions of dollars)

		Total	Employment	Individual Improvement	Comm. Support	General Support
Work and Training:						
Job Corps	Costs	295.0	295.0			
	NOA	295.0	295.0			
School & Summer Programs	Costs	198.5		198.5		
	NOA	209.4		209.4		
Comprehensive Empl. Prog.	Costs	493.8	493.8			
	NOA	520.6	520.6			
Special Impact Programs	Costs	30.0			30.0	
	NOA	30.0			30.0	
Work Experience Program	Costs	51.3	51.3			
	NOA	20.0	20.0			
Sub-Total	Costs	1,068.6	840.1	198.5	30.0	
	NOA	1,075.0	835.6	209.4	30.0	
Community Action:						
Local Initiative	Costs	378.2	26.3		351.9	
	NOA	390.0	27.1		362.9	
Head Start & Head Start Follow-Thru	Costs	344.9		344.9		
	NOA	380.0		380.0		
Other CAP	Costs	233.9		61.9	172.0	
	NOA	250.0		67.0	183.0	
Sub-Total	Costs	957.0	26.3	406.8	523.9	
	NOA	1,020.0	27.1	447.0	545.9	
Migrant Workers	Costs	27.1		23.3	3.8	
	NOA	30.0		25.0	5.0	
Rural Areas Program	Costs	2.5			2.5	
	NOA	2.5			2.5	
VISTA	Costs	29.5			29.5	
	NOA	32.0			32.0	
GD&A	Costs	16.1				16.1
	NOA	17.0				17.0
Total	Costs	2,100.8	866.4	628.6	589.7	16.1
	NOA	2,176.5	862.7	681.4	615.4	17.0

Office of Economic Opportunity

ECONOMIC OPPORTUNITY PROGRAM

Obligations by Object
ALLOCATION ACCOUNTS

		1967 Actual	1968 Estimate	1969 Estimate
	Personnel compensation:			
11.1	Permanent positions	$ 33,355,000	$ 36,442,000	$ 34,030,000
11.3	Positions other than permanent	4,045,000	3,674,000	3,357,000
11.5	Other personnel compensation	2,203,000	2,055,000	1,905,000
	Total personnel compensation	$ 39,603,000	$ 42,171,000	$ 39,292,000
12.0	Personnel benefits	$ 2,851,000	$ 3,200,000	$ 3,106,000
21.0	Travel and transportation of persons	2,646,000	2,985,000	2,967,000
22.0	Transportation of things	1,956,000	1,744,000	1,668,000
23.0	Rent, communications, and utilities	3,542,000	3,621,000	3,477,000
24.0	Printing and reproduction	435,000	711,000	863,000
25.1	Other services	12,644,000	18,726,000	17,651,000
25.2	Services of other agencies	1,694,000	1,521,000	1,291,000
26.0	Supplies and materials	25,158,000	22,138,000	19,685,000
31.0	Equipment	3,781,000	1,501,000	3,073,000
32.0	Lands and structures	1,797,000	434,000	3,033,000
41.0	Grants, subsidies, and contributions	547,503,000	504,320,000	793,215,000
42.0	Insurance Claims and Indem.	6,000		
95.0	Quarters and subsistence charges	-715,000	-725,000	-805,000
	Total obligations, allocation accounts	$642,901,000	$602,347,000	$888,516,000

ECONOMIC OPPORTUNITY PROGRAM

Obligations by Object
OEO PROGRAM ACCOUNTS

		1967 Actual	1968 Estimate	1969 Estimate
	Personnel compensation:			
11.1	Permanent positions	$ 20,967,000	$ 30,074,000	$ 33,082,000
11.3	Positions other than permanent	2,286,000	1,178,000	1,187,000
11.5	Other personnel compensation	1,056,000	1,437,000	1,365,000
11.8	Special personal service payments	45,903,000	54,040,000	56,709,000
	Total personnel compensation	$ 70,212,000	$ 86,729,000	$ 92,343,000
12.0	Personnel benefits	$ 2,928,000	$ 4,304,000	$ 4,802,000
21.0	Travel and transportation of persons	13,622,000	14,500,000	15,500,000
22.0	Transportation of things ...	41,000	165,000	215,000
23.0	Rent, communications and utilities	4,995,000	5,408,000	6,000,000
24.0	Printing and reproduction ..	2,362,000	2,516,000	3,014,000
25.1	Other services	95,142,000	194,662,000	223,249,000
25.2	Services of other agencies .	15,894,000	8,439,000	5,066,000
26.0	Supplies and materials	4,088,000	868,000	879,000
31.0	Equipment	2,861,000	2,038,000	444,000
32.0	Lands and structures	1,567,000	-0-	-0-
33.0	Investments and loans	15,000	-0-	-0-
41.0	Grants, subsidies, and contributions	803,336,000	826,524,000	936,472,000
42.0	Insurance claims and indemnities	35,000	-0-	-0-
	Total obligations	$1,017,098,000	$1,146,153,000	$1,287,984,000

Economic Opportunity Program

PERSONNEL SUMMARY

	1967 Actual	1968 Estimate	1969 Estimate
OFFICE OF ECONOMIC OPPORTUNITY			
Total number of permanent positions	2,865	3,110	3,310
Full time equivalent of all other positions	341	185	185
Average number of all employees	2,552	3,135	3,420
Average GS grade	9.0	9.0	9.0
Average GS salary	$9,455	$9,923	$9,880
ALLOCATION ACCOUNTS			
Total number of permanent positions	5,002	5,082	4,961
Full time equivalent of all other positions	634	576	520
Average number of all employees	5,167	5,789	5,500
Average GS grade	7.8	7.9	7.6
Average GS salary	$7,725	$7,816	$7,916

ECONOMIC OPPORTUNITY LOAN FUND

	1967 Actual	1968 Estimate	1969 Estimate
Transferred from Economic Opportunity Program for:			
Rural Loan Program	$21,500,000	$14,500,000	$ 3,500,000
Balance from Prior Year	9,109,000	5,811,000	2,929,000
Receipts:			
Payments on loans	7,503,000	12,000,000	14,900,000
Interest	2,265,000	3,000,000	3,800,000
Other revenue	1,000	2,000	6,000
Total Available	$40,378,000	$35,313,000	$25,135,000
Obligations for Rural Loans	$34,567,000	$32,384,000	$21,907,000
Balance carried forward	$ 5,811,000	$ 2,929,000	$ 3,228,000

Office of Economic Opportunity

Economic Opportunity Program

Table of Estimates and Appropriations

	Estimate to Bureau of Budget	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1965	$ 947,500,000	$ 947,500,000	$ 750,000,000	$ 861,550,000	$ 800,000,000
1966	2,339,400,000	1,500,000,000	1,500,000,000	1,510,000,000	1,500,000,000
1967	3,389,900,000	1,750,000,000	1,562,500,000	1,662,500,000	1,612,500,000
Suppl.	75,000,000	75,000,000	(1)	75,000,000	75,000,000
1968	2,500,000,000	2,060,000,000	1,612,500,000	1,980,000,000	1,773,000,000
1969	2,400,000,000	2,180,000,000			

(1) Not Considered

Job Corps

Summary of Changes

1968 estimated obligations	$ 285,000,000
1969 estimated obligations	295,000,000
Total Change	+10,000,000
Increases	
Center Readiness	$ 6,220,000
Center Operations	2,473,000
Program Operating Expense	10,187,000
Program Direction	52,000
Regional Office Expense	418,000
Gross Increases	19,350,000
Decreases	
Enrollee Allowances and Travel	9,350,000
Net Changes	+10,000,000

Explanation of Changes

Increases

Center Readiness

Civilian Conservation Centers	
Federal	$ +2,500,000
State	-0-
Men's Centers	+ 400,000
Women's Centers	+1,590,000
R & D Projects	- 270,000
Inner-City Skill Centers	+2,000,000
Net Increase	+6,220,000

Using composite group depreciation, the average life of the Job Corps capital investment, both facilities and equipment, equates to 8 years. This 8 year life would represent a replacement factor of about 12½ percent per year. Based on engineering studies and center by center reviews a replacement factor of approximately 7 percent ($8,430,000) is needed for capital investment in active centers in fiscal year 1969. An additional $2,790,000 is needed for expansion of 690 spaces in Women's Centers ($790,000) and opening five new Inner-City Skill Centers ($2,000,000).

The Job Corps is under specific direction from Congress to increase the number of Corpswomen to 50 percent"...consistent with (1) efficiency and economy in the operation of the program, (2) sound administrative practice, and (3) the socioeconomic, educational, and training needs of the population to be served."

Job Corps plans to establish five Inner-City Skill Centers for men, authorized under Section 113(b) of the Economic Opportunity Act.

Center Operations

Civilian Conservation Centers	
Federal	$ - 6,368,000
State	+ 1,452,000
Men's Centers	- 9,708,000
Women's Centers	+ 8,856,000
R & D Projects	+ 2,475,000
Inner-City Skill Centers	+ 4,766,000
Maintenance & Security of Closed Centers	+ 1,000,000
Net Increase	+ 2,473,000

Federal Civilian Conservation Centers

For fiscal year 1969, funds are based on 12,500 man-years of training, a decrease of 780 man-years from fiscal year 1968 at a center operating cost of $4,475. The unit cost represents a $155 decrease from fiscal year 1968.

State Civilian Conservation Centers

Funds requested for operation of state centers are based on an increase in man-years of training from 1,050 in fiscal year 1968 to 1,175 in fiscal year 1969, and a unit cost increase from $4,370 to $4,475.

Men's Centers

For fiscal year 1969, funds are based on 11,650 man-years of training, a decrease of 2,450 man-years from fiscal year 1968, at a center operating cost per man-year of $4,995 which compares with $5,495 in fiscal year 1968.

Women's Centers

The estimated man-years of training for Women's Centers will increase by 745 to 10,095 in fiscal year 1969. At the same time the center operating cost will decrease from $5,700 in fiscal year 1968 to $5,370 in fiscal year 1969. An estimated $8 million was available in fiscal year 1968 from prior years. However, it is not anticipated that any such resources will be available in fiscal year 1969. Below is a summary of these facts:

Total resources, FY 1968	$ 53.7
Annualize FY 1968 EOY at FY 68 unit costs	+ 2.1
Additional man-years (expansion)	+ 1.8
Total at FY 68 prices	57.6
Decrease in unit costs	- 3.0
Total FY 1969 Request	54.6

R & D Projects

An increase of $2.475 million is requested for full-year support of three existing Special Projects or replacements. The fiscal year 1968 NOA of $1.645 million was augmented by $1.4 million of prior year funds, a total of $3.045 available in fiscal year 1968.

Inner-City Skill Centers

The request of $4,766 million for this purpose will permit Job Corps to establish five centers with a capacity of approximately 300 Corpsmen each. These centers will have 1,500 Corpsmen on-board at year end and will produce 500 man-years of training.

Maintenance & Security of Closed Centers

During fiscal year 1968, 15 Job Corps centers were closed. An estimate of $1.0 million is included in fiscal year 1969 for the maintenance and security of these centers.

Program Operating Expense

Enrollee Input	$+ 2,602,000
Enrollee Support	+ 266,000
Enrollee Placement	+ 188,000
Enrollee Information	-0-
Program Evaluation & Research	+ 2,400,000
Program Development	+ 700,000
Staff Resources & Training	+ 700,000
Engineering Support	- 13,000
Health	+ 344,000
One-to-One Enrollee Follow-up	+ 3,000,000
Net Increase	+ 10,187,000

Enrollee Input

The request of $7.7 million for fiscal year 1969 compares with $5.1 million in fiscal year 1968. However, prior year funds totalling $2.5 million were available in fiscal year 1968 increasing total resources to $7.6 million. Although a lesser number of enrollees will need to be recruited in fiscal year 1969, this will be offset by a slight increase in the cost per enrollee recruited.

Enrollee Support

An increase is requested primarily for films, safety, and operations of the OEO Finance Center. Black and white films are becoming increasingly less available resulting in the procurement of color films which are more expensive. In addition, more events with live entertainment are planned. The safety program involves driver education, water safety, fire prevention, etc., and an increase is requested for this purpose. Also, a small increase is planned for operation of the OEO Finance Center. This increase is primarily due to higher personnel salaries.

Program Evaluation and Research

An increase is requested for evaluation in order for Job Corps to comply with the requirements of the 1967 Amendments to the Economic Opportunity Act relating to a thorough and systematic evaluation of the Job Corps program.

Program Development

This increase is requested for the development, review and modification of center educational and vocational curriculums.

Staff Resources and Training

The funds requested for this purpose are necessary to train staff for new curriculums being installed and for modifications to existing curriculums. Also, new staff must be trained on a continuing basis to replace staff who resign.

One-to-One Enrollee Follow-up

A total of $3.0 million is requested for this purpose. Job Corps terminees will be contacted at 612 and 18 month intervals after departure from Job Corps so as to carry out the will of the Congress for detailed information on former enrollees.

Program Direction

Increase will cover full year costs of program direction.

Regional Office Expense

The fiscal year 1969 budget request provides full year support of budgeted end-of-year fiscal year 1968 positions for operation of Job Corps functions in the seven regions.

Decreases

Enrollee Allowances and Travel

As a result of a reduction of man-years in fiscal year 1969 of about 1,800, less funds will be needed for allowances and travel of enrollees. In addition, Government matching of enrollee allotments to dependents has been discontinued except for a very small percentage of enrollees who have children.

JOB CORPS PROGRAM CHANGES

CENTER	FY 1967 NO. CENTERS	FY 1967 EOY ON-BOARDS	FY 1967 MAN-YEARS	FY 1968 NO. CENTERS	FY 1968 EOY ON-BOARDS	FY 1968 MAN-YEARS	FY 1969 NO. CENTERS	FY 1969 EOY ON-BOARDS	FY 1969 MAN-YEARS
Conservation-Federal	83	14,875	12,699	75	12,500	13,280	75	12,500	12,500
Conservation-State	8	1,171	578	7	1,000	1,050	7	1,175	1,175
Men's Urban	10	16,177	12,839	6	11,650	14,100	6	11,650	11,650
Women's Urban	18	9,486	4,612	18	9,725	9,350	18	10,435	10,095
Demonstration-Male	4	275	124	3	45	330	3	45	45
Demonstration-Female		48			305			305	305
Inner-City Skill Centers	0	0	0	0	0	0	5	1500	500
TOTALS	123	42,032	30,852	109	35,225	38,110	114	37,610	36,270

	FY 1967	FY 1968	FY 1969 (Dollars in Millions)	CHANGE
FUNDING:				
Costs	$339.8	$307.5	$295.0	$-12.5
New Oblig. Authority	$209.2	$285.0	$295.0	$+10.0

School and Summer Programs

Summary of Changes

1968 Appropriation	$169,500,000
1969 Estimate	209,400,000
Total Change	$ +39,900,000

Increases

Program Operations	
In-School	$ 15,000,000
Summer	24,700,000
Program Support	200,000
Total Change	$ 39,900,000

Explanation of Changes

Increases

In-School Program. The increase in the In-School Program from $56,700,000 to $71,700,000 will support an enrollment opportunity level of 115,000 spaces. Unexpended prior year balances, available in fiscal year 1968, will not be available in fiscal year 1969. Hence, total dollars available in fiscal year 1969 will decrease, resulting in a corresponding decrease in enrollment opportunities of 18,000 slots.

Summer Program. The increase in the Summer Program from $108,200,000 to $132,900,000 will provide for an additional 52,000 enrollee spaces.

Program Support. The increase in program support for this activity from $4,600,000 to $4,800,000 will provide for an increase of 20 positions for the expanded Summer Program and to provide more effective coordination between School and Summer Programs and other manpower training activities.

Comprehensive Employment Programs

Summary of Changes (NOA Basis)

1968 Appropriation	$ 291,500,000
1969 Estimate	520,600,000
Total Change	$ +229,100,000

Increases

Program Operations	
Out-of-School Program	$ 52,500,000
Operation Mainstream	7,900,000
New Careers	8,100,000
Job Opportunities in the Business Sector	130,000,000
Concentrated Employment Program	27,300,000
Program Support	3,300,000
Total Change	$ 229,100,000

Explanation of Changes

Increases

Out-of-School Program. The requested increase of $52,500,000, from $104,600,000 this fiscal year 1968 to $157,100,000 in fiscal year 1969, will provide an additional NOA slot level of 16,000 together with an increase in the enrollee wage rate from $1.40 to the new Federal minimum of $1.60 per hour. The total number of active slots from all years funding, however, will decrease by 8,000 due to a substantial decrease in the amount of unexpended prior-year funds available in fiscal year 1969, as compared with fiscal year 1968.

Operation Mainstream. The NOA increase of $7,900,000, from $42,700,000 in fiscal year 1968 to $50,600,000 in fiscal year 1969, is necessary to maintain the fiscal year 1968 level of 15,000 active training slots on a full-year basis, and to support a small increase in the program unit cost. All training slots were not fully operational during fiscal year 1968. This will not be the case in fiscal year 1969. The unit-cost increase reflects program wage-rate adjustments.

New Careers. The increase of $8,100,000, from $26,400,000 in fiscal year 1968 to $34,500,000 in fiscal year 1969, is required to maintain the fiscal year 1968 active slot level of 10,000 enrollees on a full-term basis.

Large prior year unexpended funding balances available in fiscal year 1968 will not be similarly available in fiscal year 1969, thereby precipitating the need for $6,200,000 of the proposed increase of $8,100,000. The remaining $1,900,000 will fund an increase of $190 per training slot necessitated by changes in wage rates and in supportive services.

Job Opportunities in the Business Sector. The increase of $130,000,000, from $51,000,000 in fiscal year 1968 to $181,000,000 in fiscal year 1969, provides for an additional 37,100 slots. The JOBS program appropriations for fiscal year 1968 and fiscal year 1969, along side those of the Manpower Development and Training Act, and JOBS Program related activities under Title ID, EOA, will provide a total of 100,000 jobs for the hard-core unemployed by the end of fiscal year 1969. This is the interim goal set by the President and the National Alliance of Businessmen for this program.

Concentrated Employment Program. The increase in this program of $27,300,000, from $51,300,000 in fiscal year 1968 to $78,600,000 in fiscal year 1969, will provide for 11,300 additional spaces. This increase is necessary to support the program operations and supportive services activities of CEP projects established in urban poverty areas and economically depressed rural communities. A total of 70 additional CEP projects will be initiated in fiscal year 1969: 35 in urban areas and 35 in rural areas. Most of the additional urban area projects will become integral parts of Model Cities programs in the target communities.

Program Support. The increase of $3,300,000, from $15,500,000 in fiscal year 1968 to $18,800,000 in fiscal year 1969, will support 180 additional positions for the direction and administration of the expanded CEP and JOBS programs, and will strengthen the research, demonstration, evaluation and information system capabilities of the Department of Labor.

Special Impact Program

Summary of Changes

1968 Appropriation	$ 20,000,000
1969 Estimate	30,000,000
Total Change	$+10,000,000

Increases

Special Impact	$ 10,000,000

Explanation of Changes

The requested increase in NOA of $10,000,000 is required to refund projects initiated in fiscal year 1967 and fiscal year 1968 and permit a very limited increase in the funding levels of existing projects, if experience supports such an action, or an increase of one or two in the number of projects funded.

Work Experience and Training Program

Summary of Changes

1968 estimated obligations	$ 45,000,000
1969 estimated NOA	20,000,000
Total change	-25,000,000

Changes

Program Operations	$-24,550,000
Program Direction	- 450,000
	-25,000,000

Explanation of Changes

Increases

None

Decreases

Program Operations:

The requested project operations NOA for fiscal year 1969 is $18,500,000 or $24,550,000 less than the fiscal year 1968 estimated obligations. Concomitant with this decrease of the Work Experience and Training level are proposed increases in the appropriation for the newly authorized Work Incentive Program under the 1967 Amendments to the Social Security Act. This new program should offset the effects of the proposed decreases in the Title V program.

Program Direction:

The requested program direction NOA for fiscal year 1969 is $1,500,000 or $450,000 less than the estimated obligations for fiscal year 1968. This decrease is due to a cut of 21 positions from the number authorized in fiscal year 1968. With the reduced program level projected for the Title V program, it is expected that there will be a decrease in project activity.

Community Action Program

Summary of Changes

1968 estimated obligations	$ 866,000,000[a/]
1969 estimated obligations	1,020,000,000
Total Change	+154,000,000

Increases and Decreases

Neighborhood Service Systems	$ + 11,900,000
Adult Education	+ 700,000
Upward Bound	+ 8,000,000
Head Start	+ 5,000,000
Head Start Follow Through	+ 35,000,000
Comprehensive Health Centers	+ 57,000,000
Community Health Services	+ 500,000
Family Planning	+ 6,500,000
Emergency Food and Medical Services	+ 10,000,000
Housing Development Corporation	+ 3,600,000
Legal Services	+ 4,000,000
CAP Manpower Programs	+ 1,000,000
Small Business Development Centers[b/]	- 1,500,000
Comprehensive Consumer Action	+ 300,000
Community Action Agency Planning, Coordination, Administration and Evaluation	+ 10,000,000
Technical Assistance to Communities	+ 1,500,000
State Agency Assistance	+ 600,000
Research and Pilot Programs	- 500,000
Program Direction	+ 400,000
Net Increase	$ +154,000,000

Explanation of Changes

Neighborhood Service Systems. The increase of $11,900,000 will be used (1) to increase the number of neighborhood centers and their level of activity in rural areas and (2) for a greater emphasis on neighborhood center activities that serve the aged poor.

Adult Education. Adult education programs will increase by an estimated $700,000. Special emphasis will be placed on development of programs in rural areas.

Upward Bound. The $8,000,000 increase will fund 6,500 more students, for a total of 31,000 enrollees in projects conducted by 350 academic institutions.

Head Start. The 1969 level (an increase of $5 million over 1968) will permit the enrollment of some 202,000 children in the full-year program and 450,000 children in the summer program.

Head Start Follow Through. The increase of $35 million will permit some 79,000 children to be enrolled. In addition to the experimental projects initiated in FY 1968, a number of new communities will be able to start Follow Through programs for their disadvantaged elementary school children.

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a/ Includes $300,000 to be tranferred to the Department of Agriculture for Milk Indemnity Payments.

b/ SBDC's are to be transferred to the Small Business Administration.

Comprehensive Health Centers. The 1969 increase of $57,000,000 will be used to refund the existing 41 health centers, and to convert three planning grants to operational status. A small number of additional programs may be initiated, depending on the extent to which current programs are supported by other Federal agencies and local resources.

Community Health Services. The increase of $500,000 for community health services will permit the extension of additional services to the aged and into rural areas.

Family Planning. The increase of $6.5 million will permit extension of family planning services to an estimated 400,000 women in 1969, more than twice the number served in 1968. Special emphasis will be placed on development of programs in rural areas.

Emergency Food and Medical Services. Operation on a full-year basis of the programs for emergency food and medical assistance initiated in the latter part of 1968 will require most of the $10 million increase. The remainder of the increase will permit limited expansion of the program to additional needy counties beyond those targeted in 1968.

Housing Development Corporations. The $3,600,000 increase will enable starting 7 to 12 new Housing Development Corporations for a total of 15 to 20 HDCs that will provide housing for an estimated 11,000 poor families.

Legal Services. Refunding of the existing 250 legal services programs on a fully operational basis will require the increase of $4 million. Legal services programs will handle an estimated 640,000 cases in 1969.

CAP Manpower Programs. CAP manpower programs will be increased $1,000,000 to provide additional manpower training programs in rural areas.

Comprehensive Consumer Action. The increase of $300,000 will maintain programs operated in 1968 on a fully operational basis including several major pilot projects.

Community Action Agency Planning, Coordination, Administration and Evaluation. Of the $10,000,000 increase in this program, $8,000,000 will be used to expand Community Action Agency planning capabilities. Increased Community Action Agency evaluation efforts will require an additional $1,000,000. The remainder of the increase, $1,000,000, will be used to augment the administrative abilities of weaker CAAs, particularly in rural areas.

Technical Assistance to Communities. The increase of $1,500,000 will be used to increase the number of STAP (Special Technical Assistance Programs) employees from 25 to 100 and to provide more technical assistance in programmatic areas, particularly manpower.

State Agency Assistance. The increase of $600,000 will permit continued operation in all 50 states, with some selected staffing improvements in certain instances.

Research and Pilot Programs. Completion in 1969 of a number of larger research and pilot programs which do not require refunding results in a net decrease of $500,000, as projects initiated in 1969 will require somewhat lower funding levels.

Program Direction. The net increase of $400,000 will provide regional staffing increases of 200 to improve the review of grant applications, to provide management and technical assistance to community action agencies, and to enhance program monitoring. The additional staffing cost is offset in part by a reduction in contract services.

Migrant and Seasonal Farm Worker Program

Summary of Changes

1968 Estimated obligations	$25,000,000
1969 Estimated obligations	30,000,000
Total change	+ 5,000,000

Increases

1. Adult Education and Rehabilitation	+ 4,000,000
2. Permanent Housing	+ 1,000,000
Total increase	+ 5,000,000

Explanation of Changes

The $4,000,000 increase in Migrant Education and Rehabilitation will provide job-oriented education and training programs for 35,000 persons as compared to 28,000 in 1968. Information centers to be established on major migrant routes will provide an estimated 240,000 migrants with services ranging from emergency assistance to advance confirmation of available employment, housing and day care services at the migrants' destination.

The $1,000,000 increase in permanent housing will enable 1,600 families to construct their own self-help housing as compared to 1,200 families in 1967.

The following activities will be maintained at the 1968 program level:

The equivalent of 900 units of temporary housing will be maintained and operated for 9,000 occupants and 200 new units will be constructed for 2,000 additional occupants. (A total of 1,800 units for 18,000 occupants will actually be maintained and operated under a shared-cost agreement between OEO and the State of California).

Extended-hour day care programs will provide 13,200 children with pre-school services while their parents are at work in the fields or enrolled in full-time education and rehabilitation programs.

Other migrant services provided as integral parts of basic programs will reach an estimated 90,000 persons.

Rural Loan Program

Summary of Changes

New Obligational Authority

1968 Transfer to the loan fund	$14,500,000
1968 Estimated program direction	2,500,000
1969 Estimated transfer to the loan fund	-3,500,000
1969 Estimated program direction	-2,500,000
Total Change	-11,000,000

1968 Estimated Loan Fund obligations	31,500,000
1969 Estimated Loan Fund obligations	-20,600,000
Total Change	-10,900,000

Decreases

Program Operation:

a. Individual loans	8,700,000
b. Cooperative loans	2,200,000
Gross Decrease	10,900,000

Explanation of Changes

The decrease of $11,000,000 in New Obligational Authority will result in a reduced loan level from 1968 in the amount of $10,900,000. It is estimated that $3,500,000 new obligational authority transferred to the loan fund plus carryover from 1968 and collections will provide a loan level of $18,100,000 in 1969.

Volunteers In Service To America

Summary of Changes

1968 estimated obligations	$30,000,000
1969 estimated obligations	32,000,000
Total change	$+2,000,000

Increases and Decreases

Full Time Program Operations	$+1,488,000
Program Direction	+262,000
Research and Demonstration	+250,000
Net Increase	$+2,000,000

Explanation of Changes

VISTA's increase of $2,000,000 will provide an additional 250 full-time volunteer man-years in 1969 bringing total full-time volunteer man-years to 4,400. During 1969, 1500 summer associates will be funded through this appropriation for a 90-day period.

General Direction and Administration

Summary of Changes

1967 obligations	$14,000,000
1968 estimated obligations	$17,000,000
Total Changes	$+3,000,000

Increases

Annualization of 1968 pay scale	$ 120,000
Anticipated step increases	200,000
Penalty mail rate increase	200,000
Support costs of additional CAP regional positions	775,000
Transfers of facilities engineering and logistical functions from Job Corps	176,000
Reduction in vacancy rate (Payroll lapses)	364,000
One additional work day in fiscal year 1969	34,000
Regional rents and Federal Telephone Network	131,000
Annualization of 1969 Information Center staff increases	500,000
Increased computer rental	500,000
	$3,000,000

Explanation of Changes

A total of $17 million is required to meet anticipated operating costs in fiscal year 1969. Cost changes range from increased salary and penalty mail costs brought about by the Postal Revenue and Federal Salary Act of 1967, and the necessity to acquire additional space for each Regional Office due to increased staffing within the Community Action Program to increased computer rental costs and annualization of 1968 Information Center staff increases.

The transfer of facilities engineering and logistical functions from Job Corps to Office of Administration will result in a $176,000 increase but will provide a central location of an agency-wide service. Centrally funded services (Appropriation transfer to the General Services Administration (GSA) for space rentals; cash payments to the GSA for access rights to the Federal Telephone Network; and payments to the Post Office for penalty mail) will increase more than $300,000. Full year costs of 1968 staff increases in the Information Center and additional computer rentals will result in an increase of $1 million. At the regional level all cost categories are expected to increase due to the hiring of some 440 new employees for the Community Action Program (240 in the latter half of fiscal year 1968 and 200 in fiscal year 1969). This will result in across-the-board increased expenditures for administrative support. Additional space must be acquired, furniture and equipment must be procured, and the cost of supplies, printing materials and communications will increase in direct proportion to the personnel increase. The balance of the increase is due to annualization of salary increased by the Pay Act and anticipated within-grade promotions.

MONDAY, APRIL 8, 1968.

JOB CORPS

Mr. FLOOD. Now we will hear the presentation for the Job Corps. That presentation will be made by Mr. William P. Kelly, Director of the Job Corps.

We will place your biographical sketch in the record.

(The biographical sketch follows:)

BIOGRAPHICAL SKETCH OF PRINCIPAL WITNESS

WILLIAM P. KELLY, Jr.

William P. Kelly, Jr., of Annandale, Virginia, born in Pittsfield, Massachusetts, June 25, 1924, son of William and Mary Kelly; graduate of Ohio State University where he received both a B.A. and M.A. in economics; married the former Ruth Powell of Pittsfield; has six daughters; served in the U.S. Army during World War II.

Mr. Kelly held various positions with the Department of the Air Force at Wright-Patterson Air Force Base in Ohio, until 1959 when he came to Washington as Chief of the Procurement and Logistical Assistance Branch of NASA. In March 1961, appointed Director of Contracts for the Peace Corps and was one of the very first administrators in that agency. In addition to formally assigned position as head of the Contracts Division, extended his duties to include recruitment and interviewing of candidates for top-level positions, advising and assisting in policymaking.

After two years with the Peace Corps, accepted a position with the Agency for International Development as Associate Assistant Administrator for Procurement Policy. When the President called for the creation of a Task Force for a war against poverty, helped organize this task force and its successor, the Office of Economic Opportunity. Was appointed Assistant Director for Management. On December 2, 1966, was appointed as Director for Job Corps, pending confirmation by the Congress. Unanimously confirmed by the Senate on March 7; Commission signed by the President the same day.

Mr. FLOOD. Generally, Mr. Kelly, your practice is to make a brief statement and then go to your charts.

Mr. KELLY. Yes, sir.

Mr. FLOOD. How do you want to proceed today?

Mr. KELLY. I would like to make a very brief statement and then proceed to the charts.

Mr. FLOOD. Do you have any people here that we didn't have last year?

Mr. KELLY. Yes, sir.

On my right is Dr. Joseph Murphy.

Mr. FLOOD. Must be a good man.

Mr. KELLY. Yes.

Behind me is the Deputy Director of the Job Corps, Bob Lane.

Mr. Lane has had a long and distinguished career in the Federal Government. He has worked for NASA, Peace Corps, and OEO. I have known Mr. Lane for a long time.

Beside him is Bill Rhodes, who is the Job Corps financial manager. He likewise has had a career in the Government working for the Navy and has been working for the Job Corps for about a year and a half.

Mr. FLOOD. Who else? Who is missing?

Mr. KELLY. I think that you will remember Neil Tierney, Cornelius Tierney. He was Bill Rhodes' predecessor and then he went to the CAB. This was a very fine opportunity for him and he left earlier this spring.

Mr. FLOOD. Who else?

Mr. KELLY. We have Mr. Robert Young. Mr. Young is in charge of placement, support, and recruitment for the Job Corps. He is an ex-businessman turned bureaucrat.

We have Dave Oestreich, who is in charge of Job Corps placement. He was formerly vice president of Beechnut and came to us about a year ago. He is likewise a former businessman.

I have one more, Mr. Chairman. Roger Ralph, sitting right there, is a young man in our programing office, who has worked very, very hard on our presentation and whom we are very proud to have here with us today. This is the first time he has seen a congressional hearing.

That is it. I don't think I have left anyone out.

Mr. FLOOD. The rest of them all look as though they have been here before.

Go ahead.

GENERAL STATEMENT

Mr. KELLY. Over the course of this unhappy weekend, there were 33,199 young men and women in the Job Corps in 109 centers. They participated in 109 memorial services for Dr. Martin Luther King.

These were Negro youngsters, white youngsters, Puerto Ricans, Mexican Americans, American Indians, and even some Eskimos.

These young people—boys and girls 16 to 21 years of age—were not trying to burn their way out of the Job Corps; they were not trying to shoot their way out of the Job Corps; they were not trying to loot their way out of the Job Corps—because they have become part of the society that they perceive cares—c-a-r-e-s—

Cares for their physical well-being;

Cares for their intellectual development;

Cares for their emotional anxieties; and

Cares that they become responsible, law-abiding, economically able American citizens.

I am afraid that hundreds of thousands of young people their age, who are outside of the Job Corps community, do not have this feeling that somebody cares—c-a-r-e-s.

During the disturbances of last summer, there were 41,000 youngsters in the Job Corps. They were located near Detroit, Newark, and Los Angeles. But they did not participate in the disturbances in those cities, nor in any other cities across this land—because they have begun to care—c-a-r-e—for their Nation.

When they sing, as many Job Corps vocal groups do, "This is my country," they believe it.

The Job Corps has changed the face of America. And even in the 4 months since Job Corps last reported to this subcommittee, that change goes on even more dramatically.

Let me illustrate.

Mr. FLOOD. It is a shame they don't read this at the next convocation of Howard University.

Mr. KELLY. Yes, sir.

I think most of you will remember a colloquy that took place on August 31, 1965, between the late John Fogarty, who was the chair-

man of this subcommittee at that time, and Dr. Otis Singletary, one of my predecessors in the Job Corps. I think that the thing that is important is Mr. Fogarty's closing statement in that colloquy. I will quote it.

I am talking about trying to teach them—

He means, by "them" Job Corps enrollees—

bricklaying and carpentry. I think it is a waste of time and money in connection with the problem that you refer to. Do you think that you will get much cooperation from anybody in getting them into an apprenticeship program? If so, you will be looking way up in the sky.

In the last month, the United Brotherhood of Carpenters and Joiners of America, AFL–CIO, joined with the Job Corps and agreed to train Job Corps enrollees at 13 centers identified on this map across the Nation. They are going to train 780 corpsmen this next year and they will be placed by the union at a minimum starting rate of $2.50 an hour in this apprentice program.

Mr. FLOOD. Regardless of color?

Mr. KELLY. Yes, sir; regardless of color or creed. I think that you will notice here in this photograph, Mr. Finley Allen, who is the first vice president of the United Brotherhood of Carpenters and Joiners, and Julius Rothman, program coordinator for the AFL–CIO, and Oliver Mallory, of the Job Corps, and the young man on the left, a Negro, is or will be one of those young men trained by the union.

We think that this is a striking example of how the Job Corps is changing the face of America.

NATIONAL POLICE ACADEMY

During the course of last summer I had the pleasure of addressing the Police Athletic League of the United States of America. That is an organization that has been working with disadvantaged youngsters since 1937.

Mr. FLOOD. Where?

Mr. KELLY. I talked in the principal cities across the Nation. I talked to the Police Athletic League at their national convention in New York. At that time I suggested that one of the things that was really missing in this country was a National Police Academy. What was really needed was to restructure police-people relationships, most particularly in the ghettos of our country.

The Police Athletic League took me at my word. They went back to their drawing board in New Jersey, where their national offices are located, Weehawken, N.J., and they presented a proposal to train Job Corps enrollees taken from the ghettos, train them as police officers and police cadets, send them back to the ghettos as police cadets or police officers if they were old enough.

In addition, they contacted 41 police chiefs across the face of this Nation and got them to agree to hire corpsmen coming out of this program.

They also got some 25 of those police chiefs to agree to modify the civil service requirements in their community in order to get these young men on the police force.

Mr. FLOOD. Does that include Baltimore?

Mr. KELLY. I don't know. I can provide for the record the 41 cities that were surveyed.

Mr. FLOOD. I think you should.

Mr. KELLY. Yes, sir.

(The information follows:)

LIST OF 41 CITIES SURVEYED BY POLICE ATHLETIC LEAGUE

1. Albuquerque
2. Atlanta
3. Baltimore
4. Birmingham
5. Boston
6. Buffalo
7. Cincinnati
8. Cleveland
9. Columbus
10. Dallas
11. Denver
12. Fort Worth
13. Honolulu
14. Houston
15. Indianapolis
16. Kansas City
17. Long Beach
18. Louisville
19. Memphis
20. Milwaukee
21. Minneapolis
22. Newark
23. New Orleans
24. Norfolk
25. Oakland
26. Oklahoma City
27. Omaha
28. Phoenix
29. Pittsburgh
30. Portland
31. St. Louis
32. St. Paul
33. San Antonio
34. San Diego
35. San Francisco
36. Seattle
37. Toledo
38. Washington, D.C.
39. Philadelphia
40. Chicago
41. Los Angeles

Mr. KELLY. Since that time, the Police Athletic League——

Mr. FLOOD. Did the survey include Washington?

Mr. KELLY. Yes, sir.

Since that time, the Police Athletic League has developed a curriculum which you may all have copies of. They have proceeded to identify the first 128 corpsmen that will be trained. The training will take place at Camp Kilmer. They have retained the man who will direct the academy. He is the gentleman in the middle. His name is Lt. Roosevelt Dunning. He was deputy director of the New York City Police Academy. He is a highly dedicated policeman with a long and distinguished career.

It was necessary to get the Attorney General of the United States to write the police commissioner in New York in order to free this man to lead this program for us at Camp Kilmer. He is at Camp Kilmer now. The first 128 youngsters are going to start in this program this month.

Mr. FLOOD. Why Kilmer?

Mr. KELLY. We located it at Kilmer, Mr. Chairman, because that is kind of the center of this megalopolis here in the East that stretches from Boston to Richmond. One of the things that we were able to do was to get the New York City Police Department to become involved. Not only in the form of Lieutenant Dunning but the fact that the commissioner of police up there agreed to take youngsters coming out of this program.

Mr. FLOOD. Who has the contract to run Kilmer?

Mr. KELLY. Federal Electric Corp.

Mr. FLOOD. Did you have trouble with Kilmer?

Mr. KELLY. No, sir. We have not had any trouble with Kilmer since 1965.

Mr. FLOOD. You did have?

Mr. KELLY. Yes, sir. At one time in the spring of 1965, as you recall, there was some trouble with some youngsters in a nearby town called Edison, N.J. Since that time we have had no trouble at Kilmer. I might say that just about a year ago I wrote to the police chief of Edison, N.J., and shortly after I took this job we asked him how

our youngsters in Kilmer were behaving in his city. I can provide that letter for the record; I don't have it with me but we can provide it for the record. He said to me over the course of the succeeding 2 years since the difficulty that our youngsters behaved better than his "locals" of the same age group in Edison, N.J.

I would be delighted to provide that for the record.

(The information follows:)

DIVISION OF POLICE,
Edison, N.J., March 10, 1967.

Mr. W. P. KELLY,
Acting Director, Job Corps,
Executive Office of the President,
Washington, D.C.

DEAR MR. KELLY: In reply to your inquiry of March 8, 1967, and after perusal of our police files from June 13, 1965, through this date, I have no complaints regarding the Job Corps Center in Edison.

Personally, I feel the Job Corps has an exceptional program toward rehabilitating and training school dropouts. I am sure the students who have taken advantage of this program have found it to be essential as well as helpful in obtaining employment.

The Job Corps has been a good neighbor to Edison and we hope that it will be an encouragement to our youth in completing their education.

Trusting this meets with your approval, I remain,

Very truly yours,

JOHN W. ELLMYER, Jr.,
Chief of Police.

Mr. KELLY. I might say that the reason why we chose a site like Kilmer rather than opening a new center was because of the fact that Kilmer will provide the logistics backup to this program, such as the housing, messing, and the medical care and medical examinations, and so forth, that this program provides to these younger people in that program.

The program itself will be conducted by the police athletic league.

PROFILE OF A JOB CORPS ENROLLEE

I think that you will recall that last year we presented to this subcommittee a profile of a typical Job Corps enrollee. I think it is important to refresh our memories as to what the Job Corps enrollee does in fact look like. As you can see, the average age is 17½. The years of school by way of education are 9. The reading level comes to 5.2 grades with 62 percent of the corpsmen in our conservation centers reading below the fourth-grade level. The math level is also 5.2.

Where do they come from? Twenty-five percent from rural, less-than-2,500-population towns; 47 percent from small towns and cities. You can see that 28 percent come from metropolitan areas of over 250,000. You can see, also, that in terms of previous behavior, 67 percent had no previous police record of any kind. Twenty-five percent have had some minor antisocial brushes with the law—truancy, things of that nature.

About 8 percent have had one serious conviction.

You can see that, in terms of employment, of those that were working 60 percent made less than $1.25 an hour. Social security reports youth working only an average of 2.5 quarters, with an average yearly income of $639. You can see that of those eligible for the Armed Forces by way of age, 58 percent had failed the test either because of educational deficiency or physical deficiencies. Eighty percent had not seen

a doctor or dentist in the last 10 years. The family pattern: 60 percent come from broken homes and 63 percent from homes where the head of the household is unemployed. In 39 percent the family is on relief; 60 percent came from substandard housing; 67 percent were kickouts, not dropouts. Both parents had less than, on the average, an eighth-grade education in the case of 49 percent of them.

JOB CORPS AND ELIGIBILITY FOR THE ARMED SERVICES

Mr. SMITH. Does that mean some are eligible for the armed services?

Mr. KELLY. Many, Congressman Smith, have become eligible for the Armed Forces after having been in the Job Corps.

Mr. SMITH. Before they went?

Mr. KELLY. Yes, sir. We have had some kids drafted out of the Job Corps.

Mr. SMITH. Do you know the number or percentage?

Mr. KELLY. I probably could get it for the record. We have queried a computer. I don't have it here with me. I can estimate for you in terms of numbers how many youngsters came into the Job Corps, that were ineligible and then, because they picked up a couple of years in reading gains, became eligible. We have a phenomenon that occurs to us, that occurs in the Job Corps, where you have a young man who will come and say to you, "I want to get in the Marine Corps. I want to be a paratrooper. I cannot pass the test." He comes into the Job Corps and he starts in the basic education program. He also starts in vocational training. Maybe in 6 months he will pick up two grades in reading. He will go back and take the test. After he takes the test, he passes it and is able to get in. He will come back and say, "I want to join the Marines."

You may say to him, "Look at your 6 months or 7 months in a welding program. You have only 3 months to go to complete it."

He will say, "I am sorry, I was not interested in welding. I was interested in becoming a marine. Now I can and I am going."

That happens quite often.

Mr. SMITH. I understand that program but if a young man is eligible to go into the service and you are short of funds, why should you spend funds on him when he is needed and has a job available and if he goes to the service for a couple of years, he will be eligible for training under the GI bill and get some help that way?

Mr. KELLY. Let me say this: Our kids come in at 16. As you know, the last session——

Mr. SMITH. The 16-year-old isn't eligible. I am talking about the ones that are eligible for the service. I am talking about the ones that are eligible to go into the service. You are taking them into the Job Corps.

Mr. KELLY. When we take them in the Job Corps, if he meets all the requirements——

Mr. SHRIVER. Are any deferred because they are members of the Job Corps?

Mr. KELLY. No, sir.

Mr. SHRIVER. Any draft boards of the country defer them?

Mr. SMITH. If one is eligible to go into the service, he has a job available for him?

Mr. KELLY. His number may not have come up yet. It may very well be that he is a youngster that——

Mr. SMITH. He can volunteer then. Even if his number has not come up, if he is eligible he can volunteer and they will advance him.

Mr. KELLY. He may not choose to volunteer.

Mr. SMITH. Then he has a job available. If you have a shortage of funds why should you spend your money on him when there are other boys not eligible and no job that they can go to?

Mr. KELLY. Let me say this: What we do is we screen six youngsters before we get the seventh that is eligible for the Job Corps. We have very stringent screening requirements. As a matter of fact, we can place in the record our screening manual. Bob Young here is in charge of that part of the Job Corps and might like to comment on that. We have very stringent screening procedures so that what we are trying to do is get the poorest of the poor.

Mr. SMITH. You have more than you can take care of with the money you have?

Mr. KELLY. That is right.

Mr. SMITH. Under that circumstance, it seems to me you should not be spending any of the money on some fellows who have a job available.

Mr. KELLY. It may very well be that they do not choose to take that kind of a job. They do not choose at that point in time to go in the Armed Forces. I think the requirements now are that if you can read about at the seventh-grade level you can get in the Armed Forces.

Mr. SMITH. Even so, they can go to the service for a couple of years and secure the GI bill rights and take some training another way. If those young men are given a Job Corps slot, they are replacing one fellow who didn't have any choice. There are plenty around who can't go to the service.

Mr. KELLY. I think your point is well taken. I don't know what the magnitude of this is, I am sorry to say. I do not think it can be very large, given the population and given the averages in terms of reading standards and math standards these kids have when they come in.

Mr. SMITH. That is the reason I wanted to know the number. It seems to me they should automatically——

Mr. KELLY. We will provide that for the record. If it is a significant number then it may very well be that it is females which make the difference there.

Mr. SMITH. I am talking about the ones that are eligible. Females are eligible too.

Mr. KELLY. Let me see what the numbers look like and see if we can pull those out. If they are significant it may very well call for a change in our policy. I do not think we will find that they are. Let us look, nevertheless. The point is well taken.

(The information follows:)

NUMBER OF DRAFT ELIGIBLE AND QUALIFIED ADMITTED TO JOB CORPS

Fifty-eight percent of all new enrollees eligible by age and sex for the military draft are former rejects. It is Job Corps screening policy not to take into Job Corps those youth who have taken their induction examination and passed. Hence, youth who can volunteer for the military service are generally excluded by our admissions policies.

As of March 1, 1968, 11,000 youth had left the Job Corps for military service. A large percentage of these youngsters were made eligible by the Job Corps for military service.

PROFILE OF A TYPICAL RIOTER

Mr. KELLY. I think one of the things that is interesting about the Job Corps member and the typical rioter, at least the typical rioter as reported by the Commission on Civil Disorders in chapter 2: Patterns of Disorder, the Commission report is that the age of our youngsters under the legislation is 14 to 21. The typical rioter, according to the Commission, was 15 to 24. We have no 14- and 15-year-old kids in the Job Corps, however. In a few minutes I will endeavor to explain why that provision was put in our act last fall. We have not at this point in time recruited any 14- or 15-year-olds.

In terms of education, 90 percent are school dropouts in the case of a typical rioter, and, in our case, 75 percent.

Employment, full or part time, has been pointed out before. In our case, 44 percent, and in the case of the typical rioter, 70 percent.

Unskilled, 60 percent in the case of our youngsters, and 50 percent in the case of a typical rioter.

In the family pattern, they do not describe the percentages but it is inherent in reading that chapter that the profiles of these youngsters and that of our young people are similar. During the course of last summer's unrest, one of the things that the Job Corps tried to do was to increase its commitment to recruiting in the ghetto. During the period July through December 1967, we recruited over 4,500 youngsters from some of the cities that, as you recognize, were involved in civil disorder. In addition to that, we got 586 youngsters out of Baltimore, 240 came from Richmond during that same period, and 200 from Pittsburgh, Pa. These are towns that, I guess, last night or the night before last had some difficulties too.

Mr. FLOOD. I am sure that you have noticed the profile of a typical rioter in Washington. Apparently he is almost the antithesis of the one presented by the Commission.

Mr. KELLY. I noticed that in this morning's paper.

Mr. FLOOD. That might be a little early.

Mr. KELLY. One of the things in that story, Mr. Chairman, was that juveniles that had been arrested had been excluded from those figures. I don't know what that profile would look like if the juveniles were included. I think also that the riots we are experiencing now—and this is kind of a gratuitous comment on my part—are not the same kind that we experienced last summer. I think that the riots that have gone on in the last 72 hours are not quite the same, are not motivated by the same things. The riots of last summer were motivated by——

Mr. FLOOD. That has been suggested as unclear at this moment.

JOB CORPS ENROLLMENT

Mr. KELLY. I think you are absolutely correct. This chart shows that there are Job Corps centers in 38 States and the number of youngsters from every State that have been in the Job Corps from its inception through March 1, and also some interesting, I think, economic figures, if you call them that, the number of dollars that have been spent in these States by the Job Corps during fiscal year 1968 to March 1, 1968. That includes operating costs of Job Corps centers, salaries of staff, food, clothing, allotments that Job Corps enrollees have sent home, et cetera.

You can see that in a State like West Virginia, which is a poor State and in which there are large rural areas, we have gotten 3,848 youngsters since inception and that over $4 million has been spent by the Job Corps in that State during fiscal year 1968 to March 1, 1968.

You will note in the State of Pennsylvania we have had over 5,000 youngsters in the Job Corps.

Mr. FLOOD. Do you mean 5,000 youngsters in the Job Corps from Pennsylvania or in Pennsylvania?

Mr. KELLY. From Pennsylvania. Not in Pennsylvania.

Mr. FLOOD. Frequently these Job Corps people are not from the State where the center is located.

Mr. KELLY. That would be true. We attempt to assign regionally insofar as it is possible.

Mr. FLOOD. That is a comparatively new policy?

Mr. KELLY. No, it is not.

Mr. FLOOD. That was not the policy at the beginning?

Mr. KELLY. No, sir, it was not the policy at the beginning.

In the beginning, as you will recall during the first year of the Job Corps, the number of Job Corps centers was much less than it is now. They were geographically dispersed. We had situations where youngsters from Florida were being transported to Oregon and where youngsters from New York were being transported to California.

JOB CORPS TRANSPORTATION COSTS

Mr. FLOOD. We were paying their transportation back and forth for a vacation?

Mr. KELLY. That is right. I think we can point out now that transportation costs alone, on the average, have been dramatically reduced. I think it is down to something like $39 per one-way trip, whereas back in 1965 you would have found that figure was somewhere in the neighborhood of $150.

As a matter of fact, direct travel costs in fiscal year 1967 went down from $76.13, one way, to $39.98. In the first half of fiscal year 1968 it went down to $39.67. You can see that the regional assignment has made an impact upon the costs of transportation.

One of the difficulties that we have in this area is the Southeast where we have no Job Corps centers. If you go back and look at the map and see the number of kids coming out of the Southeast, 7,000 out of Georgia, for instance, 5,000 out of Alabama, 7,000 out of Florida, we have no place to assign them within that geographical area so that they move into the central part of the United States and into the eastern part of the United States.

I think that our travel costs would be even further reduced if we had some Job Corps centers that were closer to that area.

This is a comparison between where poverty exists in the United States as a percentage of population and where the Job Corps population comes from.

These percentages are based on Bureau of the Census statistics. You can see that the black bar shows the Northeast total poverty population of the United States—9.8 percent is located in the Northeast. As you can see, the Job Corps during its life has recruited about 10.7 percent. You can follow the rest of those across the chart.

This shows the Job Corps on-board strength over a period of time going back to the 30th of June, 1965, when the Job Corps total size was 10,241. We have a number of statutory requirements on enrollment that we have to meet. One of them is that of Job Corps male enrollees at any given time, not less than 40 percent of them must be in the conservation centers. Last year or the year before last there was a requirement added by the Congress——

AMENDMENT REGARDING ENROLLMENT OF WOMEN

Mr. FLOOD. What was the last amendment governing enrollment?

Mr. KELLY. The women's amendment. That was not in the original. Two years ago the act was amended to provide that not less than 23 percent of enrollees be women. At that time only about 8 percent of the enrollees in the Job Corps were women.

We moved to that 23 percent by the 30th of June of last year, 1967, and met the statutory requirement.

In this last session of Congress there was a new amendment added that said that the Job Corps should move to 25 percent by the end of the current fiscal year. Then the Jobs Corps should make every effort in keeping with reasonable administrative procedures and the needs of disadvantaged girls to move to 50 percent as quickly as possible.

That was Mrs. Green's amendment in the House which carried in the final amendments as they were passed by the Congress.

You can see that on the 30th of June of 1966, from looking at this chart, that we had 28,533 enrollees, and in conservation centers there were 49 percent men, which met that requirement. The women at that point were only 2,606, or 9 percent of the total. By June 30, 1967, the Job Corps had gone to 42,032, of which 50 percent of the men were located in conservation centers, some 16,000, and we had met the statutory requirements for 9,354 women, which was 23 percent of the total.

The next pie chart reflects the 16 closures that have taken place this winter. You can see that as a result of those closures, all of which were men's centers, we now have 30 percent of the total women and that 53 percent of all men are in conservation centers. You can see that there——

WOMEN'S CENTERS IN METROPOLITAN AREAS

Mr. FLOOD. How many of the women's centers are what we would call metropolitan areas, as distinguished from all other areas?

Mr. KELLY. I have a list here. We would have to decide what are metropolitan areas.

Mr. FLOOD. You decide.

Mr. KELLY. Okay.

I would think that the Women's Center at Poland Spring, Maine, is not a metropolitan area.

Mr. FLOOD. I think that is safe enough.

Mr. KELLY. I think that the Women's Center in Jersey City is in a metropolitan area. I think that the Keystone Center up in Pennsylvania would be called a rural setting. You would know more about that than I do. I have not visited that center. I think that the one in

Charleston, W. Va., would be called urban. That is a fairly large town. The one in Huntington, W. Va., the one in Cleveland, Ohio—and I think the one in Los Angeles would be called urban. The St. Louis Center would be urban.

I think the one in McKinney, Tex., that is about 35 miles, as you recall, from Dallas, I think, Congressman Casey, that is a more rural setting than an urban setting.

The one in Albuquerque I think would be urban. The one at Tongue Point in Oregon is rural. That is a small town of about 8,000 or 9,000 people.

There is Marquette, Mich. That is the last one. Not the last one, but Guthrie, Okla.

Mr. FLOOD. Fifty-fifty?

Mr. KELLY. I would say it is about 50–50.

In terms of that, the number of centers, it is about 50–50. We have 18 centers and I would say with rapid calculation about 10 urban and eight are in the rural areas.

JOB CORPS ENROLLMENT

You can see that we will be making a slight increase in the strength at the end of this fiscal year. Our target is 35,225, with 53 percent of the men in conservation centers, so we are still continuing to meet that requirement. Twenty-nine percent of the total will be women. By the end of next fiscal year, in asking for $295 million there will be a slight increase in the Job Corps, from 35,225 to 37,610.

NONWHITE JOB CORPS ENROLLMENT

Mr. FLOOD. Could you supply us with this figure: What percentage of the Job Corps women are nonwhite?

Mr. KELLY. I would say across the board, Mr. Chairman, probably about 60 percent. The last figure that I have on total Job Corps enrollment and——

Mr. FLOOD. I wanted a general idea.

Mr. KELLY. About 60 percent.

At the end of the next fiscal year, given $295 million, we will have 37,610 enrollees in the Job Corps as of the end of the year, with approximately 50 percent of the men in conservation centers, 13,675; women will go to 10,740, which is an increase in the numbers but not in percentage. We will stay at about 29 percent. We will have five new inner-city centers which are called for in the President's budget and will provide spaces for 1,500 enrollees.

Mr. FLOOD. While we are at it, also let us have the percentage of the members of the male Job Corps who are nonwhite.

Mr. KELLY. That would be about 65 percent.

Mr. FLOOD. Supply the exact figures for the record.

Mr. KELLY. Yes, sir.

(The information follows:)

A. Of the women entering Job Corps, 66 percent are nonwhite.
B. Of the men entering Job Corps, 68 percent are nonwhite.

JOB CORPS COSTS PER ENROLLEE

Mr. KELLY. This is a chart that is entitled "Job Corps Costs." It really probably could have had a better title than that.

Mr. FLOOD. What is the matter with that title?

Mr. KELLY. Sometimes we tend to mix up NOA, expenditures, costs, obligations, and so on.

Mr. FLOOD. Amortization?

Mr. KELLY. Yes, sir.

Let me just say that this chart does show, starting with fiscal year 1965, that the Job Corps obligated $196.2 million, that it expended about $53.5 million—I am told that is a cost.

Mr. FLOOD. How close precisely can you give us an annual cost per Job Corps man and woman which does not include amortization of the capital investment?

Can you get me a figure with amortized capital out? And then with it in?

Mr. KELLY. Yes, sir. We will proceed to that in just a moment.

Mr. FLOOD. Fine.

Mr. KELLY. I think the thing that is important, and we had some discussion when we met with the subcommittee last time about fund availability, you will notice in fiscal year 1968 we had available for obligation $285 million, but as a result of a carryover from a previous year we really had available $307.5 million.

In fiscal year 1969, our carryover disappears. The $295 million that we are asking for will be total funds available for financing the Job Corps in fiscal year 1969.

This is the Job Corps direct operating costs which we were talking about a moment ago. This does not include capital, Mr. Chairman.

Mr. FLOOD. Tell us what it does include.

Mr. KELLY. It includes what was put into the congressional definition; that is, all center operating costs and enrollee direct costs, which are:

Corpsmen's expenses, including food, clothing, medical, dental, supplies, and services for training. That will be teaching. It includes operation and maintenance of facilities; that is, upkeep, utilities, light, and power. Communications, which would be telephone, telegraph, and the administration overhead.

It includes staff expenses such as salaries, fringe benefits, and travel. It includes corpsmen direct costs, corpsmen pay, his allowances, allotment, and his travel to get him there and back.

You can see that we have moved from an average of $8,400 for the period January to June 1966, down to an average of $7,025 from July 1966 to June 1967. Then July 1967 to March 1968, including the centers which we closed, 16 during that period, $6,695, and then July 1967 to March 1968, excluding those centers that we closed, it is $6,518. You can see that we are projecting for fiscal year 1969, $6,300 per enrollee man-year. You will also notice that the statutory limitation which was pegged 2 years ago at $7,500 was modified during the course of this last session and came down to $6,900.

At the moment we are still below the statutory limitation in terms of total Job Corps. This is a picture of the men's centers, and when I say men's centers I am talking about the Men's Urban Centers as differentiated from the Civilian Conservation Centers.

Again using the same definition, you can see that we have moved from $10,740 down to $6,878, when you exclude the centers closed. And we are projecting for fiscal year 1969, $6,250, which again is below the statutory limitation there.

Again on the women's centers, you can see that we have pointed out what is contained in the figure. Again, it is the statutory definition. You can see that we have moved from $9,990 down to currently $7,310, which is above the statutory limitation. The statutory limitation is so worded, it says all Job Corps centers on the average. We are projecting for fiscal year 1969, $6,600. In terms of the Civilian Conservation Center direct operating costs—I keep using that term, Civilian Conservation Center, because that CCC definition was reintroduced in the last session of the Congress and passed. It was introduced by Congressman O'Hara of Michigan. Before we had been calling them merely Federal Conservation Centers. Each changed the name in the act to carry them in both Houses as Civilian Conservation Centers. You can see that from December 1965, $6,150, that we have moved to $5,955, excluding those centers that we closed this winter, and that we are projecting $5,725 in fiscal year 1969.

You asked me a moment ago to give you a picture of the cost of the Job Corps with amortizations in it.

On page 101 of this book that we have provided, you can see that from July 1, 1967, to March 1, 1968, the total cost of the Job Corps when we add in amortization and other things, such as work project costs, being the timber that is used by the conservation centers to build picnic tables and waste containers, and so forth, you can see that the total costs there come up to an average of $8,100 per enrollee man-year.

In the men's centers it is $7,925, and in the women's centers $8,010. In the conservation centers it is $8,343 per enrollee man-year. That includes everything, including amortization of all equipment and structures.

CONSERVATION ACTIVITIES

I think it is interesting to note that one of the things that sometimes is overlooked in talking about the Job Corps is the work that the Job Corps men have performed in conservation work. The value has now reached a point of more than $46 million as appraised by the Departments of Agriculture and Interior. You can see that we have spent many thousands of hours working on wildlife and fire suppression, and so on. I think there is more detail on the next chart which shows that.

Mr. FLOOD. Do these people work entirely with conservation workers under the jurisdiction of Federal agencies?

Mr. KELLY. Yes, sir.

Let me qualify that just a bit, Mr. Chairman.

At Jacobs Creek, Tenn., we have the International Union of Operating Engineers working as contractors to the Job Corps. The center is operated by the Forest Service, but we have a heavy equipment training program run by the operating engineers at that conservation center.

That is kind of an interesting amalgam of the Department of Agriculture, Job Corps, and the International Union of Operating Engineers.

Mr. FLOOD. To all intents and purposes the answer is "Yes"?

Mr. KELLY. Yes, sir. You can see that in fiscal year 1967 and 1968, the Job Corpsmen spent 289,380 hours in suppressing fires; 11,090 hours in search and rescue missions. As a matter of fact, I got a telegram from Governor Kerner during the weekend asking if we could move some Job Corpsmen into rural areas in Illinois where there was a tornado. We have done that many times, clean up after tornadoes. We have done it in Iowa. We had over 3,000 Job Corpsmen involved this last fall when those very bad forest fires occurred in California and in the Northwest.

Mr. FLOOD. These are Job Corpsmen in the conservation section only?

Mr. KELLY. Yes, sir.

We spent 400 hours washing ducks up at Cape Cod that had trouble with the oil slick from a freighter. They couldn't fly, so our corpsmen salvaged a lot of ducks.

EMPLOYMENT OF JOB CORPS PARTICIPANTS

This is a picture on what is happening in terms of employment: As of March 1, 1968, the Job Corps had served 138,994 youth. When I say "served," I am including in that 138,994 every youngster that had ever been in the Job Corps if only for 1 day. We have some in there only 1 day.

We have 77,609 that are employed, 10,123 have gone in the Armed Forces and 9,748 have returned to school.

Mr. FLOOD. What percentage is that?

Mr. KELLY. That is 70 percent of the kids in the program, even if only for 1 day.

They have obtained better wages; $1.70 an hour versus $1.19 previously earned. Thirty-nine percent have received wage increases.

Mr. FLOOD. Most of them had no jobs at all?

Mr. KELLY. That is right.

Mr. FLOOD. Where do you get this figure of $1.19 an hour?

Mr. KELLY. If they did work, Mr. Chairman, that was the average wage that they earned. It is obvious that 30 percent of our youngsters have not got jobs. They tend to be the younger kids, tend to be 16 and 17 years old. As you know, there are some inhibitions in terms of 16- and 17-year-old kids getting employment.

Mr. FLOOD. Of course, 35 percent, I am advised, of the graduates of Eastern High School of Washington last year did not get a job.

Mr. KELLY. I would not be a bit surprised. One of the things that was really interesting last year was that there were about 60 girls that graduated from a vocational high school here in the District of Columbia, and Chesapeake & Potomac Telephone Co. was really desperate for girls, Mr. Chairman, in a clerical capacity and as operators, and so on.

These 60 girls, or 62 or 63 girls, all of them could do clerical jobs, type. They knew how to file, and so on. The problem was that they couldn't speak English.

The C. & P. Telephone Co. went to Howard University and asked Howard if they could provide a course in communications. Really, it is speech correction. Howard came to us and we gave them a program, curriculum we used in terms of communication. I suppose what

we are saying here is that 30 percent of our kids have not made it. We find that when we asked them why they cannot get a job, some of them say—42 percent of those say, "Most employers insist on a high school diploma."

We have a very active high school equivalency program in the Job Corps. Twenty-seven percent said it is "hard for a minority person to get a job in this town"; 23 percent say they "have no way to get to work."

TRANSPORTATION AS OBSTACLE TO EMPLOYMENT

It struck me the other day that it seems kind of funny until I found out that there was a fellow out in Rockville that wanted to hire some people in Washington. There were not any buses that went from Washington to Rockville; even if he wanted to hire some people, if they didn't have an automobile, and many people, particularly poor people, don't have automobiles, getting to work, particularly in large metropolitan areas, is a terrible problem.

Mr. FLOOD. Isn't it a very common problem with household help every place?

Mr. KELLY. I think so.

Mr. FLOOD. What did you do about Rockville?

Mr. KELLY. I didn't do anything about it, Mr. Chairman. I am still trying to solve the problem. I don't know whether I can or not.

Mr. FLOOD. I don't know if we are talking about the same thing. About a year ago there was a developing industry in the suburban area that had very much the same kind of problem.

Mr. KELLY. I think the problem exists in this industrial park out in Virginia in terms of getting people to come from the District of Columbia to work out there. A neighbor of mine happened to mention this 3 or 4 months ago. They were looking for some custodial people. This is an industrial park out near Langley which is really a very posh suburban area, and all of a sudden these research labs of one kind or another in the field of electronics, they were looking for janitorial-type people, maintenance people, people to replace starters and fluorescent lights, and so forth. They were having a tough time getting them out there.

Mr. FLOOD. Many of these graduates of yours, male and female, come from metropolitan areas. There is just as much difficulty getting from one section of a metropolitan city to another section as there is from suburbia around the city.

Mr. KELLY. Yes, sir; there is no question about that. I think that when you get to a place like Los Angeles, the fact the freeways have replaced a good system of public transportation, it is awful to get around. I tried to get around Los Angeles one time and ended up taking cabs that cost a fortune. I should have rented a car but I was not affluent enough at the time to rent one.

I think you are right in that case.

OCCUPATION SHORTAGES

This next chart shows the number of States reporting occupation shortages and skilled training by Job Corps center, by type.

The purpose here is to point out that the Job Corps is in fact training for occupations in which there are shortages as reported by the cooperative area manpower surveys, which were conducted by the Department of Labor. You can see that in the case of auto mechanics. I had some transmission trouble this morning and trying to find a good auto mechanic in this area is very hard. Forty-six of the 50 States reported shortages of auto mechanics and secretaries, nurses aides, cooks, and stenographers, and licensed practical nurses, and so on. You can see the number of States reporting shortages in those areas.

Mr. FLOOD. You don't have waitresses listed there.

Mr. KELLY. As a matter of fact, we do give some training in terms of waiting on table.

Mr. FLOOD. There is an appalling shortage of waitresses. Many restaurants are forced to shorten their hours of service, especially night service. It is most difficult to get not only waitresses but general restaurant and kitchen help to keep a restaurant open late at night.

Mr. KELLY. As a matter of fact, Mr. Chairman, in the New York City metropolitan area, which consists, I guess, of New York and the area just across the river at Newark and Jersey City, and places like that, they were 25,000 short of short-order cooks, people who could fry hamburgers, eggs, the kind of thing a short-order cook does on a grill.

Once we found that out, we pointed it out to the Department of Labor, we instituted a short-order cook program at Kilmer.

Mr. FLOOD. How long did it take the Job Corps to find out that a shortage existed?

Mr. KELLY. I think it took about a year and a half.

Mr. FLOOD. Mr. Kelly, you know it has existed perennially.

Mr. KELLY. I am not sure that I did.

Mr. FLOOD. A lot of people did.

Mr. KELLY. Well, once we found that it existed, we were maybe 2 or 3 years late, but nevertheless we did ultimately find out about it and we instituted a short-order cook program at Kilmer. We have had great success placing everybody out of that program.

JOB CORPS ENROLLEES FROM NEW YORK

Mr. CASEY. Where did you get your trainees for this short-order cook business?

Mr. KELLY. Where?

Mr. CASEY. Yes. Out of New York?

Mr. KELLY. No. In the case of Camp Kilmer we would have gotten them from the mid-Atlantic, the Southeast.

Mr. CASEY. Are you getting any of them out of New York?

Mr. KELLY. Yes.

Mr. CASEY. Your chart does not show that.

Mr. KELLY. We are not getting kids out of New York in the Job Corps?

Mr. CASEY. Yes. The chart I am looking at does not show it. Maybe I am not reading the chart right. All I see is training under the YWCA residence program for New York. Ten thousand trainees out of New York does not sound too good.

Mr. KELLY. That is what we have had, Congressman. As you notice, I think that is third only to Texas and California.

Mr. CASEY. This program is sold in Texas on the need for it in New York more than the need in Texas.

Mr. KELLY. In terms of skilled training?

Mr. CASEY. Yes. Getting these kids out of the ghettos.

Mr. KELLY. We have had 15,410 youngsters from Texas on this in the Job Corps.

Mr. CASEY. I understand that a lot more than that are needed in New York. Why aren't we reaching them?

Mr. KELLY. First of all, you start out with a basic limitation that the Job Corps built up to its full strength only last June. You can sit here and say, or I can sit here and say, there are probably 200,000 kids in the United States that at any given time ought to be in the Job Corps. There are limitations upon facilities. These are times when there are great demands in other areas for dollars. It may very well be that our recruiting effort is deficient in having New York rank third in the Nation; it may be that it should rank first. We have to accept that responsibility.

Mr. CASEY. I am not being critical of you, but why don't you get more out of the Harlem area where the need is really strong. The only thing I see listed on the chart for people out of New York is the YWCA residence program. That is the women's operation.

Mr. KELLY. Yes, but we have had 10,000 youngsters, 10,923 as of——

Mr. CASEY. I understand that and I am looking at your chart here. It shows the number from each State. All you show for the YWCA residence program is for New York.

Mr. FLOOD. May I interrupt? This is a very good question. It follows as plain as the nose on your face. There are a lot of people here. This is not a one-man act, Kelly. If any of these backstoppers have thought about it or have any answer to it, I am sure that Mr. Casey does not care who answers it, just so he gets an answer. This is a very good question.

Mr. KELLY. Mr. Young?

Mr. FLOOD. The only thing the matter with that question is I didn't think of it.

JOB CORPS GEOGRAPHIC ENROLLMENT FORMULA

Mr. YOUNG. The answer to the Congressman's question is that there are many, many more kids in all parts of the country that would get into the Job Corps except for the physical limitation on size. We had set up a quota. We set this quota up on a poverty index by State. I think we would find that we could show you by detailed numbers the number of young men and women we take from New York State or California or Texas or anywhere are apportioned on the basis of the poverty index in that State. We are right this minute taking the fair share even though it is a very inadequate share of the youngsters in need from New York as well as the other States.

We keep that very closely in balance.

Mr. FLOOD. If you will yield, how was that formula imposed upon you? By yourself? You have a formula; who gave birth to the formula?

Mr. YOUNG. The answer is yes. We made the administrative determination since it is a national program and we tried equally and reasonably to have the young——

Mr. FLOOD. Is it a rigid formula?

Mr. YOUNG. No; not in that sense. No. We make arrangements with the Department of Labor which does most of our screening for us to screen on an equitable basis throughout the country. We try to balance it between large and medium and smaller cities and distribute it among the States.

Mr. CASEY. One of the justifications for this program is that it is supposed to train people and to cut down on this rioting and those who are frustrated, who get mad at the world because they can not do anything and have not the opportunity, so they start tearing up the place.

It is true that down in the valley in the predominantly Mexican area you have the lowest income in the country. However, you have not had a riot down there since 1836. In New York you have them tearing things up. You put in there, your major cities that have problems, that you have gotten so many out of. Four hundred-some out of Houston. The problem we had was with the university students. They are the ones who cause all the trouble. None of them are disadvantaged or none are candidates for your Job Corps. Not that we don't have some that should have this, but I am curious. Our hottest spot I thought was, until a couple of days ago, New York City and Harlem. You don't have anything listed here out of New York except the YWCA residence deal. I am wondering if you have any trouble getting these boys to take the program.

Mr. YOUNG. From New York City and New York State, we could fill half of the Job Corps from there alone.

Mr. CASEY. How many have you gotten from there?

Mr. YOUNG. That is the 10,000.

Mr. CASEY. Where did they go? All they show is YWCA.

Mr. YOUNG. They go to nearby centers.

Mr. KELLY. The girls might go to Poland Spring, Maine, or Jersey City.

Mr. CASEY. You don't put it on your chart.

Mr. KELLY. The chart is deficient in that case.

Mr. CASEY. It is very deficient.

Mr. KELLY. It is deficient in that case.

Mr. CASEY. All you show is the YWCA residence program.

Mr. KELLY. That is the only Job Corps activity within that State. That Job Corps activity has not taken those 10,000 kids. You have one Job Corps center in Iroquois.

Mr. CASEY. Let us forget the chart then because you better get a chartmaker to take a look at that. You are showing these people from various States where they are supposed to have been. You have some from California, some in Texas camps, according to this.

Mr. KELLY. Yes, sir.

Mr. CASEY. You don't show anything from New York residence except this YWCA residence program. Tell your chart man to take a look at that.

Mr. KELLY. OK.

Mr. CASEY. My second point is that I think if this is going to be an adjunct to keeping down riots and getting them out of the ghettos, those Mexican kids, it is true they need a heck of a lot of help but they are down there and they have not rioted or looted. They have not torn up a thing. It is true that they need help to better their living conditions. You better look at this largest State and the largest

city in the world and see if we cannot get some more of those out of that hot area.

Mr. KELLY. Let me say this: I don't pretend, and I don't think it was the intent of the Congress, to treat the Job Corps as an antiriot device.

Mr. CASEY. Then quit using it as a sales pitch.

Mr. KELLY. I think what happened in the Job Corps, and this is demonstrable on the face of it, we have had the same kind of youngsters in relatively crowded non-air-conditioned centers around this country, black, and white, and Mexican-American, as you point out, American-Indian and Puerto Ricans, and yet these same kinds of youngsters from the same environment have not been engaged in riots because they perceive that the Job Corps is perhaps their last opportunity and they want to take advantage of it.

It is as they say in the ghetto, they don't want to screw themselves up in the Job Corps; they want to make it. I think that we have discovered something here in terms of either inspiration or in terms of the kinds of faculty, every time I talk to Job Corps kids the one word that keeps coming through is "care." You talk to a youngster and he says, "My mother didn't care. My father didn't care. My teacher didn't care."

You say, "What about the Job Corps?"

He says, "My counselor cares. My teacher cares. The Job Corps center director cares."

I think that is the big difference. We have demonstrated this to these youngsters. They are tough and we do in fact care. I think that is the one ingredient that makes the difference between a kid who would tear up a Job Corps center—if he perceives it to be a phony, if he was being fourflushed again—and a kid who does not want to tear it up or is proud of it because of the fact that he thinks that somebody has given him another opportunity.

Mr. CASEY. Now I am getting my answer. These fellows in New York are not interested in the Job Corps.

Mr. KELLY. Let me say this. In New York, we have got the third largest percentage of enrollees in Job Corps centers. It may very well be that we have not done as good a job as possible in recruiting in New York.

Mr. CASEY. I am not blaming them.

Mr. KELLY. That is right.

Mr. CASEY. There would be nothing but trouble to you then.

Mr. KELLY. That is right. I think we have one more chart.

Mr. CASEY. I think that you have answered my question.

Mr. KELLY. I think if you will look closely at this picture you will see that at least four of the people there are blind. This really may not be very significant but this was the first nature trail that was ever created for blind people. It was created by the Job Corps Conservation Center out at Colorado. Blind people can walk along a trail, be guided by handrail, and feel in braille on trees and be able to identify what kind of a tree it is and be able to count the rings on a tree. We think that probably that is perhaps not greatly significant but that is one of those kinds of things that demonstrates that the Job Corps does care.

We would be delighted now to answer any questions.

I have taken up more time of the committee than I intended to take up in the presentation.

JOB CORPS CENTER CLOSURES

Mr. FLOOD. We took a great deal of your time too; it works both ways. What were the locations of the Job Corps centers that you closed this year?

Mr. KELLY. We closed—let me give you the exact locations: Swiftbird, South Dakota; Chippewa Ranch, Minnesota; Fort Vannoy, Oregon; McCook, Nebr.; Lewiston, Calif.; Ripton, Vt.; Iroquois, New York; Isabella, Minn.; Lewis & Clark, North Dakota Liberty Park, New Jersey; Mexican Springs, N. Mex.; Poston, Ariz.; Custer, Mich.; McCoy, Wis.; Lincoln, Nebr.; and Rodman, Massachusetts.

Mr. FLOOD. With the possible one exception, they were all conservation centers or rural or semirural areas?

Mr. KELLY. Yes, sir.

Mr. FLOOD. Be sure to place a list of those places in the record.

Mr. KELLY. Yes, sir.

(The list follows:)

JOB CORPS INVESTMENT IN CENTERS TO BE CLOSED, INCEPTION TO MAR. 1, 1968

Center	Total operations [1]	Total capital	Grand total
Swiftbird, S. Dak.	$308,873	$1,022,269	$1,330,642
Chippewa Ranch, Minn.	636,764	915,848	1,552,612
Fort Vannoy, Oreg.	2,554,079	1,238,642	3,792,721
McCook, Nebr.	1,876,427	1,004,102	2,880,529
Lewiston, Calif.	2,862,173	623,050	3,485,223
Ripton, Vt.	1,101,522	996,833	2,098,355
Iroquois, N.Y.	1,576,667	1,132,115	2,708,782
Isabella, Minn.	2,725,542	1,569,532	4,295,074
Lewis and Clark, N. Dak.	1,447,503	728,316	2,175,819
Liberty Park, N.J.	1,182,588	1,578,935	2,761,523
Mexican Springs, N. Mex.	2,282,311	1,178,729	3,461,040
Poston, Ariz.	1,707,329	1,131,925	2,839,254
Custer, Mich.	13,170,471	2,862,000	16,032,471
McCoy, Wis.	11,118,977	3,334,000	14,452,977
Lincoln, Nebr.	9,800,850	1,578,000	11,378,850
Rodman, Mass.	10,831,509	3,365,000	14,196,509
Total	65,183,085	24,259,296	89,442,381

[1] Center operations costs plus work project costs at conservation centers; does not include enrollee direct costs (pay allowances, and travel).

COSTS OF CLOSING CENTERS

Mr. FLOOD. What was the cost of closing these centers?

Mr. KELLY. What did we recover by way of closing?

Mr. FLOOD. What was the total cost? It cost you x dollars to close them?

Mr. KELLY. I don't know.

Mr. FLOOD. Wouldn't that intrigue you if you were sitting where I am?

Mr. KELLY. Yes, sir.

Mr. FLOOD. You closed x number of centers. You cannot close a bathroom in the Federal Government but it does not cost you a lot of money.

Mr. KELLY. My financial manager tells me that it cost $1 million.

Mr. FLOOD. To close them? One round, fat number?

Mr. KELLY. That is right.

Mr. FLOOD. Place the more exact figure in the record to show what it cost and also the costs in 1969 associated with these centers.

Mr. KELLY. Yes, sir.

(The information follows:)

JOB CORPS ESTIMATED COSTS RELATED TO FISCAL YEAR 1968 CENTER CLOSURE (NO. 16)

Fiscal 1968—Minimum "mothballing," maintenance, and security	$600,000
Fiscal 1969—Maintenance and security [1]	1,500,000

[1] The fiscal year 1969 estimate shown above reflects the total estimated costs for maintaining 16 closed centers for all of fiscal year 1969. The $1,000,000 requested in the fiscal year 1969 President's budget for this purpose presupposes that negotiations presently underway to turn closed centers back to host activities or other interested parties will result in reduced costs to Job Corps.

CRITERIA USED IN CLOSING CENTERS

Mr. FLOOD. What criteria did you use in determining which centers would be closed?

Mr. KELLY. We used seven criteria, Mr. Chairman.

Mr. FLOOD. Seven?

Mr. KELLY. Right. Operating costs; length of stay.

Mr. FLOOD. What do you mean by that?

Mr. KELLY. How long the center retained enrollees. What was its record.

Mr. FLOOD. What was the percentage of dropouts?

Mr. KELLY. That is right. What was its retention rate overall.

Thirty-day dropout rate. We have found that if you keep a youngster for 30 days, the chances of keeping him in a program become very, very good. That is one of the most important measures of the center's efficiency. Reading gains as measured by the Stanford Achievement Test. We test all of the kids when we get them so that we know where they are and then we test them periodically to determine how they are progressing in terms of reading.

Mr. FLOOD. Why would that be part of a formula to close one school as against another?

Mr. KELLY. That is a measure of success in this business. If kids are not making reading gains or math gains, which is another criteria, in some centers as well as in other centers, then it is obvious that there is some deficiency in the basic education that we are supposed to carry out in this program.

Mr. FLOOD. You mean there is an obvious deficiency in the contractor and the staff that is running that center?

Mr. KELLY. Yes, sir.

Mr. FLOOD. What are your other criteria?

Mr. KELLY. Placement. What is the record of placement on kids coming out of that center. Community relations, which was the one thing that we could not put a quantified handle on.

Mr. FLOOD. That would impress me as being a very important part of the formula.

Mr. KELLY. There were six criteria on which we had a quantifiable handle and——

CLOSING OF THE WASHINGTON CENTER

Mr. FLOOD. I have a clipping here from the Washington Post which has to do with the closing of the Washington center which I will place in the record at this point.

(The article follows:)

[From the Washington Post, Mar. 16, 1968]

CUT IN BUDGET CITED IN CLOSING OF JOB CORPS CENTER JUNE 30

(By Carol Honsa)

The Capitol Job Corps Center here, which brings top-ranking Job Corps enrollees to Washington for training in Government agencies, is scheduled to close June 30 because of a $10 million cut in the program.

Also scheduled to close is the center's community project here, which gives remedial education and counseling to enrollees in the Neighborhood Youth Corps.

The two Job Corps projects here will be casualties of cutting the 1968 Job Corps budget, according to Philip B. Mason, public affairs director. The job Corps previously announced it would close 16 of its 124 centers.

The coeducational residential center at 100 T Street NW. opened in the summer of 1965 as the Job Corp's first research and demonstration project to learn if deprived teenagers would take to on-the-job training in business and industry.

It enrolled youngsters who had finished vocational courses at other job Corps centers with exceptional test scores. Its capacity was 50 men and 45 women.

The youngsters attend classes half a day, receive experience in Government agencies, and "thrive in that environment," Mason said. The Center is closing, he explained, because "it has fulfilled its purpose."

All current enrollees will complete their training before the program ends, according to John M. Burns, Center director.

The center never experienced a dropout and graduted 200 youths between July 1966, and February 1967, Mason said. The center has lost track of 15 graduates, but reported that 80 percent of the remaining 185 were placed in jobs, 11 percent were enrolled in college or technical schools, and 9 percent entered military service.

The center is run by the Westinghouse Learning Corps. under a $732,000 contract with the Job Corps. The contract, which expires June 30, also covers operation of the Capital Job Corps community project at 3500 14th Street NW.

The project offers 3 hours of remedial education and counseling a day to 100 city youths working on Neighborhood Youth Corps jobs here. Its enrollees will remain in the Youth Corps but work full time when the project ends, Burns said.

Mason said existing community groups are being asked to take over the services provided by the community project. The U.S. Office of Economic Opportunity has also been asked to continue the project, Burns said.

Six staff members from the project and 22 from the center will be affected by the closings, according to Mason.

Mr. FLOOD. If this article is correct, this must have been an excellent center. And the article is correct. I know about that center.

Take this as an example and show how the application of these criteria you have just outlined resulted in the closure of the Washington center. Let me quote one small portion from the article.

This is in the Washington Post, March 16, 1968. I quote:

The center never experienced a dropout.

Did you hear that?

* * * and graduated 200 youths between July of 1966 and February of 1967. The center has lost track of 15 graduates but reported that 80 percent of the remaining 185 were placed in jobs. Eleven percent were enrolled in college or technical schools and 9 percent entered military service.

What happened to your formula?

Mr. KELLY. We did not close that center because of this cut in funds. That center was a demonstration center that had been created some

2 years ago, and it had demonstrated what we started out to prove.

Mr. FLOOD. I know the difference between a writer and a headline writer. But the headline says this—this is what struck my eye: "Cut in Budget Cited in Closing of Job Corps Center June 30."

Mr. KELLY. A headline writer was one thing. We didn't close that center because of any cut in budget. We closed that center because it had demonstrated what we started out to demonstrate. That was the following:

The youngsters that came to that center came from other Job Corps centers. It was really like a graduate school. They came in here and the purpose of establishing that center was to do really, I think, one thing; that was to demonstrate that you could take youngsters from the Job Corps who had achieved well in other Job Corps centers, bring them to this Capital project, as we call it, put them into on-the-job training situations, mostly in the Federal Government, and then find out whether or not as a result of this on-the-job training kind of experience that that was a more effective or valuable way of conducting some Job Corps training.

Mr. FLOOD. We have an old saying that in the Department of Defense Appropriations Subcommittee about a weapons system. "If it works it is obsolete."

This thing worked. Why in the world, if the experiment worked, and if you produced, why did you close this one? Here is one that really paid off.

Mr. KELLY. What we are going to be doing, Mr. Chairman, is taking a lesson that we learned in the Capital project and replicating it in other Job Corps centers. Secondly, as you will note in the President's budget that came up this year for 1969, there is a requirement to create five new, what are called innercity centers and the basic formula for running those innercity centers is those lessons that we learned from 2 years in the Capital project.

DISPOSITION OF CLOSED CENTERS

Mr. FLOOD. You have $1 million budgeted for 1969 for maintenance and security of the closed centers. Why aren't they immediately turned over to the GSA for transfer to and for other use of, Federal agencies or declared surplus? This looks like a very sizable and unnecessary expense.

Mr. KELLY. I think since the time that this material was prepared, Mr. Chairman, we have moved in that direction. Let me tell you how we have moved in that direction so that maybe that million dollars is not really going to be necessary. In the case of Camp Custer, we are going to turn it over to the GSA as quickly as possible.

In the case of Lincoln, we are going to turn it over to the GSA. McCoy is going back to the Army. Rodman is going to be turned over to GSA or the city of New Bedford, Mass., if the city can get some money out of the State in order to place a workshop or something on this facility.

In the case of Isabella Civilian Conservation Center, we are in the process of exploring usage with the Forest Service and MDTA training site.

In Ripton, Vt., the Forest Service and the Department of Labor are making noises like they can use it and they will take it off our hands.

In the case of Lewiston in California, Chico State College, Chico, Calif., has requested whether or not they might be able to acquire the site. I have nothing definite except a request. I don't know the details there yet. In the case of McCook, the State of Nebraska has requested that it be used as an industrial training center. I do not have any commitment or concluded negotiations with the State of Nebraska.

Liberty Park is going to be used by the Government for a narcotic rehabilitation program under an OEO community action program grant. In the case of Fort Vannoy, Oreg., nothing definite. In the case of Iroquois, nothing definite. In the case of Chippewa Ranch, we are working with the Bureau of Indian Affairs to return it to an Indian tribe. In the case of Mexican Springs, N. Mex., it will be turned over to the Navajo Tribe. In the case of Poston, which is Arizona, it is going to go back to the Comarada Indian Tribe. In the case of Swiftbird, we are considering using it as a women's center for Indian girls, as a demonstration center to see what we can do with Indian girls. We have never had many.

In the case of Lewis and Clark, the Bureau of Indian Affairs is going to fund some kind of program that my notes don't show here but it is going to be used by the Standing Rock Indian Tribe. Bill just passed me a note here that says for those centers going to GSA we must transfer dollars to carry them through fiscal year 1969 because GSA didn't budget for them within the fiscal year coming up.

Mr. FLOOD. It looks as though we are going to save some of that $1 million. I commend you for your efforts.

Mr. KELLY. The point I am trying to make, Mr. Chairman, we are trying to get out from under having any further obligations as quickly as we can.

RESEARCH AND EVALUATION

Mr. FLOOD. On page 39 you have two line items identified as R. & D. Another line item is "Program Evaluation and Research." Another is "Program Development."

The total there amounts to a rather large increase in these activities. Are not these two items that you could defer under the current fiscal situation?

Mr. KELLY. It is plus $2.4 million; $550,000 is the development of analysis procedures and measurement criteria.

Mr. FLOOD. Who in the world dreamed that phrase up?

Mr. KELLY. Mr. Murphy, do you want to talk about that a moment? He is in charge of research plans, evaluation, and so on.

Mr. MURPHY. All OEO has are three evaluation procedures. One is the level of evaluation where the people from the operating agencies go into a center and examine what is going on there, whether it is clean, whether the food is satisfactory, and so on.

Mr. FLOOD. Does not the GAO carry out extensive examinations of Job Corps centers?

Mr. MURPHY. We have nothing to do with GAO.

Mr. FLOOD. They have a great deal to do with you?

Mr. KELLY. Yes, sir.

Mr. MURPHY. What I mean is that the kind of reports they produce are on an ad hoc basis, are not really management instruments for us to use in making management decisions.

Mr. FLOOD. They are not? I would read them very carefully. How long have you been on board?

Mr. MURPHY. Four months. I have not seen a GAO report yet.

Mr. FLOOD. You will see them. You know the GAO is an arm of the legislative, not the executive branch. It is a very impressive distinction.

Mr. MURPHY. I gather that they supply you with data.

Mr. FLOOD. Yes.

Mr. MURPHY. Our data has different sources. We have different levels of evaluation, is what I am saying.

This first level of evaluation is done by the agencies with which we contract. The second level of evaluation is done by the Job Corps itself. The third level by OEO. The moneys we are talking about here are the second level evaluations in which we make judgments about how efficient our programs are and how effective they are. In order to provide the people who make policy decisions, we have to be able to know that every step of the way, whether the way we are teaching kids how to read or the way we are teaching them math, or the way we are teaching them on a monthly or annual basis, is an effective way of measuring things.

Mr. FLOOD. I am sure that what you say is undoubtedly so. But I am putting that in the context of our fiscal situation right now. Don't you read the papers?

Mr. MURPHY. Yes, I read them. I also read the legislation. The legislation requires that we provide benefit analyses of various parts of our program. It requires that we do cost-benefit analyses on the difference between residential and nonresidential training. It requires that we answer a variety of questions which we need this kind of data for answering. That is why the item appears here.

Mr. FLOOD. $2 million worth?

Mr. MURPHY. It could be a great deal more.

Mr. FLOOD. It could be a great deal less?

Mr. KELLY. Let me say this: I could provide it for the record.

Mr. FLOOD. Provide what?

Mr. KELLY. What makes up the $2.4 million. I could do that. We have implementation of the cost effectiveness program. We have got $150,000.

Mr. FLOOD. I know how these estimates are all made up. I want to know why more evaluation now?

Mr. KELLY. Let me say this: I think that evaluation is awfully important in any program. I think all too often in the past the Federal Government has embarked upon programs where all we had was input. After we made all the input we never knew what the output amounted to, what it consisted of.

I think that one of the things that is really very good about the Job Corps is that we spent a few million dollars last year after I came into the program to find out what in the world was happening to our kids.

Mr. FLOOD. Sometimes we who sit on this side of the table have seen the tail beginning to wag the dog.

Mr. KELLY. In a $295 million program for this fiscal year, if the Congress is willing to give us that much money, if they are, I don't think that $2.4 million is extravagant for evaluation.

(The following information was submitted for the record:)

EVALUATION AND RESEARCH

Item	Fiscal year 1968	Fiscal year 1969	Difference
1. Corps member assessment, sec. 112a. Development of analysis procedures and measurement criterion; refinement of data requirements; development of feedback criteria; development of terminal and aptitude testing; test administration; development of graduation criteria for certification. Justification: Efforts in this area are critical to the refinement of the Job Corps evaluation system. The core of this system is the determination from day-by-day activities, whether Corpsmembers are attaining Job Corps objectives. This means that we must measure their progress day by day while they are in center programs and, in addition, record their achievements after they leave the center.	$300,000	$850,000	+$550,000
2. Program evaluation, sec. 113a. Implementation of cost effectiveness model; evaluation of residential versus non-residential; program sponsors, etc. Justification: Until now evaluation of Job Corps programs has been held back because of information problems. With congressional requirements mandatory, and new developments in our statistical evaluation system and enrollee information system, intensive analysis is now possible.	450,000	600,000	+150,000
3. Special program evaluation, secs. 113a and 101. These evaluative programs will cover the effectiveness of inner-city centers; placement programs and other aspects of Job Corps required by the legislation. Justification: Inner-city centers are part of the new legislation and it is imperative that we determine their efficacy in terms of both congressional and BOB requirements. Since the purpose of such centers is to determine whether or not these programs effectively curb school-dropoutism and assist in employment and job placement, we must demonstrate one way or the other that these objectives are reasonable.	0	700,000	+700,000
4. Staff selection and training. Review of existing methodology; development of staff selection criteria; development of revised procedures and techniques. Justification: An analysis of staff training procedures is long overdue. One facet—badly needed—is a comparative evaluation of existing training programs—to date, there has been little systematic evaluation. Also, there will be a detailed review of requirements for staff training and development of up-to-date guidelines.	150,000	200,000	+50,000
5. Interprogram comparison. This is a new evaluation program initiated by OEO. It will determine effectiveness of Job Corps compared to other work-training programs and other manpower development programs. Justification: With the multiplicity of such programs in various stages of operation, it becomes imperative now to evaluate by comparison. We hope to gain new insights into manpower development which can be fed back into Job Corps to further improve it.	0	500,000	+500,000
6. Research activity. Research activity will cover such areas as— Support for the network of activities generated by center personnel in response to the needs of Job Corps as they see them. Sec. 113b. Classification/selection criteria for program criteria. Followup and follow through activities, sec. 113a. Dissemination of information, techniques, etc., sec. 101. Justification: Research efforts were virtually eliminated in fiscal year 1968 because of funding constraints. The 1967 amendments also require much more emphasis in these areas.	250	700,000	+450,000
Total	1,150,000	3,550,000	+2,400,000

Mr. FLOOD. I am sure you think that or you wouldn't have made the request.

Mr. KELLY. I think it is awfully important. We have Dr. Levine here who is more practiced in these things than I am, but I think it is awfully important to know what your program really is doing, what you are doing right, what you are doing wrong, what can be better changed.

In the case of Congressman Casey's New York thing, I have been sitting here thinking about that for 10 minutes even though I have been talking about other things. I have been asking myself, maybe

we are doing something wrong in New York and I don't know what it is. If I were to invest $50,000 or $60,000 in some manner of finding out what it was, then I wouldn't be caught in the kind of a situation that the good Congressman caught me in just a few minutes ago.

INNER-CITY SKILL CENTERS

Mr. FLOOD. The main part of your 1969 program increase is identified as being new, these five new proposed, and I quote, "Inner-City Skill Centers."

I have read your justifications and it still is anything but clear to me what is the difference between these centers and your present urban centers? I know a good deal about your program, as you know. I was present at the accouchement. I have watched this baby grow. What is the difference?

Mr. KELLY. Let me try and describe what the Inner City Center is. It is located, proposed that it be located in the inner city.

One of the things that we are going to try and do is to contract with the local boards of education or local State departments of instruction to run some of these centers. There is going to be a mix of residential and nonresidential youngsters in the centers. We are probably going to become involved in predropout counseling where a youngster is just about at the point where he is going to throw in the sponge with the regular school system, and we try to get him into the skill center so that he just isn't lost and does not participate in any further education.

Mr. FLOOD. Don't the education people have a program like that?

Mr. KELLY. I do not know.

Mr. FLOOD. Don't the other OEO people have a program like that, Upward Bound?

Mr. KELLY. Upward Bound is a program to get youngsters into college, youngsters that ordinally wouldn't be able to go, not because they were not intellectually capable but because of a deprived education. They are not able to qualify in terms of higher requirements in college. We think that we can get the school system involved in this and this will be really one of the beneficial things to happen.

There has been a mutual criticism going on in this country between the school systems and the Government, Government training programs. That mutual criticism has been that the Federal Government tends to say that the school system has failed. That is the reason we have all these dropouts. The school systems, on the other hand, say your programs have not been as good as they might have been because you have not become as deeply involved in counseling with us in the manner that you should have.

Let me say that I do not have a hard-and-fast blueprint for the five inner city skill centers at this point in time. I have people working on that.

COST OF ESTABLISHING AN INNER CITY CENTER

Mr. FLOOD. How much will it cost per center to establish them?

Mr. KELLY. Well, $400,000 capital is what Bill tells me here. Annualized operating expenses are estimated to be $1.6 million. You are talking about $2 million per center.

Mr. FLOOD. How much will it cost per enrollee after you get going, as distinguished from the cost per enrollee in the urban centers?

Mr. KELLY. I don't know. I would have to provide that for the record.

Bill, do you have anything there?

Mr. RHODES. Based on our experience with other centers in starting them, we have used $9,500 per enrollee man-year. Next year, and the following year, this should trail down to become competitive with our other centers.

Mr. FLOOD. In 1 year? Below the statutory level?

Mr. RHODES. Yes, Mr. Chairman.

During the first 9 months they usually reach this stage where they are competitive with the other centers.

COEDUCATIONAL CENTERS

Mr. FLOOD. On page 40 you have this statement regarding the urban centers: "None of these installations, at this time, are coeducational." The implication seems to be that you are thinking about a change.

Mr. KELLY. No; I frankly have not thought about coeducation.

Mr. FLOOD. What is that phrase "at this time" there for?

Mr. KELLY. I think that is just a statement of fact.

Mr. FLOOD. You don't have any plans for coeducation?

Mr. KELLY. No, sir.

CONCURRENT OPENING AND CLOSING OF JOB CORPS CENTERS

Mr. FLOOD. Right after closing several centers, you propose to set up five new ones. Unless somebody has a good explanation of that, that is going to look like bad management of public money to an awful lot of people.

Mr. KELLY. Well, as you may remember, Mr. Chairman, section 113(c) of last year's amendments to the Economic Opportunity Act requires that the Job Corps open at least one inner-city skill center. That one will be located in Baltimore. The others were included as part of the President's budget, and I really have no comment upon your comment except to say that we hope that through the inner-city skill training center, that we will be able to do some innovative things with the regular educational establishment that will prove valuable for them and valuable for the Federal Government.

COSTS—WOMEN'S CENTERS VERSUS MEN'S CENTERS

Mr. FLOOD. Why are the costs—and we touched upon this—why are the costs per enrollee higher in the women's centers than for the men?

Mr. KELLY. A number of reasons, Mr. Chairman. Some of the women's centers tend to be smaller. So that costs; you don't have as many units to spread them over, such as Los Angeles, where we have this unit of 300 girls. Girls require a little different kind of program. Fundamentally, the real difference is the lease cost which averages about $300 per year per enrollee.

As you know, many of the women's centers are located in leased facilities, such as hotels, whereas the men's centers have all been on public or Federal-State reservations where we had no lease costs. Three

hundred dollars per year is lease costs and I think is fundamentally what makes the big difference.

FOLLOWUP PROCEDURES

Mr. FLOOD. What do you do to follow up the graduates in determining what happens to them after they leave your outfit?

Mr. KELLY. As I pointed out, we have followed samples. We proposed within the 1969 budget to follow up on 100 or nearly 100 percent. The legislation calls for:

> The Director * * * shall endeavor to secure * * * information concerning residence * * * employment status, compensation, and success in adjusting to community life * * * directly from enrollees at appropriate intervals following the completion of the Job Corps program.

That is part A, section 113(a).

We follow at 6-, 12-, and 24-month intervals after an enrollee leaves Job Corps. We plan in fiscal year 1969 to begin a 1 to 1 followup, although statisticians have told me that it will really be no more valuable than the statistical samples that we have been using to follow Job Corps enrollees. I think the reason why I am talking about 1 to 1 is that there are some other things besides what our present statistical samples show me that I am interested in.

I think that I am really interested in, at least for 1 year, seeing if those youngsters that come out of the Job Corps do have problems that we can assist in, merely rather than finding out how they are adjusting, or where they are living, and what their compensation is. I think that I am more concerned about the kid that comes out and gets a job and then for some reason does not make it, rather than his just being a statistic that says kid No. 2750 didn't make it.

What can the Job Corps do now about helping him make it, seeing that they have that much investment in him?

Mr. FLOOD. Is that effort part of the Job Corps program?

Mr. KELLY. Yes, sir.

Mr. FLOOD. How much are you spending on followup?

Mr. KELLY. What are we spending on followup?

Mr. RHODES. We have $3 million for 1 to 1 followup.

Mr. KELLY. $3 million in fiscal 1969 for followup.

Mr. RHODES. In addition to $80,000 a year for sample surveys.

Mr. KELLY. We have been spending $80,000, approximately $80,000.

Mr. FLOOD. You are asking for $3 million increase in 1969?

Mr. KELLY. Yes, sir; that is, to do this 1 to 1 followup.

Mr. FLOOD. That is what you do if you get the $3 million?

Mr. KELLY. That is right.

Mr. FLOOD. If you find out he didn't make it, what are you going to do about it? And is that part of the Job Corps program?

Mr. KELLY. I think the Job Corps has got to be responsible to youngsters if it invests, let us say, $4,000 or $5,000 in their training. The youngster gets out and for some reason he does not make it. If there was a little more counseling available to him, if there was a little more encouragment available to him, he would make it. Also, the legislation requires that we follow that.

Mr. FLOOD. I know the legislation requires that. How do you interpret the act? How long do you follow him, to what extent? How far do you think that you are supposed to go?

Mr. KELLY. I think that we have as a minimum got to go 24 months, Mr. Chairman. I think we have to find out what happens to kids at the end of 2 years. The reason why I say that, I think it is awfully important not just for me, for OEO and the Job Corps, but the Congress to know if this program is really working. If I found out at the end of 2 years that a kid succeeded for the first year, or first 6 months, and then all of a sudden didn't succeed, went back to where he was before, I don't think I would ever come up here and ask you to appropriate a nickel for this program.

Mr. FLOOD. This is a statistical study, with a 100-percent sample. Have you asked yet the professional statistician's opinion about the size of the sample necessary to do this?

Mr. KELLY. Yes, sir. They say that for statistical purposes my 1 to 1 is crazy.

Mr. FLOOD. What do you mean then by that?

Mr. KELLY. They said I don't need that kind of a sample. It is too big. They say they can predict elections on 1 percent. I might say that the fellow doing our samples is one of the best in the business—Lou Harris.

Mr. FLOOD. Mr. Shriver?

Mr. SHRIVER. Thank you, Mr. Chairman.

Pursuing the last item, that is important too.

You have these evaluations and followthrough. What proportion of your Job Corps appropriation is for evaluation?

Mr. KELLY. I think we were talking a moment ago about 1 percent for evaluation.

Mr. SHRIVER. For experimental?

Mr. KELLY. About 1 percent for evaluation. That is $3.6 million which is for program evaluation and research.

Mr. SHRIVER. How much for experimental projects?

Mr. KELLY. In the experimental center how much money?

Mr. MURPHY. $4.1 million for research and demonstration projects.

Mr. KELLY. $4.1 million for experimental programs like the Capitol project we talked about, plus $3.6 million for evaluation and research, of which approximately $600,000 is for research. You are talking about $8 million roughly.

Mr. SHRIVER. How much for job placement and followthrough?

Mr. KELLY. On the 1-to-1 followthrough, we are talking about $3 million in fiscal 1969.

That is all?

Mr. RHODES. $2.9 million for placement.

Mr. SMITH. How much is that per enrollee if you are going to follow through on that?

Mr. RHODES. One-to-one followthrough is estimated at $12 to $15 per interview, with interviews scheduled at 6-, 12-, and 24-month internals for each enrollee.

PERCENTAGE OF ENROLLEES WHO ARE FEMALE

Mr. SHRIVER. You may have mentioned this earlier. What did you say the percentage of enrollees who are women is?

Mr. KELLY. Right now, Congressman, about 29 percent of them. Nearly 10,000.

Mr. SHRIVER. It is better than 25 percent?

Mr. KELLY. Twenty-five percent, that is right. The reason it happened so fast is that we didn't close any women's centers. As we reduced the number of men, the percentage of women went up.

Mr. SHRIVER. How many graduates have there been?

Mr. KELLY. As I pointed out——

DEFINITION OF JOB CORPS GRADUATE

Mr. SHRIVER. What is your definition of a graduate?

Mr. KELLY. We don't really have a definition of a graduate. We have all kinds of people that go through the Job Corps. For instance, we could have a youngster that comes in and can't read well enough to get in the military. His objective is to join the paratroopers. He stays long enough to get maybe to the grade level that he needs in reading in order to pass the examination. He leaves.

Mr. SHRIVER. The curriculum varies?

Mr. KELLY. Yes. I would count him, Congressman Shriver, as a graduate. He learned to read well enough to get to the kind of program that he wanted to get in, which was the paratroopers in this instance. We have had, as I pointed out in the chart, 138,894 youngsters that have been in the Job Corps since its inception and this includes kids that have only been here 1 day or in the Job Corps 1 day. If you can turn the chart, you will see that 77,609 are employed, 10,123 have gone into the Armed Forces, and 9,748 are in school. The difference between the 97,480 and the 138,894 are the kids not employed, not in the Armed Forces, or not in school. They are presumably back in front of the poolroom.

VOCATIONAL TRAINING

Mr. SHRIVER. To what extent are you using the authority to arrange the educational and vocational training through local, private, and public education agencies?

Mr. KELLY. Our first attempt to do that was in Baltimore.

Mr. SHRIVER. With the centers just described?

Mr. KELLY. Yes, sir. With the city and the department of public instruction. We are also coordinating a whole effort in Baltimore with the Office of Education because the act requires or admonishes us to do that, in the amendments. There would be an amalgam between the Office of Education, Department of Labor, the city of Baltimore, and the Job Corps.

Getting back again to the other——

Mr. SHRIVER. Has that been started?

Mr. KELLY. Yes, sir; we are in negotiation right now with the city of Baltimore. The city of Baltimore is putting together a proposal as to how they would operate this Intercity Skill Center. Once that proposal come in to us we will shoot it over to the Office of Education and come to some kind of a conclusion as to how to proceed with negotiations.

Mr. MURPHY. We have an innercity task force which includes the Office of Education, as well as some people in the Department of Labor, as well as people in Baltimore.

DEPARTMENT OF LABOR AND JOB CORPS RELATIONSHIP

Mr. SHRIVER. Speaking of the Department of Labor, what arrangements are there with the Department and the Job Corps to insure that all records on Job Corps placements are available and maintained?

Mr. KELLY. As you know, Bob Young here was our Director of Selection and Placement.

Bob, why don't you talk about that a minute? You have carried on those negotiations.

Mr. YOUNG. All of the records and résumés of the youngsters coming in are now available to the Department of Labor by agreement with them. We are going to do it on a regional basis rather than collecting them all in Washington. As a part of that package, they have in final clearance their detail procedure for paying readjustment allowance through the Department of Labor, State-affiliated agencies which should start in the next several weeks.

Mr. SHRIVER. The 1967 amendments provide that the readjustment allowance be made to former Job Corps enrollees at the public employment service.

Mr. KELLY. That is right. That is what Mr. Young just described.

Mr. YOUNG. The intent of that was to encourage the youngsters to come into the State agencies for assistance.

Mr. SHRIVER. How is that working out?

Mr. YOUNG. We are just beginning to implement it now. We had to work out the financial details. We hope it was the judgment of the Congress and we have tried to go beyond that and make the last couple of weeks of their living allowance payable there in order to encourage as many youngsters to come in for assistance as possible.

Mr. KELLY. We have had an excellent relationship between the Department of Labor and the Job Corps, and the Employment Service, and it has been satisfactory.

Mr. SHRIVER. Thank you.

Mr. FLOOD. Mr. Casey?

VARIATION IN JOB CORPS COST PER ENROLLEE

Mr. CASEY. Is there any explanation of why the cost per corpsman varies as much as it does? In other words, you have, according to the chart that I have seen here now——

Mr. KELLY. What page?

Mr. CASEY. I am looking at page 106. Page 107 also. One is a man's and one is a woman's center.

Mr. KELLY. Why is this? You asked what?

Mr. CASEY. Why the variance of approximately $2,000 or better? For instance, the Texas Center, Gary, is $5,824; is that right?

Mr. KELLY. That is right.

Mr. CASEY. While you go up to $8,141 for Rodman.

Mr. KELLY. First of all, Gary is the largest center. It has at any given time, Congressman Casey, 3,100 youngsters. You have more units over which to spread the cost. Rodman was the smallest center, only 700 youngsters over which to spread the cost. I think that that is fundamentally the reason, although there is some slight, not very significant but some slight salary differential between Massachusetts

and the area around San Marcos, Tex. Size is fundamentally the reason.

Mr. CASEY. I noted McCoy is $9,197. Is that about the same sort of explanation for that?

Mr. KELLY. The explanation for that figure was that McCoy was one of the last, or not as old a center as the ones on the other side of the dotted line. What happens is that you—the phenomenon that occurs in the Job Corps is you contract for the center and put the staff in before you start putting kids in. You have periods of time where you have a staff preponderance in terms of the number of kids there so that you have got many less kids to charge against the number of dollars that are going into that center at any given time. One of the reasons why the congressional definition was couched in terms of 9 months, that is, that you had to come within the statutory limitation within 9 months, was the recognition on the part of the Congress that during the first 9 months of a center's existence that you had this phenomenon of staff and not a full capacity of youngsters.

Mr. CASEY. Looking at the women's center you have got the same situation. McKinney, $5,811, while you go in the same bracket up to $9,326. Those have been open more than 24 months and are still quite a bit above that.

Mr. KELLY. I think what we can say about McKinney is, as I have said before also about Gary—Gary's size is really significant. The Texas Educational Foundation, which is a nonprofit organization and runs both of these centers, is extremely efficient. I am not saying that merely because you happen to be a Texas Congressman. It happens to be a fact of the matter. When we ranked our centers in terms of those criteria I was discussing with the chairman a while ago, in every area of reading gains, math gains, length of stay, the whole business, Gary was the best. It turned out to be the best center of the system.

Mr. CASEY. It is about the only unit that you have operated by nonprofit organizations other than your YWCA things?

Mr. KELLY. You have YWCA. That is nonprofit. We have the University of Oregon, which presumably is nonprofit, running our women's center at Tongue Point. We have the Northern Michigan University that runs a women's center at Marquette. That is an interesting situation because we have 300 girls living on that campus with the students. We have an Alpha Kappa Alpha Sorority, a national sorority that runs a women's center at Cleveland. That is a nonprofit organization.

There are the three States that run centers for us. The State of California, the State of Hawaii runs one at Cocoa Head, and the Puerto Rico Commonwealth runs five centers for us.

Mr. CASEY. Your salaries vary, do they, at these centers; they are not standard?

Mr. KELLY. Let me say this: We have salary differentials. We find that salaries in the West, the salaries for instructors in the Los Angeles women's center and the salaries for instructors at Camp Parks, Calif., are more expensive and cost more on the average than salaries, let us say, in Oklahoma or Texas.

Mr. CASEY. You do not tell them what salaries they may pay?

Mr. KELLY. We have to approve all salaries. The OEO contracting officer, John Donohue is here. He can explain that procedure.

Mr. CASEY. I don't think it is necessary. In other words, you let each one run the center subject to your approval?

Mr. KELLY. That is right.

Mr. CASEY. It is not like civil service, where mail carriers are paid so much and all clerks so much?

Mr. KELLY. We have ceilings, for instance. We have ceilings and one of the things that is really interesting in terms of average salary of teachers compared to the averages of States—for instance, in Indiana the average teacher's salary in that State, when you annualize it over a 12-month period, Camp Atterbury, the State of Indiana salaries come out $9,828 per year. The average teacher's salary. The teachers at Atterbury on the average are getting $8,916. We are below the State average in that center.

Mr. CASEY. In other words, you are not guilty of luring some of the teachers away from the public school system to come into your operation by offering them more attractive salaries?

Mr. KELLY. That is right. We would be delighted to provide this for the record. It shows the State of Texas and Gary. In Gary we are paying slightly more than the average in the State. The average in the State is $8,028. Gary is paying $9,306. This may be one of those explanations as to why Gary is cheaper overall, because they are doing a better job.

Mr. CASEY. How about your conservation centers?

Mr. KELLY. Conservation centers are all federally operated—they are Federal employees.

Mr. CASEY. How come again—I am not trying to brag about my State but it just happens that way. This New Waverly is the lowest cost one.

Mr. KELLY. I am sorry. Right off the top of my head I cannot explain it.

Mr. CASEY. You have them varying. I cannot tell by the chart, but you can look at your little lines and see there is quite a variance between New Waverly, which is below the $5,000 line, while you have two or three that are about $7,500 or thereabouts. I just wondered what reason there was for the variance since you had Federal centers. What is the reason for the variance? Is it the type of operation that is conducted there?

Mr. KELLY. I was just trying to think, Congressman. It would not include amortization. The differential between, let us say, McCook and New Waverly is considerable. Again, Bill Rhodes hands me a piece of paper which says that we have had about 15 percent of our conservation centers that were higher in unit cost than had been planned. The reason being retention rates, they had poor retention rates, so you didn't have as many man-years to spread your dollars over. If you look here again you will see——

Mr. CASEY. You still have your basic costs?

Mr. KELLY. Yes, sir. You see here, McCook was one of the highest. You note the asterisks on those closed. One of the real differences that was made in evaluating that center was it was a high-cost center because it had a lousy retention rate. Ripton, Vt., the retention rate was not so very good, either. It was higher costs.

Continuing again, Ripton is up there. One of the problems with Ripton was the retention rate. I think that probably the basic explana-

tion on the conservation centers, although you see you do have a more compact grouping, is that in some instances it has been retention that has been really responsible. I wish that the head of the conservation centers was here, but he is not. Let me provide you a more detailed answer on that for the record.

(The information follows:)

A. Generally the difference among centers are the result of the following factors:

1. The most important factor of cost differences is the number of corpsman man-years being generated by the center. The center with a consistently high population during the period will have much lower costs per corpsman man-year since over half of the total cost of a center is fixed and does not fluctuate with the corpsman population.

2. Staffing varies in accordance with the specific training programs installed at each center.

3. Length of stay of corpsmen is an important difference, since the lower number of new corpsmen require less expenditure for initial clothing allowances, and medical and dental repair.

4. Wage costs vary in accordance with the wage rates established for each area.

5. Isolation of some centers requires extraordinary expenses for transporting corpsmen to communities which afford acceptable civilian contacts with compatible ethnic interests.

6. Cost of living indexes in the areas where centers are located vary—sometimes substantially.

7. Climate affects utility costs and maintenance of facilities.

8. Program content exerts influence on costs, e.g., heavy equipment operations program requires expenditure above normal training expenses.

9. Differences in operating acumen among officials responsible for each center.

B. Explanation of why New Waverly is so low and McCook so high.

Besides the general differences which exist among centers, the following specific conditions apply to the difference between costs at McCook $7,737 per corpsman man-year and New Waverly $4,829 per corpsman man-year:

1. New Waverly has enjoyed an extremely high occupancy rate (97 percent) whereas McCook has about 47 percent occupancy due to many operating difficulties which required stopping new enrollee input until the difficulties were overcome.

2. New Waverly has a very favorable length-of-stay record for corpsmen—about 7 months—whereas McCook has a very low retention of about 4.5 months.

3. New Waverly has been operating short of its permanent staff ceiling and has permitted little or no overtime.

4. New Waverly is in an area experiencing a lower cost of living.

5. McCook Center operations costs (utilities, facilities maintenance, etc.) are higher because of climatic differences.

Mr. CASEY. Thank you, Mr. Chairman.

TUESDAY, APRIL 9, 1968.

CONSTRUCTION

Mr. FLOOD. Mr. Michel?

Mr. MICHEL. Is there any request in here for construction?

Mr. KELLY. We have included $6.2 million in our capital request for construction and rehabilitation. Included in this amount is $3.2 million for new capital investment. Approximately one-half of this new investment is for an expansion to women's centers and the establishment of five innercity skill centers. The remainder is for improvements to existing facilities, such as paving of access roads.

We have included about $3 million for replacement capital investment. As our facilities get older we will experience an increase in this category for such things as reroofing of buildings, reflooring, and rewiring.

I will provide the details for the record.
(The information follows:)

CENTER CONSTRUCTION AND REHABILITATION [1]

[In thousands of dollars]

	New	Replacement	Total
Civilian conservation centers:			
Federal	$600	$2,000	$2,600
State	50	50	100
Men's urban centers	285	315	600
Women's urban centers	[2] 1,150	620	1,770
R. & D. projects	9	6	15
Inner-city skill centers	[3] 1,150		1,150
Total	3,244	2,991	6,235

[1] This category includes the construction of new facilities, and rehabilitation and improvements to existing facilities.
[2] This amount includes $455,000 related to a requested expansion of 690 spaces. This expansion is consistent with a 1967 amendment to the Economic Opportunity Act, which requires Job Corps to immediately take action to increase the number of females to 50 percent of the total enrollment.
[3] This amount is required to establish 5 new centers.

NUMBER OF GRADUATES

Mr. MICHEL. How many people are you actually graduating this year from the program?

Mr. KELLY. Job Corps does not use the term "graduate" since it is an individualized program with individual requirements for each of its enrollees. The ultimate criterion for corpsman success is his or her successful reentrance as a productive member of the community. In the first 8 months of fiscal year 1968, 37,728, or 70 percent, of our youth who have left the program have entered jobs, school, military, and other training programs. Another way of looking at this would be to consider those corpsmen who stayed in the program at least 3 months and received the benefits of human renewal and work training experience. Approximately 27,355, or 53 percent, of our corps members would be included in this group.

Mr. MICHEL. How many do you expect to graduate this coming year?

Mr. KELLY. In fiscal year 1968, I expect approximately 42,000 youth to leave Job Corps and enter jobs, military, school, and other training programs.

COST PER ENROLLEE

Mr. MICHEL. Have you managed to get your cost down this year?

Mr. KELLY. Yes, sir. We have managed to get our cost down from $7,025 per enrollee man-year in fiscal year 1967 to $6,518 for the period July 1967 to March 1968, excluding the closed centers. We expect our direct operating costs to average $6,300 per enrollee man-year during fiscal year 1969. I will provide the details for the record.

(The information follows:)

JOB CORPS DIRECT OPERATING COSTS[1]

	January to July 1966	July 1966 to June 1967	July 1967 to March 1968 including closed centers	July 1967 to March 1968 excluding closed centers	Fiscal year 1969 estimate
Men's centers	$9,600	$7,660	$7,196	$6,878	$6,250
Women's centers	8,600	8,627	[2]7,310	([2])	6,600
Conservation centers	6,550	6,205	6,030	5,955	5,725
Total Job Corps	8,470	7,025	6,695	6,518	6,300

[1] Includes all center operating costs and enrollee direct costs for centers in operation more than 9 months.
[2] No women's centers have been closed.

Mr. MICHEL. How much of your budget is for administration costs?

Mr. KELLY. Our budget for fiscal year 1969 includes about $14 million for what could be called administration. This comes to less than 5 percent of our total request.

Mr. MICHEL. How many of your centers are not operating at total capacity?

Mr. KELLY. Our enrollee input plans are based on maintaining an onboard level in the centers of from 95 to 100 percent of the program capacity. It would be impossible to constantly maintain 100 percent utilization since enrollees arrive at the centers only 1 day a week but can leave on any day.

RECRUITMENT METHODS

Mr. MICHEL. Is there any difference in the way you recruit men and women for this program?

Mr. KELLY. Screening for Job Corps is done for both men and women by agreement with the U.S. Employment Service through its affiliated State employment services and by private nonprofit organizations. In addition, a private organization of volunteer women, Women in Community Service, recruits and screens women. The admissions policy is the same for men and women with the exception that a female applicant with a dependent child or children must present written certification from a public child welfare agency that the child(ren) will be under adequate care and protection during the period the mother is enrolled in the Job Corps. Thousands of individuals, working through public and private agencies, refer young men and women to the screening agencies.

FOLLOWUP

Mr. MICHEL. I notice that you have requested $3 million in a program evidently starting this year called one-to-one followup. Would you give me some idea of what this program involved?

Mr. KELLY. Public Law 90–222 dated December 23, 1967, section 113(a) says the following:

> The Director * * * shall endeavor to secure, through employers, schools or other Government and private agencies specific information concerning the residence of former enrollees, their employment status, compensation, and success in adjusting to community life. He shall also secure, to the extent feasible, similar information directly from enrollees at appropriate intervals following their completion of the Job Corps program.

Job Corps presently uses surveys for its followup program. Although these surveys are statistically sound, they do not meet all the

requirements of a comprehensive followup system. Job Corps is therefore planning a one-to-one followup program. This program would attempt to find each terminee 6, 12 and 24 months after Job Corps.

Job Corps estimates it can find between 70 and 80 percent of terminees at a cost of from $12 to $15 per followup.

Job Corps needs this program for three reasons: 1. It will fully cover the congressional requirement in section 113(a) cited above; 2. Placement and postplacement support is an important corollary of the Job Corps program. We want to know what happens to former Corpsmembers. We want to know the problems they face in adjusting to community life so that we can help them, as well as others who are leaving in the future, in their successful adjustment to community life. 3. Most research and planning funds in manpower programs are used for the creation and continuing operation of the program. Prudent program management calls for a close scrutiny of the results of programs. Job Corps' one-to-one followup program, is a vehicle for measuring output performance and success of the corpsmembers.

RESEARCH

Mr. MICHEL. How much is in your budget for research?

Mr. KELLY. In fiscal year 1969, I am requesting $700,000 to support Job Corps' research activities.

Mr. MICHEL. What kind of research?

Mr. KELLY. Our research activity will be restricted to operational requirements and the analysis of Job experience directed at extracting generalizable principles. I can put a detailed breakdown in the record.

(The breakdown follows:)

1. ACTION RESEARCH PROGRAM

These moneys are reallocated to program personnel in our Job Corps Centers to examine program problems or alternative techniques. These funds allow us to learn new approaches from a level where actual experience is maximum. (Sec. 113b.)

2. DISSEMINATION

This activity involves the analysis of Job Corps experience to date with special attention being given to existing information and the dissemination of these findings through professional media. (Sec. 101.)

3. SPECIAL FOLLOWUP STUDIES

In-depth interviews obtaining opinions of Job Corps participants—active and terminated—re the Job Corps program, e.g., what in it has contributed specifically to successful employment status of Corps members. (Sec. 113a.)

4. CLASSIFICATION/SELECTION

A. Criteria for selection into urban versus conservation center programs.

B. Criteria for assignment into vocational/academic programs (a counseling document).

INNER-CITY SKILL CENTERS

Mr. MICHEL. Why do you need five inner-city demonstration centers? Why not one or two?

Mr. KELLY. Section 113(c) of the Economic Opportunity Act calls for the Director of Job Corps to enter into one or more agreements with State educational agencies to establish and operate model community

vocational education schools and skill centers. The purpose of these centers is to determine what effect such activities can have on the school dropout problem as well as to demonstrate how communities can make maximum use of existing educational and training facilities. With these ground rules in mind, it is believed that, due to the widely divergent situations to be found in the various States and regions, a minimum of five different situations and programs should be undertaken. These new inner-city centers will be strategically located to play a vital role in the Federal manpower training programs since they will be coordinated with the Commissioner of Education of the Department of Health, Education, and Welfare and the concentrated employment program of the Department of Labor. The centers themselves will differ from operational Job Corps Centers not only in location and multiagency involvement, but shall be an integral part of the labor and indsutrial complex of metropolitan communities, capable of drawing on already existing public and private programs, including on-the-job training, and in other ways impacting directly on the job markets of our large urban areas. The number five is not intended to be an indication of requirements since it falls far short of need, but is rather a minimum number of centers which will be required to test such a program in the many different environments which exist in our big cities.

Mr. MICHEL. What is the cost of these centers going to be?

Mr. KELLY. Our request includes $6.766 million to establish and operate these inner-city centers. This includes $2 million for capital and $4.766 million for center operating costs.

Mr. MICHEL. How many businesses do you have running centers or training programs for you?

Mr. KELLY. I will supply the specific information for the record.

(The information follows:)

JOB CORPS MEMBERS ARE TRAINED BY THE FOLLOWING CORPORATIONS

Center	Location	Corporation
Capital	Washington, D.C	Westinghouse Electric Corp.
Atterbury	Edinburg, Ind	Do.
Breckinridge	Morganfield, Ky	Graflex Inc. (subsidiary of General Precision Inc.).
Parks	Pleasanton, Calif	Litton Industries, Inc.
Albuquerque	Albuquerque, N. Mex	Packard Bell Electronic Corp.
Charleston	Charleston, W. Va	Do.
Clinton	Clinton, Iowa	General Learning Corp. (subsidiary of General Electric).
Excelsior Springs	Excelsior Springs, Mo	Training Corp of America (subsidiary of Westinghouse Air Brake).
Guthrie	Guthrie, Okla	Philco-Ford Corp.
Poland Spring	Poland Spring, Maine	Avco Economic Systems Corp.
Omaha	Omaha, Nebr	Burroughs Corp.
St. Louis	St. Louis, Mo	Delta Education Corp.
Clearfield	Clearfield, Utah	Thiokol Chemical Corp.
Kilmer	Edison, N.J	Federal Electric Corp.
Moses Lake	Moses Lake, Wash	AVCO Economic Systems Corp.
Keystone	Drums, Pa	Radio Corp. of America.
Huntington	Huntington, W. Va	Xerox Corp.
Blue Ridge	Marion, Va	Brunswick Corp.
Chicago	Chicago, Ill	Do.
Gary	Gary, Tex	Texas Educational Foundation Inc. (no-profit).
McKinney	McKinney, Tex	Do.

Mr. FLOOD. I understand, Mr. Harding, that you would like to wrap up your presentation on the Job Corps with some remarks.

INNER CITY CENTERS

Mr. HARDING. Yes, sir. It relates to the discussions that we had yesterday regarding the inner-city centers. I think that perhaps Mr. Kelly did not make entirely clear one aspect of these centers that I would like to emphasize.

He mentioned that the centers would be a combination of residential and nonresidential boys and girls. The idea here ultimately, if these prove to be successful, would be to greatly reduce the unit cost of this training by virtue of the nonresidential aspect of the center. That is the reason that the Administration, and I take it, Congress, has been interested in trying these centers out, so that we can see if we could not make a real dramatic breakthrough in terms of the Job Corps costs by reducing those costs in terms of treating a much, much larger number of boys and girls at a substantially reduced cost per student.

Mr. FLOOD. They will not be entirely nonresidential?

Mr. HARDING. No, sir. They will be combination—nonresidential and residential. When you add the nonresidential to the residential you can see that you have a potential there of giving an awful lot of training at a relatively low cost.

Mr. FLOOD. That part of the program which would be residential, will it be coeducational?

Mr. HARDING. No, sir. We have no coeducational plans for any of those inner city centers.

Mr. FLOOD. Thank you very much.

DELEGATED MANPOWER PROGRAMS

Now we have a statement on manpower programs under the Economic Opportunity Act delegated to the Department of Labor.

The presentation will be made by Mr. Stanley H. Ruttenberg, Assistant Secretary of Labor, and Manpower Administrator, whose biographical sketch will be placed in the record.

(The biographical sketch follows:)

BIOGRAPHY OF STANLEY H. RUTTENBERG

Assistant Secretary of Labor for Manpower (June 1966) and Manpower Administrator (January 1965), U.S. Department of Labor.

Special Assistant to the Secretary of Labor, U.S. Department of Labor, January 1963 to January 1965.

Director, Department of Research, American Federation of Labor and Congress of Industrial Organizations, December 1955 to December 1962.

Director, Economic Policy Committee, AFL–CIO, 1956.

Director of the Department of Education and Research of the Congress Industrial Organizations, September 1948 to December 1955. Associate director of research from 1939 through 1948, except for 1943–46 in the U.S. Army; CIO organizer and field representative in Ohio Valley prior to 1939 (1937–38). Assistant to director, Hull House, 1938.

Born March 19, 1917, at St. Paul, Minn.

Graduate from Massanutten Military Academy, 1933.

Received B.S. degree from the University of Pittsburgh, 1937.

Member of the board of directors of Resources for the Future, Inc., Labor Committee of the National Planning Association.

Public member, Foreign Service Selection Board, 1950.

Special adviser to the American Delegation of the Fourth and Fifth International Conferences of UNESCO.

Public adviser to General Agreement on Tariffs and Trade Negotiations, Geneva, 1956 and 1958.

Labor specialist, U.S. Department of State educational exchange program, October–December 1959.

Member of the Commission on Money and Credit, 1958–61.

Labor observer, special meeting of the Inter-American Economic and Social Council, Punta del Este, Uruguay, 1961.

Member of the following organizations: American Economic Association; American Statistical Association; and the Industrial Relations Research Association.

General Statement

Mr. Flood. You have a statement, Mr. Ruttenberg. How do you wish to proceed?

Mr. Ruttenberg. I have a 3½-page statement. I would like to have it inserted in the record and briefly summarize it.

Mr. Flood. All right. Let's do it that way.

(Mr. Ruttenberg's statement follows:)

Statement by Stanley H. Ruttenberg, Assistant Secretary for Manpower and Manpower Administrator

(Introductory statement on manpower programs under the Economic Opportunity Act delegated to the Department of Labor)

Mr. Chairman and members of the committee, I am pleased to have the opportunity to discuss with you today that part of the President's manpower program authorized by the Economic Opportunity Act for which the Department of Labor is responsible.

Some 6 weeks ago, on February 20, in connection with your hearings on the MDTA budget, I had the privilege of presenting to this committee a general statement on manpower programs. The budget estimates now before the committee are additional parts—program components—of the overall $2.1 billion manpower program outlined in the President's manpower message and in my earlier statement. In this regard, today's hearing represents a continuation of the committee's consideration of the detailed manpower program budget estimates which began in February with the MDTA and OMA requests, was resumed on March 26 when we discussed the new work incentive program for recipients of AFDC, and will be concluded with the current discussions on the manpower program components in the EOA.

You may recall that my earlier statement indicated that the Manpower Administration is responsible for operating about $1.6 billion of the President's overall manpower program, some $735 million of which represents programs authorized in title I of the EOA. I also mentioned that the emphasis of the entire manpower program in fiscal year 1969 is on—

Concentrating programs in pockets of greatest need;

Focusing programs on the most disadvantaged people;

Maximizing involvement of private industry.

To achieve this program emphasis, we are deploying resources, to a major extent, through the concentrated employment program and the President's new JOBS program—job opportunities in the busines sector. All told, we expect to put some $350 million of the EOA appropriation into these two activities which will also be supported by about $100 million from MDTA and approximately $100 million from other accounts to provide the kind of comprehensive service package required to reach and remedy the job-getting ills of the hard-core unemployed.

Basically, CEP is an integrated delivery system through which the various program services available under several legislative authorizations are marshaled and extended to each disadvantaged individual enrolled in such amounts and seqeunces as may be required to move him from a condition of dependency to one of self-support and self-respect. We propose to initiate 70 new CEP's in 35 cities and 35 rural areas during 1969, as well as to sustain the 21 programs begun in 1967 and the 55 in process of being planned and funded in 1968. By the end of fiscal year 1969, we will have 146 CEP's operational, 47 of which will be in some of the most deprived areas in rural America.

In the JOBS program we are proposing to invest $244 million—which, except 48 million MDTA dollars, will come from the EOA—in developing the hard-core unemployed into productive workers through private enterprise. 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. 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.

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.

As you can see, the EOA funds here requested are integral parts of these two, most promising program thrusts aimed at that section of our potential work force least "job ready" for competitive employment. The requested resources are a fundamental part of the overall manpower program and an indispensable part of these two specialized applications.

In addition, we propose to push ahead with the very successful Neighborhood Youth Corps, for which our fiscal year 1969 request is $361.7 million. We will also be able to continue and improve the Operation Mainstream and new careers program and invest in a few innovative job developing projects through the special impact program under I–D. All three of these programs—NYC, out-of-school, new careers, and Operation Mainstream—will be coordinated with CEP to the fullest possible extent. The work experience program under title V is scheduled to be cut back and will eventually be phased out entirely as the States adjust their welfare laws and practices and the new work incentive program becomes fully operational.

Mr. Chairman, members of the committee, I have tried to put the current EOA budget estimates into the context of the overall manpower program. I hope it has been useful. I will be happy to answer any questions.

Mr. RUTTENBERG. There are here with me, with the Manpower Administration, Department of Labor, a group of people you might want to meet: Mr. Mark Battle, Director of the Bureau of Work-Training Programs. I hesitated, Mr. Chairman, because you usually ask where they are from.

Mr. FLOOD. Go ahead.

Mr. RUTTENBERG. Dr. Curtis C. Aller, the Associate Manpower Administrator. We have also the Director of our Concentrated Employment Programs, Mr. James J. Kilgallon; Acting Director of our on-the-job training program, Mr. Bob McConnon, and Mr. Bill Hewitt, Chief of our Policy Planning staff at the moment. Also we have Mr. Herbert Meyer, our budget officer in the Manpower Administration.

Mr. FLOOD. All right.

SUMMARY OF GENERAL STATEMENT

Mr. RUTTENBERG. I am delighted to come back before the committee and appear to discuss the part of the President's manpower program authorized by the Economic Opportunity Act. On February 20, some 6 weeks ago, I appeared here in terms of the MDTA budget, and then again on March 26 to discuss the work incentive budget which is an appropriation to the Department of HEW but delegated to the Department of Labor to provide a work-in-training program for recipients of aid to families with dependent children.

The overall budget of the President's in the field of manpower, submitted on January 23, was for $2.1 billion; 80 percent of that manpower budget is administered by the Department of Labor. In that budget some $735 million of the $2.1 billion of the President's manpower budget is authorized directly to the Office of Economic Oppor-

tunity under the Economic Opportunity Act and is then redelegated to the Department of Labor.

The emphasis in our manpower programs for this coming year is to concentrate programs in pockets of greatest need; second, to focus those programs on disadvantaged individuals and, third, to maximize the involvement of private industry in the promotion of these manpower programs. To achieve this goal there are two major programs which will be funded jointly by funds available under the Economic Opportunity Act and the Manpower Development and Training Act, with some additional funds from the work incentive program.

Interestingly enough, funds will also come from title III which is the grants money to the employment security agencies of the States. The combination of, we expect, some $350 million out of the Economic Opportunity Act is to go into these two main programs, job opportunities in the business sector, which I discussed before, and the concentrated employment program.

In addition to the $350 million from the Economic Opportunity Act, there will be $100 million out of MDTA added to those same two programs, and an additional $100 million from two other accounts, work incentive and title III of the grants budget.

Basically, the CEP program is really a delivery system designed to provide in one contract, to one sponsor—and that sponsor is presumed to be the Community Action agency in the local community. That delivery system goes through that one contractor for one group of people and is targeted in on the area of greatest need.

We plan to have by the end of fiscal year 1969, 146 concentrated employment programs, 47 of which will be in rural areas and 99 of which will be in urban areas.

In addition, the second major program jointly funded by these various appropriations in the JOBS program which President Johnson in his January 23 message to Congress described as being an effort to involve the private sector of industry in hiring and training and providing assistance to the disadvantaged hard core, long-term unemployed people.

We expect to develop contracts with employers and to reimburse them for extra costs in training and supportive services that are needed to overcome their disadvantages.

This program will have as a goal by the end of fiscal year 1969 of placing in employment some 100,000 people in the 50 largest cities of the United States, some of which will be financed from the fiscal 1968 budget and 70,000 from the fiscal 1969 budget.

The Economic Opportunity Act funds here requested in the overall budget of the Office of Economic Opportunity will play an integral part in these two programs and will make job-ready these individuals who are in greatest need of employment.

These programs are indispensable parts of the overall manpower program which is being administered through a variety of sources of funds in the Department of Labor.

In addition to these two programs, there are in the Economic Opportunity Act four other programs for which the Department of Labor has the delegated responsibility. One is the Neighborhood Youth Corps program for which the 1969 direct program budget request is $361.7 million. In addition, there is Operation Mainstream, which is an adult work program, in the main rurally oriented, and in

the main oriented to individuals above 45 years of age. The average age of males in the program now is 49 years. In addition, there is the new careers program, which is again oriented to the adult but also has as its objective the development of a job ladder within the public sector where he is employed. Then, the fourth program—for which the Department of Labor has only partial responsibility—is title I–D. The special impact program in the Economic Opportunity Act comes under that title.

The three major programs—NYC, new careers, Operation Mainstream—will be coordinated with the concentrated employment program and with the community action agencies that in the main are the local sponsors of these programs.

In addition, of course, the work experience program under title V of the Economic Opportunity Act for which we have joint responsibility with HEW, is being phased back and reduced and actually phased out. The work incentive program under title IV of the Social Security Act will be brought into being, assuming we are able to get the supplemental appropriation.

Mr. Chairman, I have tried very briefly to put the Economic Opportunity Act budget estimates into the context of the overall manpower program. I hope it is useful to you and to the committee.

I would be happy, with my associates here, to try to respond to any questions. Thank you.

IN-SCHOOL WORK PROGRAM DECREASE

Mr. Flood. On page 57 you show the total number of the Neighborhood Youth Corps In-School programs will go down next year. We have heard HEW witnesses who say they are not asking for an extension of the Vocational Educational Work Training program because it is going to be absorbed by the Neighborhood Youth Corps.

What do you people and the people at HEW have against the In-School Work program that would bring this about?

Mr. Ruttenberg. I think, Mr. Chairman, if one looks at page 57 of the submission——

Mr. Flood. We did.

Mr. Ruttenberg (continuing). You will see that it is a confused set of figures, really.

Mr. Flood. Yes.

Mr. Ruttenberg. The number of in-school slots, as you see, will increase with the appropriation for fiscal 1969 by 24,000. It is the carryover of slots from previous years that will be reduced and that shows, on the total number served, a drop of 22,000. Now, what we are doing—and it is a matter of developing an efficient method of administration—is to become current. Much of that difference under the column "1969" between 115,000 total slots and 133,000 in "1968" is because the carryover of dollars from previous fiscal years had not been fully expended in the fiscal year to which they are applied.

Therefore, our attempt here is to move—and this is true of the Out-of-School program—we are trying to become current with all our programs.

Mr. Flood. You have a 20-percent increase for summer programs in the Neighborhood Youth Corps. What is the reason for the great

difference in treatment between the in-school program and the summer program?

Mr. RUTTENBERG. If we actually think in terms of becoming current with all our programs there will be after this fiscal year no attempt to carry over any of the in-school and out-of-school programs.

For example, in order to become current we are terminating all in-school programs as of June 15 of this year when school ends, and not permitting any funds to remain out of the current fiscal year money or previous fiscal year moneys to carry over for the school year which starts in September. We are going to, after the start of fiscal year 1969, move in on the in-school program and fund new contracts for in-school. So we are reducing the dollars from the in-school program that carry over into September and October of next year, terminating them all on June 15. On the out-of-school program we are doing exactly the same thing. As of July 7 all out-of-school contracts are going to be, in effect, technically terminated, so that all dollars from previous fiscal years used after July 7 will not be available for out-of-school programs. Beginning July 7 or prior thereto, but after the start of the fiscal year, we will negotiate new contracts under the continuing resolution for out-of-school programs, all of which are to be funded out of fiscal year 1969 funds. In this way we hope to get current and to get out from underneath this business of how much money is going to be carried forward from previous year into the succeeding year.

NEIGHBORHOOD YOUTH CORPS PROGRAMS IN RURAL AREAS

Mr. FLOOD. You say in your justifications that there is a trend showing a greater percentage of Neighborhood Youth Corps effort going into the rural areas. Why is that?

Mr. RUTTENBERG. In that program, currently 42 percent of the slots and 42 percent of the moneys are being spent in what would be defined as rural communities, because we find that there isn't any question or doubt in our minds that the need in the rural communities is as great as it is in the urban areas and the medium-sized cities. We have decided to move this program as best we can, in the distribution of funds and slots into the rural areas. Our concentrated employment program, for example, is a good case in point. Out of 22 CEP's, only two were in rural areas in fiscal year 1967. In fiscal year 1968, of 54 new ones, only 10 are going to be in rural areas. In fiscal year 1969, we are moving in the direction that out of 70 new CEP programs, one-half will be in rural America.

Mr. FLOOD. Why?

Mr. RUTTENBERG. Because, Mr. Chairman, there is a very important aspect of migration of people to the cities from the rural areas. The more successful we are in all of our manpower programs in the big cities in getting jobs for people who are in slum areas and providing them with assistance, the more they are encouraged to move from the rural areas to the cities where there is more opportunity for them. So part of the idea of trying to get into rural America is to try to stem the tide, stem the tide of outmigration from rural America into the urban areas.

Mr. FLOOD. What is the Neighborhood Youth Corps going to do with them in rural areas?

Mr. RUTTENBERG. Provide assistance in terms of work opportunities and experience.

Mr. FLOOD. You mean, you are going to train them in the rural areas to go into the cities, so when they arrive they are trained, or what?

Mr. RUTTENBERG. The hope in the CEP program, where NYC funds are a part of the overall incentive contract and delivery system, is to see whether or not opportunities of employment can be developed.

Mr. FLOOD. How are you going to keep them down on the farm?

Mr. RUTTENBERG. It is very difficult.

Mr. FLOOD. It seems to me the only difference is instead of having come into the cities untrained you are going to train them before they come in.

Mr. RUTTENBERG. Except, Mr. Chairman, there is always the possibility of opportunities in what may be not the actual rural community in which they live but the small town centers that are developing and are expanding, in which industrial opportunities are taking place. These are adjacent to the rural areas, not in the big cities.

Mr. FLOOD. Is this so, as a fact, or is this what you hope?

Mr. RUTTENBERG. This is so as a fact. If one just looks at eastern Kentucky as a good case in point—Congressman Natcher, I am sure, is familiar with that part of his State although it is not in his district—there are new opportunities in the form of small industrial establishments that are, hopefully, moving in, and there are a large number of textile and clothing plants being developed. All we need to do is to provide the opportunity, seeing to it that the people who live in the rural areas can move into those kinds of jobs and, hopefully, stop there. Now, one does not know whether it will work. We have hopes that it will. Hopefully, they will stop there instead of moving on.

Mr. FLOOD. Did you ever check the wage scales at some of those textile plants?

Mr. RUTTENBERG. We are as much concerned as anybody with the wage structure and we, of course, will not use Federal funds to train or prepare or assist people in job opportunities for which there is less than $1.60 an hour paid. We just assume that there are enough job opportunities at the higher wage levels that we won't need to use, on a priority basis, training funds for example, for jobs that pay less than that.

Mr. FLOOD. That is commendable.

COMPREHENSIVE EMPLOYMENT PROGRAM

The largest increase is $229,100,000 for the comprehensive employment program. That is an increase of—mark this—an increase of over 75 percent. Why this extraordinary, overwhelming emphasis on this? That is quite an increase in any year.

Mr. RUTTENBERG. Yes, sir. As you can see, that is broken down—the bulk, the overwhelming proportion of those dollars is the $130 million increase in the job opportunities in the business sector program, the acronym of which is JOBS. That is $130 million and involves, as I said earlier, the effort to have private industry hire and prepare and assist the disadvantaged, unemployed person.

This is actually an involvement of the private sector. That is $130 million.

The next largest increase is in the out-of-school—NYC program. That is an increase of $52.5 million. Then, as you can see, the concentrated employment program becomes the third largest increase, at $27.3 million. So really the overwhelming bulk of the money goes into the private sector program which is JOBS, the concentrated employment program which is the central delivery system of trying to involve the disadvantaged and target in on the areas of greatest need, and the out-of-school programs. Funds from the out-of-school program will in great measure be involved in the concentrated employment program in the central delivery system through the community action agency.

Mr. FLOOD. The 75-percent increase that I was talking about was the overall increase for the comprehensive employment program. As a matter of fact, from what you say, there are sizable and appreciable increases in every item within that overall program.

Mr. RUTTENBERG. That is right. Every one of these items, as you know, is directed at providing opportunities and assistance to the hard core, long-term unemployed, disadvantaged individuals. One of the major efforts in the President's manpower message of January 23 which he submitted as his first message after the state of the Union message, concentrated on the necessity of assisting the hard core disadvantaged. I think it has no small relationship to what has been going on in the last week or so.

COST TO ANNUALIZE 1968 PROGRAM

Mr. FLOOD. How much of it is to annualize your 1968 program and how much is for extension of the program?

Mr. RUTTENBERG. I always get confused on this annualization.

Mr. FLOOD. That should be no trouble. You should expect that question. You can put it in the record, because I do not want to prove that you did not have the answer. I just want the figure.

Mr. LEVINE. I have that number. The annualization for the 1968 comprehensive employment programs would be $383.1 million. The difference between that and the request is, then, $137.5 million over and above annualization.

LABOR—OEO AGREEMENT ON COMPREHENSIVE EMPLOYMENT PROGRAM

Mr. FLOOD. What is the agreement that you have with OEO regarding administration of the program? Do you have a copy of it?

Mr. RUTTENBERG. Yes. We could submit that for the record. We have a memorandum of understanding and a letter of delegation signed by the President.

Mr. FLOOD. Suppose you put those documents in the record.

(The information follows:)

DELEGATION MEMORANDUM OF AGREEMENT FOR DEPARTMENT OF LABOR—STANLEY H. RUTTENBERG FOR OFFICE OF ECONOMIC OPPORTUNITY—BERTRAND M. HARDING

MEMORANDUM OF AGREEMENT

I. PURPOSE OF MEMORANDUM

This memorandum of agreement is intended to define the roles and outline the responsibilities of the Department of Labor (DOL) and the Office of Eco-

nomic Opportunity (OEO) and their affiliated State and local agencies in the administration of delegated work-training programs. It will form the basis for the delegation of the administration of title I–B of the Economic Opportunity Act (EOA) to the DOL, and for the continuing discussions necessary for the development of revised regulations, and standards and procedures needed to implement the 1967 EOA amendments. More particularly, it will set broad guidelines for the continuation of the concentrated employment program (CEP) insofar as EOA programs and resources are involved.

Excluded from consideration herein is that part of EOA title I–B program or resources devoted to the Job Opportunities in the business sector (JOBS) program.

II. BASIC POLICIES

1. The Community Action Agency (CAA) in a community is the presumptive prime sponsor for the community of any title I–B program operated under delegation from OEO by the Department of Labor, except that section 123(a)(1) type programs may be funded directly through local or State education agencies under regulations agreed to by OEO and DOL.

2. The State employment services (SES), through the local employment offices are the presumptive supplier of all manpower services of the title I–B programs if they meet the requirements for delegate agencies under section 122.

3. Exceptions to these presumptive nominations may be proposed by any responsible representative of DOL or OEO in the course of negotiations with respect to a specific project. Exceptions proposed by one agency must be presented to the other with full documentation of the reasons for the exception. Disagreement by either agency to such an exception will immediately be escalated through the DOL and OEO regional offices if it cannot be settled on that level for immediate consideration and decision. No unilateral action will be taken. A checkpoint procedure which will be formalized on agreement by both agencies is to be followed in determining all nominations. In the case of CEP checkpoint the procedures outlined under VI–B shall be followed.

4. In keeping with the acceptance of CAMPS by DOL and OEO, constituent State and local agencies of these departments will participate fully with CAMPS to assure the most effective deployment and coordination of all manpower programs and resources.

5. OEO is responsible for establishing the criteria for low income for program participants as required by section 125 of the act. These criteria will be provided to DOL by OEO for use in all title I–B programs.

6. Prime sponsors and delegate agencies of title I–B projects shall adhere to the standards and procedures issued by DOL. OEO and DOL will develop jointly and approve those policies covering (1) definition of community program area; (2) prime sponsorship designation and role; (3) criteria for resident participation; (4) criteria for participant eligibility; (5) supportive services; and (6) consolidation of comprehensive work and training programs.

The standards and procedures issued by DOL shall be in accordance with the terms of this agreement and the policies developed pursuant to the agreement.

7. The Director, OEO will, through management issuances, exercise planning, programing, and budgetary control functions which specify and restrict the overall operations of all title I–B activities. The DOL will furnish OEO with all program and financial plans, and other materials, required as a part of the OEO planning, programing, and budgeting process. Within these overall limitations, the Secretary of Labor will be responsible for title I–B program operations. The DOL will submit these materials to OEO (and any proposed changes thereto) for the final approval of the Director, OEO, or his designee.

Any changes or revisions to financial plans or budgets from that proposed by DOL shall be discussed with the Department of Labor at the appropriate level which may include the levels of the Manpower Administrator and the Secretary of Labor as appropriate before final decisions are made.

Notification of changes to the materials submitted to OEO by DOL shall be promptly transmitted to DOL.

III. THE ROLE OF THE PRIME SPONSOR

As described in section 122, the prime sponsor (1) must be capable of planning, administering, coordinating, and evaluating its work and training programs; (2) shall provide for participation of employers and labor organizations in the planning and conduct of its programs; (3) shall be encouraged to make use of public and private organizations as delegate agencies to carry out components of

its program; and (4) shall provide for the participation of residents in the area.

Specific manpower program plans, designs, or proposals are subject to the final approval of the DOL. Thus, the DOL has the authority to require revisions in project proposal submissions in order to assure compliance with program standards and procedures, in view of funding considerations and/or to make final project approval decisions.

IV. THE ROLE OF THE STATE EMPLOYMENT SERVICE LOCAL OFFICE

In those cases where the local ES is the supplier of manpower services it shall be by contractual arrangement with the project sponsor (when title I–B funds are utilized) or by memorandum of agreement (when other funds are used). These manpower services will include outreach, intake, assessment and diagnosis, referral to supportive services or appropriate training, advocacy including coaching, job development, and placement as needed. In conducting these manpower services, the Employment Service shall employ subprofessionals including the poor in the planning, conducting, and evaluation phases.

V. OTHER SUPPLIERS OF MANPOWER SERVICES

In the case where another delegate agency is providing manpower services in a program, it must employ the poor as subprofessionals in the planning, conduct, and evaluation of the component.

VI. THE CONCENTRATED EMPLOYMENT PROGRAM

A. Planning for CEP

The DOL will develop national plans for operationally coordinating and linking the various manpower programs with the CEP system. The DOL will furnish such plans to OEO for comment.

B. A representative of the Manpower Administration (MA) will be responsible for each prospective CEP area, in order to assist in developing a CEP plan and proposal. The relevant OEO regional office will be notified by the appropriate Regional Manpower Administrator of the tentative plan to devlop a CEP in the specified area. If either the MA representative or the OEO regional office recommends that the local CAA not be the sponsor, efforts shall be made by both regional offices to agree on the prospective sponsor, with reports on the negotiations being sent to each national office by its regional counterpart. If a decision on the designation of the sponsor cannot be made by the regional offices within 5 working days, the question will be moved to the national offices of the respective agencies who will endeavor to resolve the question within 3 working days. No unilateral action will be taken on the question of sponsorship.

Once a prospective sponsor is selected, the MA representative will work with the applicant in developing the proposal. The applicant will have complete latitude to adapt and innovate with the dual constraints of (1) the established standards of program elements where identified and (2) fund availability, but always subject to final approval by DOL.

VII. TECHNICAL ASSISTANCE

For the sake of clarification, technical assistance is divided into five types:

A. Planning.
B. Project Preparation.
C. Project Implementation and Operation.
D. Training Contracts.
E. Other Technical Assistance Contracts.

The following principles shall apply to all five types:

1. The Department of Labor is primarily responsible for all technical assistance to projects, or programs for which it has contracts. This does not preclude OEO from providing technical assistance to CAA's to perform their planning responsibilities under section 212 of the act.

2. The Office of Economic Opportunity is similarly responsible for all technical assistance to projects or programs which it expects to fund directly.

3. Before signing technical assistance contracts, OEO and DOL will exchange and discuss proposed work statements. The purpose of this exchange is to avoid unnecessary duplication of effort and to assure meeting the needs as seen by each agency.

A. Planning

1. *Planning grants to sponsors.*—The DOL will provide "planning grants" to sponsors for the purpose of developing plans for a comprehensive manpower program. This will be administered solely by the DOL.

2. Department of Labor staff will assist local CAA's in planning for projects and programs which may be funded under its auspices.

B. Project preparation

For those programs funded by DOL, the technical assistance functions will be DOL's responsibility. For programs funded by OEO the technical assistance will be its responsibility.

It is also a function of OEO to provide a technical staff function to local CAA's. The local CAA may request such staff advice and assistance from its OEO regional office.

C. Project implemenation and project operation

For those projects funded by DOL, the technical assistance function will be DOL's responsibility.

OEO will be responsible for providing technical assistance to manpower programs which are solely funded by OEO, DOL, and OEO will be jointly responsible for providing technical assistance on those programs which are jointly funded (e.g., OIC's, Metropolitan Jobs Council, etc.).

The above does not preclude (where jointly agreed upon by both DOL and OEO) jointly developed, designed and funded national technical assistance contracts.

CAA's have the right to contract with any outside group for technical assistance in a number of areas, including manpower. When title I–B funds are used for this purpose, approval must be obtained from the MA representative.

D. Training and training contracts

The Department of Labor will be specifically responsible for the training of CAA personnel, and other personnel, involved in implementing contracts executed by it. This may be provided by a variety of means including training contracts utilizing delegated funds.

OEO will not without DOL approval unilaterally contract for training in CEP or title I–B manpower programs.

E. Other technical assistance contracts

Manpower training seminars may be jointly funded and operated by OEO/DOL to train CAA staff and others in the planning, implementation, and operation of manpower programs.

If either DOL or OEO is of the opinion that the training and the technical assistance provided on a regional and national basis is inadequate as a result of expressions from sponsors of manpower programs or suppliers of services, then DOL and OEO shall meet to discuss ways and means to resolve this problem.

VIII. MONITORING AND EVALUATION

A. Program monitoring

In carrying out its delegated responsibility, it is necessary that DOL and OEO monitor the on-going manpower program activities:

1. To provide the basis for substantive review by the Director, OEO and the Secretary of Labor of current program status.

2. To provide the basis for immediate and long-range OEO/DOL budgetary and planning decisions, including those decisions related to reprograming actions and establishment of budgetary priorities.

3. To isolate operational and conceptual problems which inhibit accomplishment of statutory requirements and OEO/DOL objectives and to help determine whether major shifts in program emphasis and/or design are necessary to better meet established goals.

4. To sort out and rectify cases of noncompliance with statutory directives and with DOL regulations for the administration of these programs.

5. To indicate the need for special research and evaluation studies and program demonstrations, or for the redirection of existing R. & D. activities.

It is not a function of OEO to provide contract compliance or day-to-day in-depth monitoring of projects or programs funded by DOL.

OEO program monitoring of title I–B and CEP activities will be accomplished through several different means. Among these are periodic and special reports on program operations, program evaluation studies and research studies, visits by OEO headquarters and regional staff members to project sites, program review meetings, on-site evaluations.

In monitoring on-site visits, open and free access to project personnel and records shall be accorded DOL and OEO representatives. However, the appropriate DOL regional director will be informed of the planned visit by OEO. It will be the responsibility of the DOL regional director to inform the project management of the date(s) of OEO visits and the names of the visitors.

OEO and the Manpower Administration will continue to exchange information on programs operated by each agency. In addition to evaluation reports and other types of information specifically mentioned in earlier sections, statistical data on obligations and enrollment will also be made available to OEO on title I–B and CEP programs. Research papers, contractor evaluation reports, and special reports related to program matters will also be furnished.

B. Evaluation

OEO/DOL evaluation responsibilities are specified in OEO Instruction 72–8, dated March 6, 1968.

Delegation of Authorities to Secretary of Labor

Office of Economic Opportunity

1. The Delegation of Authorities dated October 23, 1964, and approved by the President October 24, 1964 (29 Fed. Reg. 14764) is hereby rescinded insofar as it applies to programs under Title I, Part B, of the Economic Opportunity Act of 1964, 78 Stat. 512, as amended, 42 U.S.C. 2731–36.

2. Pursuant to section 602(d) of the Economic Opportunity Act, the powers of the Director under Title I, Part B (Work-Training Programs), Title I, Part D (Special Impact Programs), and sections 205(d) and 205(e) of the Economic Opportunity Act are hereby delegated to the Secretary of Labor. The powers of the Director under sections 208, 209(c), 602, and 610–1(c) of the Economic Opportunity Act are also delegated to the Secretary of Labor to the extent he deems necessary or appropriate for carrying out his functions in exercising the specified powers. All powers hereby delegated shall be exercised in accordance with the following paragraphs.

3. Concurrent authority under section 205(d) is retained by the Director for the purpose of assisting projects of the type known as Foster Grandparent Programs.

4. The delegated powers shall be administered by a single staff within the Department of Labor. They may be redelegated by the Secretary with or without authority for further redelegation.

5. The delegated powers shall be exercised pursuant to regulations which shall be developed by a joint task force of the Department of Labor and the Office of Economic Opportunity and which shall be prescribed jointly by the Director and the Secretary. Such regulations shall include statements of the nature and objectives of the programs, criteria for program evaluation, and other policy matters of fundamental importance. More detailed implementing policies and operating guidelines shall be developed by a joint task force and shall be issued by the Secretary.

6. In communities served by community action agencies, the community action agency shall be the prime grantee or prime contractor for all projects. Exceptions to this policy may be made for compelling program reasons after consultation between the staffs of the Office of Economic Opportunity and the Department of Labor. Disagreements shall be resolved jointly by the Director and the Secretary.

7. In communities served by community action agencies, project participants shall be selected by the community action agency or its delegate agencies, or pursuant to cooperative arrangements between the community action agency and the U.S. Employment Service.

8. In order to ensure compliance with section 203 of the Act, the Director of the Office of Economic Opportunity shall retain final authority over availability of funds for particular projects under sections 205(d) and 205(e).

9. All operating information, evaluation reports, and other data concerning the programs administered under the delegated powers shall be freely exchanged between the Director and the Secretary pursuant to sections 602(d) and 611 of the Act.

SARGENT SHRIVER,
Director, Office of Economic Opportunity.

MARCH 10, 1967.
Approved:

LYNDON B. JOHNSON,
President of the United States.

MARCH 14, 1967.

Mr. FLOOD. Suppose you tell us what the deal is.

Mr. RUTTENBERG. We are in the process now of revising that memorandum of understanding and letter of delegation for the current fiscal year, but basically it does not differ very much. There are some issues which we are discussing jointly with OEO. Basically, what it does, Mr. Chairman, is to assign administrative responsibility, operational responsibility for all of title I–B of the Economic Opportunity Act and for—and this is the issue we are still discussing—for part of title I–D which is the special impact. Title I–D is in the main comprehensive employment activities that we have already talked about. We have an understanding, in the delegation, that these programs as we administer and operate them have the Community Action agency as presumed sponsor of local programs. We also provide that in many programs, mainly in the in-school and out-of-school NYC programs that got started prior to there being any Community Action agencies in existence, the opportunity will be given to the Community Action agency to become the new sponsor of those programs as they terminate from their old sponsors, if there are new Community Action agencies coming into being.

The concentrated employment program will be sponsored through Community Action agencies as well.

That, in a nutshell, is the essence of the agreement between the two agencies. Mr. Harding may want to elaborate further.

Mr. HARDING. I might add that we also presume that, in the administration of these programs by the local Community Action agency, they will call upon, normally, the resources of the State employment service in rendering supportive manpower services to the Community Action agency so that we do not duplicate the manpower expertise at the local level.

Mr. FLOOD. You don't expect these conversations to make any material change in the memorandum and the letter which you are going to submit for the record?

Mr. HARDING. No, sir. Just a few technical points that Mr. Ruttenberg and I are still discussing.

NEW CAREERS PROGRAM

Mr. FLOOD. Who does the training in the new careers program?

Mr. RUTTENBERG. Maybe Mr. Battle would like to elaborate on that. That is one of his.

Mr. FLOOD. Very well. And while you are doing it, tell us about the entrance requirements, the type of training, the length of the course, and so on.

Mr. BATTLE. The kinds of organizations that are involved in the training part of the New Careers program are primarily existing educational organizations like junior colleges and universities. These organizations hold subcontracts with local sponsors, in most instances community action agencies and in other instances the CEP program sponsor in a local community.

The training program is specifically designed by that training institution together with the sponsor of the New Careers program to make certain that the particular training individuals get is directly related to the duties they are going to be called upon to perform in the particular job that has been designed.

CAREER TRAINING ENTRANCE REQUIREMENTS

Mr. FLOOD. How do you get admitted? What are the entrance requirements for the training program?

Mr. BATTLE. All those individuals who are eligible under our standards for participation in any part of the manpower programs under the Economic Opportunity Act are eligible to participate in the New Careers program. The only differential, really, is age.

It is aimed at the hard core disadvantaged poor individuals. It is essentially directed at adults. These are the specific eligibility requirements.

Mr. FLOOD. Who sets them up? You?

Mr. BATTLE. Yes. We set them up in consultation with the Office of Economic Opportunity.

Mr. FLOOD. What governs changes in the eligibility requirements.

Mr. BATTLE. As a matter of fact, the changes can only be brought off, in eligibility requirements, in relation to the changes in the poverty picture on a year-to-year basis. Otherwise they remain fairly constant.

Mr. FLOOD. Does that change on a year-to-year basis very much?

Mr. BATTLE. I think there has been some minor changes over the last 3 years.

Mr. FLOOD. Not sufficient to affect your entrance requirements?

Mr. BATTLE. Not really.

Mr. HARDING. You will recall in our first session we discussed variations that we make in the poverty line by virtue of new economic indices. It is these changes to which Mr. Battle refers, which they accept.

Mr. FLOOD. What is the type of training? How long are the courses?

Mr. BATTLE. The length of courses varies in relation to the specific programs the individuals are being trained for. Let me give you a few examples.

In Cleveland, for example, they have developed a training program, a career ladder.

Mr. FLOOD. What is that?

Mr. BATTLE. The new careers program calls for the design of an entry level job in public service, and then the creation of a step-by-step upward mobility opportunity for these people. We call that total design a career ladder.

Mr. FLOOD. That makes sense.

Mr. BATTLE. Thank you.

The training program, then, is also created to track that career ladder. The individuals come into the program at the entry level. They are given an initial training opportunity and from that point forward they are trained as they work. The length of training will vary. The homemaker entry level job training program is 16 weeks. In the welfare aide program it may vary from community to community, but generally it is roughly 20 weeks.

The training programs beyond that entry level again very much depend on the specific requirements that that sponsor has for the work that he wants the individual to do. I should say at this point in time that we regard this program even now as an opportunity to demonstrate the extent to which we can create these career ladders and design the appropriate training to go along with them. So we do not have any hard-and-fast rule with regard to the length of training or the curriculum design.

Mr. FLOOD. Do you think the professional associations and the accrediting institutions are going to accept these people after you finish with them? Did you ever get tangled up with professional associations or accrediting institutions?

Mr. BATTLE. Mr. Chairman, we have worked very hard dealing with this problem, recognizing these are the areas in which the primary roadblocks might very well develop. As a matter of fact, in March we held an institute at Airlie House in which representatives of all of the professional associations and unions and accrediting organizations and employer-type organizations and other sanctioning bodies participated, to assist us with the design of models and the identification of roadblocks in an attempt to plot ways of getting rid of them so that the program could be facilitated.

As a matter of fact, we had a call last week from an organization in California where they were offering, volunteering their good offices to assist with bringing together representatives of civil service commissions in all of the States in the west coast region in order to assist with this program.

JOBS PROGRAM

Mr. FLOOD. We have discussed at some length already the JOBS program, but it still isn't clear to everybody, I think, on both sides of the table, what specific costs are to be borne by the Government and what are to be borne by the employers.

Mr. RUTTENBERG. The program, Mr. Chairman, as the President indicated in his January 23 message, is $350 million in the 18-month period from January 1, 1968, through June 30, 1969, combining appropriations from fiscal year 1968 and fiscal year 1969. The $350 million will be spent on JOBS program and our goal is to provide 100,000 job opportunities as the result of that $350 million appropriation expenditure.

That quickly divides out, as you can see, to an average cost of $3,500 per individual. We are now engaged in discussions with employers in the 50 largest cities in the United States, in cooperation with the National Alliance of Businessmen. As you recall, I stated earlier, when we talked about the JOBS program, that the Henry Ford organization has a full-time businessman in each of the 50 cities. We are working with them now to develop contracts with employers in which the Federal Government would reimburse the employer for exceptional training costs and supportive services, including some medical help if need be and some transportation facilities.

Mr. FLOOD. That is good, but my question was on the specific costs. What percentage is going to be borne by the Government, what percentage by the employer?

Mr. RUTTENBERG. The costs which the Government will bear are the increased costs over and above what the company had previously invested in its training programs. We are not going to pick up or reimburse employers for costs of training which they have normally carried on. We are saying in effect that the extra costs resulting from the hiring of the disadvantaged, the cost of the additional things that the employer is going to have to do, are the costs we will pay.

Mr. FLOOD. That shouldn't be hard to figure out, should it?

Mr. RUTTENBERG. Percentagewise?

Mr. FLOOD. Yes.

Mr. RUTTENBERG. The situation varies.

Mr. FLOOD. I don't mean down to a fraction of a cent, but I mean within the rule of reason. Take a specific industry. You have been around a long time, you can figure that in a very short time, can't you? You know about what it costs. If you don't, you can get somebody on the telephone down the hall who will tell you in 2 minutes.

Mr. RUTTENBERG. I would hesitate to give you a figure as to what the total percentage costs would be that the Government would reimburse on the overall training experience of the employers. In a general sense, I would say that, when we are talking about the hiring of the hard core and the disadvantaged individuals——

Mr. FLOOD. Take the shoe industry, the garment industry. You should know what the cost is.

Mr. RUTTENBERG. We think the additional cost which we will be reimbursing the employers will represent upward of three-fourths of the cost of the total training, at least, if not higher.

Mr. FLOOD. How long are you going to continue to subsidize this individual?

Mr. RUTTENBERG. The way in which we are writing a contract with the employers is to say that we will reimburse you for x amount.

Mr. FLOOD. How long are you going to keep this up?

Mr. RUTTENBERG. Whatever time the individual employer decides is needed to train and to prepare that individual, usually 12, 15, 18 months. The cost is the total cost over the entire period of time. So that if the employer decides he is going to do it for 2 years, the average cost per trainee is still going to be the $3,500. Some might be able to train in a lesser period of time and, therefore, the average cost will be lower. But when we figure the cost at $3,500 we are saying in effect that that is the average.

Mr. FLOOD. So this can't go on like Tennyson's brook, forever?

Mr. RUTTENBERG. Not with that same employer for those same workers, not at all.

FUNDING SOURCES FOR JOBS

Mr. FLOOD. On page 78 you say that additional funding will be provided through MDTA. What will those funds be used for? And why shouldn't 100 percent of the funding be from one appropriation so, for a change, the subcommittee can take one look at it and see what the total cost is? This is an old gimmick, scatter this thing around and then say, "Flood, I dare you to find all of it."

Mr. RUTTENBERG. I would hope, sir, we are not saying we dare you to find out because we would like very much to make it clear and specific. What we really want to make clear is——

Mr. FLOOD. That is what I want, to make clear. I have been through this before.

Mr. RUTTENBERG. That is right.

Mr. FLOOD. I get tired of this Sherlock Holmes act that people put the Appropriations Committee through. Why can't we put it in one place?

Mr. RUTTENBERG. In fiscal 1969 there will be $243,950,000 in the JOBS program. Now, this is how that almost $244 million will be broken down: from the MDTA appropriation, almost $48 million; from the Economic Opportunity Act, the comprehensive employment part, I–B, $181 million; and from the Economic Opportunity Act, title I–D, $15 million. The total of those three items becomes $244 million. That will be the JOBS program. Now, granted, Mr. Chairman, if it could come out of one appropriation it would make it much easier, I think——

Mr. FLOOD. I just said that.

Mr. RUTTENBERG (continuing). For the committee as well as the administration. I agree with you fully.

Mr. FLOOD. What will be done with the MDTA money?

Mr. RUTTENBERG. The moneys on the MDTA side will be used for the same purpose as the moneys on the comprehensive employment program.

Mr. FLOOD. That is the point. That is just part B of the same job. I know that. Why don't you put it all in one place?

Mr. RUTTENBERG. Well, if one were to take, and let me be realistic with you, Mr. Chairman, if I might, in terms of how I see it: If we were to take more of the MDTA moneys for the JOBS program we would, in turn, be cutting into the institutional training programs that are being run by MDTA and reducing the amount of funds available for those activities which are ongoing in other than the 50-cities area, and that are terribly important in terms of program. Conversely, if more were taken out of the Economic Opportunity Act funds, they would be forced, Mr. Harding and his operation, I am sure, to reduce other ongoing programs within their context, as important as they are. So this was decided at the best possible distribution of what funds could be utilized out of MDTA, what funds could be utilized out of the Economic Opportunity Act to get sufficient moneys to really put together a JOBS program. It will all be administered as if it were in one pot. We will have to keep separate books, of course, in identifying MDTA and OEO moneys.

Mr. FLOOD. Separate books?

Mr. RUTTENBERG. Yes, sir. You have to keep two or three different sets of books. But the total money, the expenditure, the way in which an employer will be reimbursed on the JOBS contract will not be affected one bit by the source from which the money comes, except for that part dealing with the special impact, I–D, $15 million of the $244 million. That will be different. That will require some capital investment involvement in a different way than in which we are working on the other two. Basically, the $48 million and $181 million will be spent as if it were in one appropriation.

CONCENTRATED EMPLOYMENT PROGRAM

Mr. FLOOD. This concentrated employment program has an increase of over 50 percent. What would happen if the Congress kept this at the 1968 level?

Mr. RUTTENBERG. I think I would put it this way: In fiscal 1968 we will develop 55 new concentrated employment programs. As I said, 45 will be urban and 10 rural. In fiscal year 1969 we will develop 70 new concentrated employment programs, 35 rural, 35 urban. Of the funds that will be available in fiscal year 1969 we have to renew some or all, depending upon their performance records, of the 22 concentrated employment programs we started in fiscal year 1967. We have extended all our first group of concentrated employment programs that were started in fiscal year 1967 to August 31, 1968. We will have to decide between July 1 and August 31 of 1968 how many of those 22 concentrated employment programs we are going to renew and how much it will cost.

Mr. HARDING. Our current estimate, Mr. Chairman, is that it will take approximately the 1968 funding level to renew the programs in existence in 1969. So that $27 million you are looking at represents an increase of a little over 11,000 slots available for the program.

Mr. FLOOD. Yes; I am sure about that. But you know what we are talking about.

Mr. HARDING. We are talking about more money; yes, sir.

Mr. FLOOD. So am I.

Mr. HARDING. Yes, sir. I think your reference to the paper, Mr. Chairman, is really very appropriate in that regard, in that we feel very strongly that this is about the most important thing we can do. That is the reason so large a proportion of OEO's budget is going into the JOBS section.

SPECIAL IMPACT PROGRAM

Mr. FLOOD. You have an increase of 50 percent for the special impact program, from $20 million to $30 million. Before you explain this significant increase, suppose you translate a paragraph of your justifications that has stumped both me and the staff:

> Special impact activities will directly and comprehensively attack the basic determinants of poverty regardless of whether they are economic, social, or environmental in origin.

O. Henry was never that good. What in the world does that mean in northeastern Pennsylvania English?

Mr. HARDING. It is gobbledygook, Mr. Chairman. I apologize.

Mr. FLOOD. I know that. You didn't write it. You probably never heard of it until today. I am sure you didn't read it.

Mr. HARDING. I read it.

Mr. FLOOD. You did?

Mr. HARDING. Yes, sir; I did. This is a program which, you may recall, was inserted in our 1967 amendments specifically calling for this type of concentrated economic-social employment effort in a very localized situation. The historical background of this is a project in Bedford-Stuyvesant where a corporation, nonprofit, has been established in this very depressed area in an effort to bring in real economic opportunity in that area for the employment of those people, by developing new businesses, new job opportunities, having more money for social activities, et cetera, et cetera.

Mr. FLOOD. Why in the world don't you say so? Can you imagine the puzzlement of people who might want to enter this program, who really should read about it? You don't think even the average newspaper reporter can interpret that, do you?

Mr. HARDING. We probably should have had our PR man write the budget.

Mr. FLOOD. I would think so. This goes into the area of what we call exotic language.

Give us a few examples besides the New York example.

Mr. HARDING. Actually, New York is the only thing that has been put on the boards directly at this point in time. What we have done in this area is we have taken the $20 million available to the program this year and divided it: $10 million is being delegated to Mr. Ruttenberg for projects which the Department of Labor will undertake, and the remaining $10 million is going to be divided between the Department of Labor, the EDA and OEO and the Department of Agriculture in some projects that are being developed, the most significant of which is the one we are hoping we can put on in Los Angeles.

LOS ANGELES PROJECT

Mr. FLOOD. What is the idea behind the Los Angeles project? What does it look like, or what will it look like?

Mr. HARDING. Are you familiar with the tent factory out in Los Angeles, for example?

Mr. FLOOD. No, but I am generally familiar with Los Angeles. How are they going to get from one part of town to the other?

Mr. HARDING. That is really the point.

We are going to attract businesses to go into those depressed areas and establish commercial facilities and operations that will employ these residents in that facility so they won't have to travel all the way across Los Angeles to get good job opportunities. This is really in the nature of seed money. Most of the money will come in from the private sector but there will be money, this money, that we put up to attract industry to come in to create viable economic operations and offer job opportunities.

Mr. Ruttenberg has done an awful lot of thinking in this area, on this, and he can probably add more specifics.

Mr. RUTTENBERG. Let me add a specific in terms of Los Angeles because we have now signed two contracts with two private corporations

for the Los Angeles area that I think are in line with what Mr. Harding is saying.

One is the Bubble-Up Corp., a corporation which is a competitor of Coca Cola, and so forth. They make a lemon-lime drink, distributed nationwide. They were originally planning a plant in which they were going to spend $6.5 million, and they were going to put it out in a suburban area.

Mr. FLOOD. Wasn't there a story in the newspaper about this?

Mr. RUTTENBERG. Yes, there was a story in the paper about this.

We have now talked with that corporation and have worked out an arrangement whereby they are going to build that plant down in south central Los Angeles, in the Compton area just south of Watts. They are going to invest $6.5 million. We have worked out with them an arrangement to pay them the difference between what it costs to invest—this is the whole theory behind the legislative history of section I–D of the Economic Opportunity Act—pay them the difference of what it costs to invest in Watts as against what it would cost to invest in the other area where they were going. That total cost came to, after calculation, $1 million. That difference relates to the difference in construction costs. Interestingly enough, the chief of police in Los Angeles said, "if you are going to build a plant in south central Los Angeles instead of in the suburban area you ought to build around the clock in order to avoid pilferages.

Mr. FLOOD. The company is not going to get rich on that deal.

Mr. RUTTENBERG. No. Second, they said build it under four roofs instead of one so as to avoid the problem of incendiarism. The insurance costs are greater. The costs of training the disadvantaged workers are going to be greater. The company has agreed, in exchange for this differential in cost which we are paying them, to hire 275 people, all of whom will come from the neighborhood and will be certified as being disadvantaged individuals under our definition.

Mr. FLOOD. In the neighborhoods?

Mr. RUTTENBERG. In the neighborhoods.

Mr. FLOOD. You are talking about Los Angeles. If you don't locate in the neighborhoods, you will have to get helicopters.

Mr. RUTTENBERG. Since the Watts-Compton-Willow Brook-Avalon area, which is centered around Watts, Compton being south, and Avalon just a little north of Watts, 275 people will come from that area, all of whom have to be employed a total of 6 months before they get credit for it. Interestingly enough, we have arranged with that company that if they have less than 275 people on the payroll after 18 months, they will reimburse the Federal Government $2,500 for every individual less than 275. We then reversed the coin on them and said if you have more than 275 employed but not more than 325, we will reimburse you an additional $2,500 per individual you employ. Every individual employed, mind you, has to be disadvantaged, has to come from the indigenous area and be certified by the Employment Service or CEP as being disadvantaged. Now, we have done that same thing for another plant called A. E. Plastik Pak, which is going to locate in the east Los Angeles area, in the Mexican-American community. We have other proposals now before us that we could fund if we had the money.

PAYMENT OF COST DIFFERENTIAL

One plant—and I don't want to disclose the specific names, I do not think I ought to be specific about the names of the companies—that is willing to locate in three different areas of the metropolitan Los Angeles community, will hire up to 700 people and invest, on their own, $16 million of private capital.

Mr. FLOOD. Why?

Mr. RUTTENBERG. Because we are willing to work with them in paying the differential in costs involved, the differential in costs in this case being a little less than $2.5 million, as a matter of fact, $2 million for the 700 employees they agree to hire. They will invest $16 million of their own money. There is another proposition also.

Mr. LAIRD. You guarantee them the differential in pay scales?

Mr. RUTTENBERG. Not on pay scales.

Mr. LAIRD. Well, in labor costs.

Mr. RUTTENBERG. Training costs.

Mr. LAIRD. I don't know whether you want to call it pay scales, but it is labor costs.

Mr. RUTTENBERG. We would choose not to call it pay scales for obvious reasons. We would have very great difficulty with the unions if we talk about pay scales.

Mr. LAIRD. The difference is in labor costs.

Mr. RUTTENBERG. Differential in construction costs—as I indicated—they were going to build under four roofs rather than one.

Mr. LAIRD. I thought most of the extra cost was in the labor area.

Mr. RUTTENBERG. There will be differentials, of course, in the kind of training, because if they went out into a suburban area where there was an all-white population and hired high school graduates, the amount of cost they would put into the training or wage differential, if you want to put it in that context, would be very little. By asking them to come into the ghetto area and build there, we will pick up this differential in training costs. I don't choose to put it as differential in wages.

Mr. FLOOD. You call it what you want.

Mr. RUTTENBERG. I have another proposition which I have not had a chance to talk to even Mr. Harding about. We have a proposition in which five companies would agree to invest $50 million in one geographical area of the United States and employ 2,200 people out of that area at a cost to the Federal Government of a little less than $6.5 million. Now, I think from the standpoint of I–D, special impact, use of funds (theoretically, we could almost write this same kind of a contract under I–B authority, in a slightly different context, but it would be best to do it under I–D), if you can attract $50 million worth of capital and get jobs for 2,200 hard-core people at a cost to the Government less than $3,000 per individual, that is a real contribution to that community and to the workers involved.

PROGRAM LEVELS OF NEIGHBORHOOD YOUTH CORPS PROGRAMS

Mr. LAIRD. With regard to the out-of-school Neighborhood Youth Corps program, I see the figures show a $52 million increase, but when I look at the number of slots, there is a reduction of about 8,000.

Maybe I have this wrong, but it seems that you are going backward instead of forward on the basis of the number of people trained.

Mr. RUTTENBERG. This was the issue that we were discussing with Congressman Flood.

Mr. LAIRD. The dollar figure for 1968 is the appropriation and does not include the carryover from 1967?

Mr. RUTTENBERG. You are right, and that was the issue which I was trying to explain earlier with Congressman Flood; namely, that we are trying to get current on the use of dollars.

Mr. LAIRD. What is the total expenditure rate in 1968 compared with the expenditure rate in 1969?

Mr. RUTTENBERG. What we are doing in terms of expenditure for 1969 is not really reflected in this document here.

Mr. LAIRD. I know it, but you have the figures. What is the expenditure rate in 1968?

Mr. RUTTENBERG. The estimated expenditures for the out-of-school program in fiscal 1967 would be $127 million, it would be $149 million in 1968, and in 1969 it would be $162 million. That is the out-of-school program.

Mr. LAIRD. Now the in-school expenditures.

Mr. RUTTENBERG. The in-school expenditures on the same 3 fiscal years would be $57 million, $82 million, and it then drops to an expenditure rate of $72 million in fiscal 1969.

Mr. LAIRD. So you cut back the in-school program by $10 million in fiscal year 1969?

Mr. RUTTENBERG. And the summer program moves on the same 3 years, $74 million to $125 million to $130 million, which makes the overall NYC program for fiscal 1969 show an increase in dollar expenditures.

Mr. LAIRD. In order to tell what you are doing in each fiscal year, we almost have to look at the expenditure figures.

Mr. RUTTENBURG. Yes. What we are doing now, as I was explaining earlier to Congressman Flood, we are terminating all in-school programs as of June 15, so that there will be no dollar carryovers of previous fiscal year moneys into fiscal 1969. We will renew in-school programs after the start of the fiscal year, using only fiscal year 1969 money.

On the out-of-school program, we are doing exactly the same. We are going to terminate all out-of-school programs as of July 7 and then pick up all of the dollars in previous fiscal years that remain in those contracts whose duration might otherwise go to August, September, or even to the following May or June.

We are going to take all of the ongoing fiscal year dollars, move them into the summer program for fiscal year 1968, and in that way we then become current and we will start the in-school and out-of-school programs strictly on the basis as shown in the fiscal 1969 budget on new obligational authority, and not on what is shown below in terms of the number of slots, because that is the number of total slots, including those funded from carryover dollars from previous fiscal years.

EVALUATION OF IN-SCHOOL PROGRAM

Mr. LAIRD. You had an evaluation made showing the effectiveness of the in-school program in keeping young people in school. What is the conclusion of that survey?

Mr. RUTTENBERG. Dr. Aller or Mr. Battle will talk to that.

Mr. BATTLE. We had a survey done for us by the Dunlap Co., and we have had surveys done for us by a number of project sponsors. The reports of these surveys are generally as follows:

In Pittsburgh, for example, the dropout rate proved to be 4 percent when compared to 8 percent for the rest of the student body. In Cardozo, Dunbar, and Eastern high schools of Washington, D.C., the usual rate is 20 percent dropouts, and for those enrollees in the Neighborhood Youth Corps program, the dropout rate went down to 2 percent.

In Houston only five out of 460 enrollees dropped out, whereas among those youngsters who were on the NYC waiting list, 42 dropped out.

Mr. LAIRD. That is a pretty good record.

Mr. BATTLE. It is a good record.

Mr. LAIRD. You are taking the overall dropout rate and comparing it with people that you take in the NYC program.

Mr. BATTLE. Yes.

Mr. LAIRD. And those you are taking in the NYC program are those that would be more apt to drop out. You are picking them that way, are you not?

Mr. BATTLE. Exactly.

Mr. RUTTENBERG. Read the next one.

Mr. BATTLE. A study of the 11 high schools in Minneapolis revealed an overall dropout rate of 15 percent, and in the three target area high schools of slum sections, dropouts totaled 25 percent, but only 4 percent of the NYC enrollees in the school system dropped out. So you compare the 4 percent to the 25 percent which normally would be the dropout rate for those area high schools.

Mr. SMITH. Is this in a 4-year period?

Mr. BATTLE. No, because the program has not existed for that long.

Mr. SMITH. When you say 25 percent dropout, you mean per year?

Mr. BATTLE. It is per year.

Mr. LAIRD. Per year per class or per year for the whole student body?

Mr. BATTLE. For the whole student body.

Mr. LAIRD. Those are interesting figures.

You also had surveys made on the out-of-school program as to whether the training was meaningful and helped toward permanent employment for these out-of-school students. What were the results of those surveys?

Mr. BATTLE. In general the figures we have gotten indicate, as I recall them, that 46 percent of the enrollees went on into further education, 35 percent went into competitive employment, 7 percent went into the military, and 12 percent were in that fuzzy category, marriage, or not traceable, et cetera.

OUT-OF-SCHOOL REMEDIAL EDUCATION

Mr. LAIRD. You testified last year that in the out-of-school program about 30 percent were receiving remedial education or skill training.

What percentage of the enrollees are now receiving remedial education and skill training in the out-of-school program?

Mr. BATTLE. Our figures indicate that 25 percent are receiving some formal job training as a part of their NYC experience. Roughly 40 percent are receiving remedial education of one sort or another.

NYC ENROLLEES EMPLOYED BY PROFITMAKING ORGANIZATIONS

Mr. LAIRD. We developed in our record last year, the percentage of NYC enrollees that are employed by private and profitmaking organizations. What percentage was it in 1968? What is it running now?

Mr. BATTLE. I do not believe I have that information on the basis of private profitmaking organizations versus public organizations.

Mr. LAIRD. It was a very small percentage that were actually in private or profitmaking organizations. I wondered if you had been able to build that up. The idea at that time was that an effort would be made. I am talking about NYC enrollees.

Mr. RUTTENBERG. In the work training in industry program?

Mr. LAIRD. Yes. I think it was down at that time to about four programs which were private.

Mr. BATTLE. As of the moment we have about 34 projects in which enrollees are engaged in the private sector and there are roughly 800 enrollees.

Mr. LAIRD. That has gone from four to 36 programs?

Mr. BATTLE. Four to 34.

Mr. RUTTENBERG. It is still a number of projects.

Mr. LAIRD. We have the bulk of the programs operated by public and nonprofit organizations. I would like to have a comparison between the program as it operates through public and nonprofit organizations and as it operates through private profitmaking organizations.

I am told by people who have looked at this program that the record on long-term employment opportunities has been better in the private sector. You have had very few projects in that area, but the record is better for long-term benefits to these young people. Is that true?

Mr. BATTLE. I do not believe we have at this point in time hard information to verify the comment I will make. I do not have the statistics to support it here, but I know a large number of enrollees have been hired by the agencies for whom they work even in the public sector. It is very clear this is inherent in the work training in industry relationship because it is in effect an on-the-job training program in the private sector.

Mr. RUTTENBERG. I should add in terms of the job opportunities in the business sector program, there will be youth moving into that program. While they will theoretically not be NYC enrollees as such, they will be the same type of individual as if they were NYC enrollees employed in the private sector under that program.

Mr. LAIRD. The amendment approved last year, I believe, gave you a little broader authority to go into the private sector with this kind of a program. I was trying to develop here what use has been made of that amendment. I had been told that the projects had worked out better, measured by long-range benefits to these people in the private sector than they had in the public sector.

Mr. RUTTENBERG. We are using, in part, the authority of last year's amendments, and the 1966 amendments as well, to mount the JOBS program and to provide other private sector opportunities. So we

are more and more, as you can see by the expansion of dollars, being requested in the comprehensive employment program to move into the private sector, as in the JOBS program. That will involve youth as well as adults, of course.

STANDARDS FOR EVALUATION OF NYC PROGRAM

Mr. LAIRD. OEO last year was required to publish and develop standards for evaluation for the program's effectiveness. Are these standards quite lengthy?

Mr. RUTTENBERG. I would look to Dr. Levine on this.

Mr. LAIRD. They have been published, I assume.

Mr. LEVINE. I believe they have not been published yet. These were in the December amendment, I believe.

Mr. LAIRD. That is correct.

Last year when the bill passed, the provision was written into the bill that these standards would be set forth for the program. You were required to publish these standards under the terms of the law.

Mr. LEVINE. Mr. Aller and myself have been working very closely on developing an overall evaluation program for all the programs in title I as well as the Labor Department programs. We have not yet reached the point where we can publish the standards on it. We can discuss more precisely what we are doing in that area if you would like.

Mr. LAIRD. When are you going to reach the point of carrying out the mandate in the law?

Mr. LEVINE. I should think we would easily do it before the end of the fiscal year, Mr. Laird.

Mr. LAIRD. Before the end of this fiscal year?

Mr. LEVINE. Yes, sir.

Mr. LAIRD. So it would be impossible for us to discuss those standards at this time? You have not gone far enough?

Mr. LEVINE. It would be possible to discuss the evaluation criteria we have been working on, but we have not firmed them up.

NEIGHBORHOOD YOUTH CORPS PROGRAMS DISCONTINUED

Mr. LAIRD. How many programs have you not refunded this year?

Mr. LEVINE. You mean individual programs?

Mr. LAIRD. Yes.

Mr. LEVINE. Mr. Battle may be able to answer that.

Mr. BATTLE. If you are talking about the Neighborhood Youth Corps program, Mr. Laird, we have operated on the basis that unless there is a serious deficiency in the program, we would refund each of them.

Mr. LAIRD. I thought none of them would be refunded if they did not meet these standards. That was the point of the discussion on the floor and it was written into the bill. I thought perhaps you were judging them on the basis of some standards anyway.

Mr. BATTLE. In the absence of that set of published standards, we have proceeded as I said.

Mr. LAIRD. Then you are refunding every one of them?

Mr. BATTLE. Just about.

Mr. LAIRD. You have not turned any down?

Mr. BATTLE. New ones, but not those that have been in existence.

Mr. LAIRD. There has not been a single one funded in 1967 that was turned down in 1968?

Mr. BATTLE. Not to my knowledge.

Mr. LAIRD. I cannot follow through very well on that question if we do not have the standards, if everyone is being refunded automatically. The idea was when the law was passed that there would be some judgment made on the renewal of each of these projects on the basis of standards that were going to be set up to evaluate the effectiveness of the programs. If they could not make a show of real effectiveness, the programs would not be refunded.

Mr. HARDING. I am sure that is the intent of the law. It is just a question of the time element involved in getting those standards developed.

As you know, we had a large number of amendments to implement and this is just one that has not yet been accomplished.

Mr. BATTLE. May I add in the absence of those specific standards the approach to doing this has been to monitor the project on site in relation to the contract itself. While we do not have the standards, we do get a much better picture of what the project sponsor has been able to achieve.

Mr. RUTTENBERG. It would be fair to say, would it not, Mr. Battle, that in terms of looking at the ongoing programs we have stepped in and deobligated or withdrawn parts of the funds for various in-school, out-of-school programs on the basis of the ability of those sponsors to utilize the funds made available to them?

Mr. BATTLE. That is right.

Mr. RUTTENBERG. And taken those moneys and utilized it for other programs.

Mr. Laird's question really is why, if a sponsor is not utilizing all the funds made available to him, is that not one of the criteria we are using to say that he is not the right sponsor to continue that program. Those are the kinds of criteria which are now being worked on in terms of evaluation.

Mr. LAIRD. I would like to see the standards, when they are ready for publication. I think the question of whether this part of the law is being complied with will be something that will be asked of us when this appropriation is up for consideration.

Mr. ALLER. If I may say briefly, there are two aspects of it. One would be with regard to specific projects, whether specific projects are to be refunded or not, and the criteria are the results.

The larger and far more difficult question is comparing the effectiveness of such things as in-school or out-of-school components of Neighborhood Youth Corps with on-the-job training.

Mr. LAIRD. The work training program over in vocational education where you have a much lower cost figure than you have in these programs?

Mr. ALLER. That is right.

What we are engaged in doing, and we are quite a long way down the road, is trying to design and to contract for a fairly long-term cross program type of cost effectiveness analyses. You cannot do this overnight, you have to follow through for some time. We are doing it two ways. We are trying to do it retrospectively. We are going back into projects, picking up earlier data, to see in a fairly short period of time if we can develop the cross-program analysis. We are also close to launching a program that will measure effectiveness lon-

gitudinally, to take present programs, sample them, and have a comparable design, and compare them 6 months, 12 months, 18 months into the future.

That is going to be a very important kind of information, because that permits you to compare programs totally, one to the other.

Mr. LAIRD. By the time you get that done, I will have my bill through Congress setting up a new Cabinet Department of Education and Training, and we will have all of this together in one place.

Mr. ALLER. If that were to come to pass, this would be very valuable information for that Department to have.

Mr. LAIRD. I hope you get that preparatory work done.

SURVEY OF CONCENTRATED EMPLOYMENT PROGRAM

I understand the Department of Labor made an in-house survey of the CEP program and this survey points up some of the major problems encountered in various CEP efforts.

Could you tell us a little bit about the major problems which were pointed out by that survey?

Mr. RUTTENBERG. Yes, we could. As a matter of fact, when we started the concentrated employment programs and finally funded them last June, our whole interest was to develop evaluation simultaneously so we could see what the problems were as they developed.

Actually, as we looked at this, Mr. Chairman and Mr. Laird and members of the committee, we found there were seven overall criticisms in the evaluation which indicated the need for improvement.

Generally, the first one was poor planning on the part of the people, ourselves as well as our sponsors, who were developing the program. That poor planning came about because we moved rapidly in the program and did not give them full time to develop the details. We are remedying that as we go into the second round of Concentrated Employment programs.

The second major criticism was rather poor organization and administration of the projects as a result of the ineffective coordination. We are now moving to strengthen the selection of the management staff and increasing the kind of in-service training to personnel as we move into the second round of CEP.

The third major thing we found wrong was conflict that developed between continuing agencies which resulted in friction among staff of different agencies. We are moving now to redouble our efforts to promote interagency cooperation and relationships and in many cases trying to, of course, eliminate the dissident elements that created the conflict between the agencies. That is always a problem.

Mr. LAIRD. I know they are problems. I had some correspondence and some discussions with Mr. Gardner and also with Mr. Wirtz after I had had a meeting with the vocational people up in my area. I sent you copies of those letters. I do not have the difficulties in my area that you would have in the major cities, and I realize you might have to concentrate in those areas. But I was quite disturbed after spending a day in discussions with these people representing different programs. They were all around the table and I was kind of in the middle of it. I am not an expert in this area and I do not pose to be an expert. But they kept throwing their problems with one another at me because they felt

I was sort of a connecting link. I was not very effective in resolving these differences.

I think that the problems that are pointed out in your survey should be given the highest priority during the next year.

Mr. RUTTENBERG. We have provided technical assistance at a level I never dreamed we would have to provide a year ago, in terms of really trying to bring about an improvement in some of these problems.

For example, one of the big things that the CEP evaluation showed up was that we were not really getting private employer cooperation as we should, and therefore on-the-job training. After the individual came through basic education and remedial education, they were not getting jobs in the private sector.

One of the big steps forward is the Job Opportunities in the Business Sector program, which will be tied into the CEP's there.

We have conflicting opinions as to what the proper answer is, concerning the disproportionately high number of women in the CEP program. Is that good or bad?

You can hear both sides of that story in terms of the broken homes and homes in which the women who are the sole support of the family.

On the other hand, if you turn it around and say you should somehow provide a job for the unemployed father, that might pull families back together again. So how do you approach this problem?

We moved in the direction of saying, when we had a situation in which 80 percent of the people in the CEP program were women, that this proportion was much too high. We are now down in our proportion of the ongoing CEP's to almost a 50–50 ratio of men to women.

Mr. LAIRD. I think this is going to have more of an impact in 1969 than you anticipate because of the rulings that are going to come out of the Supreme Court. I believe the Supreme Court will throw out the residency requirement for public assistance. I also believe the Supreme Court is going to do away with the man in the house rule, which operates in some of the States. This is going to have an impact on your program.

I cannot say the Supreme Court is going to do this, but, if I were running your organization, I would anticipate these decisions because they would have a tremendous impact. That is why I am for moving in the direction of the negative income tax. You are going to have to get this thing on the basis of a standard rule all over the United States here pretty soon with these Court decisions.

We may think we have had underestimation of welfare costs in this budget for 1968, but those underestimates in 1968 are really peanuts as compared to what the underestimation is in 1969 if these Court decisions are made.

Have you taken this into account in your planning in any way?

Mr. HARDING. As far as our budget is concerned, Mr. Laird, we are in for the full amount of our authorization. I do not know what Mr. Cohen, for example, has done in terms of welfare. I am not familiar with that.

Mr. LAIRD. The administration's welfare budget will not mean anything after the Supreme Court acts on these two decisions, and these decisions are imminent. They could come down early in fiscal year

1969. I think we on this committee have to be aware of what it is going to do, not only to this program but also to the welfare program.

FEDERAL COSTS OF PROJECTS UNDER TITLE 1(D)

What is the overall percentage of the cost of projects funded to date under title 1(d) borne by the Federal Government?

Mr. RUTTENBERG. What proportion of the total costs are being borne by the Federal Government?

Mr. LAIRD. Yes. Do you have a percentage?

Mr. HARDING. Not yet, because actually most of those funds have not yet been even obligated under 1(d).

Mr. LAIRD. You have an estimate, do you not, on the projects that have been approved under 1(d)?

Mr. HARDING. We have not approved projects under 1(d).

Mr. LAIRD. You have not approved any?

Mr. HARDING. We have refunded the Bedford-Stuyvesant project.

Mr. RUTTENBERG. That falls in the next fiscal year.

Mr. HARDING. I guess the truth of the matter is, except for the small amount that has been transferred to Mr. Ruttenberg for funding one project, there has been no obligation of 1(d) funds.

Mr. LAIRD. This is a 1(d) program though in New York?

Mr. HARDING. Yes; Bedford-Stuyvesant.

Mr. LEVINE. It was funded under 1(d) last year.

Mr. LAIRD. You have no other 1(d) projects at all?

Mr. HARDING. If I could repeat briefly what I said before, we have $20 million in 1(d) programs for 1(d) this year, $10 million of which we contemplate making available to the Department of Labor to use in connection with the JOBS program. We have only transferred $2.5 million to the Department of Labor for obligating one project.

Mr. RUTTENBERG. No. Those are the two projects I described earlier in terms of Los Angeles, the Bubble-UP Corp. and Plastik Pak. They are both 1(d). In those cases $6.5 million is being put in by the corporation and $1 million by the Federal Government.

Mr. LAIRD. Are these approved programs?

Mr. RUTTENBERG. Within the context of the authority of the act, yes.

Mr. LAIRD. I just got an answer here a minute ago—I am getting a little confused—there were no 1(d) programs.

Mr. HARDING. I was confusing you and it was because I was confused. The money transferred to Mr. Ruttenberg, $2.5 million, I thought was for refunding of Pride operation.

Mr. RUTTENBERG. We used it in terms of the projects in Los Angeles because in Los Angeles the whole theory of special impact is expressed. We have concentrated employment programs in south central and east Los Angeles, and that is the two areas in which we added additional capital investment funds of 1(d) in order to attract new business.

In each instance, $6.5 million in each of those areas is private capital, and about 15 or 16 percent of the total cost of the projects is then borne by the Federal Government or $1 million.

Mr. LAIRD. What about percent of support?

Mr. RUTTENBERG. Six and one-half by private industry, $1 million by us. So the total cost of the project would be $7½, and we bore $1 million of it. Roughly 15 percent.

Mr. LAIRD. To get the record straight here, could you give me a list of the projects funded under 1(d)?

Mr. RUTTENBURG. It is very simple, sir. Bedford-Stuyvesant project in fiscal 1967 was funded.

Mr. LAIRD. That is a 1(d) program?

Mr. RUTTENBERG, The equivalent of a 1(d) program.

Mr. LAIRD. That is the one my friend from Wisconsin, John Doar, is director of?

Mr. RUTTENBERG. There are two corporations, yes. One is the D. & F. Corp., a private business group. He is director of that. The other is Bedford-Stuyvesant Restoration Corp., of which Franklin Thomas, former deputy police commissioner of New York, is director.

Doug Dillon and Tom Watson, individuals like that, are on the board of directors of the corporation.

Mr. LAIRD. You are not funding them?

Mr. RUTTENBERG. Of the total Bedford-Stuyvesant projects, some $7 million, $2 million was given for the D. & F. Corp. to use to attract private industry and business into the Bedford-Stuyvesant area.

Mr. LAIRD. It was not all private donations to attract the private industry. You gave them $2 million to attract them?

Mr. RUTTENBERG. To help. The other $5 million of the Bedford-Stuyesant Special Impact project was used for other purposes by the other corporation, called the Bedford-Stuyvesant Restoration Corp.

Mr. LAIRD. I am not trying to be too technical on this, but I would like to understand it.

You have two other 1(d) projects?

Mr. RUTTENBERG. So far we have funded two projects other than Pride in fiscal year 1968 money, those being the two companies I mentioned in the Los Angeles area. I do not want to confuse you, but the rest of the money back in fiscal 1967 for special impact was used as a component part of the CEP in other major cities where we had CEP.

(The following information was submitted for the record:)

FISCAL YEAR 1968 SPECIAL IMPACT OBLIGATIONS AS OF MAR. 31, 1968

Contract	Federal amount	Contract date
Youth PRIDE, Inc.	$2,037,090	Sept. 20, 1967
Bubble-Up Corp.	1,000,000	Dec. 21, 1967
A. & E. Plastik Pak Co.	1,000,000	Mar. 5, 1968
Total	4,037,090	

PRIDE FUNDING

Mr. LAIRD. How did you fund Pride?

Mr. RUTTENBERG. Pride in the fall was funded out of title 1(d) of the Economic Opportunity Act, but initially received some title I MDTA money.

Mr. LAIRD. You must really have a conglomeration of funds in the Pride project.

Mr. RUTTENBERG. You are right.

Mr. LAIRD. Where does Pride qualify?

Mr. RUTTENBERG. I should think that would qualify under title I of the Manpower Development and Training Act, mainly experimental

and demonstration. And experimental and demonstration funds are also available under the Economic Opportunity Act, which we use in relation to special youth projects.

How much of the original project was funded out of MDTA title I moneys and how much out of the Economic Opportunity Act I do not recall.

Mr. LAIRD. We are not handling the funding of this program in a very clean fashion.

Mr. RUTTENBERG. Mr. Laird, when you have sources of funds from various appropriations, it makes life very difficut to be consistent.

Mr. LAIRD. Let's get this together so you are not going into so many different accounts. In some of these projects you are going into five or six different accounts. We will never know where you are with these projects.

Mr. RUTTENBERG. I will be glad to try to give you the specific facts on any of them.

Mr. LAIRD. How are you going to fund Pride in 1969?

Mr. RUTTENBERG. I am not sure.

Mr. LAIRD. I thought you were just using 1(d) on that. Now I find out today you are not.

Mr. FLOOD. Something funny happened on the way to the forum. They started in 1(d).

Mr. LAIRD. When I checked a few weeks back they told me they were going to fund under 1(d) and now I find there is not a penny of 1(d) in it.

Mr. RUTTENBERG. That's not quite right.

Mr. LAIRD. I asked for all the projects under 1(d) and I get three.

Mr. RUTTENBERG. Three. I was going to add I am not quite sure where all of the funds on the Pride project came from, but I would be glad to get that in detail and give it to you so there is no confusion.

(The following information was submitted for the record:)

YOUTH PRIDE, INC., FISCAL YEAR 1968 FUNDING

	Date	Amount
Title I, E. & D. funds (OMA-S. & E. appropriation):		
Contract No. 82-09-68-01	Aug. 2, 1967	$150,000
Modification	Aug. 4, 1967	150,000
Total		300,000
Special impact (OEO delegate agency funds):		
Letter Agreement	Sept. 20, 1967	54,230
Contract No. P2-8901-09	Sept. 29, 1967	1,982,860
Total		2,037,090

CURRENT STATUS OF PRIDE

Mr. FLOOD. What is the status of Pride this morning?

Mr. RUTTENBERG. I do not want to confuse you further.

Mr. LAIRD. I am confused, I admit.

Mr. RUTTENBERG. On Pride we did agree at the time we renewed the Pride project back in September—when we agreed to extend it, we extended the 1,100 people who were involved in the clean up and the rat extermination project, et cetera. Then we said we will set aside $2 or $2.5 million, I am not sure.

Mr. LAIRD. $2½ was going to be set aside and it was going to be 1(d) money. That is what I was told, and I assumed I was getting straight information.

Mr. RUTTENBERG. That is straight information.

Mr. LAIRD. Now I find the $2.5 million has gone out to Los Angeles. It is the same $2.5 million.

Mr. RUTTENBERG. Let me finish though.

We said in September we were going to make the money available provided that Pride comes up with specific projects to do specific things. And we held that money in reserve just as we have said to Mr. Doar in New York, "You have got $2 million. Before you spend any of the $2 million on economic development of the Bedford-Stuyvesant area, each subcontract you develop has to be submitted to us for our approval."

So I must say to you, none of the $2 million that has been given to Mr. Doar in the D&F Corp. has been expended. Therefore, we are reviewing about a half-dozen subcontracted projects they have developed, which we may approve, and then we will pass on the $2 million.

The same thing with Pride, $2 or $2.5 million was set aside in September. We said if you develop economic development projects we will then consider them for funding out of the $2 or $2.5 million.

I will ask Mr. Battle whether or not we have approved specific entrepreneurial development projects within Pride.

Mr. BATTLE. We have not funded any of the specific proposals. As a matter of fact, there are some being considered at the moment.

Mr. RUTTENBERG. I do not want to confuse you.

Mr. LAIRD. What is the status today of Pride?

I am not jumping on Pride. I am trying to figure out what is going on here because you apparently can never check out information on these things and be sure of it.

I was really told this was a 1(d) project.

Mr. RUTTENBERG. I think, Mr. Laird, you have to keep two things in mind. We have said to Pride, and Pride has said to us, we want to get into developing service corporations, developing small businesses of various kinds with their indigenous leadership. We have said all right, we will set aside $2.5 million for you.

Mr. LAIRD. But you spent that $2.5 million.

Mr. RUTTENBERG. But Mr. Laird, as Mr. Harding has indicated, $10 million of the special impact money this fiscal year 1968 will be delegated to the Department of Labor.

Mr. FLOOD. Of course Mr. Laird's position is not without merit because Mr. Harding did not know until about 15 minutes ago himself.

Mr. RUTTENBERG. That is true and I do not see anything wrong with that.

Mr. FLOOD. I did not say there was anything wrong.

Mr. RUTTENBERG. The OEO is not involved in the details of the day-to-day operations of the delegated programs of the Labor Department.

Mr. FLOOD. I understand.

Mr. LAIRD. I think we ought to be running these programs over in the Department of Labor. Why are we going through OEO? Right today we found out OEO did not know how these programs are being funded.

Mr. RUTTENBERG. I think that is unfair.

Mr. LAIRD. It is not unfair. You know Mr. Harding did not know about it.

Mr. RUTTENBERG. Why should Mr. Harding know the details of a program that is delegated to the Department?

Mr. LAIRD. Mr. Shriver is the one that indicated to me that Pride was a 1(d) program and that they transferred $2.5 million to the Department of Labor for it. Now I find that is the wrong information.

Mr. RUTTENBERG. That is not wrong information.

Mr. LAIRD. You have obligated the $2.5 million for Los Angeles.

Mr. RUTTENBERG. Keeping in mind the various funds is very difficult. I say there are $10 million of 1968 special impact money delegated to the Department of Labor.

Mr. LAIRD. I do not want to pursue the thing.

What is the status of Pride today?

Mr. RUTTENBERG. I said there is about $2.5 million available for the economic development.

Mr. FLOOD. What is the physical status of Pride?

Mr. RUTTENBERG. It is operating as a continuing operation employing a certain number of NYC-type kids to do the cleanup operation. They are in the process of trying to develop, and have developed one or two proposals that they hope can be funded as service corporations.

Mr. FLOOD. What is the status this morning in Washington?

Mr. BATTLE. They are actively engaged in assisting in dealing with the results of the weekend activities, specifically in the distribution of food. They even provided some facilities for people who were burned out.

Mr. FLOOD. Are any members of Pride in the list of people who were arrested for various things?

Mr. BATTLE. Happily, the last time we checked there were very few. As a matter of fact, one of the activities they engaged in was sending what they call area supervisors out to make certain Pride enrollees did not become directly involved in the activities of the weekend.

Mr. FLOOD. Mr. Casey?

CONCENTRATED EMPLOYMENT PROGRAM IN TEXAS

Mr. CASEY. Mr. Ruttenberg, you have all of these various programs and several of them are confined to geographical areas such as concentrating on the hard core and the pockets of poverty, as you tell us. What would you do if you were in my place and get a letter from a woman who says, "I have four children. They say I am registered and qualified, but I live outside the target area." What would you tell her to do? She says she needs help and wants some training.

Mr. RUTTENBERG. There are various programs if we are talking about Houston, for example.

Mr. CASEY. Yes.

Mr. RUTTENBERG. There is a concentrated employment program in a particular target area.

Mr. CASEY. She lives outside of it.

Mr. RUTTENBERG. If she lives outside the target area, she is eligible for other ongoing programs that do exist in the Houston area, such as institutional or on-the-job MDTA programs.

Mr. CASEY. Are they under you?

Mr. RUTTENBERG. Yes, they are. Regular on-the-job training programs.

For example, the Crescent Foundation in Houston operates an on-the-job training program throughout the metropolitan area and not just for the target area population.

Mr. CASEY. Does your regional man know about this?

Mr. RUTTENBERG. I am certain he does. Yes, our regional director in Dallas.

Mr. CASEY. I just want to give you my experience. I have been gone quite a bit having to make quite a few trips to Houston, trying to hold this job, and one of my staff sent this letter to your regional man in Dallas. He sent a page and a quarter back explaining she is outside the target area, telling me what the target area is and also stating that they are hoping they can get more money so they can enlarge the target area.

Do you have any idea of enlarging the target area with the additional money you are asking for, or just new programs?

Mr. RUTTENBERG. The target areas of the concentrated employment program probably will not be significantly enlarged in the cities that now have concentrated employment programs. There are other ongoing programs.

Mr. CASEY. Was I wrong to send this to Mr. Bailey down in Dallas?

Mr. RUTTENBERG. No, he is the regional manpower administrator there, and he would know.

I would like to look into the correspondence and see what the problem is.

Mr. CASEY. I have dictated a letter to Secretary Wirtz because this is the second one of these I have had. I would like to know when someone writes me who in Houston I should tell them to start with, and try to keep them from getting disgusted because very little of your target area is in my district. As far as this woman is concerned, her home is in a pocket of poverty, according to her. She lives outside this geographical area. I think these people ought to be helped too—I do not know what you call hard core, I guess they are the ones continually unemployed and have lost incentive to work.

I do not think we ought to let her get to that point or get on relief or something of that nature. She said in her letter she was outside of the district. We did not need that explained to us by Mr. Bailey.

Mr. RUTTENBERG. I think the place for her to go directly, if she is interested in the training in the area, would be the local employment service office outside of the target area where they do have MDTA regular institutional type training spots to which she could, if there are courses available, be referred.

Mr. CASEY. For the future, should I tell them to go to the Texas Employment Commission in the area, or if they are interested in a training program as such, the community action agency in Houston could be useful and helpful. If they are confused as to where to go, the place to go would be the regional office of the Department of Labor.

Mr. FLOOD. Mr. Battle looks as though he is straining at the leash there.

Mr. BATTLE. I was supporting Mr. Ruttenberg's notion that she should start with the local official of the Texas Employment Security Commission. It is true there has been discussion, if the full appropria-

tion is made available, of the possibility of extending a few of the program areas in the concentrated employment program, specifically because of some of the problems that have been identified.

Mr. CASEY. In my previous case in which the Secretary got involved, I am sure they have spent more man-hours trying to work on this one case than it probably merited. Also, it would have probably supported the man for a couple of years. I have not the faintest idea how many ongoing programs you have down there. I know you have the concentrated employment program that is sponsored under the local community action program, and you have a private contractor down there. Is it Northern Systems or something?

Mr. RUTTENBERG. Yes, a subsidiary of Northern Natural Gas is running a training program in Houston.

Mr. CASEY. Directly funded by you?

Mr. RUTTENBERG. Yes.

Mr. CASEY. They are not under the community action program, I understand.

Mr. RUTTENBERG. They are directly funded by the Department of Labor, yes.

Mr. CASEY. Are they limited to the geographical area?

Mr. RUTTENBERG. No, they are not. They are throughout the entire metropolitan area.

Mr. CASEY. I would appreciate if someone would furnish me with a comprehensive list of just what is going on in Houston, Tex. I do not know, I cannot find out with the limited time I have. I am sure I could if I spent a day or two down there just on that purpose.

Mr. RUTTENBERG. I will see that you get it, sir.

Mr. CASEY. My one visit was encouraging. I understand they have only been going since about September.

Mr. RUTTENBERG. That is right.

Mr. CASEY. Those that I saw there, both the instructors and the enrollees, all seemed to be quite interested in what they were doing and what they were trying to accomplish. The only thing I noticed was what you observed earlier, the high proportion of women enrollees compared with the men. They are still trying to figure out how to overcome that.

I would appreciate for future reference—I do not want to keep bothering you all. If I had been here I possibly would have sent this to the Texas Commission, but I thought it a little remiss for your man to send back to me an explanation about the geographical boundaries, which I knew, the lady had said so in the letter, making no suggestions as to what she would do.

Mr. RUTTENBERG. I will see to it you get very, very shortly a list of ongoing programs in the Houston area and I will check into this correspondence between you and the Regional Manpower Administrator.

Mr. CASEY. You understand I do not hear about those getting satisfactory service and I am sure there are a lot of them in Houston.

Mr. RUTTENBERG. I hope there are.

Mr. CASEY. I think the record he gave there of the dropouts in schools showed they were evidently doing a good job in Houston where you had less than 1 percent dropouts. Unfortunately, I have very little of the target area in my district, but I do occasionally get these letters.

In the past I have had very good assistance when I called on them. Rather than to run it through the office up here as far as that is concerned, the district office, if you can give me some names of people that I can refer specific problems to, it will be very helpful.

Mr. RUTTENBERG. I shall see you get that. I have a list here some place, and I cannot find it, of what is going on in your district. I will see that you get a copy of it.

Mr. CASEY. I have a general breakdown of some of the programs going on there. What I want is specific people that I can refer someone to. Of course, I am particularly interested in my end of the county, the Crescent Foundation has their operation clear over on the north side of the county, quite a ways from my district.

Possibly the local CAP headquarters would be the place to go, but I have had bad experience with that on the first case. That is when I finally brought you and the Secretary in, and the next thing I knew they said the President was making an investigation because they thought this man had complained to the White House, which he had not. It was just because of your diligence they knew somebody up here really was interested.

Again, if we can shortcut a lot of this and save some manpower in your end of the program, I am willing to do it if you will give me the proper ones to refer them to.

Mr. RUTTENBERG. I will see that you get that, sir.

Mr. CASEY. Would you prefer this letter to go to you instead of the Secretary? It has not gone out yet.

Mr. RUTTENBERG. It will come to me if you send it to the Secretary. That is all right.

Mr. CASEY. Thank you, Mr. Chairman.

Mr. FLOOD. Thank you, gentlemen.

JUSTIFICATION MATERIAL

Work and Training Programs

1968 Estimate	1969 Estimate	Increase
$811,000,000	$1,075,000	$264,000,000

Introduction

The work and Training activities of the Office of Economic Opportunity consist of the Job Corps, School and Summer, Comprehensive Employment, Special Impact and Work Experience and Training programs authorized under Title I and Title V of the Economic Opportunity Act, as amended. These programs are designed to provide a broad and comprehensive array of personal and educational services, work training and experience to severely disadvantaged low-income individuals who are currently unemployed or underemployed. These programs in combination with those authorized under Title II of the Manpower Development and Training Act, the Vocational Rehabilitation Act, and Title IV of the Social Security Act (the Work Incentive Program), form the nucleus of Federal activities directed at the employment needs of the poor.

Schedule of Funding Requirements

		1968 Estimate	1969 Estimate	Change
Work and Training Programs				
Title IA	(a) Job Corps	$285,000,000	$295,000,000	$+ 10,000,000
Title IB	(b) School & Summer Programs	169,500,000	209,400,000	+ 39,900,000
	(c) Comprehensive Employment Programs	291,500,000	520,600,000	+229,100,000
Title ID	(d) Special Impact Program	20,000,000	30,000,000	+ 10,000,000
Title V	(e) Work Experience & Training Program	45,000,000	20,000,000	- 25,000,000
Total		$811,000,000	$1,075,000,000	$+264,000,000

Purpose and Scope

There are an estimated 5,500,000 disadvantaged persons who need and can accept work and training assistance, either to become employable or to upgrade their

present job skills. Approximately 2,000,000 of these needy persons are youths and adults who need to develop their basic education and job holding abilities. Many of these individuals have personal problems which they are not able to overcome alone and which interferre in their remaining gainfully employed, including lack of day care services and adequate transportation services.

The Neighborhood Youth Corps In-School and Summer programs deal with the problems of high school students from low-income families, who have a high probability of dropping out of school before graduation. These programs help students overcome income problems by providing part-time work during the school year and full-time work during the summer months.

The Job Corps and Out-of-School programs induce youths and young adults who have dropped out of school to improve their employability either through a regimen of work-training and remedial education, or by completing their high school education. The Job Corps is a residential program for those youth who desperately need the intensive assistance and environmental change that only this program can provide. The Out-of-School Program is for those youth and young adults whose problems can be met through activities based in their home communities.

In the adult program area six major programs have been established: The Operation Mainstream, New Careers, Job Opportunities in the Business Sector (JOBS), Concentrated Employment, Special Impact and Work-Experience and Training programs. Operation Mainstream is a predominately rural program aimed primarily at the hard-core unemployed whose employment prospects are limited, due not only to lack of marketable skills, but also by age and its resulting limitations.

The New Careers Program emphasizes the development of new jobs, or the re-structuring of existing jobs, in the public sector, in order to provide employment opportunities for the poor in the rapidly expanding areas of community and human services.

The Job Opportunities in the Business Sector (JOBS) Program initiated in fiscal year 1968 is designed to create a partnership between Government and industry to train and hire the hard-core unemployed, in order to reduce the incidence of joblessness among the disadvantaged in our largest cities.

The Concentrated Employment Program (CEP) is an integrated manpower delivery system which marshalls a variety of manpower programs and supportive services into a single, comprehensive effort in geographically small, but demographically concentrated urban communities, and in economically depressed rural communities.

The Special Impact Program is directed at solutions of especially critical urban and rural problems, through project activities designed to make a substantial impact on the economic, business, environmental and training needs in the target neighborhoods and communities.

The Work Experience and Training Program helps unemployed parents of dependent children and other needy persons to improve their employability through work and training activities. Fiscal year 1969 is the final year of this program.

Program and Performance For Fiscal Year 1968

In fiscal year 1968, the Work and Training Programs have an NOA level of $811 million and a total training slot level of 462,744. The following provides a summary listing of the fiscal year 1968 NOA and slot levels for these programs.

Program	NOA	Slot Level
Job Corps	$ 285,000,000	36,744
School and Summer	169,500,000	342,000
In-School	(56,700,000)	(91,000)
Summer	(108,200,000)	(251,000)
Support	(4,600,000)	(-)
Comprehensive Employment	$ 291,500,000	95,130
Out-of-School	(104,600,000)	(40,000)
Operation Mainstream	(42,700,000)	(12,730)
New Careers	(26,400,000)	(6,600)
JOBS	(51,000,000)	(14,600)
Concentrated Employment	(51,300,000)	(21,200)
Support	(15,500,000)	(-)
Special Impact	20,000,000	7,000
Work Experience	45,000,000	17,900
Total	$ 811,000,000	498,774

Program and Performance For Fiscal Year 1969

The requested NOA for the fiscal year 1969 operations of the Work Training Programs is $1,075,000,000, an increase of $264 million over fiscal year 1968. A total of 640,764 training slots will be supported with this funding, a net increase of 141,920 slots above fiscal year 1968 levels. The following table provides a summary presentation of the fiscal year 1969 NOA and slot levels for these activities.

Program	Totals		Changes From 1968	
	NOA	Slot Levels	NOA	Slot Levels
Job Corps	$ 295,000,000	38,964	$+ 10,000,000	+ 2,220
School & Summer	209,400,000	418,000	+ 39,900,000	76,000
In-School	(71,700,000)	(115,000)	(+ 15,000,000)	(+ 24,000)
Summer	(132,900,000)	(303,000)	(+ 24,700,000)	(+ 52,000)
Support	(4,800,000)	(-)	(+ 200,000)	(-)
Comprehensive Employment	520,600,000	163,100	+229,100,000	67,970
Out-of-School	(157,100,000)	(56,000)	(+ 52,500,000)	(+ 16,000)
Operation Mainstream	(50,600,000)	(14,700)	(+ 7,900,000)	(+ 1,970)
New Careers	(34,500,000)	(8,200)	(+ 8,100,000)	(+ 1,600)
JOBS	(181,000,000)	(51,700)	(+130,000,000)	(+ 37,100)
Concentrated Employment	(78,600,000)	(32,500)	(+ 27,300,000)	(+ 11,300)
Support	(18,800,000)	(-)	(+ 3,300,000)	(-)
Special Impact	30,000,000	9,900	+ 10,000,000	+ 2,900
Work Experience	20,000,000	10,730	- 25,000,000	- 7,170
Total	$1,075,000,000	640,694	$+264,000,000	141,920

Justification

The detailed justifications of individual Work and Training Programs are provided in the statements which immediately follow.

Activity 1a. Job Corps

1968 Estimate	1969 Estimate	Increase
$285,000,000	$295,000,000	+10,000,000

Introduction

The Job Corps is a residential program providing remedial education, training in job skills, and guidance and counseling to disadvantaged young men and women aged 14 to 21, who require a change in environment in order to prepare themselves for responsibilities of citizenship and to increase their employability.

The Job Corps Centers are located on public lands and in or near metropolitan areas. The smaller Men's Centers, which accommodate from 100 to 224 Corpsmen, are known as the Civilian Conservation Centers. These centers are operated under inter-agency agreements with the Departments of Agriculture and Interior and contracts with state agencies. The larger Men's Centers, accommodating 1,000 to 3,000 Corpsmen, are located in or near metropolitan areas and are operated under contract with industrial and nonprofit organizations. The Women Centers, also located in or near metropolitan areas can accommodate from 300 to 1,100 Corpswomen. The Women's Centers are operated for Job Corps under contract with industrial corporations and nonprofit organizations.

SCHEDULE OF FUNDING REQUIREMENTS

	1968 Estimate	1969 Estimate	Increase or Decrease
CENTER CAPITAL			
Civilian Conservation Centers			
Federal	$ 2,000,000	$ 4,500,000	$+ 2,500,000
State	200,000	200,000	--
Men's Centers	1,400,000	1,800,000	+ 400,000
Women's Centers	1,100,000	2,690,000	+ 1,590,000
R&D Projects	300,000	30,000	- 270,000
Inner-City Skill Centers	--	2,000,000	+ 2,000,000
Subtotal	$ 5,000,000	$ 11,220,000	$+ 6,220,000
CENTER OPERATING EXPENSE			
Civilian Conservation Centers			
Federal	$ 76,168,000	$ 69,800,000	$- 6,368,000
State	5,176,000	6,628,000	+ 1,452,000
Men's Centers	68,801,000	59,093,000	- 9,708,000
Women's Centers	45,732,000	54,588,000	+ 8,856,000
R&D Projects	1,645,000	4,120,000	+ 2,475,000
Inner-City Skill Centers	--	4,766,000	+ 4,766,000
Maintenance & Security of Closed Centers	--	1,000,000	+ 1,000,000
Subtotal	$197,522,000	$199,995,000	$+ 2,473,000
PROGRAM OPERATING EXPENSE			
Enrollee Input	$ 5,133,000	$ 7,735,000	$+ 2,602,000
Enrollee Support	2,215,000	2,481,000	+ 266,000
Enrollee Placement	2,702,000	2,890,000	+ 188,000
Enrollee Information	450,000	450,000	--
Program Evaluation & Research	1,150,000	3,550,000	+ 2,400,000
Program Development	800,000	1,500,000	+ 700,000
Staff Resources & Training	900,000	1,600,000	+ 700,000
Engineering Support	213,000	200,000	- 13,000
Health	656,000	1,000,000	+ 344,000
One-to-One Enrollee Follow-up	--	3,000,000	+ 3,000,000
Subtotal	$ 14,219,000	$ 24,406,000	$+10,187,000
ENROLLEE ALLOWANCES & TRAVEL	$ 54,435,000	$ 45,085,000	$- 9,350,000
INTRA-AGENCY SERVICES	$ 4,134,000	$ 4,134,000	--
REGIONAL OFFICE EXPENSE	$ 3,057,000	$ 3,475,000	$+ 418,000
PROGRAM DIRECTION			
Headquarters	$ 1,683,000	$ 1,685,000	$+ 2,000
Conservation Agencies	4,950,000	5,000,000	+ 50,000
Subtotal	$ 6,633,000	$ 6,685,000	$+ 52,000
TOTAL REQUIREMENTS	$285,000,000	$295,000,000	$+10,000,000

Purpose and Scope

There are nearly one-half million youths in poverty, 16 to 21 years of age, who are out of school and out of work, are unskilled and poorly educated, and have no prospect for steady employment now, or during their lives without assistance. Before they can learn skills, many must first learn to read and to handle math sufficiently for the demands of training and later of the job. They must also learn to recognize the need for promptness, reliability, neatness and other employment demands in the world of work.

The only real chance for a productive and useful life for these young people is through education and training. For many this chance will exist only in Job Corps.

The employability of these young men and women is increased in either of two ways. For those capable of undertaking vocational training by reason of their reading and math attainment, there is a wide variety of educational and vocational training programs offered. In cases where educational skills are low, employability is enhanced first by concentration in educational areas, combined with work experience and pre-vocational training. Many of these youngsters can be placed in jobs in private companies which offer more advanced vocational training on the job. Others go into the Armed Forces or back to school

The Job Corps historically has had two types of centers: Civilian Conservation Centers and Urban Centers.

The Civilian Conservation Centers are located on public lands and serve only Corpsmen. The Urban Centers primarily located in or near metropolitan areas, serve Corpsmen and Corpswomen. None of these institutions at this time are co-educational.

In 1968 and 1969, the Job Corps will redirect resources to start five residential inner-city demonstration centers. These centers, with an enrollment of 300 Corpsmen each, will permit young men to be trained away from home but still remain in an urban environment. Because of their location, these centers will be able to utilize other public and private programs including programs offering on the job training. Present plans are to activate one inner-city center very early in fiscal year 1969, and four additional inner-city centers later in the fiscal year for a total of five.

Civilian Conservation Centers

The program in the Civilian Conservation Centers concentrates upon education and work experience. Most of those assigned to Civilian Conservation Centers have reading and arithmetic skills below the fifth grade level.

In addition to educational and vocational training, Women's Centers also provide training in home and family life to assist the young women in their future roles of homemaker and mother.

Residential/avocational programs are designed to provide an understanding of the group living responsibility needed for the youths' later role in the community. Job Corps enrollees learn from this program the personal skills needed to function effectively in the home, on the job, and in the community.

Research and Demonstration Centers

Research and demonstration centers have been utilized by the Job Corps for a variety of purposes having as the objective the identification of methods which might increase the rate of learning of young men and women. Also, a center has been established to ascertain the feasibility of training young women selected from within a radius of 100 miles of the Job Corps Centers for training for specific vocations for which there is a great need in that particular locale. The new inner-city centers will be used to demonstrate the feasibility and possible increased economic effectiveness of locating residential training centers in metropolitan areas. Where numerous opportunities exist for utilizing other public and private programs including on-the-job training programs. Such a location would permit utilization of the centers on a nonresidential basis as well. These centers are being established to meet the expressed intention of Congress stated in Section 113C of Public Law 90-222" . . . enter into one or more agreements which state educational agencies to pay the cost of establishing and operating model communities vocational schools and skill centers." In addition, it is hoped that these centers will be strategically located to play a vital role in the Federal Manpower Training Programs. These centers will be coordinated with the Commissioner of Education of the Department of HEW and the Concentrated Employment Program of the Labor Department.

Job Corps Terminees

An enrollee departs from the Job Corps whenever he is ready to be placed in a job or to enter the Armed Forces, to return to school, or for more advanced training outside the program. This may be within a very few months of entrance or up to two years or longer, depending upon the type of training chosen and individual progress. An enrollee leaves the program with a detailed record of accomplishment and qualifications--usually the very first record of success in his life.

The Job Corps seeks the aid of organizations, public and private, in placing its former enrollees. The business community has volunteered assistance. Placement facitilities of OEO regional offices, of State Employment Services and Youth Opportunity Centers are used in conjunction with developing job opportunities and in placement.

The educational program is designed primarily to improve the reading and mathematic skills of the young men. Instruction includes reading, mathematics, language and study skill programs, counseling and guidance, and the world of work (learning about the expectation of employers and how to conduct themselves on the job, how to look for a job, and related practical skills). As part of the work experience, training is given in automotive, clerical, culinary arts, conservation, general construction, maintenance, and similar skills, including work assignments in the operation and maintenance of the centers.

Corpsmen also participate in recreation and leisure time programs, which include sports and physical fitness, arts and crafts, hobbies, movies and other activities, all designed to encourage the habits of using leisure time constructively. A portion of available personal time of the Corpsmen is devoted to community projects in the neighboring towns. Some projects involve provision of assistance in the case of local disasters and emergencies, but many are devoted to such efforts as beautification and clean-up campaigns, toy repair and distribution, charitable fund drives, etc.

About 40 percent of the time of enrollees in Civilian Conservation Centers is devoted to conservation work--work which would not be accomplished otherwise, since the funds devoted to the work projects are over and above the funds in the Conservation Agencies' budgets. A conservative estimate of the appraised value of this work performed thru December 31, 1967 is $44,053,482.

Urban Centers

The Urban Centers program contains three major elements; vocational, educational, and residential/avocational. Counseling serves to integrate the overall program.

For Women's and Men's Urban Centers the Corpsman's daily schedule usually provides for about equal division of time for vocational training and basic education.

Vocational programs provide training for jobs for which there is demand now and in the future. An orientation period enables youth, together with the counselor, to select the vocational program best suited to the individual's aptitudes and interests. The training offered is highly job-oriented and is built around the skills and tasks necessary for adequate job performance and job attitudes.

Basic education provides youth with the basic communication skills of reading, writing, speaking and listening; mathematical skills needed for effective job performance; academic and employment skills related to the vocational training; basic cultural education and values and attitudes needed to promote and, later on, to continue individual development and effective citizenship.

Historically, since the inception of Job Corps, most Corpsmen and Corpswomen have left the Job Corps Centers for jobs.

A smaller portion of Job Corps terminees have re-entered school or entered the military. Enrollees completing training courses in any Job Corps Center will possess the necessary skills to permit them to rise above an impoverished environment. As of December 31, 1967, follow-up surveys and statistics of former Corpsmen show that 88,232 (70 percent) of a total of 126,000 terminees have been placed:

Place In	% of Total Placed	Number Placed
Job	79%	69,703
School	11%	9,706
Military	10%	8,823
		88,232

PROGRAM ACTIVITIES

FY 1968

NOA: $285,000,000 Available Resources: $307,500,000
Number Served: 100,500 Enrollees Eligible for Placement: 52,180

TYPE OF CENTER	NO. OF CENTERS (END OF YR.)	AVAILABLE (END OF YR.) SPACES	ENROLLMENT (END OF YR.)	MAN-YEARS (TOTAL)
Men's Urban	6	12,200	11,650	14,100
Women's Urban	18	10,044	9,725	9,350
Conservation - Fed.	75	12,950	12,500	13,280
Conservation - State	7	1,220	1,000	1,050
Demonstration - Women	3	315	305	330
Demonstration - Men		45	45	
TOTAL	109	36,774	35,225	38,110

FY 1969

NOA: $295,000,000 Available Resources: $295,000,000
Number Served: 97,200 Enrollees Eligible for Placement: 47,750

TYPE OF CENTER	NO. OF CENTERS (END OF YR.)	AVAILABLE (END OF YR.) SPACES	ENROLLMENT (END OF YR.)	MAN-YEARS (TOTAL)
Men's Urban	6	12,200	11,650	11,650
Women's Urban	18	10,734	10,435	10,095
Fed. Conservation	75	12,950	12,500	12,500
State Conservation	7	1,220	1,175	1,175
Demonstration - Women	3	315	305	305
Demonstration - Men		45	45	45
Inner-City Skill Centers	5	1,500	1,500	500
TOTAL	114	38,964	37,610	36,270

Program and Performance for Fiscal Year 1968

The Job Corps did not receive its final budget level for fiscal year 1968 until January 1968, at a time when over 6 months of the fiscal year had elapsed. The Office of Economic Opportunity received less funds than had been requested from the Congress. The allocation of the lower budget request approved by Congress to the Job Corps resulted in a reduction from the requested $295 million by $10 million--to $285 million. The effect of the $10 million reduction was greatly magnified because Job Corps effectively had only the last quarter of the fiscal year in which to recover the funds and reduce expenditures to permit it to live within the $285 million level.

While some economies were effected at Headquarters, there were no alternatives but a reduction in the size of Job Corps to recover additional funding. During the Spring of fiscal year 1968, the Job Corps closed 15 active men's centers: four Urban Centers and 11 Conservation Centers. In addition, the Job Corps elected not to activate four centers located at Swiftbird (North Dakota), Baltimore (Maryland), Portland (Oregon), and Detroit (Michigan).

Federal and State Conservation Centers

To comply with the fiscal year 1968 budget level the original operating plan had to be revised. The revision of the plan entailed the closing of 11 Conservation Centers and a decision not to activate a center at Swiftbird (North Dakota). The 11 Conservation Centers that were closed included 10 Federally operated centers and one state operated center (Lewis & Clark, North Dakota). Specific details concerning the original fiscal year 1968 plan and the revised plan after center closures are as follows:

Civilian Conservation Centers (EOY) (Federal)	Original FY 1968 Plan	Revised FY 1968 Plan
No. of centers	85	75
Estimated available spaces	14,867	12,950
Estimated end-of year enrollment	13,950	12,500
Estimated man-years	13,800	13,280
Conservation Centers (State) (EOY)		
No. of centers	8	7
Estimated available spaces	1,420	1,220
Estimated end-of-year enrollment	1,170	1,000
Estimated man-years	1,000	1,050

Men's Urban Centers

Compliance with the fiscal year 1968 budget level also resulted in the closure of four Men's Urban The effect of these closures was to substantially reduce the size of the Men's Urban program. Details concerning the original plan and the revised which reflects the result of center closures follow:

Men's Urban (EOY)	Original FY 1968 Plan	Revised FY 1968 Plan
No. of centers	10	6
Estimated available spaces	16,750	12,200
Estimated end-of-year enrollment	15,100	11,650
Estimated man-years	14,900	14,100

Women's Centers

No Women's centers were closed in order to insure that the operations of the Job Corps in fiscal year 1968 did not exceed the approved fiscal year 1968 budget level. The Job Corps is under specific direction from Congress to increase the number of Corpswomen: to 25 percent by June 30, 1968 and to 50 percent as soon as possible:

> ". . . consistent with (1) efficiency and economy in the operation of the program, (2) sound administrative practice, and (3) the socioeconomic, educational, and training needs of the population to be served."

While substantial economies and decreases in cost were realized in fiscal year 1968 by the Women's center program, the economies were made while maintaining the planned program level. The only exception was the inability to activate the planned spaces in the National YWCA program. This slippage will result in the actual man-years of training being somewhat under the man-years planned. Details of both the original and planned follow:

Women's Urban (EOY)	Original FY 1968 Plan	Revised FY 1968 Plan
No. of centers	18	18
Estimated available spaces	10,044	10,044
Estimated end-of-year enrollment	9,830	9,725
Estimated man-years	9,500	9,350

Research and Demonstration

The revised FY 1968 budget did not permit the funding of the original planned Demonstration centers. Demonstration centers originally scheduled in Baltimore (Maryland), Portland (Oregon), Detroit (Michigan) were not activated. Congressional mandates made it imperative to redirect the emphasis of Demonstration centers. Cited below are the details of both the original and revised fiscal year 1968 plans:

R&D Projects (EOY)	Original FY 1968 Plan	Revised FY 1968 Plan
No. of centers	6	3
Estimated available spaces	550	360
Estimated end-of-year enrollment	550	350
Estimated man-years	410	330

The three remaining centers are located in Chicago (Illinois), Marion (Virginia), and Washington, D. C.

Program and Performance for Fiscal Year 1969

Emphasis in 1969 will be on expanding Women's centers as required by 1967 Amendments to the Economic Opportunity Act, on activating five Inner-City Skill centers, and on further reducing the center operating costs. It is estimated that the overall unit cost for direct operating costs per man-year in centers open more than nine months will be $6,300, substantially below the limit of $6,900 set in the Amendments of 1967 and the $6,700 estimate for fiscal year 1968.

Federal and State Conservation Centers

These centers will be operating with a planned enrollment of 13,675 at the close of fiscal year 1969. An estimated 21,300 young men will be enrolled and undergo training during the year. Of the total of about 35,000 served, an estimated 17,100 will become eligible for placement or transfer to Men's Urban centers during the year. An estimated 13,675 man-years of training will be provided during 1969.

Men's Urban Centers

These centers will be operating with a planned June 30 enrollment of 11,650. An estimated additional 21,200 young men will be enrolled during the year. Of the total of about 32,850 served, an estimated 17,000 will be eligible for placement during the year. An estimated 11,650 man-years of training will be provided in 1969.

Women's Urban Centers

These centers will be operating with a planned June 30 enrollment of 10,435. An estimated additional 15,500 young women will be enrolled during the year. Of the total of about 25,900 served, an estimated 12,400 will be eligible for placement during the year. An estimated 10,095 man-years of training will be provided in 1969.

Research and Demonstration

The Research and Demonstration program will be continued in fiscal year 1969 in existing projects with a total June 30 enrollment of 350. About 520 new enrollees will be received during the year and about 420 will be eligible for placement. An estimated 350 man-years of training will be provided in 1969.

Inner-City Skill Centers

Section 113(c) of the Economic Opportunity Act directs Job Corps to operate one or more vocational skill centers, in cooperation with the Commissioner of Education and State educational agencies, for the purpose of reducing the school dropout problem and demonstrating how communities could make maximum utilization of existing training facilities. Job Corps also plans to establish five Inner-City Centers for men, with the cooperation of the Department of Labor, authorized under Section 113(b). These centers will be in urban areas, located near the job market, and have a

residential capacity of 300 men each. In fiscal year 1969, it is anticipated that these centers will serve 2,580 male enrollees of which 830 of these enrollees will be eligible for placement.

Job Corps will satisfy both the requirement for a vocational skill center and plans for Inner-City Centers simultaneously. The program will emphasize vocational preparation, potentially including structured on-the-job training in cooperation with Department of Labor manpower programs. Remediation of basic skills will be conducted with the cooperation of local schools, using programs proven in Job Corps and established educational systems. A total human renewal program will be introduced at a level to include medical and dental hygiene, constructive use of leisure time, intensive personal and vocational counseling, and citizenship preparation. Evaluation will be built into the system to measure the overall effectiveness of participation in varying mixes of program components, comparison of background characteristics of the population, and comparisons to similar populations. These centers will differ from operational Job Corps Centers not only in location and multi-agency involvement, but shall be an integral part of the labor and industrial complex of the community. As such, they will not only bear responsibility for training but will have the primary responsibility for placement and follow-up.

These centers will be activated at different dates during the fiscal year and will have a total June 30 enrollment of 1,500. An estimated 500 man-years of training will be provided.

Justification of Estimate

Center Capital Needs

At June 30, 1967, the total capital investment of the Job Corps was $148,000,000. The gross capital investment related to the centers closed was $23,000,000. The value of capital investment, construction and rehabilitation and equipment, of active Job Corps Centers is $125,000,000. The amount requested for capital needs for FY 1969 total $11,220,000, detailed as follows:

TYPE OF CENTER	1969 ESTIMATE
Civilian Conservation Centers	
Federal	$ 4,500,000
State	200,000
Men's Urban Centers	1,800,000
Women's Centers	2,690,000
Demonstration Projects	30,000
Inner-City Skill Centers	2,000,000
TOTAL	$11,220,000

Utilizing composite group depreciation, similar to the procedures used by private industry and approved by the Internal Revenue Service, the average life of the Job Corps capital investment, both facilities and equipment, equates to 8 years. This 8 year life would represent a replacement factor of about 12-1/2 percent per year. The requested $11,220,000 includes $8,430,000 for capital investment in active centers, a replacement factor of approximately 7 percent. This amount was arrived at through engineering studies and center by center reviews of capital needs that must be met in fiscal year 1969. An additional $2,790,000 is included for expansion of 690 spaces in Women's centers ($790,000) and opening five new Inner-City centers ($2,000,000).

Center Operating Expenses

Civilian Conservation Centers - Federal

In fiscal year 1969 $69,800,000 is being requested for the operations and maintenance of the remaining 75 federally operated Civilian Conservation Centers. Included in this amount is $13,565,000 to support the Conservation Work Projects Program on National Lands. Also included is an estimate of $300,000, for program operations, support and coordination at Job Corps headquarters. The remainder, $55,935,000 is for center operations.

The center operations cost reflected Job Corps' continued surveillance and actions to operate centers at a minimum cost consistent with program objectives. Below is a summary of the center operations cost and work projects cost for each man-year of training:

	FISCAL YEAR		
	1967 Actual	1968 Estimate	1969 Estimate
Center Operation Cost	$4,588	$4,680	$4,475
Work Projects	985	1,085	1,085

The primary reason for the decrease in operating cost between fiscal year 1968 and the estimate for fiscal year 1969 is related to one-time closure costs experienced in fiscal year 1968. The above Center operations cost includes all costs at the center level. Direct enrollee costs such as enrollees pay allowances and travel expenses are estimated elsewhere in this request.

Civilian Conservation Centers - State

The requested $6,628,000 is required to finance center contracts with state agencies. This amount includes all costs required for center operations including $1,275,000 for work projects. On a man-year basis, the center operations cost is estimated at $4,475 and the work projects cost at $1,085. Included in the $6,628,000 request is an amount of $95,000 for program operation, support, and coordination at the Job Corps Headquarters.

Men's Urban Centers

An amount, $59,093,000, has been requested to finance the operations of Men's Urban Centers. The requested amount is estimated to be the total resources that will be available to operate these centers. In the past, the requested obligational authority did not reflect the total resources required; the total resources represented the sum of the requested obligational authority plus funds remaining available from prior years. It is estimated that no prior year's funds will be available in fiscal year 1969; for the first time the Men's Urban Program will be on a current funding basis.

The requested amount for fiscal year 1969, $59,093,000, is comprised of:

	AMOUNT
Center Operations	$58,803,000
Program Expenses	290,000
TOTAL	$59,093,000

The amount requested for center operations represents the total cost of operating six (6) Men's Urban Centers in fiscal year 1969. On a unit basis, the cost per man-year, the requested funds continues to reflect a downward trend:

	Fiscal Year		
	1967	1968	1969
Cost Per Man-Year of Training	$7,001	$5,495	$4,995

The amount requested for program expenses, $290,000, relates to the cost of program operations, support and coordination at the Job Corps Headquarters.

Women's Centers

The request for $54,588,000 is for support of eighteen (18) Women's Centers in fiscal year 1969. As mentioned above, it is estimated that this request will be the total resources available to operate these centers. It is not anticipated that any resources will be available in fiscal year 1969 from prior years. The requested amount includes an estimate for maintaining the fiscal year 1968 enrollment throughout fiscal year 1969, an estimate to expand the existing Women's Centers by 690 to maximum optimum enrollment, and an estimate for the program operations, support and coordination at Job Corps Headquarters:

	AMOUNT
Maintenance of FY 1968 Enroll. Level	$52,398,000
Increase in Enrollment FY 1969	
Existing Centers	1,820,000
Program Expenses	370,000
TOTAL	$54,588,000

The amount being requested for center operations at the fiscal year 1968 level reflects the continued downward trend of cost on a unit basis -- cost per man-year of training:

	Fiscal Year		
Cost Per Man-Year of Training	1967	1968	1969
	$8,497	$5,700	$5,370

An estimate has been provided to increase the enrollment of existing centers to the maximal optimum capacity consistent with the availability of funds. This increase is being requested by Job Corps in accordance with the Congressional mandate that the Job Corps increase the number of Corpswomen. The mandate requires Job Corps to increase the number of Corpswomen to 50 percent of total enrollment "...consistent with (1) efficiency and economy..., (2) sound administrative practice, and (3) the socioeconomic, educational, and training needs of the population to be served.

Research and Demonstration Projects

The estimates include the amount of $4,120,000 for the operation of research and demonstration projects, including $120,000 for program operations support and coordination at headquarters. These funds will operate three (3) projects with capacities of about 360 Corpsmen and Corpswomen, to determine methods of improving the ability of Job Corps to increase the employability of its population more effectively and efficiently. The projects are expected to involve about 350 man-years of training, both men and women, at $11,400 per man-year.

Inner-City Skill Centers

The estimates include $4,766,000 for the operation of Inner-City Skill Centers. These funds will cover the costs of establishing and operating five (5) centers with an average residential enrollment of about 300 each. The centers will be activated on a staggered schedule during the fiscal year and will provide approximately 500 man-years of training.

Maintenance and Security of Closed Centers

As a result of a funding reduction in fiscal year 1968, it was necessary that OEO close 15 then existing Job Corps centers and not activate a proposed center. The closing of these centers did not automatically relieve OEO from the responsibility for their maintenance and security.

Over 500 buildings are located within the complex of the 16 centers. OEO must fund to maintain and secure the grounds and buildings until fiscal year 1970, at which time GSA will assume financial responsibility. Security has to be provided on a 24 hour day, 7 day week basis. In addition, the facilities must be preserved in their present condition. It is estimated that $1,000,000 will be required in fiscal year 1969 to provide for security, fire protection, utilities and facility maintenance.

Program Expenses

Enrollee Input

The cost of screening is estimated at $7,735,000. The total number of new enrollments of men and women is expected to be 60,700. Allowances were made for a 20 percent no-show and 5 percent rejection rate, resulting in the need to screen 81,000 including 59,000 men and 22,000 women. Screening is expected to be done by the Department of Labor and private sources at a cost of about $90 each. In addition, $520,000 is included for program operation and coordination at headquarters.

Enrollee Support

An estimated $2,481,000 will be required for support functions involving the care and welfare of enrollees. This includes $775,000 to be paid to the Department of the Army for the cost of operation of the system for pay, allowances, dependent allotments and travel by the Army Finance Center. The remainder $1,706,000 includes such support services as mortuary services, medical laboratory analyses, religious services, live entertainment, and films, plus headquarters program operation and coordination of $830,000.

Enrollee Placement

An estimated 48,000 enrollees will be eligible for placement during 1969. The amount of $2,890,000 is estimated to support a national system of coverage by the 50 states mainly through agreement with federal and state agencies, center operating contractors, and others. The system will provide necessary efforts and capability to develop job opportunities for Corpsmen, assist them to secure steady, adequate paying employment, and provide the availability of post-placement job counseling. In addition, the total estimate includes $290,000 for headquarters operation and coordination.

Enrollee Information

A total of $450,000 is required for enrollee information. These funds are necessary for data processing services which include key punching, systems programming and computer running time for the analyses of enrollee characteristics, learning progress, and placement and follow-up data.

Program Evaluation and Research

Funds in the amount of $3,550,000 will be required for evaluation studies, including studies on enrollee behavior, on teaching methods and learning

rates, on analyzing the validity of selection and placement tests, on residential versus non-residential programs, and on centers with large versus small enrollment.

Program Development

A total of $1,500,000 will be required both (a) for review of the adequacy of the Basic Education program, the Vocational Training program, and the guidance and counseling program in all Centers, and (b) for developing and producing revised materials as evaluation reveals the need for improvement.

Staff Resources and Training

A total of $1,600,000 will be required for staff resources and training. It is expected that training of replacement staff, and upgrading of training of existing staff will require approximately 9,400 weeks of training, involving about 4,000 staff, at an average cost of $170 per week.

Engineering Support

Contractual services needed for supplementary studies of facilities, maintenance practices and the development of standards is estimated to cost $200,000.

Health Program

A total of $1,000,000 is requested for the Health Program. These funds are required for the development, implementation, evaluation and monitoring of a Health Program for Job Corps enrollees. Included are funds for a health information and control system which produces a health profile of the enrollee; the development of mental health programs; the development of health education curriculums; and the development of health occupations training program.

One-to-One Enrollee Follow-up

A total of $3,000,000 is requested for follow-up information on Job Corps terminees. The 1967 amendments to the Economic Opportunity Act indicates that it is the will of Congress that detailed information on the program status and success of former enrollees, individually at appropriate intervals, be secured by Job Corps Public Law 90-222 dated December 23, 1967, Section 113(a), states:

> "The Director...shall endeavor to secure, through employers, schools, or other Government and private agencies specific information concerning the residence of former enrollees, their employment status, compensation, and success in

adjusting to community life. He shall also secure, to the extent feasible similar information directly from enrollees at appropriate intervals following their completion of the Job Corps program."

To comply with this mandate, Job Corps proposes a one-to-one follow-up system. This contracted system would make an effort to contact every terminee from Job Corps at 6 month, 12 month, and 18 month intervals after departure from Job Corps. One-to-one interviews would be held to ascertain employment, status, compensation, and success in adjusting to community life. This would be an ongoing, continuous system operating 12 months a year. It is our expectation that upwards of 75 percent of returning Corpsmembers would be contacted and that the information received would be valuable in evaluations of Job Corps, Job Corps Centers, and the adjustment faced by Job Corpsmembers on returning to the community.

Enrollee Allowances and Travel

Enrollee allowances, including the Government matching of dependent allotments, are estimated at about $995 per man-year for 36,270 man-years of training, or $36,105,000. Transportation of enrollees is estimated to involve about 199,500 trips at about $45 per trip, or $8,980,000. Allowances and travel together total $45,085,000.

Intra-Agency Services

Management support services are to be provided to the Job Corps in fiscal year 1969 by centralized units within the Office of Economic Opportunity. Services subject to this cost distribution include, but are not limited to, special assistance in public affairs, technical assistance, special situation data from computer files and Job Corps' share of central services including rent and utilities, communications, postage, etc. Cost distribution of an estimated $4,134,000 will be based on average unit costs, time records and actual material charges.

Regional Office Services

Operation of Job Corps functions in the seven regions requires the services of 290 staff members, and their support. Expenses include salaries and benefits, travel, rents,communications, utilities, postage, transportation, printing, supplies and materials and services. Job Corps functions being performed in the regions include: Arranging for the transportation of enrollees; assigning enrollees to centers; developing, monitoring and evaluating enrollee recruitment agencies; and sharing with Headquarters the responsibility for monitoring center operations.

Program Direction

Headquarters

The Office of the Assistant Director of OEO for Job Corps provides overall direction of the program, including the functions of program planning, development, and evaluation; financial management, and community relations. There will be 143 positions engaged in program direction activities. The salaries, travel and incidental expense requirements are an estimated $1,685,000.

Conservation Agencies

The direction of the Job Corps Conservation Centers program is handled by the Departments and their bureaus partly at headquarters, but mainly at regional offices in the field, at a cost of $5,000,000. The service functions, personnel, procurement, accounting, etc., are handled mainly at regional offices, as well.

School and Summer Programs

	1968 Estimate	1969 Estimate	Increase
School and Summer Programs	$164,900,000	$204,600,000	$+39,700,000

Introduction

Authorized under Section 123 of the Economic Opportunity Amendments of 1967, the School and Summer Programs provide part-time employment, on-the-job training and useful work experience for students from low-income families who are in the ninth through twelfth grades, or are of an age equivalent to students in such grades. These programs comprise the traditional In-School and Summer programs of the Neighborhood Youth Corps. Primary objectives of the programs are:

-- during the school year, to provide youth with the financial resources and incentives to remain in school or resume their attendance in school,

-- during the summer months, to provide the necessary finances to enable youth to return to school in the fall.

The Director, OEO has delegated basic administration of these programs to the Secretary of Labor. The Department of Labor organization responsible for the operation of the School and Summer Programs is the Bureau of Work-Training Programs in the Manpower Administration.

Schedule of Funding Requirements

	1968 Estimate	1969 Estimate	Change
In School - NOA	$ 56,700,000	$ 71,700,000	$ +15,000,000
NOA Slots	91,000	115,000	24,000
NOA Unit Cost	$ 624	$ 624	--
Total Slots	133,000	115,000	- 18,000
Total Number Served	160,000	138,000	- 22,000
Summer - NOA	$108,200,000	$132,900,000	$ +24,700,000
Slots-NOA & Total	251,000	303,000	+ 52,000
NOA Unit Cost	$ 431	$ 439	+ $ 8
Total Number Served	251,000	303,000	+ 52,000
Program Support NOA	($4,600,000)	($4,800,000)	(+ $ 200,000)

Purpose and Scope

The objectives of these programs recognize that a high school education is a major entry requirement in today's competitive job market. However, youth from families with low-incomes have a greater propensity to leave school in order to get a job to supplement the family income. The In-School and Summer programs attempt to alleviate this need by providing up to $19 of paid wages per week during the school year and about $36 per week during the summer. Students from poor families may dropout of school for other than financial reasons: e.g., disenchantment with their prospects for a life free of poverty and disbelief in the benefits which may accrue from a high school education. Through the discipline and responsibilities of the job situation, it is hoped that potential dropouts will find encouragement and incentives to continue or resume their education.

Several studies have indicated that enrollment in the Neighborhood Youth Corps has been a significant factor in keeping disadvantaged youth in school. For example, in a study conducted in Washington, D. C. public schools in 1966, more than 64 percent of the 6,000 in-school program participants indicated that their chances of finishing school had improved significantly because of the opportunity provided by NYC.

In addition to providing needed wages, the Summer Program has the effect of promoting good citizenship and positive involvement in community life. The numerical impact of gainfully employed poor NYC youths in urban ghettos has also lessened the potential for disturbances in these areas. Some sponsors have received advance information from enrollees about potentially disruptive situations and were thus able to alert community leaders so that preventive measures could be taken quickly. It is noteworthy that in a sampling of 75 percent of all summer projects only three enrollees were arrested for civil disorder, two of whom were apprehended for curfew violation and not actual riot participation.

Within local projects in may riot-torn cities in the summer of 1967, NYC enrollees worked diligently to lessen the effect or to stop these outbreaks. For example, in Tampa, Florida, 51 of the 136 "White Hat" youths who organized to cool ghetto tensions were NYC enrollees or graduates. The "White Hat" method was also in operation in Dayton, Ohio, where like Tampa, NYC youths assisted the police in preventing outbreaks. Eleven of 21 youths involved in this effort were NYC enrollees or alumni.

Both the In-School and the Summer programs benefit project communities in another important way: The work that enrollees perform as aides to professionals in many different areas of public service, is work that would not otherwise be done. Work-training opportunities are located in schools, libraries, hospitals, police departments and other municipal agencies; in public housing projects, conservation and recreation areas and for a number of private nonprofit organizations.

The end of December 1967 marked the third anniversary of the Neighborhood Youth Corps. As of that date, 415,000 youths had been enrolled in the In-School Program and 515,000 in the Summer Program in a total of almost 3,000 projects located in every state and territory. It is estimated that 2,100,000 high-school students from low-income families are presently in need of NYC opportunities.

The latest available information shows that the typical in-school enrollee is 17 years old, has a tenth-grade education, and lives in a family which has a total annual income between $1,000 and $3,000. About 27 percent of enrollee families were receiving some public assistance, while 13 percent lived in public housing. More than 60 percent of these families had six or more persons. The total number of In-school enrollees was equally divided between male and female; 57 percent were white and 40 percent Negro; and 47 percent were experiencing their first paying job.

Since the beginning of the Neighborhood Youth Corps in 1965, there has been an upward trend in the percentage of rural projects, enrollment opportunities and Federal obligations: Rural projects amounted to 41.7 percent of the total in FY 1965, 43.4 percent in fiscal year 1966 and 45.7 percent in fiscal year 1967; rural enrollment opportunities comprised 26.9 percent of the total in fiscal year 1965, increased to 31.4 percent and 34.6 percent in fiscal year 1966 and fiscal year 1967, respectively; and Federal obligations in rural areas came to 25.2 percent of the total in fiscal year 1965, 30.4 percent in fiscal year 1966 and 32.6 percent in fiscal year 1967.

Program and Performance For Fiscal Year 1968

In fiscal year 1968, a program of 91,000 full-term enrollment opportunities has been undertaken for the in-school component, with a new obligational authority level of $56,700,000. Approximately 42,000 full-term opportunities will be maintained with unexpended 1967 obligations, for a total overall program of 133,000 opportunities. As of January 31, 1968, $55,046,000 had been obligated of fiscal year 1968 funds.

The total cost to the Federal Government of an in-school enrollee slot is estimated at $624. The enrollee wage rate is $1.25 per hour for 10-hours a week over the normal 40 academic weeks. By statute, the total Federal contribution must amount to no more than 90 percent of total project costs.

In the fiscal year 1968 Summer Program, an enrollment level of 251,000 will be funded with $108,200,000. As of January 31, 1968, $52,798,000 of fiscal year 1968 funds had been obligated. This Summer Program will provide a 10-week enrollment period and an average 26-hour work week, with a wage rate of $1.25 to $1.50 per hour and an average job slot cost of $431.

Program and Performance for Fiscal Year 1969

In fiscal year 1969, the In-School Program will support 115,000 enrollment opportunities with requested $71,700,000 in new obligational authority. This represents an increase of $15,000,000 over fiscal year 1968. The Federal cost per enrollee space will remain at the fiscal year 1968 level of $624.

The Summer Program enrollee level will increase to 303,000 under the requested NOA level of $132,900,000. The Federal cost per enrollee space will be $439. Projects will be based on a 26-hour work week for 10-weeks, at an average hourly pay rate of $1.40.

The bulk of summer job opportunities will be allocated to those cities with large concentrations of unemployed youths, as in 1967 and 1968. The increase in summer enrollee spaces requested is in response to the demand for larger projects in tense urban areas and to a general need of this population for jobs, particularly during the critical summer months.

Justification

In-School Program

The fiscal year 1969 NOA requirement of $71,700,000 for the In-School Program is $15 million higher than the fiscal year 1968 NOA level of $56,700,000 for this program, due to the absence in fiscal year 1969 of large unexpended prior year appropriation balances that were available in fiscal year 1968.

No prior year unexpended balances are anticipated in fiscal year 1969, and the total availability for the fiscal year 1969 In-School Program is the NOA request of $71,700,000. Therefore, the overall level of in-school enrollment opportunities will decrease, all years funding considered, from 133,000 slots in fiscal year 1968 to 115,000 slots in fiscal year 1969, a total decrease of 18,000 slots. The proposed increase of $15 million is necessary to maintain the In-School Program at the indicated level of 115,000 opportunities.

Summer Program

The proposed increase of $24,700,000 in the fiscal year 1969 Summer Program (from $108,200,000 in fiscal year 1968 to $132,900,000 in fiscal year 1969) will provide an additional 52,000 job opportunities in Summer 1969 over the 251,000 planned for Summer 1968. This increase is necessitated by the demand for larger projects in tense urban areas and the general need of the in-school poor youth population for income assistance during the critical summer months.

Program Support

The funds requested for Program Support are justified for the whole of the Department of Labor in the next section (Comprehensive Employment Programs).

Comprehensive Employment Programs

1968 Estimate	1969 Estimate	Increase
$291,500,000	$520,600,000	$229,100,000

Introduction

Comprehensive employment activities consist of the following programs:

1. Out-of-School Program
2. Operation Mainstream
3. New Careers
4. Job Opportunities in the Business Sector (JOBS)
5. Concentrated Employment Program (CEP)

These activities are authorized under Title IB of the Economic Opportunity Amendments of 1967.

Schedule of Funding Requirements

	1968 Estimate	1969 Estimate	Increase
Comprehensive Employment Programs	$291,500,000	$520,600,000	$+229,100,000
Out-of-School Program	104,600,000	157,100,000	+ 52,500,000
Operation Mainstream	42,700,000	50,600,000	7,900,000
New Careers	26,400,000	34,500,000	+ 8,100,000
Jobs Opportunities in the Business Sector	51,000,000	181,000,000	+130,000,000
Concentrated Employment Program	51,300,000	78,600,000	+ 27,300,000
Program Support	15,500,000	18,800,000	+ 3,300,000

Purpose and Scope

The various Comprehensive Employment Programs are conducted under the broad legislative mandate in Section 123 which enjoins the Director, OEO to "provide financial assistance in urban and rural areas for comprehensive work and training programs or components of such programs." Also included under this authority are the School and Summer Programs discussed elsewhere in this book.

In addition, Sections 121 and 122 of the 1967 Amendments require the designation by July 1, 1968, of community program areas for the planning and conduct of the comprehensive work and training activities authorized under section 123. Within these areas, all comprehensive employment activities are to be funded through a single prime sponsor--presumed to be the local Community Action Agency, wherever one exists. The purpose of this mandate is to establish delivery systems for all work and training programs which parallels the structure of the fiscal year 1967 Concentrated Employment Program. Under CEP, programs do not have separate existences. They interrelate and are complementary to each other, facilitating the flow of enrollees through a variety of training and educational services, if required.

The Director, Office of Economic Opportunity, has overall responsibility for all Economic Opportunity Act programs. Therefore, OEO is responsible for the planning, budgeting and general direction of all anti-poverty activities authorized under this legislation, including those for which certain functional responsibilities have been delegated to other Federal agencies. In the case of the Comprehensive Employment Programs (excluding the Foster Grandparents program under Operation Mainstream), OEO has, under written agreement between the Director, OEO and the Secretary of Labor, delegated basic program administration to the Department of Labor. Within that agency, the Bureau of Work and Training Programs in the Manpower Administration has operational responsibility for these programs.

The specific activities, scope and funding needs of individual comprehensive employment programs are explained in greater detail in subsequent presentations.

Out-of-School Program

1968 Estimate	1969 Estimate	Increase
$104,600,000	$157,100,000	$+52,500,000

Introduction

The out-of-school program is authorized under Section 123 of the Economic Opportunity Act Amendments of 1967, and provides unemployed, underemployed or low-income persons with useful work and training designed to assist those persons to develop their maximum occupational potential and thereby to obtain regular employment in the public and private sectors of our economy, or to resume their formal education, if possible. The target population of the program, formerly unemployed, out-of-school youth, has been expanded by the 1967 amendments to include adults, but the focus remains on those individuals who have dropped out of school and lack the ability and work experience to gain satisfactory, permanent employment.

Schedule of Funding Requirements

	1968 Estimate	1969 Estimate	Change
NOA	$104,600,000	$157,100,000	$+52,500,000
NOA Slots	40,000	56,000	+ 16,000
NOA Unit Cost	$ 2,600	$ 2,800	$+ 200
Total Slots	68,000	60,000	- 8,000

Purpose and Scope

The out-of-school program provides disadvantaged youths and adults with the paid employment, work experience, and other training which will permit them to participate in the competitive job market or encourage them to return to school. In addition, the program normally provides counseling, remedial education and other supportive services, where necessary.

In three years of operation, over 1,000 out-of-school projects have been funded in every state and territory and have provided enrollment opportunities for 411,000 youths. These youths in turn have provided, through their work training, valuable services which would otherwise have not been performed. Clerical, custodial, mechanical, maintenance, and food services are performed by enrollees assigned to hospitals, police departments, other municipal agencies and private non-profit agencies. Some enrollees are library or recreation aides; others participate in conservation projects in forests or public parks.

Based on the most recent information, the typical Out-of-School enrollee is 18 years old, has completed 10 years of school, and lives with a family earning $1,000 to $3,000 annually. Women and men represent 54 and 46 percent of total enrollment, respectively, while the racial composition is 50 percent Negro and 47 percent white. Approximately 13 percent are married.

The family size of most enrollees is large; 60 percent come from families of five or more persons, with 30 percent of the enrollees having eight or more persons in the family. Twenty-six percent of the enrollee families receive some public assistance and 13 percent live in public housing.

An estimated 500,000 such disadvantaged high school drop-outs have not yet been given the opportunity to lift themselves out of poverty. In addition, there are large numbers of poor adults who can benefit from this assistance.

A survey of out-of-school enrollee terminations in fiscal year 1967 indicates that one out of every two enrollees who left for program-related reasons (i.e., for reasons other than illness, marriage, pregnancy, or moving from the area obtained employment, returned to school full-time or entered vocational training for more highly-skilled occupations.

To provide participants in the program with the assistance they need to improve their employment potential, the out-of-school program enlists the help of both private non-profit and public agencies. A large number of supportive services are provided through the resources of various Federal, state and local agencies. For example, the U.S. Employment Service provides recruitment services and job development. The Manpower Development & Training Act is linked with the out-of-school program in many areas, including a demonstration program in 10 urban areas, and the Concentrated Employment Program in many cities. Local educational agencies provide remedial education services.

Out-of-school program sponsors are normally Community Action Agencies, but may include any non-profit organization. Profit-making organizations may conduct the Work Training in Industry component of the Out-of-School program.

Although the 1967 EOA amendments expand the scope of the out-of-school program to include adults, the program will remain youth-oriented. The removal of the upper age limit will have the primary effect of permitting enrollees to continue in the program after the age of 22, whereas all enrollees were formerly terminated at 22, even those not fully prepared for competitive employment. The number of enrollees age 22 and older in the program will be limited to a maximum of 10 percent of the total enrollment. It is anticipated that the full impact of these policy changes will not be evident until fiscal year 1969, due to the lateness of 1967 legislative action.

Program and Performance for Fiscal Year 1968

Fiscal year 1968 plans will provide 40,000 full-term enrollment opportunities with NOA of $104,600,000. Unexpended prior year carry-forward will provide 28,000 additional slots, for a total of active slot level of 68,000 in fiscal year 1968.

The average work week is 30 hours, which includes 26 hours of work, two hours of remedial education, and two hours of counseling. The average hourly wage rate for 1968 is $1.40, an increase of $.15 over the comparable fiscal year 1967 wage rate of $1.25. In many cases, this increase is being phased over the period of the sponsor's 1968 agreement.

The policy change permitting adults to participate in the Out-of-School program will be in effect during the final months of fiscal year 1968, thus allowing some present enrollees to remain in the program beyond the age of 22.

Program for Fiscal Year 1969

In fiscal year 1969, an enrollment opportunity level of 56,000 is proposed. This will require $157,100,000 in new obligational authority, an increase of $52,500,000 from the 1968 NOA level. Carry-forward will provide 4,000 additional slots, for a total of 60,000 slots. The total slot level is, therefore, 8,000 less than in fiscal year 1968.

In fiscal year 1969, approximately 8,000 of the 56,000 enrollment opportunities will be provided as part of the Concentrated Employment Program at a cost of $23,000,000. The age limit policy initiated in fiscal year 1968 will be in effect throughout fiscal year 1969, with an increase in the number of enrollees over 22 years of age approaching the planned 10 percent limit.

Justification of Estimate

The total NOA requested for the Out-of-School program is $157,100,000, an increase of $52,500,000 over the fiscal year 1968 NOA level of $104,600,000. Large prior year enexpended dollar balances available in fiscal year 1968 will not be similarly available in fiscal year 1969. In addition, the average wage rate paid Out-of-School program enrollees will increase from $1.40 to $1.60 per hour to reflect an overall increase in the federal minimum wage rate. This wage rate adjustment will effect an increase of $200 in the Out-of-School program unit cost.

The proposed fiscal year 1969 NOA of $157,100,000 is necessary, when combined with available prior year funding, to support a total program level of 60,000 enrollment opportunities. This constitutes a reduction of 8,000 slots below the planned end fiscal year 1968 total of 68,000 slots.

Operation Mainstream

1968 Estimate	1969 Estimate	Increase
$42,700,000	$50,600,000	$7,900,000

Introduction

The Operation Mainstream Program, formerly known as the Nelson Amendment program, was operated by OEO until March, 1967 when Green Thumb projects and all other activities except the Foster Grandparents Program were delegated to the Department of Labor for administration. The authorization for this program is contained in Title IB, Section 123. This program is aimed primarily at the chronically unemployed whose job prospects are limited not only because of their poverty and their lack of occupational preparation, but also by their age and the resulting limitations this imposes on their chances of obtaining employment. Moreover, because this program has a predominantly rural focus, and because large numbers of the elderly poor reside in rural areas, Operation Mainstream is a major source of work experience for this group.

Schedule of Funding Requirements

	1968 Estimate	1969 Estimate	Increase
NOA	$42,700,000	$50,600,000	$+7,900,000
(Foster Grandparents)	(10,000,000)	(10,000,000)	(--)
NOA Slots	12,730	14,700	+1,970
(Foster Grandparents)	(3,930)	(4,000)	(+70)
Total Slots	15,000	15,000	--
Unit Cost:			
Foster Grandparents	$2,500	$2,500	--
All Other	3,720	3,810	$+90

Program and Scope

Operation Mainstream Program activities are designed to improve community conditions. This includes roadside beautification such as renovation of public recreation areas, the building of vest-pocket parks, the improvement of homes of welfare recipients or the elderly poor, and other types of activity associated with community service.

During November 1967, a special study of the entire Operation Mainstream program was conducted. At that time enrollment in all active Operation Mainstream projects, except Foster Grandparents, was over 8,000 and almost 90 percent of those enrollees were males. Of that total, over 23 percent were Negro, 10 percent Indian and almost 7 percent Mexican-American. The approximate median age for men in the program was 50 and for women was 40.

A recent evaluation of all Mainstream projects indicated that more than 16,000 persons had been enrolled in the program since its inception. Of the total to date, 45 percent indicated that they had been unemployed for 16 weeks or more prior to their Operation Mainstream enrollment. In addition, more than one-fourth had been receiving welfare assistance prior to enrolling in the program.

A study conducted in November, 1967, produced the following reasons for termination of Mainstream enrollment:

Reason for leaving	Percent
Total Percent	100
Found another job	34
Joined another program	3
Loss of interest	7
Contract termination	20
Medical problems	4
Special problems	6
Other - Not Reported	26

The Foster Grandparents part of Operation Mainstream is a joint effort by the Department of Health, Education and Welfare and the Office of Economic Opportunity. Older men and women earn wages through this program by visiting, teaching, and otherwise helping deprived children, especially those in orphanages and in homes for the retarded. Through their relationship with Foster Grandparents,

these often isolated children are able to develop a sense of companionship and an improved outlook, while the Foster Grandparents benefit from a sense of usefulness gained from helping others.

Program and Performance in Fiscal 1968

During fiscal 1968, it is expected that the Operation Mainstream Program will provide 12,730 enrollment opportunities with Federal obligations of $42,700,000. With spaces financed by prior year unexpended amounts an average enrollment opportunity level of 15,000 will be attained. Of the total estimated 1968 program level, approximately $11,000,000 in funds providing for 3,000 job opportunities are designated for CEP areas.

Several fiscal year 1968 projects will be devoted exclusively to persons over 45, including the Green Thumb project sponsored by the National Farmers' Union. Emphasis will be placed on establishing projects which will tie into the community Senior Service Corps program. This is a pilot program which, like CEP, will draw on funds from other program sources, and will establish a number of work-experience projects for persons 55 and over. The bulk of commitments for this activity in FY 1968 are expected to come from Operation Mainstream funds.

Program in Fiscal 1969

In 1969, 14,700 full-term equivalent job opportunities are planned with a total of $50,600,000 in new obligational authority. With continuing 1968 spaces, an average enrollment opportunity level of 15,000 will be maintained during the year. During fiscal 1969, the bulk of Mainstream activities will be concentrated in CEP areas, mainly in the 35 economically depressed rural areas to be funded under that program. Approximately 73 percent ($37,000,000) of the funds designated for Operation Mainstream will be used in CEP areas.

In fiscal year 1969 a slight increase is expected in the unit cost of regular Operation Mainstream activities. This is attributed to the fact that an hourly wage rate of $1.60 will be paid throughout the year. In most cases, the $1.60 rate was adopted in February 1968, at the time the Federal minimum was increased.

Justification

The fiscal year 1969 increase in the Operation Mainstream program NOA of $7,900,000, from $42,700,000 in fiscal year 1968 to $50,600,000 in fiscal year 1969, is necessary to maintain the program at the total active slot level of 15,000 in both years. Approximately $1,000,000 of this increase will support a change in the full-term unit cost of $90, from $3,720 in fiscal year 1968 to $3,810 in fiscal year 1969.

The remaining increase of $6,900,000 is necessary to finance a full year of program operations in fiscal year 1969. In fiscal year 1968, many Operation Mainstream projects were not fully functional for the entire year. All projects will be in an operational status throughout fiscal year 1969.

New Careers Program

1968 Estimate	1969 Estimate	Change
$26,400,000	$34,500,000	$+8,100,000

Introduction

The New Careers Program was orginally authorized by the Economic Opportunity Amendments of 1966 as a part of Title II (Section 205(e)). The 1967 Amendments incorporated this program into Title I-B. The New Careers Program provides unemployed, low-income persons with jobs leading to career opportunities in the public sector of our economy, in particular in the area of community and human services. In order to accomplish this objective and to assure maximum prospects for advancement of enrollees, sponsors adopt methods of restructuring existing jobs and provide career ladders for upward mobility.

Schedule of Funds Requirements

	1968 Estimate	1969 Estimate	Change
NOA	$26,400,000	$34,500,000	$+8,100,000
NOA Slots	6,600	8,200	+ 1,600
NOA Unit Cost	$ 3,990	$ 4,180	$+ 190
Total Slots	10,000	10,000	--
Total Served	15,000	15,000	--

Purpose and Scope

In addition to the stated objective of providing the disadvantaged with job opportunities in the public sector, the New Careers Program has a parallel objective of improving human services within the community by alleviating critical manpower shortages in such essential fields as health, education and public safety. To achieve these twin objectives, New Careers projects isolate tasks that require less than professional training and establish specifications for the newly-created sub-professional positions. Through the use of New Careers enrollees in these newly establish sub-professional positions, the professional is then freed for concentration on the patently professional aspects of his job.

The revolutionary aspects of this program have presented a challenge to many sponsors and pointed up a need for extensive technical assistance to enable sponsoring agencies (a) to structure appropriate job ladders and (b) to develop the necessary supplemental educational and supportive services.

A number of special efforts have been undertaken to publicize the New Careers concept and to obtain the cooperation and support of organizations within and outside the Federal government. For example, a three-day Institute was conducted with representatives from professional organizations, unions and interested Federal agencies to develop guidelines and models for the development of New Careers job ladders in various professions. An extensive amount of individual technical assistance will be provided prospective New Careers sponsors in 1968 and 1969.

New Career projects have become key elements of Concentrated Employment Program (CEP) efforts. Through CEP, the mechanism is established (a) to coodinate and systematically deliver the counseling, diagnostic, education, day care, transportation and other services needed by potential New Career enrollees, and (b) to focus community interest and technical assistance on the development of projects which not only provide entry level jobs, but which open doors for enrollees to advance to other, even more responsible positions.

Implementation of the New Careers program began late in fiscal year 1967. Since the program has been in operation for only a few months, information presenting a complete picture of the program's accomplishments to date is not yet available. However, as of June 30, 1967, 9,000 enrollment opportunities had been established in projects in thirty states throughout the Nation. A total of 4,900 of these enrollment opportunities are operated in conjunction with the Concentrated Employment Program in 19 cities and two rural poverty areas.

Program and Performance in Fiscal Year 1968

During fiscal year 1968 the New Careers Program will attain an active enrollment opportunity level of 10,000 opportunities. Of the 10,000 opportunities, 6,600 full-year opportunities will be funded from fiscal year 1968 NOA. The remaining 3,400 opportunities are financed from unexpended fiscal year 1967 funds. The bulk of the New Careers activity during the current fiscal year will be in conjunction with the Concentrated Employment Program. In fiscal year 1968 approximately $23,000,000 of available $26,400,000 NOA will be utilized in CEP projects.

It is expected that fiscal year 1968 program funds will finance a maximum of 50 projects. This program is expected to be predominantly urban during the current fiscal year. Greater possibilities for integrating available supplemental education with work-experience exist in urban areas, and there is a wider range of available job categories within most agencies in urban centers. Efforts will be continued to develop effective rural projects.

Program in Fiscal 1969

In 1969, the average 1968 enrollment opportunity level of 10,000 spaces will be maintained. The requested new obligational authority of $34,500,000 will be used to fund approximately 8,200 full-year spaces with prior year unexpended amounts financing the remainder. Only a small portion of the 1969 funds ($2,500,000) will be used outside CEP areas during 1969. The complexion of the overall program in fiscal year 1969 is expected to be essentially similar in design and scope to that in fiscal year 1968. It is estimated that $32,000,000 of the $34,500,000 requested for this activity in fiscal year 1969 will be used in connection with the CEP program.

The full-year unit cost of $3,990 in 1968 is expected to increase to about $4,180 in 1969 as more enrollees move to the more highly paid second rung of their career ladders. In addition to higher wage rates, more extensive supportive services will be provided.

During 1969, each New Careers agreement will contain a provision for a planning period (up to 90 days) during which no enrollees will be brought into the program. Instead, this time will be used to hire staff for the project and to use that staff to: (1) work with professional associations and accrediting institutions to seek ways of certifying New Careers graduates, (2) negotiate with training and educational facilities to restructure training and education courses to meet the needs of New Careers enrollees, (3) consult with employing agencies to assure permanent career opportunities with advancement potential for New Careers graduates.

At the end of the planning period, the results of the developmental activity will be reassessed before a formal agreement is signed, to determine whether the sponsors have developed a viable project.

Justification

Requested NOA for the fiscal year 1969 activities of the New Careers Program is $34,500,000, an increase of $8,100,000 over fiscal year 1968 NOA of $26,400,000. This increase in fiscal year 1969 NOA is necessary to maintain a constant level of 10,000 job opportunities in both fiscal year 1968 and fiscal year 1969. The New Careers Program was not initiated until late in fiscal year 1967. Because of this, a large balance of prior year unexpended appropriations was available in fiscal year 1968 which will not be similarly available in fiscal year 1969. In addition, there is a projected increase of $190 in the New Careers unit cost (from $3,990 in fiscal year 1968 to $4,180 in fiscal year 1969), due to both wage rate and supportive services cost increases. This unit cost change will comprise $1,900,000 of the requested $8,100,000 increase for the New Careers activity in fiscal year 1969.

Job Opportunities in the Business Sector Program

1968 Estimate	1969 Estimate	Increase
$51,000,000	$181,000,000	$+130,000,000

Introduction

Authorized under Title I, Section 123 of the Economic Opportunity Amendments of 1967, the Job Opportunities in the Business Sector (JOBS) program heralds a new degree of business and Federal Government cooperation in the war on poverty. Initiated in fiscal year 1968, this program provides incentives to businessmen to hire and train the hard-core unemployed, by reimbursing employers for the added costs of conducting such a program.

This program makes full use of industry know-how in training persons, while providing direct access for the disadvantaged into jobs which may once have been closed to them, due to educational, work history, and other barriers. Business will benefit from JOBS by obtaining needed workers, and the poor will benefit by being given needed employment opportunities.

Schedule of Funding Requirements

	1968 Estimate	1969 Estimate	Increase
Job Opportunities in the Business Sector Program			
Operations NOA	$51,000,000	$181,000,000	$+130,000,000
Program Unit Cost	$3,500	$3,500	-0-
Trainees	14,600	51,700	+37,100

Purpose and Scope

Despite our apparent economic prosperity, one-third of the persons living in urban slum areas have employment problems serious enough to keep them in poverty. Many of these persons lack the educational and job skills needed to meet employer hiring criteria, and others have police records and poor work histories which inhibit their employment. For still others, racial discrimination continues to rear its ugly head.

The basic objectives of the JOBS program are to (a) re-structure business hiring practices which currently exclude the hard-core unemployed from jobs, and (b) to induce industry to establish special training activities which provide these new employees with not only the vocational training, but also the educational, counseling and other supportive assistance they need to remain employed.

Because the hard-core unemployed will be less qualified than those the employer would normally hire, and because the cost of providing the special services they need will be substantial, it is appropriate when a company provides these added services that the Federal Government pay the extra costs as part of a National manpower program. This function is served by the JOBS program.

Some employers have been held back in the past by a distorted image of the stereotyped ghetto dweller. Companies have systematically excluded these persons from all but the most menial jobs. Faced with these determined road blocks, fewer than half the Negroes in the United States have completed high school. Many others have shrugged off attempts to enroll them in skill-training programs, with the bitter knowledge that there were no jobs at the other end of the classes. The result is that many ghetto dwellers today do not have the skills to qualify for jobs which pay decent wages and are counted among the hard core poor.

The experiences of employers who have made deliberate attempts to bring the hard-core poor into their plants indicate that half or more of the hard-core poor are ready for immediate work assignments, although they do not have the high school diplomas that are traditionally required for employment. By breaking jobs down by function, these employers have discovered that a seventh or eighth grade achievement level is sufficient to enable employees to work productively.

The nation can no longer afford quiet experimentation and token hiring of the hard-core poor. Unemployment in the ghetto, which for Negro youth alone equals the national unemployment rate during the depression, is costly to the poor and their families, to the Nation, to business, and to the cities which nurture business and give it its vitality.

A cross-sectional look at a candidate may read as follows:

Half will be Negro and one-fourth will be Spanish speaking;

Sixth grade education;

Three-fourths will be male;

Unemployed for 18 months;

Never received intensive skill training;

Parents were unskilled;

Lives with one and one-half families;

Needs eye glasses, dental work;

Has seen a physician only once in his life;

Is married with three children;

Has no transportation;

Can afford to eat only twice a day;

Has had some contact with the law, and has spent at least 30 days in jails.

The preponderance of this group will require special efforts in the form of out-reach, recruiting, motivation, job indoctrination, skill training, basic education, and other supportive services both before and after placement in a job.

The mechanism for accomplishing this enormous task has been established. In a message to the Congress on January 23, 1968, the President announced the establishment of the National Alliance of Businessmen (NAB) headed by Mr. Henry Ford II, with an executive board of National business leaders and a grass roots organization of business executives in each of the 50 largest United States cities. Among the tasks of this group are to find jobs over the next three and one-half years for 500,000 hard-core unemployed, with an interim goal of 100,000 jobs by June 30, 1969.

Through a series of regional and local businessmen groups, industry will be requested to pledge a specific number of job openings. These pledges will then be translated into contracts, for firms desiring Federal financial assistance, by the Department of Labor.

Based upon the experience gained by the Department of Labor in the Operation Test Program and other activities, contracts will be written to promote the ultimate in job placement and retention potential.

Employers will provide services which:

Match the recruit to the job.

Facilitate transportation to the job.

Orientate recruits to the job situations, facilitate on-the-job training, and provide educational, counseling and other personal services, as needed.

Provide continuing individualized support for each employee.

These contracts will have up to a 24-month duration. Every effort will be made to reduce to a minimum the "red-tape" connected with many Federal contractual operations, a feature which has in the past barred many businessmen from participating in Federally sponsored programs. Although strict accountability will be maintained, employers will be

given wide latitude to develop comprehensive and innovative means of carrying out JOBS agreements.

The hard-core poor entering this program will be regular employees of the company, and will be hired into permanent job slots. They will be given whatever training is needed to make them proficient in their jobs.

The eligibility of those recruited under this program will be certified by U.S. Employment Services Office or through Concentrate Employment Program activities in the target cities. In addition, the local ES office will assume responsibility for follow-up assistance for persons terminating permaturely from the JOBS program.

It is anticipated that the JOBS program will be closely coordinated with local Concentrated Employment Program activities. Not only CEP, but other community based manpower programs and the normal outreach and recruitment activities of the Employment Service and the Community Action Agency should be excellent sources of eligible JOBS program participants.

In some areas, employers may be unable to provide a number of manpower, day care and transportation services needed by their JOBS employees. An agreement may, in these cases, be formulated between the company and the CEP or other agency for the delivery of these services.

CEP will also provide a means of assisting those persons who, for various and compelling reasons, are unable to maintain their JOBS employment. The program activities in CEP will allow these persons additional pre-vocation assistance, prior to their again accepting JOBS employment.

Program and Performance in Fiscal Year 1968

The fiscal year 1968 NOA level of the JOBS program is $51,000,000 from Title I-B, EOA appropriations. In addition, $45,000,000 has been obtained from Manpower Development and Training Act programs, and it is anticipated that approximately $10,000,000 of Title I-D, EOA funding will be utilized in JOBS related projects. The total funding available for all JOBS program activities in fiscal year 1968 is, therefore, $106,000,000. This sum will support an estimated 30,000 trainees, 14,600 of whom will be assisted from Title I-B appropriations alone. Based upon previous experience in comparable activities, the average program cost per trainee is expected to be $3,500. Because contract needs will vary, the actual amount will be negotiated by the Department of Labor with each participating business; therefore, actual contract unit costs will be both above and below this target amount.

Program in Fiscal Year 1969

An NOA increase of $130,000,000 is requested for the Title I-B portion of the JOBS program, an increase from $51,000,000 in fiscal year 1968 to $181,000,000 in fiscal year 1969. This funding level will support a total of 51,700 trainees, an increase of 37,100 over the fiscal year 1968 total of 14,600 trainees.

As in fiscal year 1968, additional funding will be provided through MDTA ($48,000,000) and related Title I-D activities ($15,000,000). The $244,000,000 available through all funding sources will support a total of 70,000 trainees, a net increase of 40,000 over the comparable fiscal year 1968 total of 30,000 trainees.

The trainee total for the two years will be 100,000, the interim goal set by the President and the National Alliance of Businessmen for this program.

Justification

The requested JOBS Program NOA increase of $130,000,000, from $51,000,000 in fiscal year 1968 to $181,000,000 in fiscal year 1969, is required to achieve the Title IB, EOA segment of an interim goal of 100,000 trainees in jobs by the end of fiscal year 1969. The ultimate goal of this program is 500,000 jobs by June of 1971. This goal is American Private Industry's pledge to the hard-core poor in the slums of our largest urban centers. The funding supplied through the Economic Opportunity Act and the Manpower Development and Training Act provides incentives to industry to hire and train hard-core persons, by reimbursing industry for the special training, educational and supportive services needed to make these persons fully productive.

Concentrated Employment Program

1968 Estimate	1969 Estimate	Increase
$51,300,000	$78,600,000	+$27,300,000

Introduction

This activity is authorized under Title I-B, Section 123 of the Economic Opportunity Amendments of 1967. The Concentrated Employment Program (CEP) helps severely disadvantaged persons prepare for and obtain steady, decent-paying jobs. It does this by bringing together individual manpower services in the urban slums and economically impacted rural areas which form the target communities. These services are woven into a single, all-encompassing process, through which jobs and training opportunities are developed and through which personal and vocational services are made available to CEP enrollees. In other words, specific manpower activities no longer operate individually and independently of each other in these communities; through CEP, they are dependent parts of a whole.

CEP has one sponsor, usually the local Community Action Agency, and one prime deliverer of manpower services, usually the Employment Service. Enrollees may receive basic education, work experience, counseling, testing, guidance, on-the-job and skills training, vocational rehabilitation, job development, health and medical care, transportation, the use of day care centers, and a variety of other supportive services that help make it possible for them to find and keep jobs.

Schedule of Fund Requirements

A. CEP

	1968	1969	Change
NOA	$51,300,000	$78,600,000	+$27,300,000
NOA Slots	21,200	32,500	+ 11,300
NOA Unit Cost	$ 2,420	$ 2,420	$ --

Schedule of Fund Requirements (continued)

B. Other Sources of CEP Funding (Title I-B)

	1968	1969	Change
NYC - NOA	--	$ 23,000,000	+$23,000,000
Slots	--	8,000	+ 8,000
New Careers - NOA	$23,000,000	$ 32,000,000	+$ 9,000,000
Slots	5,800	7,600	+ 1,800
Operation Mainstream - NOA	$11,000,000	$ 37,000,000	+$26,000,000
Slots	3,000	9,700	+ 6,700
Total A and B - NOA	$85,300,000	$170,600,000	+$85,300,000
Slots	30,000	57,800	+ 27,800

Purpose and Scope

At a time of unprecedented national prosperity that has seen the successful absorption of millions of new entrants into the work force, a hard core of unemployed workers continue to remain in a state of poverty, unable to sustain themselves and their families without welfare or other assistance. The vast majority of them are concentrated in the slum areas of our major cities and in numerous rural areas. Up to now, the various manpower and manpower-related programs have not adequately met the total needs of these areas and their residents.

Mindful of this inadequacy, President Johnson instructed the Director of the Office of Economic Opportunity and the Secretary of Labor, with the assistance of other Federal agencies, to harness Federal manpower resources in a special program of concentrated assistance to the most severely disadvantaged groups. Accordingly, a concentrated attack on slum unemployment and underemployment was launched in April 1967. This special program, designated as the Concentrated Employment Program, was initiated in 19 cities and two rural areas in the waning months of FY 1967. An additional urban project was initiated in early FY 1968; thus, a total of 22 projects are now in operation, in the areas listed below:

1. Birmingham, Alabama
2. Los Angeles, California
3. Oakland, California
4. San Francisco, California

5. Washington, D. C.
6. Atlanta, Georgia
7. Chicago, Illinois
8. New Orleans, Louisiana
9. Baltimore, Maryland
10. Boston, Massachusetts
11. Detroit, Michigan
12. St. Louis, Missouri
13. Newark, New Jersey
14. New York, New York
15. Cleveland, Ohio
16. Philadelphia, Pennsylvania
17. Pittsburgh, Pennsylvania
18. Houston, Texas
19. San Antonia, Texas
20. Phoenix, Arizona
21. Northern Michigan (10 county area)
22. Mississippi Delta

Essentially, the program is designed (a) to combine under one sponsor and in a single contract all of those manpower training activities and associated services that are necessary to help an individual move from unemployability and dependency to self-sufficiency, and (b) to facilitate the delivery of such services by funding through a single source. CEP has become an effective system for the delivery of manpower services in the target areas. As a result, CEP should provide:

-- better service to the individual and the consequent improvement in individual success rates.

-- better control of Federal manpower programs and greater achievement of program goals and objectives.

-- elimination of much of the difficulty for local government officials in mounting manpower programs.

-- improved coordination at the local level of all employment and employment-related resources.

Specifically, CEP serves participants by:

1. Reaching out to recruit people in slum areas as opposed to a "you come to us first" basis.

2. Referring participants to jobs, training programs, school, or any combination of the three.

3. Providing participants throughout the program with whatever supportive services are required to allow them to move to productive employment. This may include medical care, legal help, day care facilities for children of working mothers,

and orientation on the use of available transportation.

4. Working with private employers and labor unions to line up job opportunities that have been closed to the hard-core jobless.

5. Providing post-program follow-up services.

Although experience with CEP is relatively brief, CEP concepts, approaches and capability must now respond to the challenge of the Model Cities Program, established by the Demonstration Cities and Metropolitan Development Act of 1966. A substantial portion of the FY 1968 and FY 1969 CEP resources will be used to support the Model Cities Program.

The attainment of CEP's objectives will greatly depend, of course, upon obtaining extensive and effective participation of business and industry in various manpower development and utilization programs. The skills, the technology, the ingenuity, and the drive of American industry, therefore, must be increasingly brought to bear on the alleviation of hard-core unemployment. Thus, the business and industrial community will be involved in the planning and operation of outreach, training, and placement programs.

An example of cooperative business/government action is the new Job Opportunities in the Business Sector (JOBS) program. This program provides incentives to industry to hire and train the hard-core unemployed and is expected to effectively complement local CEP activities. CEP projects will constitute a major source of JOBS project enrollees. The JOBS program is discussed in greater detail in another section of this presentation.

Program and Performance in Fiscal Year 1968

The total FY 1968 funding for this activity is $51,300,000; however, as indicated under the previous Schedule of Funding Requirements table, additional resources have been obtained from other Title I-B program activities. Total Title I-B appropriations available for the FY 1968 CEP program are:

	1968 NOA	Total Slots
CEP	$51,300,000	21,200
Other	34,000,000	8,800
	$85,300,000	30,000

In addition to Economic Opportunity Act funds, a total of $67,000,000 has been allocated to FY 1968 CEP activities from the Manpower Development and Training Act and Human Resources Development program appropriations. Although these are non-EOA programs, they operate as

integral parts of CEP, and provide both manpower services and vocational training resources.

During FY 1968, CEP coverage will be increased from the 21 areas funded in FY 1967 to 76 target areas for a total increase of 55 projects. An estimated 45 of these additional projects will be initiated in urban areas, and 10 in rural areas. Only those rural communities with substantial out-migration to urban areas will be selected.

The FY 1968 CEP effort will continue to be directed toward the most severely disadvantaged individuals within a target area. Through the CEP system, it is expected that a variety of manpower programs and related supplemental services will be made available under a single sponsoring organization. Utilizing FY 1967 experience, an array of services available to enrollees will permit the construction of a program plan tailored to each enrollee's specific needs.

In addition, many CEP projects will be operated in conjunction with Model City activities in the community, thus forming the major manpower component of those Model City projects.

The Job Opportunities in the Business Sector (JOBS) program initiated during FY 1968 is expected to provide a valuable source of job opportunities for CEP enrollees. Every effort will be made to closely coordinate JOBS and CEP activities, wherever they exist in tandem.

Program and Performance in Fiscal Year 1969

The requested FY 1969 NOA for the CEP activity is $78,600,000, an increase of $27,300,000 above FY 1968 appropriations of $51,300,000. As in FY 1968, the CEP activity forms a major, but not total, portion of Title I-B funding directed to this program.

	1969 Request	Total Slots
CEP	$ 78,600,000	32,500
Other	92,000,000	25,300
	$170,600,000	57,800

An additional $88,000,000 will be obtained from the Manpower Development and Training Act and Human Resources Development program appropriations. Another important source of CEP funding will be the emerging Work Incentives program under Title IV of the Social Security Act. A total of $55,000,000 of appropriations for that program will also be made available for the CEP in FY 1969.

CEP activities will be operational in 146 areas in FY 1969, an increase of 70 projects over FY 1968. Of these new projects, 35 will be urban and 35 rural. Therefore, by June 1969, a total of 99 urban and 47 rural projects will be in operation.

Justification

The requested NOA of $78,600,000 for FY 1969 CEP activity provides an increase of $27,300,000 over the FY 1968 NOA level of $51,300,000. In combination with resources available from other Title I-B, Economic Opportunity Act programs and from the Manpower Development and Training Act, the Social Security Act, and the Human Resources Development Program, a total of 146 CEP projects will be funded in FY 1969, an increase of 70 projects over FY 1968. Of these new projects, 35 will be in urban areas and 35 in rural areas.

CEP is a comprehensive, coordinated manpower effort, the major innovative feature of which is a system for the efficient and effective delivery of work and training programs authorized under a variety of Federal statutes. The NOA of $78,600,000 requested under the CEP activity is necessary to finance the overall CEP administrative structure and the special supportive services (day care, transportation, etc.) which are required for program success and are largely unavailable, either totally or in sufficient quantity, through other funding sources.

In addition, CEP plays an essential role in the Model Cities program. As the major manpower component in Model Cities target areas, the vocational training and related services supplied through CEP are key to the ultimate success of that program.

Finally, CEP will provide an especially desirable mechanism for the delivery of manpower services to rural areas which have histories of substantial population out-migration to urban areas. Thus, CEP will fill a major deficiency in previous manpower efforts in economically impacted rural communities -- the lack of comprehensive, coordinated manpower activity closely tied to economic development efforts in the target areas. One-half of all new CEP projects in FY 1969 will be located in distressed rural areas.

Program Support

1968 Estimate	1969 Estimate	Increase
$20,100,000	$23,600,000	$+3,500,000

Introduction

This program support activity encompasses the general direction, administration, research, demonstration, evaluation, and technical assistance activities necessary to execute effectively the Title I, Economic Opportunity Act responsibilities of the Department of Labor.

The Director, Office of Economic Opportunity has delegated to the Secretary of Labor basic administrative responsibilities for all work and training programs authorized under Title I-B, with the exception of the Foster Grandparents program. These programs include the School and Summer Programs (the traditional NYC In-School and NYC Summer programs), and the Comprehensive Employment Programs (the Out-of-School, Operation Mainstream, New Careers, Concentrated Employment and Job Opportunities in the Business Sector programs).

The administration of the Title I, EOA activities of the Department of Labor is accomplished through a National structure of headquarters and regional offices. Overall policy, planning, budgeting, research, evaluation, accounting, statistical, pilot study, standards and procedures, and a limited number of operational activities are undertaken at the headquarters office in Washington, D. C. The Bureau of Work-Training Programs of the Manpower Administration has primary responsibility for these functions, with substantial staff assistance from the Office of Financial and Management Services.

Most program operations authority has been decentralized over the past two years to the eight Department of Labor regional offices. These regional offices have general administration, contract execution, project monitoring, sponsor technical assistance and program coordination authority for the myriad of program activities within their respective regions. This decentralization of operations is now being accomplished.

Schedule of Funding Requirements

	1968 Estimate	1969 Estimate	Change
Personnel Compensation & Benefits	$ 7,100,000	$ 9,144,000	$+2,044,000
Other Expenses	$ 3,400,000	$ 3,356,000	$- 44,000
Total Salaries & Expenses	$10,500,000	$12,500,000	$+2,000,000
Research, Demonstration & Evaluation	$ 4,600,000	$ 6,100,000	$+1,500,000
Technical Assistance	$ 5,000,000	$ 5,000,000	--
Total Program Support	$20,100,000	$23,600,000	$+3,500,000
(School & Summer Programs)	($ 4,600,000)	($ 4,800,000)	($ 200,000)
(Comprehensive Employ Prog.)	($15,500,000)	($18,800,000)	($ 3,300,000)
Personnel	680	880	+220
Headquarters	287	347	+ 60
Field	393	533	+140

Justification

A. Salaries and Expenses

The fiscal year 1969 Economic Opportunity Act recommendations of the President signal a number of substantial increases in the manpower program activities administered by the Department of Labor. For example, the NOA levels for these programs, including planned Department of Labor activities under the Special Impact Program (Title I-D, EOA), increase by over 60 percent, from $440,900,000 in fiscal year 1968 to $711,400,000 in fiscal year 1969. The overall requested increase in staffing is 29 percent, from 680 positions in fiscal year 1968 to 880 positions in fiscal year 1969.

Substantially augmented program monitoring, contractual, accounting and general administrative activities must accompany such a dramatic change in program size and scope. In addition the growing complexity of program designs, expanded agency and Congressional demands for program evaluation and accomplishments data, sponsor requirements for manpower program technical assistance, and the necessity of expanding research and demonstration programs to develop new, even more efficient and effective program models have further intensified the need for staffing increases.

A total of 140 (70 percent) of the 200 new positions will be allocated to field operations, with the remaining 60 positions (30 percent) needed to

support National office operations. Of these positions, 137 will be professional and 63 will be clerical.

To finance the additional 200 positions requested in fiscal year 1969, an NOA increase for the salaries and expenses activities of $2,000,000 is required: from $10,500,000 in FY 1968 to $12,500,000 in fiscal year 1969.

B. Research, Development and Evaluation

In fiscal year 1969, program studies initiated in prior years will be continued and a small number of new studies will be initiated. Included are studies designed to improve program components, pilot projects to create and test innovative program techniques, and evaluation activities to secure in depth evaluation data and to develop new evaluation methods. Within these broad areas, new directions of study are planned, including program studies designed to explore characteristics and program needs of older workers, such as those enrolled in Operation Mainstream projects, pilot projects emphasizing innovative techniques to serve as models for future NYC Summer programs, and evaluative research to evaluate in depth a representative group of Concentrated Employment projects.

The increase of $1,500,000 in fiscal year 1969 NOA requested for program studies, pilot projects, evaluations and research reflects the broadened program mandate. While these activities must continue in support of NYC, Operation Mainstream, and New Careers, they must also be expanded to reflect the transition of the CEP concept from a pilot effort involving 20 cities and 2 rural areas in fiscal year 1967 to a major operation planned for 146 areas in fiscal year 1969. The largest single area of expenditure of these additional funds will therfore be in evaluative research on CEP.

C. Technical Assistance

A good project operation is the end result of careful program planning, development and execution activities. This evolutionary process entails multiple steps, and includes the assessment of local manpower needs, the design of a project which best meets high priority community needs, the training of project staff, and the later re-vamping of basic project design to reflect operational experience.

It is necessary that project sponsors be given the best possible assistance, guidance and advice in all phases of program development, in order to promote the most effective and efficient use of limited program resources and thereby provide maximum benefit to the target population. For example, New Careers program sponsors must be provided with technical assistance to help formulate the career ladder concept in their projects and to establish training models for instructors.

Assistance is especially needed to develop rural area projects. A great deal of difficulty has been experienced in establishing meaningful manpower programs in thinly populated, geographically large rural areas. Training, educational and other services are normally more dispersed, and less well developed than in concentrated urban areas. The problems of rural areas will receive special emphasis in both fiscal year 1968 and fiscal year 1969.

Other technical assistance efforts, will center on the Concentrated Employment and JOBS programs

A particularly important activity in CEP programs is the development of project designs which adequately reflect the individual manpower needs of each target community. To accomplish this, and to better ascertain the actual funding needs of each program, a project planning and development phase will preceed the formal execution of the contract agreement. In 1968, for example, planning grants have been awarded for periods ranging from thirty to ninety days. Under these grants prospective sponsors are to plan the structure and operations of their projects. The project designs emanating from this planning phase will then serve as the basis for a formal contract.

In order to accomplish these objectives, a total of $5,000,000 is required for fiscal year 1969 technical assistance activities, a funding level identical to that in fiscal year 1968.

Special Impact Program

1968 Estimate	1969 Estimate	Increase
$20,000,000	$30,000,000	$+10,000,000

Introduction

Authorized under Title ID of the Economic Opportunity Amendments of 1967, the Special Impact Program is a multi-faceted effort directed towards solutions of the special economic, environmental and training needs of urban areas with highly concentrated poor populations, and of rural areas with histories of substantial population out-migration to urban centers. A key aspect of special impact activities is the requirement that projects be of "sufficient size and scope to have an appreciable impact" on their urban or rural target neighborhoods and communities.

Schedule of Funding Requirements

	1968 Estimate	1969 Estimate	Increase
Special Impact			
Operations	$20,000,000	$30,000,000	$+10,000,000
Jobs	7,000	9,900	+2,900

Purpose and Scope

Special impact activities will directly and comprehensively attack the basic determinants of poverty regardless of whether they are economic, social or environmental in origin. Considering how deeply the roots of urban and rural poverty go, this is a major undertaking. It is necessary, therefore, that these activities be highly innovative.

The letter and intent of Title ID of the 1967 Amendments provide the necessary framework for this job. Projects established under that authority must be concentrated on the critical problems of urban and rural areas, and yet must be sufficiently restricted in geographic area so as to have "an appreciable impact ... in arresting tendencies toward dependency, chronic unemployment and rising community tensions." Because of funding limitations, therefore, the number of projects initiated in FY 1968 and FY 1969 will be very limited.

The means of achieving the above objectives are economic development, community development, manpower training, entreprenuerial development, involvement of the local business community and coordination with a variety of other public programs.

While these objectives of the Special Impact Program are quite specific, their very comprehensiveness allows a great deal of flexibility in project design.

In a normal sequence of events, economic activity would produce jobs, training would beget persons to fill these jobs, and wages would foment the desired environmental change. In most target neighborhoods and communities, however, there are many factors which inhibit the development of needed business and job activities. Special impact projects will be designed to overcome these barriers.

In some projects, all three needs may be summarily satisfied: e.g., a project to renovate slum dwellings, which concomitantly provides training and jobs for residents of the area.

In other cases, the activities of the Special Impact Program can be closely tied to Economic Development Administration projects, or with the operations of other Federal agencies, so that one may effectively complement the other.

In still other areas, incentives to business and industry to relocate in target areas and to hire and train the poor, may set off the desired chain reaction of events.

In the late months of FY 1967, a forerunner of FY 1968 special impact activities was initiated: the Bedford-Stuyvesant project in New York City. Under that project, separate organizations were established for conducting (1) community development to improve the living and general environmental conditions of the target neighborhoods and (2) business and job development. Community and business leaders from throughout the city have volunteered to help in this effort.

Because of the need to develop innovative projects that are closely coordinated with Economic Opportunity Act and other Federal programs, the Office of Economic Opportunity will retain basic responsibility for direction and administration of the Special Impact Program, but will utilize the special knowledge and skills of other Federal agencies in the development and conduct of projects. For example, the Deputy Director of OEO has received from the Departments of Agriculture, Labor and Commerce, as well as OEO's Community Action Program, proposals for FY 1968 special impact projects. A number of these will be funded this year.

Program and Performance in Fiscal Year 1968

With available FY 1968 NOA of $20,000,000, a total of 6 to 8 Special Impact projects will be funded. Preliminary plans call for two of these projects to be located in rural areas, with the remainder in urban slum areas. In addition, a number of these projects are to be closely coordinated with, or complementary parts of planned Job Opportunities in the Business Sector (JOBS) Program and the Concentrated Employment Program (CEP) efforts.

It is anticipated that approximately 7,000 jobs will be created with available funding.

Program for Fiscal Year 1969

A total of $30,000,000 in NOA is required for the FY 1969 Special Impact Program. These funds will be used to re-finance both the activities initiated in FY 1968, and the FY 1967 Bedford-Stuyvesant project which did not require refunding in FY 1968. A small amount of FY 1969 NOA may also be available for the initiation of additional program activities, through either the expansion of existing projects or the initiation of one or two additional projects.

As in FY 1968, a number of projects will be allied with JOBS and CEP program efforts.

An estimated 9,900 jobs will be developed with the requested NOA, an increase of 2,900 jobs over the FY 1968 level of 7,000.

Justification

The requested FY 1969 increase in NOA is $10,000,000, from $20,000,000 in FY 1968 to $30,000,000 in FY 1969. This increase is required to refund projects initiated in FY 1967 and FY 1968, and permit a very limited increase in the funding levels of existing projects, if experience supports such an action, or an increase of one or two in the number of projects funded.

Work Experience and Training Program

1968 Estimated NOA	1969 Estimated NOA	Change
$45,000,000	$20,000,000	$-25,000,000

Introduction

This program provides work experience and training for unemployed parents of dependent children and other needy persons by improving their employability through work experience and training, maintenance payments, medical care, and social services related to employability. The program's objective is to prepare these persons for regular employment and, thereby, reduce the need for public assistance. These basic objectives are being met by a variety of services including basic education for functional illiterates, high school equivalency, work experience (for good work habits), vocational instruction (for new skills), motivational counseling (for improvement of self image), income maintenance (based on family size), medical care, supportive social services (child care, personal and family counseling, etc.), and job orientation and job placement. The program takes persons where they are without regard to previous education and work history and gives them the necessary services to prepare them for the labor force. This approach provides a flexible program of integrated vocational instruction and training, manpower, and social services. The typical Title V project is conducted by State and local public welfare agencies with specialized manpower inputs by the Department of Labor and with maximum use of community resources. Training is keyed to the labor market. Occupational areas and skill levels are limited only by the resources of the community and the capacity of the project trainee.

Schedule of Funding Requirements

	1968 Estimate	1969 Estimate	Change
NOA	$45,000,000	$20,000,000	$-25,000,000
Program Operations	$43,050,000	$18,500,000	$-24,550,000
Program Direction	$ 1,950,000	$ 1,500,000	$ -450,000
Trainees from NOA	31,000	18,450	12,550
Unit Cost per Trainee	$ 1,368	$ 1,242 1/	$ -126
Spaces from NOA	17,900	10,730 1/	-7,170
Unit Cost per Spaces	$ 2,345	$ 2,130 1/	$ -215

1/ In FY 1969, 20% of the unit cost will be borne by other than Federal funds.

Purpose and Scope

During the 37 month period, December 1964 through December 1967, about 195,000 trainees have taken part in the Work Experience and Training program. Approximately 47,500 of the 195,000 trainees are still assigned and 147,500 are no longer in projects. Of this number, almost 36 percent immediately found gainful employment upon leaving the project and 5 percent left various projects to take advanced vocational training, including MDTA. The Work Experience and Training program would, however, have more significant impact than these numbers might indicate, since 22 percent terminated for reasons such as disability or illness, breakdown in child care arrangements, and transportation problems.

An important aspect of Title V operations is the development of an employability plan. This plan includes an estimate of what a trainee needs in motivation, education, vocational training, and work experience to become a fully employed worker. An essential part of the plan is the analysis of the family situation to see what problems exist which are likely to adversely affect the trainee's participation in the project. In some instances, a homemaker may be assigned to teach better housekeeping, child rearing and money-management; whenever needed, day care for children is provided; and remedial medical attention is given. Counseling is given for marital, parent-child or other behavioral or personality problems that may be disrupting family life.

The average trainee will be on a Title V project for approximately seven months. He may be assigned to any of the many combinations of counseling, work experience and formal training. When he has completed his assignment, he will have received a level of education, work experience and/or occupational training plus the personal, financial, legal and family problem counseling and special assistance necessary for him to find and keep employment and to maintain his family in dignity.

The largest group of persons to participate in the Work Experience and Training program is unemployed and needy mothers and fathers with dependent children. They are part of the hard-core unemployed and among the most unskilled and untrained of the poverty stricken. On December 31, 1967 training was being given to approximately 47,500 trainees in 231 projects in all States (except Alabama and Illinois) and in the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. Forty-three percent of the trainees were men. Exclusive of the Eastern Kentucky and the West Virginia projects that have few Negroes in their general populations, and also exclusive of the Puerto Rico and Virgin Islands projects that do not report race, 46 percent of all trainees were Negro and a small percentage was made up of Indians and Orientals. Approximately one out of five trainees had completed high school at the time of his assignment to Title V. Of those trainees who had not completed high school, 31 percent had not advanced beyond the seventh grade level and more than one-third of these had an educational level at the fourth grade or lower.

Almost 75 percent were receiving Federally-aided public assistance at the time of assignment, and the remainder were either on general assistance or had a family income of less than $3,000 per year.

Increasing emphasis has been given to training in certain occupational areas, in order to meet present and anticipated labor shortages. One such emphasis has been on the training of nonprofessional aides in such occupational areas as education, social work, child care, home management, library work, and community organization. In the health field, cooperation has been enlisted from many sources, including two Federal agencies: the Division of Hospitals and the Division of Indian Health in the Public Health Service, and the Veterans Administration.

The Title V program has established many conservation and beautification projects. In many States, particular emphasis has been placed on training and work experience in such public agencies as road commissions, park services, recreational facilities, lakes, streams, and wildlife facilities, and Indian reservations. Parallel with the development of the Work Experience and Training program has been significant improvement and beautification of the above areas in participating States and localities.

As of December 31, 1967, approximately 40 percent of all training spaces in the Title V program were in rural areas, and since the start of the program, approximately $100,452,000 has been approved for grants to States for work experience and training projects in rural areas.

Program and Performance for Fiscal Year 1968

The President's Budget Message for fiscal year 1968 stated that the Work Experience and Training Program would be a decreasing program to be replaced by a gradually increasing work and training program based on new legislation under Title IV of the Social Security Act.

The $45,000,000 allocated for fiscal year 1968 when combined with $8,000,000 of fiscal year 1967 carryover funds, will provide training for about 36,600 men and women with some 131,800 dependents.

The Social Security Amendments of 1967 authorized the Work Incentive Program for recipients of Aid to Families with Dependent Children under Title IV of the Social Security Act. The new program is effective on an optional basis as of April 1, 1968; mandatory as of July 1, 1968 except for any State prevented by State statute from complying; and mandatory in all cases by July 1, 1969. The new program which is administered by the Department of Labor through its local employment service agencies should offset to some extent, the effect of the decrease in the Title V program. Some Title V projects will be terminated; however, every effort is being made to insure that individuals enrolled in these projects will be afforded opportunities in other programs. States, having the authority

to do so, will plan towards termination of the Work Experience and Training program by April 1, 1968. It is expected that there will be an orderly transition between the existing Title V program and the new Work Incentive Program in order to provide for absorption of Title V trainees in the new program and maximum utilization of the experienced Title V staff.

Program for Fiscal Year 1969

Fiscal year 1969 will be the last year of funding for the Title V Work Experience and Training Program. States not having already moved to the Work Incentive Program must do so on July 1, 1969. These States must plan towards termination of the Title V program by April 1, 1969 or as soon thereafter as possible and no later than June 30, 1969.

The request for fiscal year 1969 is $20,000,000 of which $18,500,000 is for program operations. This amount, when combined with $1,500,000 carry-over from fiscal year 1968, will provide training for 15,450 trainees with approximately 55,600 dependents. This represents a decrease of 21,150 trainees under those trained in fiscal year 1968. This decrease is due to a $25,000,000 NOA reduction from 1968 to 1969. Most, if not all, of the trainees displaced by the reduction in NOA will be provided training by the Work Incentive Program or to some extent by other work-training programs under the Department of Labor.

The 1966 Amendments to the Economic Opportunity Act provides for up to 20 per-cent State and/or local matching for projects approved in fiscal year 1969. This additional input (in cash or kind) will provide training for up to 4,000 trainees with 14,400 dependents. All trainees in projects to be funded in fiscal year 1969 will be public assistance recipients (Group I), all other needy persons (Group II) will be phased out through attrition, which began in fiscal year 1968.

Justification of Estimates

Program Operations

The $18,500,000 requested for fiscal year 1969 is necessary to accomplish the orderly phaseout of the Work Experience and Training Program (Title 5, EOA), and to accommodate the gradual implementation of its successor program, the Work Incentives Program (Title IV, Social Security Act) which becomes mandatory in fiscal year 1970. The proposed funding will permit the displacement of as few Work Experience and Training program enrollees as possible, through coordinated efforts to place enrollees in the emerging Work Incentive and other manpower projects.

Program Direction

The program direction request for fiscal year 1969 is $1,500,000, which will support 91 positions to administer the program. Thirty positions are for the Department of Labor and 61 positions for the Department of Health, Education, and Welfare. This represents a decrease of 21 positions from the number authorized in fiscal year 1968. With the reduced program level projected for the Title V program, there should be a decrease in project activity. Not all administrative units will be affected by the decrease in project activity. The need for certain overhead functions remains unchanged regardless of the size of the program.

Ninety-one positions represent the minimum necessary for the Department of Health, Education, and Welfare and the Department of Labor to effectively carry out their responsibility for the administration of the Work Experience and Training Program. There will be continuing need to provide consultation and other assistance to projects as they are restructured under the reduced NOA. Most importantly, there will be a need for coordination between Title V and the Work Incentive Program to achieve an orderly transition.

APRIL 9, 1968.

COMMUNITY ACTION PROGRAM

Mr. FLOOD. We now have the community action program. The presentation will be made by Mr. Theodore M. Berry, the Assistant Director for Community Action Programs of the CAP–OEO.

We will place your biographical sketch in the record.

(The biography follows:)

Theodore M. Berry, 62, Director of Community Action Programs in the Office of Economic Opportunity.

A native of Maysville, Ky., Berry is an attorney and former vice mayor of Cincinnati.

Berry holds a law degree from the University of Cincinnati. He graduated in 1931. He was Cincinnati's public welfare investigator in 1929–32. From 1939 to 1942, he was assistant prosecuting attorney for Hamilton County, Ohio. He was Cincinnati vice-mayor in 1956–57.

He has also served as director for the U.S. Department of the Interior in Ohio, as employment surveyor, and as a morale officer with the U.S. Office of War Information.

A member of the Washington branch of the National Association for the Advancement of Colored People, Berry was elected a NAACP director. He was a delegate at large to the National Urban League in 1957 and in 1959. He has been active in more than a dozen other civic and betterment groups.

Berry lives in Cincinnati with his wife, Johnnie Mae, his son, Theodore, 9, and daughter, Faith. Another daughter, Gail, is married and living in Washington.

Mr. FLOOD. Do you have anybody with you, Mr. Berry, whom we have not met?

Mr. BERRY. I do, Mr. Chairman. I would like to introduce members of my staff. Mr. Don Wortman, who is at the easel to flip the charts. He is my Associate Director for Operations. He came to OEO from the Atomic Energy Commission and first served in the Office of Program Planning and Evaluation.

Mr. FLOOD. Would you say that would be going from the frying pan into the fire?

Mr. BERRY. Well, I would say from an explosive operation to another explosive operation. One chemical, and the other social.

Mr. Earl Johnson, who is the Associate Director for Legal Services program, who is a native of South Dakota but was educated at the University of Chicago. He was originally here in the legal services program of the District of Columbia and we brought him to head up that office when Mr. Bamberger left a year and a half ago.

Mr. Jule Sugarman, who has a distinguished career in Government and public service, is Associate Director for Headstart. He was the architect who brought together the Headstart operation in the summer

of 1965 and has done an exemplary job not only in the Headstart program but also in developing the guidelines for the Follow Through program which has been delegated to the Office of Education, and more recently in formulating the guidelines for the implementation of congressional legislation dealing with day-care centers, which is in several pieces of legislation. He is still serving as Associate Director of Headstart.

Mr. Noel Klores, who came to us from his tour of military duty by way of the Atomic Energy Commission and has been in charge of our special programs dealing with Indians, the territories, and the migrant programs under title III of the legislation.

Dr. Joseph English, Dr. Frankel, and Dr. London are the three architects and engineers of our comprehensive health services program, with Dr. London giving special attention to family planning projects.

I think that completes my contingent of support.

Mr. FLOOD. I see you have a statement here. How do you wish to proceed?

GENERAL STATEMENT

Mr. BERRY. I would like to orally present it, supporting it with the graphic delineation of our presentation on the charts.

Mr. FLOOD. I suppose you want the statement placed in the record?

Mr. BERRY. Yes, sir.

(Mr. Berry's statement follows:)

STATEMENT OF THE ASSISTANT DIRECTOR

AN INVESTMENT IN HUMAN PROGRESS WITH DIVIDENDS FOR ALL AMERICANS

Gentlemen, in this brief opening statement, I want to provide you with a new and different look at community action. Let us look at the community action program as an investment in human progress which, like any other investment, should return satisfactory dividends.

Gentlemen, through this presentation and in our ensuing discussions, we want you to satisfy yourself that community action is returning substantial dividends for all Americans, both poor and nonpoor.

COMMUNITY ACTION PROGRAM

We are carrying our your mandate—

"* * * to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, in rural and urban areas, to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become self-sufficient."

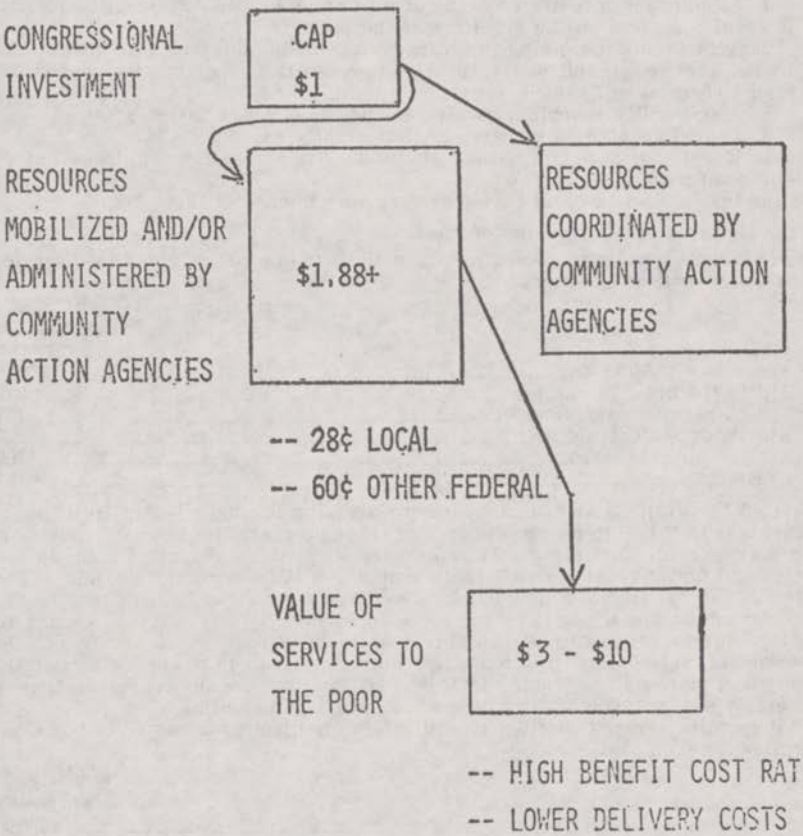
Let me point out first that CAP is providing its dividends in carrying out the mandate that you set forth last year in section 201 of the act. You will see in the next few minutes some of the major ways in which we have put this mandate into motion and are achieving results.

Let me first provide an overall perspective on community action, and then review some of the facts and figures on our current operations.

The first point to be recognized about community action is that the poor receive at least $3 in self-help services for each dollar Congress invests in CAP. Needless to say, this fact is in sharp contrast to the assumptions and misconceptions held by many who are unfamiliar with community action. Our studies show that community action agencies mobilize and/or administer at least 88 cents of additional funds for each CAP dollar they receive. We are certain that this is a conservative figure because it does not include such items as programs we've started and "spun off" to local agencies, and many hours of valuable services volunteered by concerned citizens.

THE CAP MULTIPLIER EFFECT

THE POOR RECEIVE AT LEAST $3 IN SELF-HELP SERVICES FOR EACH DOLLAR INVESTED IN CAP



In addition, our community action agencies coordinate an immense amount of resources to stimulate a better focusing on the problems of the poor. This coordination ranges from bringing other antipoverty programs into our neighborhood centers, to preparing and motivating a poor person to enroll in another program, and helping to improve the public educational system as a result of our headstart program.

The value of the services our community action agencies provide the poor for each CAP dollar runs from $3 all the way up to $10 and even higher, depending on the program. This multiplier effect is the result of both the high benefit-cost ratios of most of our programs, and our lower delivery cost structure

In the remainder of this presentation, I want to show you the facts behind each of these points.

CAP PROGRAMS ARE RETURNING SUBSTANTIAL HUMAN AND FINANCIAL DIVIDENDS ON YOUR INVESTMENT

We want you to take a hard look at CAP's performance in—

1. Stimulating a better focusing of resources;
2. Achieving outstanding program results;
3. Successfully reaching target groups;
4. Providing high-value services; and
5. Keeping delivery costs low.

With this background, I want you to take a hard look at CAP's performance in—

1. Stimulating a better focusing of all available local, State, private, and Federal resources on the problems of the poor.
2. Achieving outstanding program results in helping the poor attain the skills, knowledge, and motivations and secure the opportunities needed for them to become self-sufficient.
3. Successfully reaching, involving, and helping our target groups.
4. Providing high-value services that greatly exceed the cost.
5. Keeping our delivery costs low and getting maximum mileage out of our resources.

Let us take a closer look at CAP's performance in each of these areas.

1. Stimulating a better focusing of resources

Many non-CAP programs work jointly with us in our 800 neighborhood service center complexes, as examples:

Non-CAP program:	*Number of CAP neighborhood centers*
Adult basic education	250
Aid to the blind	375
Aid to permanently disabled	187
Aid to dependent children	165
Rent supplements	160
USES	135

One of the dramatic ways in which we are stimulating a better focusing of resources is in bringing representatives of other programs into our 800 neighborhood service center complexes. This provides effective coordination right in the ghettos and target areas where it really counts (or in business terms, right at the "point of sale"). In these neighborhood centers, a poor person can receive the unique combination of services he needs to escape poverty without regard to funding sources, program responsibilities, and office locations.

Dozens of antipoverty programs are now represented in our neighborhood centers and more will be coming in this year. We list here the representation of six key Federal programs which, as you can see, is substantial.

CAP recruits, screens, motivates, and refers qualified poor people to non-CAP programs. As examples:

Selected program:	*Participant referrals per month*
Neighborhood Youth Corps	40,000
Direct employment:	
Nelson	2,500
Scheuer	1,500
Federal-State employment service	3,300
BAT on-the-job	1,500
MDTA institutional	1,200

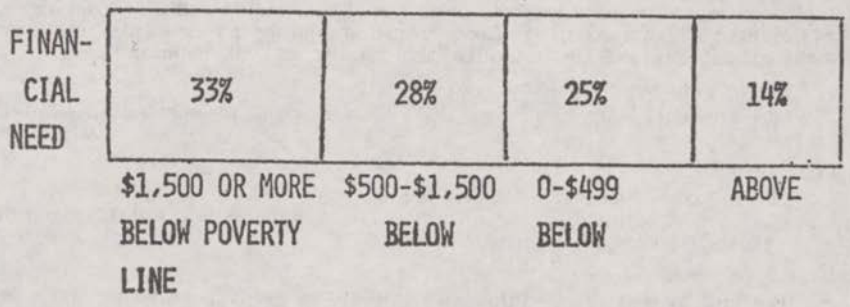
CAP is an effective catalytic agent in bringing together poor people and the services they need. Through our outreach effort, we recruit, screen, motivate, and refer qualified poor people to non-CAP programs. As you can see from these examples, the number of referrals each month is indeed large—40,000 to neighborhood Youth Corps alone. Most of these people simply would not receive the help they need without our outreach effort and catalytic effect.

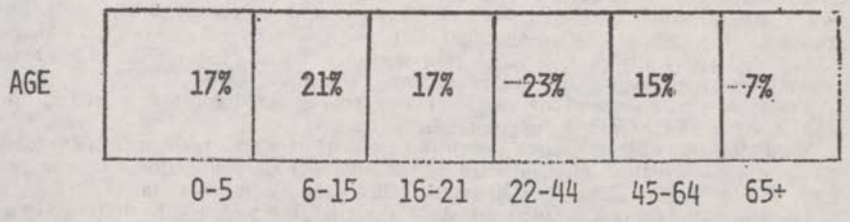
2. ACHIEVING OUTSTANDING PROGRAM RESULTS

Selected program	Number achieving result this year	Result achieved
Job placement	275,000	Obtained a job.
Special summer program	2,000,000	Participation.
Legal services	500,000	Case handled.
Comprehensive health	150,000	Examination, referral, or treatment.
Upward Bound	3,861	College matriculation (June 1967 high school graduates).
Headstart	669,400	Completion.
Consumer action and financial assistance	75,000	Participation.
Adult education	50,000	Do.

Let us now take a look at some of the results of programs operated by CAP to fill critical gaps in the network of anti-poverty programs: 275,000 poor people obtained a job this year with CAP's help; 2 million poor youth participated in the special summer programs. We are now handling over 500,000 cases a year in our legal services program. And you can see the kind of result we are getting in the other programs.

3. SUCCESSFULLY REACHING TARGET GROUPS





To demonstrate how well we have reached and involved the poor, I would like to point out that fully one-third of our participants were hard-core poor—that is, they and their families were $1,500 or more below the poverty line; 86 percent of our participants were below the poverty line; 14 percent were above the line for two reasons: first, the design of Headstart to allow 10 percent of its participants to be above the poverty line to contribute to enrichment, and second, our neighborhood centers counsel target area residents without imposing the barrier of a means test upon them.

Notice also that each age group is well represented in our programs. The fact that 22 percent of our participants are 45 years of age or older demonstrates that this group is being actively served by CAP.

4. Providing high-value services

The benefits of CAP services greatly exceed the cost according to rigorous benefit-cost analyses:

Upward bound.—$1 invested through upward bound is worth $1.65 to $2.78 at the instant it is spent.

Family planning.—$1 invested in family planning is worth $4.69 to $26.83 at the instant it is spent.

These benefit-cost ratios would be even higher if one included savings in welfare, crime, and other Governmental costs, or sociological benefits.

The fourth point I want to make is that CAP is providing high-value services for which the benefits greatly exceed the cost. Consider two of the programs for which rigorous benefit-cost analyses have been performed.

A dollar invested through Upward Bound is worth $1.65 to $2.78 at the instant it is spent. That is to say, $1.65 to $2.78 would have to be invested today at 3- to 5-percent interest to provide the same stream of additional earnings that a $1 investment provides in Upward Bound.

The benefit-cost ratio for family planning is even higher—from $4.69 to $26.83.

These are excellent returns on investment and I'm sure that most private businesses would be very happy to do as well. These ratios would be even higher if we included savings in welfare, crime, and other governmental costs, or sociological benefits of the individual, his family, and his community.

5. Keeping delivery costs low

Where alternative services exist, CAP's delivery costs are substantially lower, for example:

Legal services:

The unit cost of legal case handled is $49.

The cost of equivalent legal services from outside lawyers, if the poor person could afford them, would be $101.

Health services:

The annual cost of providing medical care to needy poor people averages $140.

The cost of equivalent medical car, if the poor person could afford it, would be $262.

This performance is largely the result of new program packaging concepts, high program utilization, and long working hours, let's also look at four other key factors.

The fifth key point I want to make is that CAP's delivery costs are low and we are determined to keep them low. Many of our services are not offered to the poor through any other channel and useful comparisons cannot be made. However, where alternatives do exist, we have found that our delivery costs are significantly lower. Let me give you two examples:

First, as you can see, our legal services people can handle a legal case for the poor for less than half the going market rate.

Secondly, our annual cost of providing medical care to a poor person averages $140, while equivalent medical care, if the poor person could afford it, and few can, would be $262. This is a dramatic difference by any standards.

Let's explore for a few moments how CAP is able to keep its delivery costs so much lower. We know this cost performance is largely the result of new program packaging concepts, the higher utilization of our programs, and also the long hours our people typically work.

In addition, there are four other key factors that should be pointed out and, in doing so, I believe we'll destroy some of the misconceptions that surround the program.

Administrative costs are carefully controlled:

CAA administrative costs are only 8.9 percent.

Although comparisons are difficult, we found:

March of Dimes—18 percent. Agencies represented in combined Federal campaign for national health agencies—15 to 40 percent.

This investment in administration is essential to insuring effective:

1. Program direction;
2. Interagency coordination;
3. Financial management;
4. Audit;
5. Personnel management;
6. Program reporting; and
7. Policy development.

First, our administrative costs are very carefully controlled and we believe them to be quite low. The administrative costs of all our community action agencies average only 8.9 percent of program funding. We have tried to identify some benchmarks against which to compare our administrative costs but, as you would expect, this is very difficult to do. We have observed that the March of Dimes reports its administrative costs at 18 percent of funding. The 43 private health agencies represented in the combined Federal campaign for national health agencies range from 15 percent to 40 percent.

I should also point out that our administrative costs are also a sound investment. They are essential to insuring effective program direction, interagency coordination, financial management, and the other management capabilities that any well-managed and efficient organization must have. In fact, this investment is absolutely necessary to achieve the specific purposes you set forth in section 201 of the act, namely:

1. The strengthening of community capabilities for planning and coordinating * * *.
2. The better organization of a range of services.
3. The development of innovative approaches.

these are very worthwhile purposes, and we are fully committed to them. At the same time, we should recognize that the resources necessary to achieving them show up in administrative costs. Even so, CAA administrative costs are only 8.9 percent.

One of the ways we have kept our delivery costs low is to avoid unnecessary startup costs by delegating some of our programs to established and well-managed community organizations where practical. In following this approach we are usually able to achieve low unit costs at the outset because we do not have all the problems in building an organization and training new people.

To give you an example of how we have avoided unnecessary startup costs, we made a study of 13 of CAA's you see listed here. (See page 214.) We found, on the average, that 48 percent of the total program funding is being disbursed through pre-OEO organizations, such as the public schools and private health and welfare agencies.

One other reason our delivery costs are low is that the compensation structure throughout the community action program is quite lean. This chart (see page 215) shows the average salaries for the CAA director and for comparable positions in the 13 communities listed on the previous chart. As you can see, the CAA director and, incidentally, the welfare director, lag behind comparable jobs in the communities. We feel that this is highly significant because the compensation in all other CAA jobs is essentially scaled down from the CAA director's compensation.

One other way we keep our delivery costs down is by continuously emphasizing management improvements throughout the program. During the past year we worked hard at strengthening our management systems in four key areas:

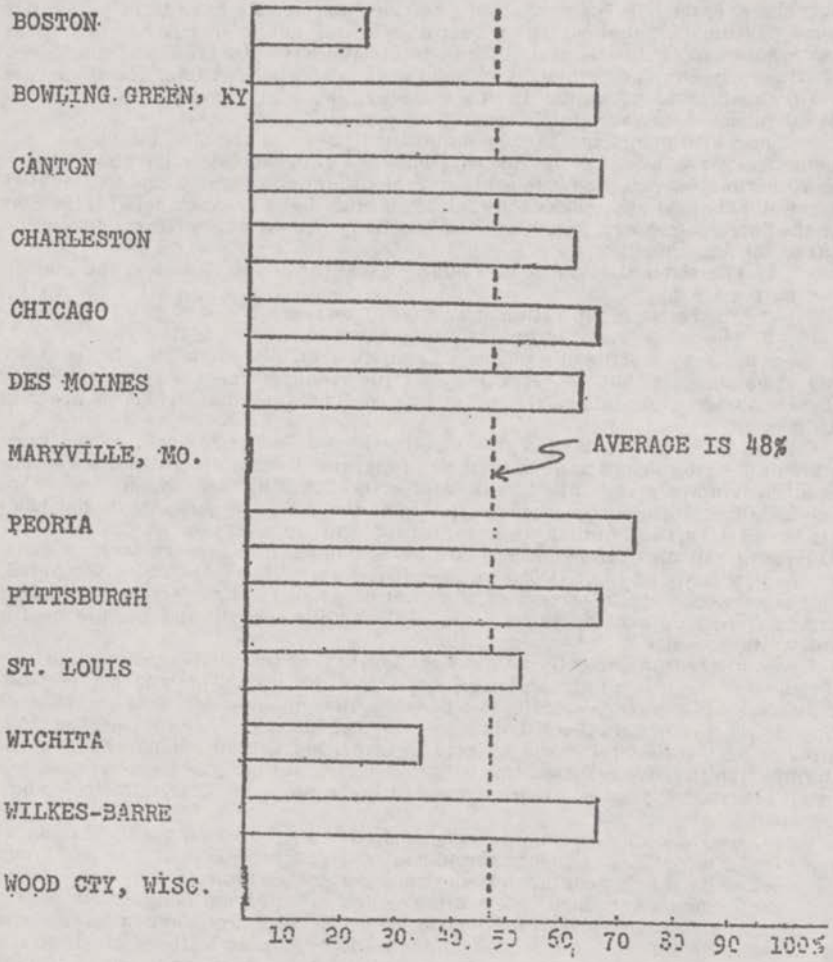
1. First, our management information system which I am delighted to report is giving us substantial information on each CAA's program operations, costs, what participants are being served, and what is happening to them. Much of the data we have presented today was provided through our management information system.

2. We have prepared guidance materials and procedures for extending our planning, programing, budgeting system down to the community level to aid CAA's in carrying out their vital planning and coordinating role.

3. As part of a continuous effort, we have strengthened our financial accounting and auditing procedures and are providing more detailed accounting handbooks to our CAA's. Moreover, we are providing further training to the financial managers from 900 community action agencies in the required accounting principles and procedures. Additionally, we have greatly strengthened our capabilities for analyzing auditing reports and quickly following up and resolving any identified problems.

4. We have improved our grant application package to simplify and shorten processing requirements in response to field requests. More importantly, however, we feel that we have made the grant application a much more effective decision-making document which will better help CAA's and our regional offices think through what are the needs of poor people, and the steps the CAA should take to help bring these people out of poverty.

TO AVOID UNNECESSARY START-UP COSTS; CAP WORKS THROUGH ESTABLISHED COMMUNITY ORGANIZATIONS WHERE PRACTICAL



PERCENTAGE OF FUNDS DISBURSED THROUGH PRE-OEO ORGANIZATIONS

Gentlemen, while time has permitted us to hit but a few highlights of the community action program, I hope you have gained a better understanding of the fact that the community action program is a sound investment in human progress and is, in fact, returning substantial dividends to the American people. Moreover, I hope you are convinced, as I am, that we are offering high value self-help services and keeping our delivery costs low, and that we are determined to improve our performance even further.

Where CAP goes from here

CAP needs the $1,020 million request—

1. To keep the current program going;
2. To invest $154 million to meet critical needs through—

Neighborhood centers to serve more of the rural and aged poor;

Upward Bound to aid 6,500 more students;

Headstart followthrough to start the program in some communities and increase enrollment by 66,000;

Family planning to serve 215,000 more families with emphasis in rural areas;

Emergency food and medical services to carry on vital assistance initiated in 1968;

Housing Development Corporations—Seven to 12 new ones to strengthen this program and provide housing for 11,000 poor families;

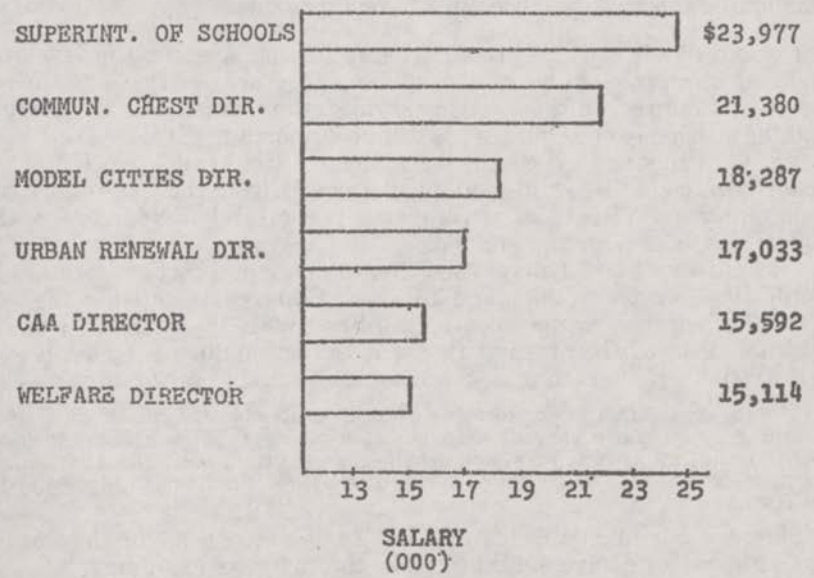
Comprehensive Health Centers to fully utilize their capacity and provide services to 800,000 additional poor;

Legal services to redress legal burdens for an additional 140,000 cases.

Let us now talk about where the community action programs are going from here. As you know, the needs of poor people to become self-sufficient are very great, but the size of our programs forces us to limit our services to but a fraction of the poor. For this reason, CAP needs, at a minimum, the full $1,020 million requested by the President.

CAP COMPENSATION STRUCTURE IS LEAN

TYPICAL COMMUNITY SALARY PATTERN



This funding level will enable us to keep our current program going and also to make some additional investments that promise to return substantial dividends.

This funding level would permit us to extend the abilities of our neighborhood centers to serve more of the rural and aged poor.

Upward Bound would be able to come to the aid of 6,500 more needy students.

Headstart would be able to follow through with 66,000 more of its participants into the first grade.

215,000 more families, especially in rural areas, would receive family planning services.

The vitally needed emergency food and medical services, initiated in 1968, would be expanded to full year coverage.

Seven to 12 new housing development corporations could be initiated and the total program could provide housing for an additional 11,000 poor families.

Our comprehensive health centers could fully utilize their capacities and provide services to 800,000 additional poor people.

And finally, our legal services program could handle an additional 140,000 cases for the poor.

Gentlemen, we believe this is one of the best investments that can be made in human progress at this time. We respectfully ask for your support.

SUMMARY OF GENERAL STATEMENT

Mr. FLOOD. Do you wish to make a statement before you go to the charts?

Mr. BERRY. I will move into the charts.

Mr. FLOOD. All right.

Mr. BERRY. Mr. Chairman, it is a privilege to appear here to present our case for the appropriation requested, particularly for community action as a part of the OEO operation for this coming fiscal year.

You have before you, of course, the justification which is the large document. We have supplemented that with a booklet which we think narratively and pictorially gives an overview of the community action program.

RETURNS ON FEDERAL INVESTMENT IN COMMUNITY ACTION PROGRAM

I would like in my oral presentation to further focus on the development of our program as it is producing a return on the investment made by Congress in this human services effort which was the charge and the mission of the Office of Economic Opportunity.

Through this new type of presentation we would like to attempt to satisfy this committee and, hopefully, through you, the Congress, that community action in fact is returning substantial dividends for all Americans, both poor and nonpoor.

I would like to, if I may, use a text—this is not to be a sermon. I would like to refer to the mandate which Congress restated in the act of 1967 when it more specifically amplified what its intention was in the enactment of the original 1964 act. In section 201 of the act it expressly states that the purpose of community action program is—

* * * to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals of all ages, in rural and urban areas, to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become self-sufficient.

This was our mandate. I would like to delineate some of the major ways in which we have sought to make this mandate meaningful.

First, I would like to give an overall perspective of community action. It should be recognized that the poor, in fact, do receive at least $3 in self-help services for each dollar that Congress has invested in community action programs. This fact is in sharp contrast to many assumptions and misconceptions that have been expressed by those who have been unfamiliar or do not understand what community action really is all about.

All this is based upon the information which has been steadily flowing through the systems which we have developed, that community action agencies mobilize and/or administer at least 88 cents of additional funds for each dollar they receive. This is in terms of both local contribution, which averages about 28 cents for each dollar, and 68 cents of other Federal programs that are coordinated and funneled through the system of the community action agencies established at the local level.

We are reasonably certain that this is a conservative figure because it does not include programs that have been started by us, then spun off and undertaken by local agencies. It does not take into account the many hours of valuable services which are volunteered and which the communities do not claim over and above that which is necessary to qualify for their non-Federal contribution.

In addition, the community action agencies coordinate a tremendous amount of resources to stimulate a better focusing on the problems of the poor. This coordination ranges from bringing other anti-poverty programs into neighborhood centers, to preparing and motivating persons to enroll in other programs and helping to improve the public educational system as a result of Headstart and, hopefully, through the extension of the follow through program as operated by the public educational system.

We conservatively value the services our community action agencies provide to the poor, that, for each community action Federal dollar, runs from $3 up to $10, depending upon the nature of the program. This multiplier effect is the result of the high benefit-cost ratios of several of our programs and the low delivery cost, which I will refer to a few moments later.

Now, with this background, I would like to examine the performance of community action programs' community action agencies in stimulating a better focusing of resources, achieving outstanding program results, and successfully reaching target groups. I woud also like to consider the high value of services and how we have attempted, and I think successfully, to achieve it by maintaining very low delivery costs.

One of the ways in which we are stimulating a better focus of resources is in bringing representatives of other programs into and through the 800 neighborhood service center complexes which have been funded. This provides effective coordination within the ghetto and the target areas where it counts—in commercial terms, at the point of sale.

In these centers the poor receive the combination of services they need to escape poverty without regard to funding sources, program responsibilities, or the dispersion of office locations. Dozens of poverty programs are now represented in our neighborhood centers and these

are being extended and enlarged as the funds for funding component programs are available.

Six principal Federal programs are listed here. This chart shows, in the 800 neighborhood service center complexes, the number of those complexes which are now bringing in these additional Federal programs, such as adult basic education, aid to the blind, disabled, dependent children, rent supplements and employment services. These do not exhaust the variety of other component programs which are funded through these centers, such as consumer education, housing services, adult literacy programs, and health programs which do not qualify and come within the definition of comprehensive health care, which we will touch upon later.

In addition to these resources, CAP is also serving as a catalytic agent in bringing together both the poor and the services they need. Through the use of nonprofessional indigenous residents in the outreach effort, the poor are recruited, screened, motivated, and in many cases referred to other noncommunity action programs. This chart gives to you a picture of the number of participants who, through community action agencies, are being referred to other action programs, some of them operated by other agencies such as the Neighborhood Youth Corps. Our statistics reveal that some 40,000 youth are processed through the community action agencies, and referred for placement. I would hasten to add that this 40,000 also indicates, the inability of the NYC to absorb all of these youth, because with the number of slots that are presently available it is perfectly apparent that NYC is not able to place all of these youth that community action agencies are referring. But it does give them a basis for tracking and keeping in touch with youth who are in need. The referral to other services such as the Nelson-Scheuer types of employment, the Federal-State employment service, Bureau of Apprenticeship Training—on-the-job, and MDTA is shown here. These are referrals that enable the community action agencies to be the entry point of the poor to other programs which are being funded by the Federal Government.

PROGRAM RESULTS

I would like now to touch briefly upon the results of some of the programs that are operated by the community action agencies to fill some of the gaps in services that reach the poor. Our information indicates that some 275,000 of the poor have been placed in employment through the community action agencies' assistance. Some 2 million youth have participated in the special summer program, which is a short-term crash program for which we are renewing the funding this year.

We are now handling over half a million cases a year through our legal services programs which now engage some 1,600 lawyers in this service. From this we are getting other results which are indicated on this chart.

Comprehensive health services presently are serving some 150,000, but it is expected that, with all of the health centers being operational, they will serve some 800,000 additional persons.

For Upward Bound, the figure indicates those that have completed the Upward Bound academic achievement boost and matriculated in

college. The blue chart indicates that there is a high percentage of retention in college.

Headstart is serving some 669,400 children this year.

Consumer action and financial assistance programs are serving some 75,000, and some 50,000 are participating in adult education.

PARTICIPATION BY THE POOR

We believe, and the figures clearly indicate, that we are reaching the poor. This chart indicates that fully one-third of our participants are, in fact, from the hard core of poor. Thirty-three percent of those who are being served by the programs through the community action agencies are at income levels $1,500 below the poverty line, which as Dr. Levine indicated, is currently $3,300 per year for a family of four. Twenty-eight percent are in an income level from $500 to $1,500 below that poverty line. The 14 percent above stems from the fact that we allow in Headstart a 10-percent enrollment of nonpoor children, and also that in target areas we do not apply a means test. Persons residing within a target area may be eligible for many of the services available within that area.

Likewise, our analysis of data indicates that we are covering the range of the poor by age group. Twenty-two percent of those being served are within the age group above 45.

COST-BENEFIT RATIOS

This, we believe, indicates that we are serving the spectrum of the needs of the poor. Now, the fourth point I would like to make is that CAP is providing high value services for which the benefits greatly exceed the cost. We have two illustrations from analyses that have been made particularly by our Research and Evaluation Office under Dr. Levine. We have arrived at the finding that $1 invested in the Upward Bound is worth $1.65 to $2.78 at the moment it is spent.

Mr. LAIRD. We ought to be able to balance the budget that way.

Mr. BERRY. That is to say, $1.65 to $2.78 would have to be invested today at 3 to 5 percent to provide the same stream of additional earnings that our investment provides in Upward Bound.

The benefit-cost ratio for family planning is even higher, from 4.69 to 26.83. We believe these are returns on an investment that any private business, and certainly Government I think, can be proud of. These ratios we believe do not include the even higher savings that inure to the public in terms of long-range reduction in welfare, crime, and other governmental costs, as well as the benefits to the individual, the family, and the community.

Mr. LAIRD. Mr. Chairman, if I may.

Who worked out those cost-benefit ratios?

Mr. LEVINE. My office did.

Mr. LAIRD. Who did the audits in the field on this? Was it a sample audit or a 90-percent audit?

Mr. LEVINE. In the case of Upward Bound it was, I believe, 100 percent on the experience of the students who had gone through Upward Bound at the time the survey was taken. In the case of family planning, the reason you see the range on family planning was that

it was based on a range of assumptions of how many women which the program reached would actually take advantage of the family planning methods and devices.

Mr. LAIRD. I am trying to understand how you get a benefit the instant it is spent. I have seen cost-benefit justifications many times before. We have experience with cost effectiveness studies in defense, in vocational rehabilitation and public works. We have been working on those for years. When I look at something like this I would like to know how that was worked out so that once you spend $1—the instant it is spent—you get $1.65 to $2.78. This chart cannot be factual with that statement in it.

Mr. LEVINE. The instant is in the definition of cost-benefit. I think that is so, Mr. Laird. That is, it is the current capital value. I did not supply the word "instant." Maybe it is a bad word.

Mr. LAIRD. It is a very bad word because it destroys the credibility of the chart.

Mr. LEVINE. It is the current capital value of that expenditure. That is, the current value of the future stream of benefits. The word "current" was transmitted or translated back to "instant." It may be bad semantics. It is merely the current value of the expenditure, the current capital value.

Mr. BERRY. May I proceed?

Mr. FLOOD. Yes, you may.

LEGAL SERVICES

Mr. BERRY. The fifth point I would like to emphasize is that CAP's delivery costs are low and we are endeavoring to keep them low. Many of our services are not offered to the poor through any other channel, and useful comparisons cannot be made. However, we have examples of some alternatives, and where they do exist we have found that our delivery costs are significantly lower. We have sought to illustrate this by two examples: The cost of legal services as delivered by the legal services program and what it would cost the poor if they had the means to purchase those services in the open market. The comparison is between $49 and $101.

Mr. FLOOD. Are you including criminal cases in this?

Mr. BERRY. Under the new legislation, criminal services only in extraordinary cases where the court or local community certifies that they are not available from local services.

Mr. FLOOD. Yes, I know.

Mr. BERRY. These are primarily and preponderantly—I would say almost overwhelmingly—in the civil area, in the rendering of civil law services. The cost of providing medical care to a poor person averages $140 in our comprehensive health services, while the equivalent medical care, if purchased in the current market, would cost $262 per person. I would like to explore further how CAP is able to keep its delivery costs low. This cost performance is largely the result of new program packaging, a high utilization of programs, and also the long hours that our people, both at the Federal and at the local level, typically work.

ADMINISTRATIVE COSTS

There are, however, four other key factors that I would like to point out, and in doing so believe we may be able to disabuse some of the misconceptions that have surrounded our program. Our administrative costs are carefully controlled and we believe we keep them quite low.

Our analysis of the information gathered through our information system is that the administrative costs of all community action agencies averages 8.9 percent of program funding. This is in the light of congressional limitation on administrative costs of 15 percent.

We have tried to identify some benchmarks against which to compare these. They are somewhat difficult, but we have two bases.

Mr. FLOOD. How did this compare with the well-established social service agencies?

Mr. BERRY. We have used two. The March of Dimes, which has an 18-percent administrative cost percentage of their funding, and then the 43 private agencies represented in the combined Federal campaign here in the District for national health agencies which range from 15 to 40 percent.

I would like to point out that our administrative costs, also, we believe, are a sound investment. They meet the directive of the Congress. It is spelled out very specifically in the legislation. They are, therefore, essential to insuring good program direction, interagency coordination, financial management, and the other basic management capabilities that any well-managed organization must have. This investment is necessary in that it strengthens the communities' capabilities for planning and coordinating a better organization of the range of services and the development of innovative approaches. These are, naturally, worthwile purposes and we are seeking to strengthen the communities' capabilities in these areas. At the same time I would urge that all of us recognize that the resources necessary to achieve this goal will result in some increase in administrative costs.

AVOIDING UNNECESSARY STARTUP COSTS

One of the ways we have kept our delivery costs low is that we have avoided and minimized the startup costs of many programs by delegating them to established and well-managed community organizations wherever feasible and practicable.

Following this approach, we are usually able to achieve low unit costs at the outset because we do not have the problems in building an organization or training new people. We made a cross section analysis of some 13 community action agencies and present this on this chart, which would indicate that 48 percent of all the programs funded in these 13 communities are in fact operated by non-OEO organizations at the community level. This we believe is achieving the goal of coordinating and mobilizing the resources at the community level. Another reason our delivery costs are low is that the compensation structure, through the community action program, is very lean.

Mr. LAIRD. Where is that Wood City, Wis., you have listed on your chart?

Mr. BERRY. I don't know what county it is in, but it is a community action agency that we have funded.

Mr. LAIRD. I am well acquainted with Wood County, but I don't know where Wood City is.

Mr. BERRY. It is supposed to be Wood County.

Mr. WORTMAN. It was picked out with you in mind, sir.

Mr. MICHEL. Since Peoria is on one extreme and Wood County is on the other, whose horn is to be tooted here?

Peoria is putting 70 percent——

Mr. BERRY. It means that in Peoria you have a variety of existing organizations and institutions that have been recognized as qualified to carry out the programs and they operate as delegate agencies of the CAA.

Mr. LAIRD. We have a very outstanding clinic in Wood County that helps keep costs down.

Mr. BERRY. In the handout piece we have indicated county by the abbreviation "Cty." The graphmaker must have thought we left out an "i" and put "City" in. But the handout material you have refers to it as county by abbreviating it "C-t-y."

Mr. MICHEL. What I want to know in very simple language, does Peoria contribute more to cutting the startup costs?

Mr. BERRY. It reduces the startup costs.

Mr. MICHEL. In other words, we have more going in Peoria than the other ones you have cited there percentagewise, and that results in bringing the startup costs down overall; is that true?

Mr. BERRY. Yes.

By way of explanation, I do not know the side of Wood County, but I think in large part it is due to the fact that there are limited resources in a heavily rural county, and this is one of the limitations that many rural areas have experienced. The same is true of Maryville, Mo. There are few existing organizations that have the manpower or the capability of conducting a program as formulated by the community action agency.

We would have to parse out the component of the programs that have been funded.

Mr. LAIRD. Let's look at the chart a minute now.

Explain that to me: "Percentage of funds distributed through pre-OEO organizations."

Mr. BERRY. They represent 48 percent, on the average, of programs that are funded in that area which are conducted and operated by existing community organizations, as distinguished from the community action agency setting up its own operational organization for the conduct of that program.

Mr. LAIRD. That means in Wood County all of your funds are being handled by an OEO organization?

Mr. BERRY. Preponderantly.

Mr. MICHEL. Is it not true that the way to get a project approved is to have half of this stuff going locally initially and then you are supplementing or adding to it in your request?

Mr. BERRY. No, because under our legislation any program that is funded is supplementary. We do not underwrite or finance ongoing

and there is a definite legal obligation for the maintenance of local community effort. So this is not picking up and financing an existing program; but is in fact maximizing the operational capability of an organization to expand its services, or the component program that may be funded, at the request of the local community.

Mr. FLOOD. For example, I have a tutorial program under CAP. But it is operated by the YWCA. But there would be no tutorial program if it were not for the CAP.

Mr. BERRY. That is right.

Mr. MICHEL. My observation could have been much better put if I had said in a given community you may have some effective organizations that have been doing some very fine things. But with a different infusion of money here a new program could take up with just a little bit of effort and do a job.

Mr. BERRY. This is correct. And a redirection of the program could meet some areas in the community where their services have not been delivered to the people who need it most.

Mr. FLOOD. Of course your chart is directed at avoiding unnecessary startup costs.

Mr. BERRY. This is right. This is the emphasis we wanted to make.

Mr. LAIRD. Wood County has a hundred percent vocational rehabilitation program that has been going on for 2 years. This is a pilot project in which anyone who has any vocational rehabilitation requirement is taken care of, as you know.

I would like to know the significance of that chart. We have a medical program run by the Marshfield Clinic, probably one of the best medical programs, including the poor, of any place in the Nation. These 70 doctors are giving their time and effort at no charge to the Federal Government. We have had a good program for many years. Yet, when I look at that chart, it seems to say that none of the existing agencies are doing a good job.

Mr. BERRY. This chart is based upon the level of funding of programs that have been funded to the Wood County Community Action Organization through OEO, which is at the funding level of $240,000. There is a rural services outreach which is nearly $56,000, and Headstart summer, which takes up $177,000 of that $240,000.

Mr. LAIRD. The largest, by far, is the full-year Headstart program.

Mr. WORTMAN. That is correct. The Headstart full year for Wood County is six classes in four church-related centers.

One other point is that not necessarily is this a judgment of quality of programs we are showing here; because most people that I have talked to about the Wood County feel it is a very effective rural community action agency. So it is still running a good Headstart.

Mr. LAIRD. The supervisor who runs that program is employed full time by the community program, that is true. But I think they have enlisted the support of the school system.

Mr. FLOOD. Go ahead, Mr. Berry.

CAP SALARY STRUCTURE

Mr. BERRY. I was referring to the fact that our compensation structure is quite lean and this is in response to the congressional limitation

on salary levels of community action directors. We hase presented a chart here which takes the same 13 communities and shows the comparable salaries that are being paid to other like type of positions. This indicates that the community action directors' average salary is $15,592, and they are in the lower percentage or group with the welfare director.

The other comparable positions, the superintendent of schools, the director of the Community Chest, the model cities director and the urban renewal director, are at salaries indicated on this chart.

As you can see the CAP director and the welfare director lag behind comparable jobs in the community. We feel this should be brought to the attention of the committee and to the Congress. The compensation for all other CAA—jobs which are equally important since a director, particularly in a large community action agency, has to have other staff—are scaled down from the community action director's salary.

MANAGEMENT IMPROVEMENT

Another way in which we keep our delivery costs down is by our continuous emphasis upon management improvement. We have, in many previous presentations here, been concerned with presenting the programs, the substance of what is being produced in the communities, with little attention to the how. We have been giving a great deal more attention to improving the capability of the community action agency as a delivery mechanism at the community level. And to that end we have been concentrating on the ways and means by which their management efficiency could be improved.

I am happy to say that the management information system—which we designed and instructed the community action agencies in its use—is now beginning to produce the data upon which this type of presentation is based. Much of the material that has been presented here is the result of the reporting system through our MIS. This system provides information on the community action agencies' programs, their costs, what participants are being served and what is happening to them. Likewise we have been moving steadily forward on the matter of developing guidance materials and procedures for establishing a PPBS—a planning, programing, budgeting system—at the community level to assist the community action agencies in carrying out what has been a concern of the Congress, the Bureau of the Budget, and our agency, and that is improving the planning capability and coordinating role of the community action agency.

Likewise, we have from the very start, from the very first year in which I came into this program, given attention to the establishment and the improvement of the financial accounting and auditing procedures and are providing more detailed handbooks to our community action agencies. We have engaged in training in financial managing for 900 community action agencies in the required accounting principles and procedures. We have strengthened our capabilities for analyzing the audit reports and more speedily following up and resolving the problems identified in these audits.

You may recall that we used and required community action agencies to engage CPA's as a part of not only their qualifying certification, but also in performing interim audits for the benefit of the agency.

We are continuously reviewing our grant application package to simplify and shorten the processing requirement in response to the demand from the field. However, we feel that we have made the grant application a much more effective decisionmaking document which will better assist the community action agencies and our regional offices to gain a quicker fix on the needs of the poor and the steps the community action agency should follow in improving the delivery system.

With the time you have made available, we have tried to give you a different picture of the community action program as to its investment potential and the product that is flowing from it. We believe it is producing and will continue to return substantial dividends to the American people, and particularly increased dividends to the poor who are the constituency we are authorized to serve.

Now I would like to turn briefly to where we are going from here, dealing with the request for the $1.02 billion by the President.

I mentioned the other day, and I must repeat, that the needs of the poor people to become self-sufficient are tremendous but the size of our programs forces us to limit our services to but a fraction of the poor. The total number served by our programs is estimated at about 14 million persons. We need, therefore, at a minimum the full $1.02 billion requested. This increase, minimal as it is, providing approximately $154 million over the fiscal year 1968 level, will maintain programs at their current level, and provide some additional funds to extend programs such as our neighborhood service centers, particularly in rural areas. It will provide a modest increase in the Upward Bound program, adding some 6,500 more students. It will support our commitment to a followthrough program by enlarging it in other communities and increasing the enrollment by some 66,000 Headstart graduates entering the primary grades.

It will enable us to enlarge our family planning service to some 215,000 additional families over those that are now being served, and particularly with emphasis in the rural areas where the birth rate is relatively higher than exists in some of our urban areas. It will enable us to maintain and modestly enlarge the emergency food and medical services which Congress authorized, and particularly enjoined us to pursue, this fiscal year. It will enable us to create a modest number of new housing development corporations, and to maximize the experience gained from out of the half-dozen housing corporations we have already funded.

And Mr. Michel, we have this report that you requested on what we are doing, and I would like to make it a part of the record on the specific housing developing corporations.

It will enable us to refund at a maximum operational level the 41 comprehensive health centers and increase the services to some 800,000 additional poor.

LEGAL SERVICES

The legal services program will be expanded to serve some additional 140,000 cases. I would like to parenthetically state here that Mr. Earl Johnson has a prepared statement which I think gives a very dramatic review of the importance of the legal services program, and with your permission I would like to present it for incorporation in the record.

(The statement follows:)

STATEMENT OF THE DIRECTOR, LEGAL SERVICES PROGRAM

The leading cause of death among small children in Chicago's slums is not pneumonia or measles. According to a prominent authority, it is lead poisoning. Lead poisoning is also blamed for mental retardation and slow-learning among many ghetto children. Eight percent of Chicago's slum children have been found to have abnormal levels of exposure to lead, and 2 percent have toxic levels requiring intensive and painful treatment.

And what does lead poisoning have to do with the OEO legal services program? Everything. The lead poisoning is caused by the children's appetite for the lead-based paint which is peeling from the walls of their slum dwellings. Despite this horrible health hazard, nothing was being done to compel slum landlords to remove peeling lead paint and plaster. Nothing, that is, until Warren Stubbs, 23 months, and his sister, Jennifer age 4, two victims of lead poisoning, became clients of the OEO-funded Chicago Legal Aid Bureau. On behalf of Warren and Jennifer, the Legal Aid Society attorneys filed suit to require their landlord to repair the apartment and remove the peeling paint and plaster. If successful, this law suit will enable all slum parents to protect their small children from the menace of lethal lead-based paint chips through court action.

This attack on the lead poisoning hazard is but one example of the imaginative ways the law is being used to improve the life of America's poor people. It was just 2 years ago, in April 1966, that OEO made its first significant block of grants for legal services projects. In that month, 34 grants amounting to $7 million were made to communities throughout the Nation. Since that initial substantial funding of the legal services effort, a total of 255 operating projects have been initiated (along with over 40 training, technical assistance, pilot, and research projects). In that short 2-year period legal services attorneys have—

1. Provided direct legal advice and representation to approximately 600,000 poor families;

2. Benefited more than a million-and-a-half poor people—people who never even reached a legal services office—through favorable and far-reaching court decisions;

3. Educated over 2 million poor people about their rights and responsibilities;

4. Aided over a thousand block clubs, tenant groups, and other poverty organizations to set up buying clubs, co-op laundromats, credit unions, and other self-help institutions, to win their rightful share of public services, and to obtain their rights.

5. Won over 70 percent of their court trials; 60 percent of their appeals; 72 percent of their consumer cases; and 79 percent of cases involving local, State, and Federal administrative agencies.

5. Won over 70 percent of their court trials; 60 percent of their appeals; 72 percent of their consumer cases; and 79 percent of cases involving local, State, and Federal administrative agencies.

6. Begun to tear down the legal barriers which stand in the way of improved housing conditions through a series of brilliant legal victories.

In one appellate decision established the precedent that landlords must live up to the housing code before they seek to collect rent on slum apartments;

In another case, the court banned "retaliatory evictions" which are used by slum landlords to discourage tenants from reporting housing code violations;

In yet another case, caused by a city government to increase dramatically the number of low-income housing units to be included in an urban renewal effort.

7. Brought several hundred million dollars in economic savings and benefits to the poor through another series of brilliant legal victories.

In a single case, legal services lawyers saved the poor $210 million—a sum exceeding four times the total annual cost of the OEO legal services program—by obtaining an injunction from the Supreme Court of California which prevented 1 million poor people from suffering an illegal $210 million reduction in State-supplied medical services;

In Austin, Tex., Dallas, Tex., and several other jurisdictions, legal services lawyers have broken up home improvement rackets that were bilking the poor of millions of dollars a year.

In a series of 16 cases challenging the constitutionality of the welfare residence laws, which were so strongly condemned by the Riot Commission, legal services

lawyers have increased the income of the poverty population by several million dollars. If their clients' position is sustained in the Supreme Court, as much as $100 million per annum or more will have been gained for over 100,000 poor people each year.

In California, obtained several hundred thousand dollars and created work incentives for laborers whose income from employment falls below the welfare department's minimum survival standards through a series of cases holding that the welfare department should make up the difference between a recipient's earned income and department's minimum standards.

In hundreds of similar major and minor decisions have ended practices which deprived the poor of millions of dollars each year.

8. Launched many other significant legal attacks against discriminatory laws and practices which will be decided by the courts in the coming months—

Including the constitutionality of the laws permitting garnishment before judgment that cause scores of thousands of poor people to lose millions of hard-earned dollars and often their very jobs before it has even been established they owe a lawful debt.

Including the constitutionality of the "man in the house" and "employable mother" restrictions in welfare laws that were so roundly condemned by the President's Advisory Commission on Civil Disorders.

Including the constitutionality of statutes and court rules that impose financial barriers to poor people seeking access to the courts, barriers like court costs, transcript costs, and appellate bonds.

9. Prevented serious incidents from culminating in riots in Cleveland, Washington, D.C., Jacksonville, Fla., and elsewhere this past summer. (This is discussed in greater detail in app. III to this statement.)

The extraordinary achievements of the past 2 short years are attributable primarily to the superb legal talent that has been attracted to the legal services field. Typical of this talent are the leaders of some of the support programs which are available to any legal services lawyer with a particularly difficult or important problem. The codirectors of the Columbia Law School project on social welfare are Paul Dodyk and Lee Albert. Mr. Dodyk was a Rhodes scholar and magna cum laude graduate of Harvard Law School. Mr. Albert was first in his class and editor in chief of the Law Journal at Yale Law School several years ago. Both were Supreme Court law clerks. The director of the national training program is Craig Christensen. Mr. Christensen stood second in his class and was editor in chief of the Law Review at Northwestern University, an associate in Chicago's largest law firm, and served as special assistant to the president of the Northwestern Railroad.

Also typical of the brilliant, highly motivated lawyers who have entered the legal services program are the 150 Reginald Heber Smith fellows who have been chosen for special training by the University of Pennsylvania over the past 2 years. Several were first or second in their graduating classes at leading law schools like the University of Chicago, Boston University, and the University of Pennsylvania. Over half were on law review, 10 had been members of Wall Street law firms, and many came from other leading law firms elsewhere in the Nation. (The backgrounds of the Reginald Heber Smith fellows are included as apps. V and VI.)

Quality of personnel and quality of performance has been matched by economy of operation in the OEO legal services program. In an era when Wall Street law firms feel compelled to offer graduating seniors $15,000 per year, the average salary of staff lawyers attached to OEO projects is $8,460. This average includes lawyers with 10 or 20 years of experience as well as young lawyers. The average salary of project directors is only $13,244, over $1,500 less than Wall Street's starting salary. Economy also has been promoted by OEO's primary reliance on the staff lawyer approach rather than the "judicare" or compensated private counsel approach. This has kept the cost per case to under $49 as opposed to the $139 to $147 per case cost of the few experimental judicare projects OEO did fund.

Innovation has been another keystone of the OEO legal services program during its first 2 years of full-scale operation. In March of this year the leaders of the legal profession held an American assembly to confront the issue of "Law and the Changing Society." Their report was hailed by Time magazine as revolutionary.

Interestingly, the OEO legal services program is already funding pilot projects that implement many of the major recommendations of these leaders of the profession.

1. OEO and the Ford Foundation are funding the Council on Legal Education Opportunity to help meet the enormous need for more members of minority and economically deprived groups in the legal profession, a need which was highlighted by the American assembly.

2. An arbitration project in Cleveland and a mediation project in Los Angeles have been funded as experiments with simpler, less expensive methods of resolving low-level disputes, another major need identified by the American assembly.

3. OEO is experimenting at the University of Wisconsin with the use of computers to prepare divorce pleadings and handle similar high-volume problems.

4. Another recommendation of the American assembly group—use of paraprofessionals to perform some tasks currently handled unnecessarily by expensive, highly trained lawyers—is to be studied under an OEO contract in Washington, D.C. An entire new career line for poor people may evolve from this study.

5. Another recommendation of the American assembly—the introduction of an ombundsman system as a supplemental method of assuring fairness and regularity in governmental processes—is the subject of a pilot ombundsman project in Buffalo, N.Y.

6. The American assembly recommended that instruction in law and legal processes should be a part of primary, secondary and college education. Recognizing that creation of understanding and respect for law and the legal system is especially important among ghetto children, the OEO legal services program has initiated experimental programs in junior and senior high schools in Boston, Mass., and in several Michigan cities.

Quality, economy and innovation have characterized the OEO legal service program during its first 2 years of operation. It has brought hundreds of millions in dollar savings and benefits to hundreds of thousands of poor people; it has channeled scores of riot potential grievances out of the streets and into the courts; and it has paved the way to improved living conditions in the Nation's slums. But most important, it has brought a sense of justice and fairplay to many of the Nation's poor—a feeling they have not had before. Unfortunately, we have not been able to bring justice, in the form of effective legal services, to even a majority of those who need it. In fact, less than 15 percent of the legal problems of the Nation's poor can be handled at the current level of program operations. Despite this, during fiscal 1968 the OEO legal services program was required to absorb an 8.5-percent reduction in total program level from that achieved during fiscal year 1967. And unless OEO receives the $42 million requested in the President's 1969 budget for its legal services program, further reductions in program level will be necessary because that $42 million only refunds the existing fiscal year 1968 program level after the 8.5 percent reduction has been taken out.

The National Advisory Commission on Civil Disorders stated the problem eloquently in the section of its report (see p. 149 of the report) immediately preceding the recommendation that the OEO legal services program be expanded as a first phase action in attempting to prevent civil disorder.

"No democratic society can long endure the existence within its major urban centers of a substantial number of citizens who feel deeply aggrieved as a group, yet lack confidence in the Government to rectify perceived injustice and in their ability to bring about needed change."

The Commission spoke of the role of legal services lawyers in equally eloquent terms. (See p. 152 of the report).

"[P]rofessional representation can provide substantial benefits in terms of overcoming the ghetto resident's alienation from the institutions of government by implicating him in its processes. Although lawyers function in precisely this fashion for the middle-class clients, they are too often not available to the impoverished ghetto resident."

The opportunity to become affiliated with rather than alienated from the institutions of Government, the hope that an era of justice and fairplay is on its way, are the opportunities and hopes that the OEO legal services program has offered to the poor people of America. These are not opportunities and hopes that this Nation can now afford to withdraw from any of its citizens.

Mr. FLOOD. You are going to expand legal services?

Mr. BERRY. The appropriation or the request would enable us to expand the legal services to the extent that it would provide additional services for some 140,000 clients or cases.

Mr. FLOOD. Did you lose any projects because of the amendment to the act which dropped criminal service?

Mr. BERRY. I would like Mr. Johnson to respond to that specific question.

We are able this year to maintain our legal services projects at a somewhat lower level than that for which they were funded last year. Mr. Johnson can answer the question whether or not there is a diminution in service.

Mr. FLOOD. Did community A, with a going first-class organization which included legal services, drop the legal services arm simply because Congress amended the act to drop the criminal service?

Mr. JOHNSON. No, I know of no instance where that happened. There were five or six communities around the country that had separate units providing only criminal representation. Philadelphia is one, Wilkes-Barre is another, Detroit, Mich., is another. And those units are being phased out of those programs, but civil representation is still being provided by those same programs. The legal services program this fiscal year is sustaining approximately an 8.5-percent reduction in program level from last fiscal year, that is from fiscal 1967. The 140,000 additional cases that Mr. Berry referred to as being handled in fiscal 1969 would not represent an increase over this fiscal year in the number of lawyers or offices in our programs.

It represents the fact that the lawyers who were hired this year will have been on board for a full year this next fiscal year, and therefore will be able to handle more cases than they will this fiscal year.

CONCLUSION

Mr. BERRY. That concludes my statement, and I would conclude on this note. We believe in CAP, and in OEO we have been furthering the public policy as expressed by the Congress with the resources that have been made available. We are confronted in this very critical hour with ordering the priorities and emphases we will make.

We believe that community action has justified itself. The dividend it is producing needs to be widely known and this is why we published this pamphlet. We hope it will receive the approbation of this committee for wider distribution so the public may know what community action means and what it is accomplishing.

I would like to note that this pamphlet which is before you was contributed substantially by private resources at no cost to the Government, approximately $8,000 in value of their contributed services. This booklet represents only the cost of printing by the Government Printing Office. The contents are our staff work and the format was developed by a private resource contributed to us.

Thank you very much.

Mr. FLOOD. Contributed?

Mr BERRY. Yes, sir. They are noncontract holders, they are purely private individuals who were solicited and interested in what we are doing.

SUMMARY OF BUDGET REQUEST

Mr. FLOOD. The 1968 budget is for $866 million, the request is for $1.02 billion. That is an increase of $154 million. If you take out the increase of $35 million that is for Headstart followthrough, and if you take out the $57 million increase for comprehensive health centers, the rest of the program pretty generally is not for much more than what we call a cost-of-living increase.

Mr. BERRY. Mr. Chairman, if you take those out we renege our commitment, which we were expected to implement in 1968, but because of the reductions that the Congress decided to make, we could not fulfill. If we postpone it another year, I think the public may well conclude there is no intention to proceed with them.

Mr. FLOOD. I think you missed the point. I was being nice to you.

Mr. BERRY. I know you are being nice to us, Mr. Chairman.

Mr. FLOOD. The point is, if you take out the $35 million which is your Headstart followthrough, and you take out $57 million for comprehensive health centers; your budget, generally speaking and with a few exceptions, is really little more than what we call around here a cost-of-living increase, is it not?

Mr. BERRY. That is correct.

Mr. FLOOD. I am not suggesting that we actually take those two items out, except for the purpose of analyzing the budget.

1967 AMENDMENTS

What new provisions in the 1967 amendments effect the program?

Mr. BERRY. One was the provision for emergency food and medical services, which was an add-on and which we have sought to implement with a very modest sum this year. This budget would provide for the continuation of that with an increase of some $10 million.

Mr. FLOOD. That is one.

Mr. BERRY. That is one of them. Of course, the emphasis on aging—that is services for senior citizens—was an express mandate spelled out in the new legislation calling for our directing, and it is our intention and we are already attempting to develop pilot programs which would enable us to have program models on which we would address ourselves, given adequate funds.

Mr. FLOOD. At this point in the record, will you itemize the leading amendments of 1967 which affect your program?

Mr. BERRY. Yes.

Mr. FLOOD. In addition to the two you mentioned.

(The information follows:)

THE 1967 AMENDMENTS TO THE ECONOMIC OPPORTUNITY ACT

The 1967 Amendments to the Economic Opportunity Act have a substantial impact on all phases of community action programs, including (1) designation and board structures of CAA's and their delegated components (secs. 210, 211); (2) development of administrative and program standards (secs. 213, 233(b), 603, 611, and 613); (3) encouragement of neighborhood-based corporations and centers (secs. 211(c), 214, 224); (4) new funding authorities and program requirements, including new emphasis on rural, Headstart, Followthrough, emergency food and medical services, family planning, and aging programs (secs. 221, 222, 225, 232, 241(c), 610); (5) stronger research and evaluation authorities (secs. 222(b), 232, 233); (6) requirements for financial management improvements

(secs. 243, 244); (7) strengthening of coordination between OEO/CAP and other Federal, State, and local agencies (secs. 201(a), 612, 630, 631, 632, 633, 634, 638); and (8) a much more explicit emphasis on participation of poor residents in all phases of planning, conduct, administration, and evaluation of all title II programs (secs. 301(a), 211(b), 211(c), 211(d), 211(f), 212(b), 221(a), 222(a), 223, 224, 233(a), 233(c), and 241(a)).

GREEN AMENDMENT

Mr. FLOOD. Which ones, if any of them, are causing you headaches?

Mr. BERRY. Well, the one that is causing us most of our difficulty is the great demand for rural community services, for which we had no funds to respond to the community applications for program funding. That is, in my opinion, our most difficult problem.

Mr. HARDING. Perhaps the chairman is referring, or may be referring to a nonfund problem that we are having, which is really our most difficult problem. It is the Green amendment problem.

Mr. FLOOD. Of course, you and I know what the Green amendment is, but with all deference to the distinguished lady, a lot of people will not. So please explain the Green amendment.

Mr. HARDING. In essence, of course, it provided an option on the part of the State, county, and local governments to, if they so choose, designate themselves as the community action agency, or, contrarywise, if they desired to designate the existing or a nonprofit corporation as the agency, they had that option. The problem which the community action program is so deeply involved in at the moment is working out, first of all, the regulations that were necessary in order to implement the Green amendment. There was a great deal of resulting controversy on both sides. Some felt we were perhaps leaning over too far in the direction of setting up local government as a community action agency; others felt we were going too far in trying to keep the existing nonprofit setup.

Mr. FLOOD. Did you have much reaction nationwide to the Green amendment?

Mr. HARDING. Yes; we had quite a reaction.

Mr. FLOOD. As of today?

Mr. HARDING. It seems to have quieted down at the moment, but we really have not gone through the designation process yet. The reaction was to the regulation which we issued.

Mr. FLOOD. Have there been applications filed changing the operation of the program from where it had been to a political entity under the Green amendment?

Mr. HARDING. Those applications are not yet due. The indications that we have got which were due in by March 15 seemed to be going largely in the direction of retaining the existing community action agency and not making the shift over.

Mr. FLOOD. Have you had many applications which indicate a shift over?

Mr. HARDING. No, sir. As I say, the general tendency is to retain the current ones.

Mr. BERRY. As of March 29, 1,001, or 78 percent of the jurisdictions—political subdivisions—which submitted a statement of intention, indicated an intent to designate and seek OEO recognition of the existing CAA; 104, or 8 percent, indicated an intention to establish

a political subdivision community action agency; 27, or 2 percent, indicated they would designate a public agency within that community as the community action agency other than the CAA. There are 12 percent, or 152 communities, that have not made up their mind. That is the current reading of the intention as we requested that they signify by March 15. This is an analysis of those reports as of March 29.

Now an expression of intention is not final because they may change their mind between now and May 15 when they have to make the official designation. That is our target date.

Mr. HARDING. One of the problems that seems to be haunting us at the moment is the fact that the legislation indicated the State could designate itself as the community action agency. Several States have indicated their desire to do that. The legislation went on and provided that subdivisions of that State could opt out of the State plan.

Mr. LAIRD. It had to be a political subdivision?

Mr. HARDING. Yes. So we are having some discussion with several States about the net effect of designating the State agencies.

Mr. FLOOD. There has not been any wide changeover?

Mr. HARDING. No revolution or widesweeping changes.

GEOGRAPHIC AND POPULATION COVERAGE OF COMMUNITY ACTION AGENCIES

Mr. FLOOD. How much of the Nation geographically, and also on the basis of population, is covered by community action agencies?

Mr. BERRY. All of the cities in the Nation with 100,000 or more population have a community action agency either by virtue of a multicounty or multisubdivision organization; 1,505 out of the 2,464 rural counties have community action agencies; a great bulk of our community action agencies, 593 of them are servicing rural areas, and in the total we are reaching some 70 percent of the enumerated poor.

Mr. FLOOD. Do you expect any expansion in the balance of 1968 and in 1969 in the number of community action agencies?

Mr. BERRY. No. We are by reorganization and by consolidation hoping to effect a reduction in the total number of community action agencies, but not the areas that they serve, assuming that there is not too much opting out under the Green amendment. We may be able to effect a reduction from 1,043 to approximately 980 community action agencies by the end of fiscal year 1969.

NEIGHBORHOOD CENTER PROGRAM

Mr. FLOOD. Here is a jawbreaker for a title. What is the Federal interagency pilot neighborhood center program, and what are the plans for the balance of this year and for 1969? You never thought that title up. You did not give birth to that, did you?

Mr. BERRY. No; but we participated as midwife.

In August of 1966 the President, in a speech at Syracuse, called for the extension of the neighborhood center program and designated Housing and Urban Development as the convener. HUD, HEW, Department of Labor and OEO collaborated in establishing this interagency task force to formulate a plan and a procedure for funding these pilot programs. The idea generally was to call upon local communities, make it known to them there would be planning grants

available on a selected basis—I think for some 20 communities. I would have to verify it with my staff.

Mr. HARDING. It is 14.

Mr. BERRY. Fourteen. In which the local community was called upon by involving the poor in the target areas to develop a plan both for the design of the physical structure and the services that would be opted and delivered within this neighborhood center.

We funded some as pilot programs to test, to demonstrate how a neighborhood corporation would, together with private agencies as well as Government, could be developed to operate such a pilot center. So there were several things that were sought to be tested, but its primary purpose was to bring together these agencies in a joint funding, to formulate a basis for linking together Federal funds for delivery through neighborhood service centers funded in a variety of forms, according to the design of the community.

Mr. FLOOD. What are your plans for 1969?

Mr. BERRY. It is our intention, as I indicated in my testimony, out of the $154 million increase, to increase the number of neighborhood service centers, particularly in rural areas where there are very few in comparison to the total 800 we now have going.

Mr. FLOOD. You spoke of the participation of the poor in the plans and arrangements, just as you have for the CAP. Do you hear, do you read, do you know that the so-called poor in many instances consider this a mere beau geste on the part of you people?

Mr. BERRY. I do not think so, Mr. Chairman. In those areas where the neighborhood service center has in fact brought the poor in to serve on the board and participate as members of staff and non-professionals——

Mr. FLOOD. What do you mean in those cases that they did? I thought it was a condition of proceeding.

Mr. BERRY. That is right. Generally, neighborhood centers have developed program policy and planning boards. Some of them have not.

Mr. FLOOD. Why not?

Mr. BERRY. The local group process. Some communities have felt they were not yet ready to delegate to a community policymaking board all of the decisions with reference to programs. They have been working in that direction.

Mr. FLOOD. What do you think? Are they kidding you or are they sincere in those cases where they have not brought them in where they are in the growth process? Do you think that is a fake?

Mr. BERRY. No, I do not think it is a fake. I think they are responding and growing——

Mr. FLOOD. You are not dissatisfied with what they tell you?

Mr. BERRY. No. I have no reason to be dissatisfied because we are, in our evaluations, pointing out how they may improve their operations.

OPINION OF THE PROGRAM BY THE POOR

Mr. FLOOD. What about this criticism generally of the entire CAP program that the poor consider that this is not bona fide?

Mr. BERRY. I think it is a misinterpretation of the poverty program

by some segments of the community which regards the antipoverty program as a handout rather than as a self-help.

Mr. FLOOD. I am speaking of the poor themselves.

Mr. BERRY. I am addressing myself to that.

Mr. HARDING. I could interpose, my experience has been that the primary gripe of the poor—and I have met with a large number of delegations of the poor—is that these programs have been so slow in coming, so slow in building that the resources available——

Mr. FLOOD. I am not speaking of that. I am speaking of, they question the bona fides.

Mr. HARDING. What I am saying is, my experience has been that they have not questioned the bona fides of the program, but rather the extent and intensity of the program.

ADULT EDUCATION PROGRAM

Mr. FLOOD. You have an adult education program operating at the level of about $22 million. What is the difference between your program and the one that the Office of Education spent some time supporting here before us? And why in the world should they not be consolidated?

Mr. BERRY. My comments are not intended to be in criticism of any other program. Our response to the emphasis upon adult education as formulated by the community action agencies was to fill the gaps and the needs of the poor who were illiterate—functionally illiterate and illiterate academically—in order to provide programs that would equip them, and give them the basic rudimentary education that would qualify them to enter into programs for training.

Mr. FLOOD. But what is the difference between the one the Office of Education is opting and the one you are opting? They also identified the gap? Is there a different gap?

Mr. BERRY. There is no difference in objective, but there undoubtedly was a difference in the materials and the targets that they were serving and the communities in most cases. These were not programs that we formulated and said to a community, "You should have it, you should introduce it." They were in response to local initiative.

In the beginning an overwhelming number of components that were submitted for funding were to provide basic adult education to the illiterate poor, particularly in rural areas, because that was the great weakness.

Mr. FLOOD. This was not Big Brother's idea then?

Mr. BERRY. That is right.

Mr. FLOOD. This was not OEO elbowing the Office of Education out of the way?

Mr. BERRY. No, sir. We are not closed to exploring, and we have been continuing to explore, and I would say that much of our adult education materials have been developed in concert with the Office of Education.

You will note, sir, we do not contemplate in our adult education an expansion of this program. We are seeking to maintain it at the——

Mr. FLOOD. I am not talking about that. I am talking about why it exists at all and why does not education have it under one tent.

DAY CARE CENTERS

What are your plans for day care centers under the Headstart program? I take for granted your plans are to expand this one.

Mr. BERRY. Yes, I would like to have Mr. Sugarman answer that.

Mr. FLOOD. What is involved in that part of it?

Mr. SUGARMAN. This is a very small pilot program involving about 36 communities where we are trying to work with families.

Mr. FLOOD. It now involves 36?

Mr. SUGARMAN. There are 36 planning grants in 36 communities at the moment. Most will have operating grants before the end of the fiscal year.

Mr. FLOOD. What do you have in mind for 1969?

Mr. SUGARMAN. We will continue those 36 communities; no new ones.

HEADSTART FOLLOWTHROUGH PROGRAM

Mr. FLOOD. You are asking for funds to more than triple the Headstart Followthrough program. What is that program and why triple?

Mr. BERRY. I want Mr. Sugarman, who has labored long in the vineyard in conceptualizing——

Mr. FLOOD. In what?

Mr. BERRY. Conceptualizing.

Mr. FLOOD. Wonderful.

Mr. BERRY. The Followthrough program as a necessary extension of Headstart if we were going to make Headstart count.

Mr. SUGARMAN. We also have with us the Associate Commissioner of Education of the Office of Education, Mr. Nolan Estes.

Mr. FLOOD. We have a very high opinion of Mr. Estes.

Mr. SUGARMAN. This is a program, Mr. Chairman, that was proposed last year to the Congress at the level of $120 million. And after all the chips were in, we were only able to provide $15 million for the program this year. We are trying to get back somewhat in the direction of the level that was proposed last year because we think it is essential to continuing the success of Headstart.

Mr. FLOOD. I ask you, Mr. Berry and Mr. Sugarman, what to you do in this program that cannot be done under title I of the Elementary and Secondary Education Act?

Mr. SUGARMAN. It is a matter of level of funds. In fact, the program is administered by the Office of Education under delegation from OEO.

In general, the pattern is one of matching title I funds. Title I funds will be combined with the local community fund and the Followthrough funds to obtain a total of the funding that makes for a complete, comprehensive, high quality program. The average expenditure in the Followthrough program will be in the neighborhood of $900 per child added to $500 or $600 under ordinary funding.

Mr. FLOOD. Do you want to gild the lily, Dr. Estes.

Mr. ESTES. Quite the contrary. I think it is going to demonstrate how our title I funds can be used much more effectively than they have been.

As you know, we spent about 65 percent of our billion dollars on aid to elementary education. I think the advantage of this program

is, it is going to help us to develop ways to get a better return on our title I investment.

It would seem to me it would be unfortunate if this request were not funded in full in terms of just good business management.

Mr. FLOOD. If I were you, I would let that go.

Mr. BERRY. I am.

Mr. ESTES. Mr. Chairman, I might add that this has been an example of two Federal agencies working together at an extremely high level of perfection. I would say the relationship that we have had with the Office of Economic Opportunity has not been surpassed in our relationship with any other agency. I think it is a model perhaps for other agencies to follow. And perhaps it would be appropriate for other groups to look at in terms of working with other units in government.

Mr. FLOOD. Aren't you smart in bringing him along? Did you write that Mr. Berry?

Mr. BERRY. I mentioned in my testimony that in Headstart and in Followthrough we had demonstrated a maximum cooperation and coordination of efforts between the Office of Education and OEO.

Mr. FLOOD. Dr. Estes, you did not make that statement just because you are outnumbered here about 10 to 1 by OEO witnesses?

Mr. ESTES. I think I outweigh them so we are about even.

COMPREHENSIVE HEALTH SERVICES

Mr. FLOOD. Now you have the Comprehensive Health Services justifications. They show the level of financing at $51 million during 1967, $33 million in 1968, and $90 million in 1969. How do you explain that roller coaster pattern.

Mr. BERRY. First I have to go back to 1967.

Mr. FLOOD. That is what I did.

Mr. BERRY. In 1967 the Congress earmarked a certain amount of money to expand what we had started with earlier demonstration grants for eight health centers. We got our money very late in the fiscal year and most of the new projects were funded in May and June of 1967.

Mr. FLOOD. This is $51 million you received late in the year?

Mr. BERRY. Yes.

The point I am making is that many of those projects did not need additional funds to annualize the programs in fiscal year 1968 because of the extended startup period. So the $33 million represents funding for less than 20 centers in 1968, with funds from 1967 sustaining the remaining projects.

Mr. FLOOD. How did you arrive at an estimate of $90 million for 1969?

Mr. BERRY. $90 million represents the amount needed to fund all the centers. I would like to have Dr. Frankel or Dr. English come up to the table. I rely upon the competence of the project operators, and I have no reason to doubt the accuracy of their estimates. Since the question has been asked I will turn to the operators of the program to validate their estimate. This has been given very close scrutiny.

Dr. ENGLISH. That amount of money will permit us to refund the programs that were funded in 1966, 1967, and 1968, in addition to

one new program. So $90 million is the amount of money needed, on the basis of the operating experience in fiscal 1967 and fiscal 1968, that will be needed to refund and keep the programs going at their present levels of operation in fiscal 1969. There is an additional amount that will permit the funding of one new program which already has a planning grant from us.

Mr. FLOOD. One new program?

Dr. ENGLISH. One new neighborhood health center.

Mr. LAIRD. Where is that?

Dr. ENGLISH. The new project is in Chattanooga. That project has a planning grant right now.

Mr. FLOOD. What do the Public Health people have to do with the program?

Dr. ENGLISH. I think we try to be good partners with them in the development of this program, Mr. Chairman. Almost a year ago Mr. Shriver and Secretary Gardner signed a statement on the coordinated funding of all HEW and OEO health programs.

Mr. FLOOD. Let me ask this: Why should they not administer it if you are such good friends? What to you care if the purpose of the program is achieved?

Dr. ENGLISH. The legislation approved by Congress in this section of the act permitted some things, Mr. Chairman, never possible before. As you know, many of the Public Health Service programs have been categorically oriented and, as they have developed, have resulted in fragmentation of care. The Public Health Service has been as interested in changing this situation as we have been.

Mr. FLOOD. There is no antagonism between you?

Dr. ENGLISH. Not at all. As a matter of fact, they are working very closely with us. I have a chart here that would show the relationship.

Mr. LAIRD. Is it not true to say they are happy you are able to do these things that they lacked authority to do before?

Mr. FLOOD. I think that is a fair statement. I am sometimes necessarily the devil's advocate here, you understand.

Dr. ENGLISH. A good example I think of the way we have worked together, the Public Health Service, is Red Lake, Minn. On the Indian reservation there, we joint funded with the Public Health Service. They contribute $400,000, we contribute $400,000, that allows an expansion of their program that was existing there before into a fully comprehensive health care program for the Indians that now includes mental health, dental health, training of local Indians to work in the health program itself, outreach transportation, all things that were not possible in the Public Health effort alone. It was our joint hope by showing what could be done by this joint approach, they might be able to implement a similar model in other parts of the country.

We have worked the same way with the Children's Bureau and other parts of HEW. It has been a very good relationship.

HEALTH REORGANIZATION STUDY

Mr. LAIRD. May I ask a question of Dr. English?

Mr. FLOOD. Your witness.

Mr. LAIRD. Are you familiar with the study on health organization the President has ordered during this next 60-day period?

Dr. ENLISH. Yes, sir.

Mr. LAIRD. Are you contributing to that study as far as the possible transfer of this over to the Public Health Service?

Dr. ENGLISH. I have had a chance to participate in meetings concerning reorganization at their invitation; yes, sir.

Mr. LAIRD. I understand the President gave them 60 to 90 days to come up with a recommendation.

Dr. ENGLISH. I think that is correct.

FAMILY PLANNING ACTIVITES

Mr. FLOOD. Here we go again, Mr. Berry.

Mr. BERRY. Yes, sir.

Mr. FLOOD. You are asking funds to double family planning activities from $6.5 million to $13 million.

Mr. BERRY. Yes, sir.

Mr. FLOOD. Just how in the world, again, is this program different from the new program in the Social and Rehabilitation Service?

You want to go from $6.5 million to $13 million on a family planning activity and they spent half a day justifying a similar program. Why?

Mr. BERRY. You must bear in mind that the Congress in the 1967 legislation expressly placed upon us a mandate to strengthen and to extend our program of family planning services to the poor and this is the mission that we have been trying to complete. We are supplementing and complementing each other. There have been some limitations on the legislation in HEW.

Mr. FLOOD. There is certainly a lot of supplementing and complementing going on.

Mr. BERRY. I would like Dr. London to address himself to whether there is any duplication or overlap, and that is I think the thrust of your question, Mr. Chairman, on our family planning effort.

Dr. LONDON. Before I talk about how the two programs work together, which I think is very important, we have to point out why we have to be in this business at all.

There are in the United States today roughly 5 million women in need of subsidized family planning services. These are medically indigent females of child-bearing age that want and need such services. If you add together all services now being offered by OEO, HEW, Children's Bureau, Planned Parenthood, public local health departments—the total amount of services being offered—there are only some 700,000 receiving services, less than 15 percent of the universe of need.

What OEO has tried to demonstrate in the last 2½ years of offering these services is a better, more efficient way to deliver these services.

Mr. FLOOD. How do you know it is 5 million in need of services instead of ten or three?

Mr. LAIRD. Mr. Chairman, this sounds very much like what we were told that Children's Bureau is asking funds to do. I think we might put the formal justification, submitted to us for their program, in this record so that we could better compare them.

(The material referred to follows:)

FAMILY PLANNING PROJECTS

The 1967 amendments to title V of the Social Security Act authorize for the first time project grants for family planning services for women in low-income families.

One of the most effective measures for reducing the infant mortality rate is through the provision of family planning services which enable women to decide the number and spacing of children they wish to have. It has been found that both infant mortality rates and mental retardation rates, for example, are substantially higher than average among fourth and subsequent births. These infants account for only 29 percent of all live births but approximately 45 percent of all yearly infant deaths.

Women living at or below the poverty level run the greatest risk of high infant mortality rates and of having mentally or physically handicapped babies. However, of the 5 million women of childbearing age who live in low-income areas in the United States, it is estimated that only about 700,000 such women obtained family planning services from public and private resources in calendar year 1967.

The new projects for which funds are requested will include both statewide networks of facilities and single projects for specific localities. Under the new authorization for this program, a wide variety of public and nonprofit private agencies, oragnizations, and institutions at both State and local levels will be eligible for grants, and the services need not be offered only in connection with comprehensive maternity care programs. This will increase greatly both the availability and utilization of services. In developing new projects, encouragement will be given to applications for grants from areas with high rates of infant mortality.

The estimate includes $18,500,000 for grants for family planning projects. This amount is expected to provide services to about 700,000 additional women. It is estimated that State and local health departments also will use approximately $5 million from formula material and child health grants and regular maternity and infant care funds for family planning services. Including smaller amounts for training and studies, the title V appropriation request contains a total of $24 million for family planning in 1969. This will provide services for about 1 million women.

Mr. FLOOD. He is not disputing that similarity. He is practically reaffirming that.

Dr. LONDON. But there is a rather basic difference in the way the services are delivered. Our program as a family planning program was not originally designed and conceived as a separate program area. It grew out of, again, local initiative, local demand, out of local initiative funds from communities that do not have the services available.

Mr. FLOOD. I suppose the local medical people helped to express that opinion.

Dr. LONDON. Yes; absolutely.

So that over a period of two and a half years, in some communities local people took the initiative in demanding such services; 121 of these programs grew out of local initiative, all in communities where the services were not yet available. Our programs are planned, designed, and operated at the local community level.

Mr. FLOOD. Have you had resistance or fallout against your 140-some programs from any local county medical groups?

Dr. LONDON. I think that is the significant part of the success of our programs. We have never had a single program either curtailed or disbanded because of community resistance, either on the professional level or from the community itself.

We hear a lot about the "genocide argument" that family planning really is a race extermination program. Yet we have very good evidence of overwhelming support of our program by local communities.

EMERGENCY FOOD AND MEDICAL SERVICES

Mr. FLOOD. The next activity is emergency food and medical services. Now, if there ever was a subcommittee that is in favor of emer-

gency food and medical services, this subcommittee has proven that it is during the last 20 years. We don't need to be told this is a good idea. That is not the question. But we do see many programs in many agencies of Government dealing in these areas. We must ask, why another program? What can be done under this particular program that you are talking about now that couldn't be done under any of the others or a combination of them?

Mr. BERRY. Mr. Chairman, this is not designed to duplicate anything that is currently available. This is in response to a number of circumstances which came to the attention of Congress and which was reflected in the special section and amendment in our act calling for OEO to provide, on an emergency basis, basic food and medical services to counteract conditions of starvation and chronic malnutrition. This program grew out of our administrative judgment and use of the earmarked funds which were provided in the 1967 legislation.

Mr. FLOOD. How did the word "emergency" get into the title?

Mr. BERRY. It grew out of the hearings that were conducted by the Senate, and I think also by the House, into the conditions of starvation and malnutrition existing in certain sections of this country, particularly in some of the Southern States.

Mr. FLOOD. Were those the hearings that Senator Clark had?

Mr. BERRY. Yes. There was a hearing before one of the Senate committees in which a number of outstanding pediatricians and other medical men, who had made a survey and study in several States in the South as to the extent of malnutrition, appeared.

Mr. FLOOD. Nothing happened all of a sudden. This was not an event. This thing existed and the emergency was to handle it; is that what you mean?

Mr. BERRY. Yes. Earlier, responding to the need for food, particularly among dispossessed rural workers, we had provided funds——

Mr. FLOOD. Dispossessed?

Mr. BERRY. Dispossessed by being pushed off the land they formerly worked.

Mr. FLOOD. You mean the sharecropper problem?

Mr. BERRY. Yes. We had in several counties used the earmarked funds of 1967 to provide loan funds and grant funds to community action agencies that enabled persons to participate in the food-stamp program where the distribution of surplus commodities was not available in that county. The food-stamp level for purchasing stamps was too high for the persons with no income to purchase those stamps. Then after the Senate hearings, it became the judgment of Congress that some funds should be allocated, and $10 million was indicated as the level which we were to use this fiscal year to respond to emergency food, nutritional, and medical needs.

Mr. FLOOD. Are you using the term "food" and "nutritional" interchangeably with "medical" or is there also a medical service?

Mr. BERRY. The medical services are addressed to correcting diseases that are the byproducts of malnutrition, such as hookworm and other types of disease. Dr. English may want to amplify on this.

Dr. ENGLISH. I think that is a very good question.

Mr. FLOOD. That is why I asked it.

Dr. ENGLISH. I think what the hearings brought out was, despite all the efforts made by the HEW and Department of Agriculture, that

there were, in the opinion of the physicians who testified before the Senate committee, thousands, if not millions, of starving or hungry people in this country and many of those people were affected by the medical consequences of poor nutrition. Now, I personally have had a chance to visit many of those areas and have seen these conditions myself. When you see these conditions you can understand why the Congress considered it to be an emergency and why we ought to try to develop new ways of trying to deal with that problem.

DIET SUPPLEMENTS

Mr. FLOOD. Now, Mr. Berry, what about your "programs to test the feasibility of commercial investment in distribution of diet supplements"? That is on page 124.

Mr. BERRY. We believe the pilot programs, the demonstrations that we are authorized and instructed to make will prove to be a good thing.

In the Southern communities it was revealed that a large portion of the populace used soft drinks as a supplement for bad water supplies. It has been suggested that some of the food and beverage manufacturers might be encouraged to develop commercial beverages that would have a higher nutritional value than Coca-Cola and Pepsi Cola. Dr. English has some information on this.

Mr. FLOOD. I have read since this has been discussed that certain of these well known soft drink dispensers are interested in this program.

Mr. BERRY. That is correct.

Dr. ENGLISH. That is correct. This is really one of the most encouraging things about it. You see, there are communities in this country with conditions which were hard for me to believe. I had seen such conditions with the Peace Corps abroad, but it was difficult to realize that it occurs in our own country where children are so unused to food because they haven't had a regular supply, that even when milk is made available they can't tolerate milk.

Mr. FLOOD. Where did you serve in the Peace Corps?

Dr. ENGLISH. In Washington. I was Chief of Psychiatry——

Mr. FLOOD. Did you get overseas at all?

Dr. ENGLISH. Yes, sir; about half a million miles in the countries where the volunteers were working.

Mr. FLOOD. Whereabouts?

Dr. ENGLISH. Bolivia, all through Latin America, Africa, the Middle East, and the Far East as well. We would see this condition abroad where children have really never had milk in sufficient quantity so that they just could not take it. That exists in some parts of our own country, too. What they are more used to is Kool-Aid or soft drinks, things like this. The problem is, as local people will tell you, that even if you make surplus commodities available, such as raw milk, their children are not used to it and they won't take it. So the question we have raised with the soft drink bottlers, the makers of soft drinks, is whether they would help to nutritionally supplement those soft drinks so that the children would get more balanced diets.

Dr. Thomas Bryant, who is assisting in the development of this program, has met with private industrialists, who are interested in

this approach. I think he could give some interesting examples of what they are interested in doing with us through this program.

Mr. FLOOD. I have been around a little bit in other countries and I know it is a fact—this problem of substituting the so-called soft drink which they make with powder in great big jugs or buckets. Some of it is awful stuff, violet, green, weird-looking colors.

Dr. BRYANT. I am Dr. Bryant. What we are encouraging our people, soft drink manufacturers, and other food producers to come up with is a very palatable product. For instance, the product that one specific soft drink manufacturer has come up with—their staff is inclined to think—will be competitive with the one they are already marketing.

Mr. FLOOD. This makes sense because I asked some of the people in the Andes area, though not in Bolivia, but in the Peru area, the Indians there: Why those horrible colors? That attracts them, they like those horrible colors.

Dr. BRYANT. Here maybe the horrible colors won't be so necessary. I thing the long-range answer that we have to plan for is that some of these major private concerns will get so interested they will, in fact, see a profit and they will want to market them.

Mr. FLOOD. I hope they do. There won't be anything wrong with that.

Dr. ENGLISH. Let's get very specific. The Coca-Cola Co., for example, made no commitments to this but they are interested in developing a new soft drink that would be the equivalent of the ones that have low calories. The new drink would have high calories.

Mr. FLOOD. I think I had better talk to Jim Farley. Do you think I should?

Dr. BRYANT. I think it would help a great deal.

Dr. ENGLISH. It certainly would. We would appreciate that. They have been very interested in doing this, already. The other interesting idea they have is that they could set up the distribution centers for this new soft drink as a local industry that would employ local people.

Mr. FLOOD. Two or three birds with one stone.

Dr. ENGLISH. Precisely. Ralston Purina is another example.

Dr. BRYANT. They want to do it all from the beginning; do the research, set up the product, set up their plants employing the people.

Mr. FLOOD. What do you mean, they want to; who is stopping them?

Dr. BRYANT. Well, we are encouraging them at this point. We are wondering how much money we are going to have to encourage them.

HOUSING DEVELOPMENT CORPORATIONS

Mr. FLOOD. Now, you have a big percentage increase here, Mr. Berry, for housing development corporations, from $900,000 to $4,500,000. To show us how this program operates suppose we go down to Philadelphia. They have quite a project down there. Tell us what it is accomplishing. Or take any place you want as an example.

Mr. BERRY. Philadelphia is mentioned in the justification. I would like to use another example. I think this is probably one of the most

exciting experiments or investments that CAP has made to maximize the tools and the housing aid that HUD is authorized to give. One of the difficulties in any housing development is the preproject cost of architectural design, the supportive service for developing a program. Our grants have been, in effect, seed money to give the expertise, the guidance, and the support to the development and the involvement of the poor to be served by these programs in qualifying for FHA assistance and developing housing. Now, we made a grant of $450,000 to North Carolina for the development of a housing development corporation. It was expected that they would qualify or develop some 800 units of housing that could be underwritten by FHA-insured mortgage loans. That has progressed so rapidly that they are including now some 1,800 units valued at some $17 million—in housing of section 221(d)(3) and rent-supplement type.

The poor will participate as a part of the nonprofit corporation or cooperative that will qualify for 221(d)(3) or rent supplement housing. Here in Washington we made a grant to the Washington Housing Development Corporation. The first year they are developing some 300 units which will qualify for $4 million of FHA-insured mortgage financing. The bicentennial civic group in St. Louis was primarily set up to take advantage of 221(h) rehabilitation housing.

Mr. FLOOD. Let's go to the Philadelphia project. Tell me how it was set up and how it is operated.

Mr. BERRY. All right. Philadelphia is a joint venture with private financing, in which the city of Philadelphia established a revolving fund. In 1966, they produced 850 units which qualified for $10 million of mortgage financing.

The 1967 report estimates that in that year 1,200 units were processed, worth $13 million; and the 1968 plans will include maximum rehabilitation of some 210 units of houses for sale to low-income groups, lesser rehabilitation of some 240 units needing reconditioning for sale and rental, new construction of approximately 60 units for sale to low-income people, and assistance for 750 units under the 221(d)(3), 221(h), and rent supplement programs.

Mr. FLOOD. As far as the whole program is concerned, what could you do if you got this money that you couldn't do if you did not get it?

Mr. BERRY. We would be able to fund some housing development corporations in other areas where there is a need for it, and there are pending applications for them to do, as the Philadelphia and North Carolina projects and the St. Louis and Cleveland HOPE projects are now undertaking to do. In other words, we would be able to replicate and expand it in some other communities to the tune of approximately 12 additional housing corporations.

Mr. FLOOD. Why shouldn't this program be handled by the Department of Housing and Urban Development?

Mr. BERRY. It possibly could if Congress had authorized it, but HUD has stated that its legislation does not provide funds to do the preliminary underwriting of seed operations, such as the forming of the corporation and land acquisition. In the final closeout of an FHA loan, in many instances, the sponsors must have the site either under option or at least preliminary purchase. It does not provide the initial outlay of architectural designing, planning, offsite development.

Mr. FLOOD. HUD agrees with this?

Mr. BERRY. Yes, sir. This has been worked out, the housing development corporation has been worked out with collaboration of and concurrence of HUD.

The most recent development is a contract in a small community of Gulfport, a concept in HUD which is the "turnkey" project where they undertake through a housing authority to engage a private developer to produce the housing and then the housing authority purchases it or reacquires it. This is being developed with the community action agency so that the poor, through the investment of their own sweat capital will qualify and earn a downpayment that will enable the residents or occupants to become ultimate purchasers of this turnkey project.

COORDINATION OF MANPOWER PROGRAMS

Mr. FLOOD. Page 134 describes a $20 million program which appears to me to be primarily nothing more or less than a coordination of manpower programs, in the plural. Now, the first people that came before the committee to testify in February were from the Department of Labor. They told us that they coordinate manpower programs. Why are both of you in this?

Mr. BERRY. Our venture into manpower was in response to many communities' applications for assistance to fill the gaps in the program that did exist at the community level, particularly in combining the basic education, and other support services for a manpower program that would prepare the individuals in the target areas for eligibility and entry into manpower programs that were funded by the Department of Labor.

Mr. FLOOD. Why wouldn't the Department of Labor people know that? Why would they miss those targets?

Mr. BERRY. One of the missions of our agency was to identify the places where some institutional changes should be effected to fill gaps that existed.

Now, you know, Mr. Chairman, that it is characteristic of human nature——

Mr. FLOOD. You mean, when you are so close to the forest you don't see all the trees?

Mr. BERRY. That is right.

Mr. FLOOD. That happens.

Mr. BERRY. Again, our early manpower program was in response to community identification of needs which we funded in response to their requests. It was not the formulation of a program which we went out and marketed or sold as our concept of what the community ought to do. We have, however, felt that it was our duty to provide such support and technical assistance that would qualify community action agencies to meet the needs of the employment service, or, in the absence of an adequate number of slots for MDTA or OJT training, that would supplement what was not existent, or at least to link together some of the programs that were present in the community.

Mr. LEVINE. If I might supplement Mr. Berry's answer on that:

There are two functions here. Mr. Casey this morning was asking about people outside the target area. The programs that the Labor

Department runs under the delegation for us are target area programs. Their target areas are both narrower and fewer than the community action areas. Therefore, some of this money is needed for broad-based programs outside of the immediate concentrated employment target areas.

Second of all, in our role in the concentrated employment program, the community agency, as Mr. Ruttenberg pointed out this morning, has a definite role. It is a presumed current sponsor of the concentrated employment program and needs a few personnel on its staff for this purpose.

PLANNING PROGRAMS

Mr. FLOOD. You want to more than double the overall planning program from $6 to $14 million.

Mr. BERRY. Yes. The Congress, the Bureau of the Budget, and the President and our agency have all clearly expressed their intention to maximize the development of a local community mechanism that would not only coordinate and mobilize resources but effect both short- and long-range planning that would over a period of time do an adequate planning and programing job to meet the needs of the poor.

Mr. FLOOD. What would be long-range planning on a thing like this? How many years are we talking about?

Mr. BERRY. Well, it could be a 5-year program. We are attempting to program a 5-year period and we are urging upon communities that they address a planning process that would cover the same comparable period. Planning is not an area in which local communities excel. We are improving this in our own area. So we have encouraged communities. We made a modest number of planning grants to communities that would undertake to develop both the expertise and the capability of doing the necessary planning.

Mr. FLOOD. You say the impetus for this is coming from the provinces, coming from the country? Is it coming up to you?

Mr. BERRY. It is coming up to us and it is being filtered down. This is our own concept of a need that communities must develop. We feel that in compliance with the congressional mandate, a community action agency must be found to be capable of planning, coordinating, and administering a program. This is the language of the congressional mandate. It is in the planning area that communities are known in be weak, and we feel it is our responsibility as enjoined upon us by the Congress to correct this.

Mr. FLOOD. Do they know it?

Mr. BERRY. Yes, they know it, they recognize it, and they are asking: When are we going to be able to have sufficient funds to develop this planning capability that you are imposing on us?

It is for this purpose that this request is made.

We originally, in our own planning and programming for the last year, contemplated making more funds available. We could not with our 1968 appropriation, and therefore we are asking to pick up and carry on what has been postponed for a year.

Mr. FLOOD. Mr. Michel?

RESEARCH IN ADULT EDUCATION

Mr. MICHEL. How much of your request will be spent in research on adult education?

Mr. BERRY. We have not yet determined the 1969 level for research or pilot programs in adult education. The $22.5 million is merely to continue operational adult education programs that are being conducted by community action agencies.

Mr. MICHEL. How are the subjects these people take in adult education classes selected?

Mr. BERRY. Generally they relate to providing them with the correction of whatever academic level of under education they may have. It is to bring them up to a level principally to qualify them for additional training programs. Some of the materials that are used have been adapted from the Job Corps. Many of them are related also to consumer education programs to enable the poor to read and understand installment contracts or to be able to judge the pricing of merchandise that they are purchasing. They are interrelated. Adult basic programs generally support some other program which the adult may be seeking to enter or to qualify for.

Mr. HARDING. I think we should add, however, in answer to the specific question asked as to how they are selected; they are selected by the local community action agency which, if it is properly functioning, reflects what the people in the target area say they need in the way of uplifting, varying from one area to another.

They typically will have an educational specialist of some sort associated with the agency or get that assistance from the local educational institution in order to set forth the curriculum that will meet the need of that particular target area.

LOCAL SHARE OF PROJECT COSTS

Mr. MICHEL. How many agencies are required to put up less than 20 percent as the local share in the project, would you say?

Mr. BERRY. I do not have that figure. I do not know whether Mr. Levine has it or not.

All of them are now, with the exception of the very poorest counties and Indian reservations. There are some, depending upon the per capita income being below $750 per year, which may qualify for 100 percent grants, but they are relatively few.

Some Indian reservations had been certified because of their per capita income as being unable to provide their 10 percent. But in the 1,050 community action agencies, we could probably supply it for the record, giving you the total number that are below the 10 or 20 percent.

(The information follows:)

EXEMPTIONS FROM NON-FEDERAL SHARE REQUIREMENTS FOR COMMUNITIES WITH PER CAPITA INCOMES BELOW $1,000 PER YEAR

The Economic Opportunity Act provides, in subsection 225(c), that the Director of OEO may relieve grantees of all or part of the non-Federal share requirements. Previously, when the basic non-Federal share required was 10 percent, exemptions were granted to communities with annual per capita income below $750 to the extent that they were unable to raise non-Federal share. The principal objective of this exemption policy was to insure that the 182 poorest rural counties

in the Nation were able to participate in the community action program, despite their lack of local economic resources to match Federal grant funds. These exemptions are being continued. Moreover, with the increase in basic non-Federal share requirements to 20 percent, OEO is extending partial exemptions to an additional group of 495 low-income rural counties where per capita incomes are $750 or more, but less than $1,000, per year. Whenever possible, grantees conducting programs within communities entitled to exemption under one of the rules below will be expected to provide some non-Federal share of the program costs:

(*a*) Grantees serving communities with per capita incomes below $750 per year are automatically exempted from one-half of the 20 percent non-Federal share requirement, but are expected to provide 10 percent of the program cost whenever possible. However, such grantees may request exemption from that portion of the 10 percent non-Federal share which they are unable to provide.

(*b*) Grantees serving communities with per capita incomes in the $750–$999 range, shall in all cases provide at least 10 percent non-Federal share, but may request exemption from that portion of the non-Federal share above 10 percent which they are unable to provide.

A request for a waiver of the non-Federal share requirements is made by letter accompanying the application for CAP grant, and states (1) the basis on which the community's per capita income was determined; (2) the amount of non-Federal share which the community can provide; and (3) that the applicant has made a reasonable effort to raise more non-Federal share and has been unsuccessful.

Generally, the waiver of part or all of the non-Federal share will be based on a showing that the per capita income of the entire community served by the community action program is below $750 or $1,000 per year. However, if one or more counties in a multicounty area served by a single CAA have per capita incomes below $750, or $1,000, but the entire multicounty area, taken as a whole, does not, an applicant may request an exemption of the non-Federal share requirement for component projects designed to serve only those poorest counties.

Of the 182 counties with annual per capita income of $749 or less, 146 are being served by 95 community action agencies. Some of these 146 counties served are within the jurisdictions of multicounty CAA's which also serve counties with per capita incomes of $750 or more. Nevertheless, these 95 CAAs are eligible for full or partial exemption from the 20 percent non-Federal share requirement, as explained above.

Of the 495 counties with annual per capita income between $750 and $999, 312 counties are served by 171 CAAs, which are eligible for full or partial exemption from that portion of the non-Federal share over 10 percent which they are unable to provide. Some of these 171 CAA's also serve counties with per capita income of $1,000 or more, and some serve additional counties with incomes of $749 or less.

The unduplicated count of CAA's serving 458 of the 677 counties with annual per capita income less than $1,000, is 216 community action agencies.

Mr. MICHEL. How do you go about verifying the value of the local share in this in-kind contribution?

Are we always sure it is really worth what——

Mr. BERRY. If it is in space we valuate it on the basis of the square footage of the space and the going rental rate for comparable space in that community. In other words, what the prevailing rental rate is.

If it is in terms of voluntary services—professional, whether it be a pediatrician or a volunteer tutor—we have established a scale of valuation, and that scale is based upon the going rate of that type of professional or semiprofessional. In other words, we do not pay the 100 percent value of the services, but a scale is established for valuing volunteered time, depending upon the qualification and the nature of the services that are rendered.

For example, lawyer's service, if it is volunteered and contributed, I think it is valued at $12 an hour. The bar association claimed that

is considerably low, that the average lawyer's time is somewhere between $20 and $30 an hour. So we have had some dialog between the bar association and our own office in valuing volunteer time.

If a physician, or dentist, pediatrician, school teacher, or librarian, their volunteer time is quantified and valued in terms of the hours they contribute.

EXCEPTIONS TO LIMITATION ON SALARIES

Mr. MICHEL. In section 244 of the 1967 amendment under the $15,000 Federal share limitation on salaries, the Director was given exception authority to pay employees in excess of this amount where this restriction would impair the effectiveness of the program, et cetera.

Can you tell us to what extent you have utilized or intend to utilize this "exception"?

Mr. BERRY. The exception—first of all, I think the language of the act provides that any salary above $15,000 contributed by the community may not be accredited as a non-Federal share. There are community action agencies that are in fact paying salaries in excess of $15,000. We have waived it from the point of view of the limitation, but have not accorded them the credit of any non-Federal share in the excess over $15,000.

I do not know of any instances, and I would have to supply for the record, any waiver.

Mr. MICHEL. Give us a list of those employees for which Federal payment in excess of $15,000 has been approved by the Director and the amount approved and the reason for this increased payment, to make the record complete.

Mr. BERRY. All right.

(The information follows:)

EMPLOYEES OF CAP GRANTEES RECEIVING MORE THAN $15,000 PER ANNUM COMPENSATION

On June 30, 1967—the last date for which OEO's annual report on grantee employees' salaries is available—no employee, engaged in carrying out community action program activities which received financial assistance under section 205 of title II of the act, was compensated from Federal funds so provided at a rate in excess of $15,000 per annum. Those amounts paid to such employees at a rate in excess of $15,000 per annum were neither provided from Federal funds, nor considered in determining whether the non-Federal contributions requirement was met.

Since June 30, 1967, the Economic Opportunity Amendments of 1967 have modified this provision to apply the $15,000 limitation to all title II (as contrasted to only sec. 205) CAP activities, and to allow the Director of OEO to make exceptions in cases (particularly in large metropolitan areas) where because of the need for specialized or professional skills, or prevailing local salary levels, application of the restriction would greatly impair program effectiveness or otherwise be inconsistent with the purposes of the act.

This amendment, while liberalizing the salary restriction by allowing exceptions, also imposed on other title II programs (e.g., comprehensive health services, training programs, and pilot programs) a general $15,000 limitation which was not previously applicable to them.

Accordingly, CAP regulations were issued on January 15, 1968 (Community Action Memorandum No. 79, Subject: Notice and Interim Instructions as to Certain 1967 Amendments to the Economic Opportunity Act), which provide:

(1) A blanket exemptiion to cover incumbents of positions in previously

funded comprehensive health services programs, presently being compensated at a rate above $15,000 per year, which exemption expires when each incumbent leaves that position; and

(2) A procedure for other title II programs subject to the $15,000 limitation as a result of the 1967 amendments. This procedure provides for the grantee or applicant to submit a written justification for an exception, including information on salary levels for persons with comparable skills or holding comparable positions in the community.

Since the issuance of this regulation in January, some few exceptions have been made and others are presently being processed. Complete data on all exceptions which have been or will be made is not available, but will be compiled with the annual salary report as of June 30, 1968, by which date all title II grantee employees' salaries over $15,000 provided from Federal funds will either be excepted or reduced to $15,000 or below.

TERMINATION OF FUNDING FOR COMMUNITY ACTION AGENCIES

Mr. MICHEL. Section 221(e) requires the review of existing CAA programs and their progress and effectiveness to be considered in renewing or supplementing financial assistance.

What programs have not had continued financial assistance as a result of your review?

Can we assume that programs which are not cut off in your estimation are making satisfactory progress in fulfilling the purposes of title 2?

Mr. BERRY. Mr. Michel, to date we have terminated, or refused to refund for varying reasons of poor performance—either in poor management or in failure to develop adequate programs—some 20 community action agencies.

Mr. FLOOD. A very good question. I should have asked that.

Mr. BERRY. And an additional five migrant programs which have been deemed inadequate or lacking in either quality of program or in efficient management.

Mr. FLOOD. Will the gentleman yield at that point?

Mr. MICHEL. Yes.

Mr. FLOOD. What are you going to do about those 20 CAA's and the five migrant programs? Is that the end of it? Can you do anything about it?

Is that your business?

Mr. BERRY. We are exploring in each of those cases the feasibility of establishing under the Green amendment, either a public agency, or a reconstituted community action agency that might be eligible and capable.

Mr. FLOOD. It looks to me as though that is a natural for the Green amendment.

Mr. BERRY. The one that comes more readily to mind is in Indianapolis, where they are currently exploring the ways and means of reestablishing a community action agency that can carry on the program. We have notified them that they would not be eligible or would not be refunded under this present organizational structure or administration, and explorations are being made to hopefully enable the community to correct this deficiency.

Mr. HARDING. I think we ought to add we do make extensive efforts to try to correct whatever the flaws are in the ongoing program before such action is taken. Sometimes we just cannot help.

Mr. MICHEL. Over the life of the entire program, how many walkouts are we talking about?

Mr. BERRY. At this point the figure is 25, including migrants programs. This is not to say that there are not other instances in which the regional offices, through technical assistance or consultants are seeking to correct the minor defects that may exist in some of the other agencies. This is a continuing process, because we are seeking to carry out the expressed mandate of the legislation to evaluate by monitoring the various operations before they come up for refunding, and our regional offices now are in the process of monitoring many of the programs that are up and scheduled to come up for refunding.

GREEN AMENDMENT

Mr. MICHEL. We have had a pretty good discussion in some previous exchanges with respect to the Green amendment, but let me just put it one other way for the record.

Regarding the Green amendment guidelines would you please explain for the record your definition of "the specific title 2 programs in exceptional cases, when OEO concludes that special circumstances require a departure from the role of local sponsorship," in which instances States will be permitted to operate programs. And furnish the supplemental guidelines that would apply in this respect.

Mr. BERRY. We will provide that for the record.

Mr. MICHEL. All right.

(The information follows:)

OPERATION OF COMMUNITY ACTION PROGRAMS BY STATES

Since community action is a local venture, OEO looks to local communities to sponsor their own community action programs. The purposes of title II of the act are better realized, and the powers and functions of community action agencies are more effectively exercised under local initiative leadership.

Moreover, section 210(e) of the act, as amended in 1967, permits any political subdivision to refuse to be included in a State-sponsored community action program. Therefore, OEO will give preference to recognition of community action agencies which have been designated by local political subdivisions, rather than by States.

The role of the States in providing assistance and coordination to those agencies and in conducting specific title II programs in exceptional cases where OEO concludes that special circumstances require a departure from the rule of local sponsorship will be dealt with in a community action memorandum to be issued shortly. That memorandum will provide, in part, that the State economic opportunity office may receive OEO and other Federal and State agency funds and operate single-purpose programs which are in harmony with the objectives of the Economic Opportunity Act.

The supplemental guidelines on the role of States, referred to in part C, paragraph 1, of community action memo No. 80, have not yet been issued. They are expected to be issued very shortly and will be submitted to the committee.

The only case now envisioned in which a State agency might serve as a community action agency is Alaska. The combination of extremely sparse population and an absence of county or local government make State leadership peculiarly appropriate in this case. The possibility of other statewide community action agencies is not foreclosed, but none are foreseen at this time.

It is anticipated that some States will continue to operate programs under single-purpose grants. This is particularly appropriate in areas in which community action agencies have not been formed. It is also anticipated that States will continue to operate programs under the migrant program authority of title III–B of the act.

Mr. MICHEL. Could we have for the record the names of those States which have State laws which will preclude all local governments from within that State from being a community action agency?

Mr. BERRY. That will preclude the local——

Mr. MICHEL. Right. There are some; are there not?

Mr. BERRY. Yes. The one that comes to mind that poses some problems is the State of Vermont.

Mr. MICHEL. Do any others come to mind at the moment?

Mr. BERRY. There is the State of Arizona in which the attorney general has stated that the Governor is authorized to designate.

Mr. MICHEL. Would those be the only two then?

Mr. BERRY. Those are the only two that come to my mind. Maybe Mr. Perrin knows. He is in charge of intergovernmental relations. He may be familiar with some other examples.

Mr. PERRIN. There is one more.

West Virginia has a law which requires the Governor's office, rather—it requires public agencies to clear the use of Federal funds. We are not sure of that, what that is going to mean. There may be a couple of other States, but they have not come to our attention.

Mr. MICHEL. These are the significant ones that come to mind?

Mr. PERRIN. Yes.

Mr. FLOOD. Are not the Arizona people trying to do something about that problem?

Mr. PERRIN. We have had an exchange of legal opinions with the attorney general of Arizona. What they are doing within the State we do not know, except that the communities in Arizona that now have community action agencies have filed their notice of intention for designation as community action agencies, in addition to the Governor's designation of the entire State. So we have a built-in conflict there.

Mr. MICHEL. If there are any other States that have some peculiarity that ought to be cited for the record at this time, feel free to expand in the record.

Mr. PERRIN. Yes.

THE 10 LARGEST CITIES WITH COMMUNITY ACTION PROGRAMS

Mr. MICHEL. Would you supply for the record the 10 largest cities with community action program agencies and give us in those 10 largest ones the total number of employees on the payroll, the total number of poor persons employed on the payroll, the total amount of salaries for each of the agencies, the number earning over $10,000, and the percent of total employees earning over $10,000?

Mr. BERRY. The 10 largest cities and the breakdown?

Mr. MICHEL. Yes.

Mr. BERRY. We will provide that for the record.

(The information follows:)

SALARIES AND COMPOSITION OF STAFFS FOR COMMUNITY ACTION AGENCIES IN 10 LARGEST CITIES

10 largest cities	Salaries paid to staff	Total staff	Administrative and supervisory staff	Professionally skilled staff	Nonprofessional staff	
					Poor	Nonpoor
Baltimore	$1,738,551	534	56	48	324	106
Chicago	[1] 21,395,819	5,398	910	1,165	2,434	889
Cleveland	2,620,473	828	172	154	502	0
Detroit	[1] 5,152,728	2,979	511	500	1,437	531
Houston	3,685,012	879	104	114	426	235
Los Angeles	21,612,330	3,630	523	996	2,006	105
New York	35,304,767	5,512	1,115	1,420	2,842	135
Philadelphia	9,522,682	1,662	202	453	867	140
St. Louis	[1] 5,757,371	1,016	226	184	401	205
Washington, D.C.	4,965,297	1,609	394	468	547	200

[1] These figures represent total personnel costs (salaries, fringe benefits, and non-Federal share).

STAFF EARNING OVER $10,000 IN COMMUNITY ACTION AGENCIES IN 10 LARGEST CITIES

10 largest cities	Total	Administrative and supervisory staff	Professionally skilled staff	Percentage of total staff earning over $10,000
Baltimore	23	21	2	4.3
Chicago	257	178	79	2.6
Cleveland	22	18	4	2.7
Detroit	36	25	11	1.2
Houston	34	20	14	3.9
Los Angeles	296	220	76	8.2
New York	592	354	238	10.7
Philadelphia	89	58	31	5.4
St. Louis	70	46	24	6.9
Washington, D.C.	119	71	48	7.4

ADMINISTRATIVE COSTS

Mr. MICHEL. What are we talking about in these larger programs, for example, with respect to the fringe things like travel allowances, telephone and this kind of thing? Is it significant? Is it getting out of hand in some way?

Mr. BERRY. It is not a significant item. I think we probably——

Mr. MICHEL. Can you ride close enough herd on that kind of thing?

Mr. BERRY. We do.

In the budget analysis of the grant proposals, this is given a very close scrutiny. You might, along with the 10 cities you are asking for——

Mr. MICHEL. Give me a breakdown on the 10, travel costs and telephone costs, items like that.

Mr. BERRY. Telephone costs can vary, particularly depending upon the number of component programs—the number of neighborhood centers.

Mr. MICHEL. I know it will vary, but give me a round ball-park figure. If it seems to be out of line in view of some of the other comparative figures that come across our desk from time to time, we can take our own independent look-see and if they are all in order or kind of average, there is no need to raise any further eyebrows.

But the question gets raised on occasion that not all of the care is being taken to kind of keep these costs within reasonable bounds. So for your own protection and the protection of the program, if there is a little smoke maybe we ought to put it out.

Mr. BERRY. We will be glad to furnish that for the record.

(The information follows:)

CAA ADMINISTRATION COSTS BY OBJECT CLASS CATEGORIES IN COMMUNITY ACTION AGENCIES IN THE 10 LARGEST CITIES

10 largest cities	Total CAA Administration cost	Personnel	Contract services	Travel	Space	Consumables	Equipment	Telephone	Other	Administrative overhead cost [1]
Baltimore	$248,622	$135,419	$47,991	$2,278	$23,816	$7,335	$8,532	$4,367	$18,884	$248,622
Chicago	1,882,541	1,305,362	51,875	14,640	127,450	48,070	189,862	30,800	114,482	1,549,208
Cleveland	416,220	312,108	23,174	3,507	34,169	11,834	20,395	5,009	6,024	400,628
Detroit	621,222	541,402	2,695	10,217	24,896	23,944	7,885	10,060	123	535,030
Houston	761,011	608,328	24,250	24,755	40,570	11,375	19,843	24,750	7,140	300,867
Los Angeles	[2] 4,947,867	3,673,928	198,553	105,322	174,447	188,827	107,370	85,351	414,069	[2] 2,283,257
New York	2,130,658	1,340,562	105,952	14,100	66,414	20,421	20,743	102,884	459,582	2,130,658
Philadelphia	719,440	600,830	14,874	4,609	34,493	14,368	24,613	2,154	23,499	565,304
St. Louis	[3] 417,477	313,880	12,466	8,024	6,874	30,110	24,309	5,148	16,666	[3] 417,477
Washington, D.C.	301,371	248,699	16,063	1,414	19,121	5,989	6,669	1,564	1,852	301,371

[1] Administrative overhead cost equals total CAA administration cost minus salaries of nonprofessional poor employees and specific program-related costs.

[2] Covers a 28-month program year. All other figures represent 12-month program year.

[3] This figure represents Federal share only, excluding $84,232 non-Federal share. All other figures represent total administration program cost (Federal plus non-Federal).

Mr. BERRY. In my earlier testimony, I pointed out our findings on administrative costs averaged out 8.9 percent.

NEW HAVEN, CONN. AGENCY

Mr. MICHEL. I am not altogether sure I am on good ground on this one, but let me put a couple questions to you having to do, No. 1, with the New Haven, Conn., CAP Agency, and the word I have here is that there was $147,716 allocated for a pension plan for employees and that this amount was over and above the funds provided for social security benefits, Blue Cross, medical services, executive accident insurance, and total fringe benefits for some $279,208. Is this SOP or a unique situation or what? What is this all about?

Mr. BERRY. I would have to check that out and supply that information for the record.

Mr. MICHEL. Would you run that one down a little bit for me?

Mr. BERRY. We will.

Mr. MICHEL. If there is nothing to it, I would stand corrected. If there is something to it, I think you had better explain it pretty well in the record because we may have to come back to it.

Mr. BERRY. You may recall historically CPI in New Haven grew out of the initial gray areas of the Ford Foundation grant that preceded our legislation, and that agency qualified as a community action agency for continuation of programs.

Really, we are conjecturing now. Let me check it out.

Mr. MICHEL. What I am really getting at here is whether or not we got ourselves locked into something where we really had no business, and while it might very well have been one of those situations you got into without knowing you were getting your fingers burned first, but making absolutely sure there is no repeat performance of what I consider to be kind of a questionable area.

Mr. BERRY. We will parse it out and give you the information.

(The information follows:)

FRINGE BENEFITS AT COMMUNITY PROGRESS, INC., NEW HAVEN, CONN.

During program year B, ending June 30, 1967, fringe benefits totaled $279,805, including $140,716 for a pension plan for the employees of Community Progress, Inc.

Of the $140,716 allocated to the pension plan, the CAP share was $95,919. Federal funds provided by CAP for fringe benefits totaled $188,138, or 10 percent of total personnel cost ($1,877,492) for CPI during program year B.

In the first 9 months of program year C, ending June 30, 1968, the CAP portion of total fringe benefits for CPI was $138,397 (out of total fringe benefits of $235,406), which represented 8.4 percent of total CPI personnel costs. During this period, OEO supported $72,254 of the $116,552 allocated for the CPI pension plan.

ADMINISTRATIVE EXPENSES

Mr. MICHEL. The amendment requires no more than 15 percent of grant funds to go for administrative expenses; is that correct?

Mr. BERRY. Yes, sir.

Mr. MICHEL. And what do you specifically include in administrative expenses?

Mr. BERRY. We include the cost of the central administration, but we do not include the salaries of poor nonprofessionals or the cost of conducting a component program.

Now we have a guideline which has issued on September 11 pursuant to the legislation which identifies the CAP program accounts with categories of service and definition both for administration and management, neighborhood services, manpower programs, and I would like to put this in the record. It may answer expressly.

Mr. MICHEL. How long is that?

Mr. BERRY. It is nine pages. It is a memo sent out September 11 on CAP management improvement.

Mr. MICHEL. I do not want to get the record cluttered up with a lot of stuff.

Mr. FLOOD. Why not prepare a synopsis of this document.

Mr. HARDING. Surely.

(The information follows:)

COMMUNITY ACTION AGENCY ADMINISTRATIVE EXPENSES

Community Action Memorandum No. 67–1, subject: "CAP Management Improvement" (Sept. 11, 1967), identifies the program packages by which CAP administers and justifies its program. These packages, or "program accounts" (with subpackages designated "categories of service") are the basic building blocks which describe the total range of community action programs.

The following excerpt from Community Action Memorandum No. 67–1 defines program account 01., "CAA Administration and Management," and the categories of service (or subpackages) 01.01 and 01.02:

PROGRAM ACCOUNT	CATEGORIES OF SERVICE
01. CAA administration and management.	01. CAA administration and management: Administering and managing the central staff, facilities, equipment and other administrative overhead or "shell" of the community action agency. Generalized CAA activities (such as intake and program placement) not related to a specific program, a neighborhood center system, or as part of community organization, are to be included. CAA level coordination efforts to insure the execution of programs operated by the CAA and/or delegate agencies are included. Also included is the day-to-day coordination of CAP-funded programs with related Federal, State, local, and private agency programs. This category does not include administration or management directly linked to a specific category of service or program performed by the CAA; such administration should be included under the appropriate category of service or program. Similarly, delegate agency administration should be included as part of the programs operated by the delegate agency. Administrative overhead and generalized activities performed in neighborhood centers or community schools should be reported under those categories. It does include the provision of administrative services and support (other than training) to members of the governing body or policy advisory committees not related to a specific program. 02. General training (staff and other): Providing general inservice training activities for CAA and delegate agency, professional, nonprofessional, and clerical staff that are not related to a specific category of service. This category also includes providing general training for those activities outside the CAA staffs, such as members of governing bodies. Training that is directly related to a category of service will be included under that category of service. General training under this category represents the normal CAA training activities carried out under conduct and administration grants.

Mr. MICHEL. On the basis of this criteria, what is involved in administrative expenses, going back again to those 10 largest cities, in the fiscal year 1968? Let me have a breakdown item by item of administrative expenses for those 10 largest cities.

Mr. BERRY. All right.

(The information requested appears on page 253.)

LEGAL SERVICES

Mr. MICHEL. Donald Stocks, Deputy Director of Legal Services, in reply to a complaint in an article recently, which said that OEO had received $44 million from Congress to maintain its legal services at present levels in some 70 cities. "They gave us $38 million, and that is all there is to it."

That was in the Philadelphia Bulletin, March 27 this year. Why is it necessary to have $44 million to carry on at the present rate when total legal service obligations last year only amounted to some $25 million?

Mr. BERRY. Mr. Johnson, step forward.

Mr. Johnson is the Director of the Legal Services program. Mr. Stocks is his Deputy.

Mr. JOHNSON. In order to understand it, I think you really have to go back to fiscal 1966. Many of the programs that were funded in fiscal 1966 did not come up for refunding until fiscal 1968, and did not have to be refunded in fiscal 1967.

Mr. MICHEL. Like what, for example?

Mr. JOHNSON. Like Detroit, Mich., a substantial program, and several Los Angeles programs. Over 60 of the programs funded the first time in 1966 did not come up for refunding in fiscal 1967, but came up for the first time in fiscal 1968. The $25 million of fiscal 1967 obligation does not include the refunding of those 60 programs that amounted to a good $10 million or so.

Another factor was that many of the programs that were funded in fiscal 1967 for the first time were programs that could be funded at a figure less than a total annual level.

In other words, if you are funding for the first time a brand new program, and we were funding many new programs in fiscal 1967, you take account of the fact that you are not going to be able to hire all of the attorneys and open all of the offices on the first day of the grant, so you phase it in.

Programs that may have cost, in fiscal 1967, $70,000 might cost $100,000 for refunding in fiscal 1968. It was a combination of those two factors which accounted for the fact that the programs to be refunded in fiscal 1968 were considerably higher than obligations in fiscal 1967.

ELIGIBILITY FOR LEGAL SERVICES PROGRAM

Mr. MICHEL. While we are on this subject, what are the criteria for someone to qualify to get legal service provided under this act?

Mr. JOHNSON. There is no national means test. Each community has a standard which usually is put together by the local bar association and takes account of the cost of legal services in that community, and economic conditions in that community. There is a tremendous range.

For a family of four, for instance, the means test in some rural areas in the South is $2,200. In some large urban areas in the North it is as high as $5,200 per family. It is a tremendous range. The average is $3,600 for a family of four. That is an average and not a national standard.

Mr. MICHEL. I received a letter this morning from an elderly lady, 75 years old, who lives on social security benefits, obviously not a maximum one at her age, and having not qualified for the maximum benefit, raises the question of the tremendous increase, practically a threefold increase, in the property evaluation of her little home as a result of an an independent assessment being made locally in my home community. She was very distressed at this because obviously her tax bill will triple.

Knowing the section of town in which she lives, the original valuation was something in the neighborhood of $4,000. This is all she owns and her social security benefit, and now her taxes practically tripled.

I am thinking that maybe she has a point. Her recourse is to go to the board of review, which has been swamped with all kinds of complaints. But here is an elderly lady who needs some kind of assistance. She might very well make a pretty good case herself.

On the basis of experience, she is going to get a little nervous and this is an official body, and here is one who could obviously be helped by assistance of a lawyer, but she does not feel she has the resources to get that kind of advice.

Would a person like this be able to get the legal services or would they say, "You own your home, lady, even though a very modest one."

What kind of test do they put to a person of this kind who might seek that kind of service?

Mr. JOHNSON. The test would really be: can she afford legal counsel? I assume her current income is probably substantially below the means test. Is this Peoria?

Mr. MICHEL. Yes.

Mr. JOHNSON. I suspect if she has as modest a home as you indicate, she might very well be eligible for the service. I would be glad to call and find out.

MOBILE LEGAL SERVICES

Mr. MICHEL. Do you have any more traveling vans since last year?

Mr. JOHNSON. No new ones. There have been refunding of three or four we have.

Mr. MICHEL. Where are they operating?

Mr. JOHNSON. There is one serving Delaware County and adjoining counties in Oklahoma. There is one operating in rural areas of California, and there is one operating in a low-income neighborhood in New York City as an experiment, traveling block to block.

Mr. MICHEL. You have three?

Mr. JOHNSON. Yes.

Mr. MICHEL. I assume with only three throughout the country—I am not suggesting we ought to have thousands or hundreds of them, but does this suggest these are really pilot projects?

Mr. JOHNSON. That is correct.

Mr. MICHEL. What kind of an experience table or record are you getting from the three that are currently operating?

Mr. JOHNSON. An extremely good record for the one operating in Delaware County, Okla. It is able to cover areas which otherwise would be inaccessible, inaccessible for the poor to get to the lawyers and the lawyers to get to them.

The mobile office that is operating in the Lower East Side of New York, I don't have any returns from as yet, nor from the one in California.

Mr. BERRY. What about the Indian program, the circuit-riding Indian program?

Mr. JOHNSON. That is using a circuit rider rather than a mobile law office.

Mr. MICHEL. Is he on horseback?

Mr. JOHNSON. I have been asked that once before. No; he uses an automobile, as a matter of fact, but he goes from one fixed location to another, rather than using a mobile office.

Mr. MICHEL. How much do you have in your request this year for community education in the law?

Mr. JOHNSON. It is hard to identify an exact amount because it is not usually a separate line item in the budget, except to the extent that, say, printing expenses are involved for pamphlets, and so forth. It is actually a certain portion of the time of the staff attorneys, a certain portion of the time of volunteer lawyers. It is estimated that roughly 10 percent of the effort of legal service programs, a combination of volunteer efforts and paid efforts, is expended in community education.

Mr. MICHEL. How many lawyers are involved throughout the country in this program now?

Mr. JOHNSON. There are presently 1,800. This is a cutback from fiscal 1967's funding level.

Mr. MICHEL. Of lawyers?

Mr. JOHNSON. Yes.

Mr. MICHEL. How many did we have then?

Mr. JOHNSON. In other words, there were roughly 2,000 budgeted lawyer positions in the programs funded in fiscal 1967.

Mr. MICHEL. How many support people are involved?

Mr. JOHNSON. There is an average of one and a half support people for each lawyer. This is secretaries, investigative aides, and so forth.

Mr. MICHEL. Do we have spread out on the record here the percentage of cases by category? What are the principal cases involved here?

Mr. JOHNSON. Roughly 18 percent are consumer cases. Roughly 8 percent are housing cases, the landlord-tenant affairs.

Mr. MICHEL. Going back to your consumer example, what are we talking about there?

Mr. JOHNSON. Installment credit problems, bankruptcy problems, we are talking about anything that arises out of a sales transaction. Roughly 8 percent are housing. Most of those are landlord-tenant, some public housing, some housing code enforcement problems.

Mr. MICHEL. How about some shyster siding salesman who intimidates some families? I know it has happened in my home community on several occasions. As a matter of fact, some gal we had working for us several days a week ran into the problem. She had gotten taken,

on just a ramshackle—well, I should not call it a ramshackle, but a house that did not deserve the things that were put on it, and it tied her down to just an endless expenditure that she would never get out from under. Do you get many of these?

Mr. JOHNSON. Yes. in fact, legal service lawyers broke up those kinds of rackets, housing improvement rackets in Austin, in Dallas, Tex., and other places. They got all their commercial paper set aside and brought the authorities in, and several of the companies were closed up, thrown out of the State, and so forth. The people that had been harmed by it were put back in good shape.

Mr. MICHEL. Do you think of any other significant percentage?

Mr. JOHNSON. Yes. Roughly 33 percent of the cases are family cases. This is anything from divorce, paternity, adoption—the whole realm of domestic relation problems. Another 33 percent is a very broad category of juvenile cases, minor criminal cases and miscellaneous categories of cases. Then there is roughly 10 percent of the cases involving welfare or other administrative agencies.

AGE OF LAWYERS PARTICIPATING IN THE LEGAL SERVICES PROGRAM

Mr. MICHEL. Generally, would you say the lawyers participating in this program are the younger lawyers?

Mr. JOHNSON. Yes, on the whole. The average age in a sampling of projects that we did—not the total picture—was 33.

Mr. FLOOD. If the gentleman would yield.

Mr. MICHEL. Yes.

Mr. FLOOD. In my county there is a good example.

When this legal division was set up before the amendment which struck out the criminal aspect of it, there were a certain number of young lawyers, comparatively young lawyers, engaged in this CAP legal aid program. Then a certain lawyer became elected district attorney. And do you know that he practically decimated, practically cleaned out the CAP program and named them assistant district attorneys in his office because of what everybody thought was the excellent performance these young fellows, who were comparatively unknown, had been giving in courtrooms against older, experienced fellows.

Mr. JOHNSON. Yes. The program has attracted an unusually high caliber of attorneys. The Reginald H. Smith grant that was funded at the University of Pennsylvania to recruit and place lawyers in operating legal services programs, and Congressman Flood may be familiar with this, we got the man who was first in his class at the University of Chicago, the man who was first in his class at the University of Pennsylvania, the man who was third in his class at Columbia, the one who was seventh at Harvard, just the very cream of the crop of people. Lawyers who in former years would have gone to New York law firms or other major law firms are now coming around to serving the poor.

COLUMBIA LAW SCHOOL PROJECT

Mr. MICHEL. In an article in the American University Law Review, I guess it was Mr. Schriver, the former OEO Director, stated that some of OEO's research and demonstration projects provided needed

support services to neighborhood law offices on law reform projects. Do you know how much you have budgeted for this?

Mr. JOHNSON. The major program he is talking about is the program funded at the Columbia Law School. It is a program to provide this kind of backup expertise in significant cases, cases that are going to go high up into the appelate courts in which you want to have really capable experts assisting the man that is handlinng the case. The co-directors of that program—just to give you an idea of the kind of expertise that they can bring to bear on it—one of them is Paul Dodyk, a professor at Columbia who was a Rhodes Scholar, a magna cum laude graduate of the Harvard Law School, and a member of Harvard Law Review. The other was editor-in-chief and first in his class at Yale Law School. Both were Supreme Court law clerks.

So it is to make available to the client and the lawyer helping the client this kind of expertise and talent in the significant cases that may go all the way to the Supreme Court of the United States that this Columbia project was organized. We also have a national clearing house which is a clearing house of briefs, memorandums, pleadinngs. So that a lawyer in a one-man office on some Indian reservation, for example, can write in to the clearing house saying "I have such-and-such an issue. Has anyone else done any research on this?", rather than himself having to try to dig up all the answers.

Mr. MICHEL. Of course, the emphasis here is that anything spent in this area really leads more toward developing new law reform more than it does to attending to the individual's particular case: isn't that correct?

Mr. JOHNSON. Well, the only proper way to represent some individual who is going to achieve his end only by a change in the law is to provide him with the resources so that lawyer can take that case as far as it needs to be taken, and to change the law if it needs to be changed.

Mr. LEVINE. If I might clarify something about the way this budget request is laid out: Programs such as the one Mr. Johnson was talking about are under the research and pilot program category, all of title II research and pilot programs are carried there. The moneys listed under legal services are for the ongoing operating programs.

Mr. MICHEL. I see. So that experimental pilot programs such as the one you mentioned is really funded in research?

Mr. JOHNSON. That is right. It is funded with their funds. We participate in the review of the applications, but it is funded out of these other funds.

Mr. MICHEL. I think that just about winds up what I want to ask you.

HEADSTART

Just one final question here: In the Southeast Regional Office a guideline plan was developed which regulates funding of summer Headstart programs and OEO officials indicate that there was approximately a $3 million savings as a result of this plan. Has this plan been incorporated into all regional offices, and what other plans have been developed to regulate or establish criteria for funding specific types of programs? Does anybody know about that?

Mr. SUGARMAN. Yes, sir, I do.

This plan was developed and applied during the months of February through April. It has been disseminated to all the regional offices. The particular figures which they used are not appropriate for all regional offices because costs are different in that part of the country but we are very encouraged with the economies they do achieve without sacrificing program quality. We will evaluate this summer the programs themselves to see how well they did.

Mr. MICHEL. Would you say that those figures are the lowest figures when you say that they vary throughout the country?

Mr. SUGARMAN. Yes. The Southeastern portion of the country is the lowest-cost portion of the country.

Mr. MICHEL. Of course, if you want to set a standard for everybody to hue to, why, you had better pick a low one; right? Not that they can meet it, but it is a good goal.

Mr. SUGARMAN. Well, the main difference in cost is salary costs. These basically tie to what educational costs are, what teacher salary levels are. Almost every other cost factor relates to that basic question. So that in New York City, for example, where you may have an average dollar cost of $6 per hour for a teacher, this might compare to Montgomery, Ala., with a $2 to $3 cost per hour per teacher.

Mr. MICHEL. I just thought of one final one here in the overall area. Some mention was made, I think in answer to the chairman's question, about where your real problem area is outside of getting enough money to do all the things you would like to do, and the response was something about the rural areas. Now, are these rural areas peculiar to any particular part of the country? I do not sense it out in the breadbasket area of the country. Well, actually, the farmers are crying that prices are down, costs are increased, and they are never like they should be. I don't care, whenever everything is going great you can always find a group of farmers saying things are pretty bad. But I don't sense, for example, out in our areas there is a real run to this kind of program or a need for it in some of these smaller rural communities. I am inclined to think that maybe it is centered in some of the other parts of the country. Is that true?

Mr. BERRY. That is correct. We try to assist the poorest counties where the need is greatest. Our difficulty is not having sufficient funds to enable those rural community action agencies that earlier received program planning grants to actually fund programs which they are desirous of having in areas of considerable need. Being unable to cover the universe, we have on a selective basis identified the poorest counties with the view of using whatever increase we have to develop and fund programs to meet the needs in those areas.

Mr. MICHEL. Are these predominantly in the South, Appalachia?

Mr. BERRY. Yes; Appalachia, the southeastern regions, and Southwest also.

Mr. HARDING. Throughout the 1967 amendments there are two themes, really: one is constant reiteration of additional programs for the aged and constant reiteration of the additional programs for the rural poor. The Congress has felt for some time that these two categories have not been receiving their proper consideration even, for example, in this I–D, this concentrated special impact program, which has always been viewed as a ghetto-type operation. They have inserted a requirement that some portion of that go into rural areas

in order to reduce the outmigration of rural people to the cities. So in working out our I–D plans we are trying to carry that mandate out. I think that, in the reference you made to Mr. Berry's statement about the rural problem, the large part of that problem is that we read clearly a very strong congressional mandate to do more in the rural areas, and that is what we are trying to do without at the same time throwing out what we already have.

Mr. MICHEL. On the rural areas, I will subscribe.

PROGRAMS FOR THE ELDERLY

Do you really feel there is a congressional mandate, however, for you folks to broaden your horizons and program activity in the field of the elderly?

Mr. HARDING. Oh, yes, sir. As a matter of fact, we have a new Assistant Director for the Elderly whose position was authorized by the Congress. She made a very interesting little experiment the other day in which she went through this act and put a paper clip on every place that the Congress had inserted "elderly" and it looked like some sort of a monster with all of these add-on programs specifically calling for us to do something for the elderly.

Mr. MICHEL. Of course, this is a very popular thing for the Congress in any area, probably, to talk about this growing number of persons in the age category, doing something for the elderly. I am not so sure, however, that we aren't getting kind of proliferated. HEW has a program for the aging, you are doing something for the aging, somebody else is, and somebody else. I am just wondering whether we are not going off in a lot of directions because I don't know if you folks were here the other day when I cited this instance out in Chicago——

Mr. HARDING. Yes. We looked into that. That was not the Office of Economic Opportunity.

Mr. MICHEL. Who was that?

Mr. HARDING. Dr. Levine has looked into the matter and has an answer.

Mr. LEVINE. This was an application not funded yet, sent to the Office for Aging in HEW, with a request for funds under title IV of the Older Americans Act. I believe that is specifically for a food program for the aged. That was the program. That is our information; a request from Peoria.

Mr. MICHEL. When I asked that question earlier, I asked that the information be supplied. Now, you are going to set this thing out, I hope, in the record there some place where we asked for an answer.

Mr. HARDING. Yes, sir. We will supply that for the record.

Mr. MICHEL. Did your preliminary investigation find out whether or not that application had actually been approved?

Mr. LEVINE. It has not yet been approved.

Mr. MICHEL. But that wouldn't be in your shop?

Mr. LEVINE. No, sir, that wouldn't be in our agency. That is why it took us 3 days to find out.

Mr. MICHEL. Very well, Mr. Chairman.

(The information appears on page 41.)

Mr. FLOOD. Thank you very much..

Statement on OEO Health Program

Mr. Harding. With your permission, I would like to insert a very interesting and not too lengthy statement that Dr. English prepared to precede his remarks. He did not make it, in the interest of time, but with your permission I would like to have it inserted in the record at that point.

Mr. Flood. Yes; there would be no objection to that.

(The information follows:)

Statement of the Assistant Director for Health Affairs

OEO health program

The health programs of the Office of Economic Opportunity include a variety of efforts aimed at a single goal—to insure that poor persons receive the high-quality care they need to make their lives as healthy and productive as possible. These programs encompass major activities within the community action program, Headstart, Job Corps, and VISTA.

Each of the neighborhood health center programs is an expression of the objective set forth in the authorization given by the Congress: that these services are to be made readily accessible to those in need; are to be furnished in ways most responsive to their needs, and with their participation.

This program is the major OEO effort to develop more effective mechanisms for delivering health care to low-income groups. It was begun in 1965 as a demonstration activity based on the conviction that a major innovative effort was needed to break the cycle of poverty and ill health and to overcome the many obstacles which have made it difficult, and often impossible, for poor persons to obtain the health services they need. It seeks to discover more effective ways of insuring that personal, high-quality, family-centered care is accesible to low-income groups, living in a variety of urban and rural settings.

Today 44 neighborhood health centers are underway or being initiated. These centers are in 21 States; 33 are in urban areas and 11 in rural communities. They will serve, when fully operational, about a million persons. They will provide new jobs and career opportunities for over 2,000 residents of poverty neighborhoods.

As of March 1, 15 of these centers were fully operational and nine were providing limited services. About 2,100 health workers were engaged in this work, including 500 physicians and 1,200 residents of the poverty neighborhoods.

A wide variety of health-care institutions have assumed responsibility for developing and administering these pioneering undertakings. Thirteen hospitals, eight health departments, seven medical schools, three group practice plans and two medical societies have assumed this responsibility; in addition, seven new health corporations, including representatives from many private and public organizations, have been formed for this purpose in other communities. Many other institutions are contributing to this work in supporting roles; for example, about 25 medical schools are involved in the funded neighborhood health centers, and about 30 other such schools have indicated interest in the planning and development of new programs.

These centers make it possible for consumers to receive the comprehensive health care they need. Their staffs provide preventive, diagnostic, and treatment services on an ambulatory basis. They arrange required specialized and in-patient care at backup hospitals. Transportation is provided, as necessary, to facilitate visits to the center and the supporting hospitals. The center is open in the evening and on Saturdays for extra convenience; 24-hour service is provided to handle emergencies.

Neighborhood residents participate in these health projects through the deliberations of neighborhood health councils and through employment at the center. Each center has a council, composed largely of persons eligible for the center's services, to advise on policies and procedures. Poor persons from the neighborhood are trained and hired for such jobs as family health workers, community and home health aides, and sanitation aides; these aides help explain the community to the center and the center to the community. About half of the jobs at the center are filled by neighborhood residents.

Another key objective of the center's program is to coordinate available funds so they will be most effective. Title XIX (medicaid) funds are being incorporated in these projects through arrangements with the U.S. Department of Health, Education, and Welfare and State and local welfare and health departments. Also, cooperative funding with the Children's Bureau and the Public Health Service is being arranged in many instances.

There has been broad interest in the neighborhood health centers and their impact is being demonstrated in many ways. Popular magazines and professional journals have published over 50 articles on the program's objectives and progress. About 200 communities have formally indicated interest in developing projects.

Family planning programs are a second major activity of the OEO health programs. These programs are being furthered both at neighborhood health centers and as discrete components of community action programs. About 130 such separate community action projects have been aided by OEO funds in poverty neighborhoods.

Family planning projects are entirely voluntary and are organized so as to be wholly acceptable and readily assessible to the population being served. Assistance in a variety of family planning methods is offered. Neighborhood residents also significantly help in the carrying out of these health projects, by extending outreach and the effectiveness of related community health resources.

The Economic Opportunity Amendments of 1967 established family planning as a new "special emphasis" program. Experience has shown this program to be one of the most "cost-effective" approaches in the war against poverty.

A third key undertaking of the OEO health program has been the support of summer and related work projects in poverty areas by medical and other health sciences students. Neighborhood Youth Corps members are part of these efforts also. In 1967, such projects were organized in three cities (Los Angeles, Chicago, and New York). Plans for similar projects in 1968 are being made in 11 areas. These activities help extend needed services, further the knowledge and experience of students concerning the relationship of poverty and health, and enrich the concern and curriculums of professional health schools concerning community health problems.

Headstart health activities provide appropriate medical examinations and necessary diagnostic and treatment services to particiipants. The American Academy of Pediatrics is providing substantial help in ensuring the quality and effectiveness of these efforts. More than 675,000 children received health services through Headstart in 1967.

The health programs of Job Corps and VISTA ensure that health of enrollees is protected and that appropriate preventive treatment services are provided in the most effective manner possible. In addition, a number of these projects are concerned with training participants in health skills and strengthening the health services available to certain poverty groups.

Another OEO health program is directed at developing and evaluating new community-based techniques for the prevention and rehabilitation of narcotics addicts. Eight such projects have been funded, in New York City; Puerto Rico; New Jersey; Washington, D.C.; Chicago; San Antonio; Takoma, Wash.; and Los Angeles. These activities, which are coordinated with related activities of the National Institutes of Mental Health, are exploring more effective methods of providing educational and community services and of involving ex-addicts in this work.

Better ways of training and utilizing home health aides have been studied in 16 special projects, most of which will be completed in 1968. About a thousand aides have been trained, thereby extending the services financed as part of medicare and medicaid. Hospitals, visiting nurses associations, and health and welfare departments have been involved in these efforts.

Other research and development projects in the health area are directed at the training and career mobility of new types of health workers and the improvement of family planning and alcoholism control activities. University groups, hospital staffs, and State agency personnel are contributing to these efforts.

Not only are OEO health programs developing new methods of delivering care to poor persons, with the active involvement and participation of the persons being served, but these activities are also focusing greater attention on critical unmet health needs. In recent months, the American Medical Association and the

American Hospital Association have sponsored national conferences to consider health problems of the poor. The Surgeon General of the Public Health Service has emphasized the priority of improving health services for low-income groups in carrying out the "Partnership for Health" legislation (Public Law 89–749). Similarly, the National Advisory Council of the regional medical programs has called attention to the importance of addressing these issues in developing the regional medical programs (Public Law 89–239). Working together with these agencies and programs, and the many other individuals and groups concerned with these issues, OEO health activities will focus continued efforts to overcome barriers between poor persons and high-quality personal health care.

Mr. FLOOD. Thank you, gentlemen. We will return at 10 o'clock tomorrow.

JUSTIFICATION MATERIAL

Community Action Program

Summary

1968 Estimate		1969 Estimate		Increase	
Pos.	Amount	Pos.	Amount	Pos.	Amount
1,219	$866,000,000*	1,419	$1,020,000,000	+200	$+154,000,000

Introduction

Community Action is the heart of the anti-poverty effort because it is built upon the American tradition of local initiative. The Federal role is to help stimulate and assist in local efforts. This community focus of the program has caught and directed the nation's attention to its poor.

The objective of the Community Action Program (CAP) is to stimulate a better focusing of all available resources on the goal of enabling low-income families, and low-income individuals of all ages, in rural and urban areas, to attain the skills, knowledge, and motivations and secure the opportunities needed for them to become fully self-sufficient. CAP provides financial support, technical assistance, and guidance to communities in order to achieve this objective.

Community Action and its principal programs and instruments (including local Community Action Agencies) are still evolving, developing and increasing in effectiveness with time and experience. Program designs, operating procedures, and relationships with other institutions at Federal, State, and local levels are in a steady process of progressive change--innovation is a key principle underlying this program. Even the most articulate critics of CAP now recognize the need for and merit of the program, and arguments have shifted to those of strategy and tactics.

The following table highlights the primary program categories of the CAP. It is followed by a statement of Purpose and Scope, a summary of Program and Performance by fiscal year, and a highlight Justification of the Estimate for fiscal year 1969. Detail by component program then follows.

* Includes $300,000 for transfer to Department of Agriculture for Milk Indemnity, Public Law 90-95.

Summary of Funding Requirements

Community Action Program Activity	FY 1968	FY 1969	Difference FY 1968-69
Neighborhood Service Systems	$154,000,000	$165,900,000	$+11,900,000
Adult Education	21,800,000	22,500,000	+700,000
Upward Bound	30,000,000	38,000,000	+8,000,000
School Age Education	6,500,000	6,500,000	--
Head Start	325,000,000	330,000,000	+5,000,000
Head Start Follow Through	15,000,000	50,000,000	+35,000,000
Comprehensive Health Centers	33,000,000	90,000,000	+57,000,000
Community Health Services	11,000,000	11,500,000	+500,000
Family Planning	6,500,000	13,000,000	+6,500,000
Emergency Food and Medical Services	10,000,000 a/	20,000,000	+10,000,000
Housing Development Corporations	900,000	4,500,000	+3,600,000
Housing Services	3,800,000	3,800,000	--
Legal Services	38,000,000	42,000,000	+4,000,000
Opportunities Industrialization Centers	6,100,000	6,100,000	--
CAP Manpower Programs	20,000,000	21,000,000	+1,000,000
SBDCs b/	1,500,000	--	-1,500,000
Comprehensive Consumer Action Programs	3,600,000	3,900,000	+300,000
Home and Family Services	7,800,000	7,800,000	--
Cooperatives	1,600,000	1,600,000	--
Summer Youth Programs	30,000,000	30,000,000	--
CAP Indian Programs (non-add recap)	(22,323,000)	(23,400,000)	(+1,077,000)
Community Action Agency Planning, Coordination, Administration, and Evaluation	61,900,000	71,900,000	+10,000,000
Staff Training	13,000,000	13,000,000	--
Technical Assistance to Communities	5,500,000	7,000,000	+1,500,000
State Agency Assistance	6,400,000	7,000,000	+600,000
Research & Pilot Programs	30,500,000	30,000,000	-500,000
Program Direction	22,600,000	23,000,000	+400,000
Total	866,000,000 a/	1,020,000,000	154,000,000

a/Includes $300,000 for transfer to the Department of Agriculture for Milk Indemnity Payments.

b/SBDCs to be funded by Title II in FY 1968 but will be transferred to the Small Business Administration for funding in fiscal year 1969.

Purpose and Scope

In order to achieve a better focusing of resources on the goal of individual and family self-sufficiency, specific purposes of CAP are to promote:

-- Significant and meaningful involvement of the poor in developing and carrying out anti-poverty programs.

-- Mobilization of public and private resources in support of anti-poverty programs.

-- Coordination of efforts throughout the community so as to avoid duplication, improve delivery of services, and relate programs to one another.

-- Planning and evaluation of both long and short range strategies for overcoming poverty in the community.

-- Service as spokesman for the poor on matters of public policy and programs which affect their status.

-- Administrative reform and protection to individuals or groups against arbitrary action.

The above purposes are accomplished through the provision of financial support for a broad spectrum of programs, technical assistance, guidance and evaluation, and Research and Pilot projects. Such assistance is extended through approximately 1,000 Community Action Agencies (CAAs) established by local communities, CAA delegate agencies, special-purpose agencies, 49 State Assistance Agencies, and contracts with numerous private organizations.

Community Action Agencies are the primary local vehicle for translating community action into a unified program. CAA's directly, or on a delegate basis, administer numerous educational, health, housing, manpower, legal, training, summer, and other service and self-help programs for the poor. Particular effort is made to involve the poor in program development and execution, and provide services at the neighborhood level by decentralization through the use of neighborhood service systems, boards and advisory councils. CAP programs not operated by or through CAAs are closely coordinated with the local CAA. They generally follow the same principles for community involvement, and similar patterns of organization and structure at the local level, i.e., decentralization to the neighborhoods, and the use of community boards and advisory councils which include the poor as well as other segments of the community.

At the end of 1967, 1,050 Community Action Agencies were in operation. 420 of these CAAs were in cities, 252 of them in cities with populations of less than 150,000. The remaining 630 CAAs were established in three-fifths of the 2,464 rural counties. On December 31, 1967, the number of rural CAAs had decreased to 591, serving 1,505 rural counties; the decrease coming about from mergers and consolidations of small rural CAAs into larger organizations. In addition, the Community Action Program is serving over 80% of those Americans living on Indian Reservations. There are CAP projects established in all five of the territories. By the end of 1968, it is estimated that 1,020 Community Action Agencies will be in operation; as seen above, many have merged or will merge, and some new agencies may be established as a result of the Economic Opportunity Amendments of 1967. By the end of 1969, the Community Action Program will be serving approximately 980 local Community Action Agencies.

Summary: Program and Performance for Fiscal Year 1968

Funds available for CAP activities in FY 1968 fell short of the amount required to maintain programs at the level they had attained during 1967. The result of this dollar constraint, and the need for funding selected special programs, is to require an overall reduction in CAP on-going projects of approximately 9% below that required to have fully annualized these activities during 1968. Fiscal year 1968 is therefore generally a year of refunding, to the extent possible, those programs operated in 1967, with special emphasis for new programs such as Head Start Follow Through, and Emergency Food and Medical Services. Also, in carrying out the intent of 1967 legislative amendments, special attention is being given to poverty problems of rural and aged through the Research and Pilot program, to program evaluation and to local planning. (Detail by program category follows.)

Summary: Program and Performance for Fiscal Year 1969

Of the $1,020,000 requested for CAP, $940,000,000 will fund the operations of Community Action Agencies and special-purpose agencies. The balance of $80,000,000 is for supportive programs including Research and Pilot, Training and Technical Assistance, State Agency Assistance and Program Direction. The increase of $154,000,000 over 1968 includes $35,000,000 to be provided to the Office of Education for the operation of Head Start Follow Through Programs; $8,000,000 to expand Upward Bound from 24,500 students to 31,000 in 350 colleges and universities; $57,000,000 to fully refund 41 Comprehensive Health Centers on an operational basis; $10,000,000 to annualize Emergency Food and Medical Programs started during the last half of FY 1968; and $8,000,000 for local CAA planning. An increase of $6,500,000 in Family Planning resources will allow 215,000 additional women to be served. Housing Development Corporation activities will be increased five-fold. (Detail by program category follows.)

Summary: Justification of the Estimate

While the nation's Gross National Product is projected at $817 billion for 1968 and rapidly pushing toward the thousand billion mark, about 15 percent of our population today lives in poverty. While general economic growth is of importance in combatting poverty, it is not by itself sufficient. Neither have the traditional social welfare programs by themselves been adequate measures. Thus, CAP is designed for filling gaps to (1) equip individuals to become self-sufficient (2) to assist their movement into the mainstream of local communities and our economy and society, and(3) to provide high quality ameliorative services to those that cannot either in the short or long run be full participants through their own efforts.

CAA's now serve areas containing an estimated 70 percent of the poverty population. To the extent possible CAP programs focus on the target areas having the highest incidence of poverty in both urban and rural areas. This assures that assistance is extended to the maximum number of poor in communities of greatest need. The needs of the poverty population by almost any measure are great. To illustrate:

-- Neighborhood Service Systems are expected to serve over 4 million of the 29.7 million poor.

-- CAP adult and school age education programs are expected to serve 96,400 of a universe of need estimated at 9.4 million.

-- Upward Bound will assist 31,000 of a universe of need estimated at 600,000.

-- Head Start will be able to serve 652,000 of the estimated 1,800,000 poor children who might benefit from such a program.

-- CAP health programs will serve about 1 million of the nation's 29.7 million poor.

-- Family planning will include 400,000 of the 4.5 million women that might utilize such a program.

-- CAP housing programs will serve over 150,000 of the four million poor families lacking adequate housing.

-- Legal services will be extended to 640,000 of the estimated 5 million poor needing such assistance.

The funds requested for this program are minimal, but coupled with other resources in fulfilling the intent of Community Action they can have a significant impact in eliminating and alleviating poverty. The efforts made possible under this porgram not only benefit the individual and families in poverty, but provide immeasureable benefits to the communities at large.

Additional detailed justification of CAP follows for each program category.

Neighborhood Service Systems

1968 Estimate	1969 Estimate	Increase
$154,000,000	$165,900,000	$11,900,000

Program Description

To acquire the greatest benefit from the array of anti-poverty programs and services offered by the Community Action Program and other Federal, State and local agencies, the number of poor people who participate must be as large as possible. Neighborhood Centers help to maximize participation by the poor in a number of ways.

First, Neighborhood Centers make programs and services more accessible.

Second, by being in the poor neighborhoods, the services and activities available through neighborhood centers are more likely to be known than those located in another part of the community.

Third, centers in poor neighborhood are less likely to have an institutional atmosphere and method of operation that is so unattractive to poor people.

Fourth, because a number of services are ordinarily offered through the same neighborhood center, one visit by the poor person exposes him to a number of programs.

Fifth, by involving the poor themselves in neighborhood centered programs, a start is made toward overcoming psychological barriers that prevent many anti-poverty programs from realizing real effectiveness: lack of self-confidence, fatalism, helplessness and indifference.

Neighborhood centers are found in the largest metropolitan areas, medium size cities and small towns. The target populations range from a few thousand to several hundred thousand. A neighborhood center might operate out of a mobile unit, storefront, or much larger facilities. The kinds and methods of operation of neighborhood centers can be as disparate as the communities they serve - from centers in metropolitan areas which are open daily, in evenings and on weekends, to rural centers open several days a week on a scheduled basis.

Neighborhood centers offer a wide variety of services. A survey revealed that 48 percent of the neighborhood centers in operation offered social welfare services such as emergency shelter or public assistance information. Forty three percent of the centers offered manpower services. Health programs were offered in 35 percent of the centers, school age education programs in 28 percent, consumer education and action in 28 percent, housing services in 24 percent, adult literacy programs in 22 percent, legal services in 21 percent, and cooperative enterprises such as credit unions and consumer cooperatives were located in 9 percent of the neighborhood centers.

Many Community Action Agencies establish satellite centers which act as referral stations for more comprehensive centers or offer limited services. Many other Community Action Agencies open up, in response to community interest, facilities which offer very few services, but instead serve as "community organization centers." These centers are often the locus of self-help and community betterment enterprises operated by the poor community. In these self-help activities many poor people for the first time engage in self-expression and in actively trying to better themselves and their environment.

In implementing local anti-poverty programs, the Community Action Program has turned to the resources of the poor themselves. The poor are employed in non-professional jobs such as "outreach" workers -- working among the poor to determine what their needs are and publicize the activities of the neighborhood center. Non-professionals also serve in tandem with professionals as aides in program areas such as health education, job development, social work and consumer action.

Program and Performance for Fiscal Year 1967

By the end of fiscal year 1967, 650 Community Action Agencies were operating more than 2,000 neighborhood centers, satellite offices and community organization centers. Two and one half million persons were served by these centers in 1967.

A significant development in 1967 was the launching of the Federal Interagency Pilot Neighborhood Center Program, in which four Federal agencies are coordinating their efforts to provide multiple services in pilot neighborhood centers in 14 cities. The cities were selected on the basis of the innovative aspects and the comprehensiveness of the proposals as well as plans for coordinating the pilot centers with such complimentary programs as Model Cities and the Concentrated Employment Program.

Funding for neighborhood centers in 1967 totaled $106,560,000.

Program and Performance for Fiscal Year 1968

In fiscal year 1968, an estimated $154,000,000 will be obligated for neighborhood centers. The number of neighborhood centers and their level of activity is not expected to increase; the increased cost is due to the necessity to fund programs, started in fiscal year 1967, on a full-year basis and on a more fully operational scale. Over three and a half million people will be served by neighborhood centers.

Program and Performance for Fiscal Year 1969

Estimated obligations for neighborhood centers will total $165,900,000 in 1969. The increase is due primarily to (1) the necessity to increase the number of neighborhood centers and their level of activity in rural areas and (2) a planned greater emphasis on neighborhood center activities that serve the aged poor. There will also be a slight increase in the level of activity of urban neighborhood centers. The number of people served is expected to increase to 4 million.

Adult Education

1968 Estimate	1969 Estimate	Increase
$21,800,000	$22,500,000	$700,000

Program Description

Adult education projects provide instruction in basic literacy and computational skills to the poor as a fundamental step in their eventual escape from poverty. Programs usually offer training of three general types: 8th grade equivalency, 12th grade equivalency, and English as a second language. Although these skills are frequently taught in connection with functional subject matter, curricula and methods are diverse. Instruction may be given in brief, "immersion" courses immediately prior to vocational training, or in long-term classes which persons attend over time, taking work geared to their individual needs.

The primary OEO mission in adult education is to develop innovative methods of teaching basic skills for large-scale adoption by school systems and other community institutions providing compensatory education. Numbers served will therefore continue to be small compared with the estimated population who need such assistance (4,300,000).

Program and Performance for Fiscal Year 1967

Approximately 50,000 poor adults were served in locally-initiated projects at a cost of $17,996,000.

Program and Performance for Fiscal Year 1968

During 1968 and 1969, emphasis will be placed on developing improved models of education for poor adults, by adding research and evaluation components to operating projects. Curricula and teachers' guides will be developed to assure that successful techniques can be used throughout the country. About 50,000 will again be served.

Program and Performance for Fiscal Year 1969

Development and testing of improved models will continue, with the program level remaining relatively constant. The proposed increase will permit additional project development in rural areas. Funds will cover, in addition to direct operating expenses, such items as functional curricula and related materials; training of teachers to use the new materials; payments to cooperating institutions (e.g., community colleges and industrial concerns); and testing and evaluation of students' educational and functional skill gains.

Upward Bound

1968 Estimate	1969 Estimate	Increase
$30,000,000	$38,000,000	$8,000,000

Program Description

Upward Bound is a pre-college program for impoverished high school students who are capable of attending college, but cannot hope to do so because of the psychological, social, and environmental conditions of poverty. Operated largely by colleges and universities, Upward Bound projects offer a summer residential program on a college campus and follow-up activities during the ensuing school year to keep the youngsters college-bound. These potentially talented young people are given new motivation and help in improving academic skills, thus greatly increasing their promise for acceptance and success in college. It is estimated that there are 600,000 impoverished youth who have the intellectual capacity to do college work but who, because of inadequate educational background, require intensive pre-college training.

Although programs vary between universities, the State University of Iowa provides an illustrative example. About 100 students entering the 10th, 11th or 12th grade, from varied racial and educational backgrounds, are enrolled. Included are delinquents, deserted youngsters, the physically handicapped, and dropouts. The basic summer program is built around a core of language arts, social studies, science, and mathematics. Supplementary instruction is offered in music, art, dramatics, photography, debating, and elementary tutoring. Enrollees select and plan their own extracurricular activities. As a follow-up, the staff meets with enrollees twice a month during the next year for tutoring and counseling sessions, in addition to informal meetings held in the enrollees' home communities. The youngsters return to the campus twice during the academic year.

Program and Performance for Fiscal Year 1967

Approximately 23,000 students were enrolled in 249 projects at a cost of $28,161,000. In June 1967 the first large group of Upward Bound enrollees graduated from high school and over 79 percent of these "bridge" students subsequently enrolled for their freshman year at 767 two or four-year institutions. Seventy-four percent of this group obtained full financial support for their freshman year, usually through a combination of Educational Opportunity grants, NDEA loans, Work-Study jobs, and scholarships given by the institutions.

Program and Performance for Fiscal Year 1968

About 24,500 students will benefit from Upward Bound in 270 projects throughout the country. The general project pattern will remain the same, but emphasis will be given to strengthening the academic-year phase. Academic-year programs which seem particularly promising will be publicized among all grantees.

Program and Performance for Fiscal Year 1969

The proposed $8,000,000 increase will support 31,000, or an additional 6,500 students, and will bring 80 more institutions into the program. The average cost per student is expected to be about $1,225. Improved academic-year arrangements should permit enrollment of more students from rural and less populous areas.

School Age Education

1968 Estimate	1969 Estimate	Increase
$6,500,000	$6,500,000	--

Program Description

Through various supporting activities, school age projects test new ways of supplementing the formal education of poor youths. The primary CAP objective is to develop and demonstrate improved models of compensatory education, rather than to conduct programs for major portions of the estimated population who could benefit from these services (5,100,000 youths). Numbers of persons served will therefore continue to be relatively small.

One type of program typically found in this category is the tutorial, in which private citizens frequently volunteer their talents as tutors, thus making it possible to serve many more students than could otherwise be reached.

Program and Performance in Fiscal Year 1967

Approximately 39,000 students participated in projects which generally fell into one of two broad groupings: those aimed at improving academic achievement and motivation, and those with wider goals (such as stimulating parental interest in their children's education). Obligations totaled $4,915,000.

Program and Performance in Fiscal Year 1968

During fiscal 1968 and 1969, a number of new projects will be developed to demonstrate more effective ways of integrating out-of-school with in-school activities. Research and evaluation components will be added to operational projects, to facilitate assessment of results and stretch OEO research dollars. About 46,000 will participate.

Program and Performance for Fiscal Year 1969

Work will continue on the demonstration projects, and efforts will be made to disseminate promising findings to local programs nationwide. The student level will remain approximately the same, with an estimated unit cost of $140. This amount includes tutors' wages (if any); books and other materials; curriculum enrichment; transportation; and miscellaneous costs associated with making it possible for parents to participate in the formulation and operation of projects.

Head Start

1968 Estimate	1969 Estimate	Increase
$325,000,000	$330,000,000	$5,000,000

Program Description

Head Start is a Community Action program which provides year-round and summer preschool programs for economically disadvantaged preschool children.

Head Start programs are carried out in Child Development Centers which offer a comprehensive range of services crucial to the child's development. These services include medical and dental care, psychological counselling, nutritional support, social services, and a program of daily activities designed to provide the child with a variety of fruitful and constructive experiences. Parent involvement is an integral part of every Head Start program, for it is only by a thorough understanding of the goals and techniques of Head Start that these benefits can be continued and reinforced in the home. Parents participate in the planning and operation of programs and hold staff positions in centers.

There are approximately 1,800,000 poor children of preschool age in the United States who will not be reached by other programs who could benefit from the Head Start experience.

Summer programs are for 4- or 5-year old children who will enter kindergarten or first grade in the fall. Full-year programs are operated on either a part or full-day basis. Full-day programs offer an extended day of Head Start activities, averaging 11 hours, for the children of parents who are working or who for some reason cannot take care of the children after a part-day program would be over. These programs operate 12 months a year as compared to part-day programs, which operate on the average of four hours per day for nine months. Approximately 54,000 children were in full-day programs in fiscal year 1967. With the recent emphasis on manpower programs, the demand has increased for full-day programs and the number of children in them is expected to increase. These programs are subject to the joint day care standards being developed mutually by OEO and HEW.

Head Start has devoted a great deal of effort to improving the quality of programs. One of the earliest policy decisions was that all communities with a sincere interest in the program would be welcome to participate. This meant accepting communities with very limited resources in terms of knowledgeable staff and available services. Having made that decision, OEO has made a substantial investment in training and technical assistance. Taking into account the amounts of in-service training funds included in operating grants, in addition to the headquarters training and technical assistance allocation, it is estimated that nearly 10 percent of all Head Start funds are being invested in these activities.

Technical assistance services are provided on a part-time basis by five hundred experts in early childhood development and education, psychology, social work, parent participation, nutrition, and administration. During fiscal year 1968 the American Academy of Pediatrics has begun providing technical assistance and evaluation in the health area.

Training activities are designed for both professional and nonprofessional employees. An important objective of the Head Start program is the creation of career ladders that will permit significant numbers of poor persons to assume increasingly responsible positions. Of the 31,000 non-professional employees currently in full-year Head Start programs, more than half should, with good supervision and continuous training, be able to assume portions of--or in some cases--full professional responsibilities.

Training needs are not, however, limited to nonprofessionals. Relatively few persons have been trained at the professional level to work with disadvantaged young children. Specialized training opportunities are, therefore, provided for Head Start staff to increase their competence in this area.

From the beginning, it was realized that a comprehensive and thorough research and evaluation effort would be necessary if maximum benefits from ongoing programs were to be widely realized, and if new and better techniques of child development were to be found. Research, demonstration, and evaluation of new methods have been conducted in universities, colleges, and other educational institutions and are continuing to be conducted in an effort to open up new program vistas.

Head Start exemplifies community action by encouraging the poor to assist in the solution of their problems and by mobilizing a broad attack on all the needs of the disadvantaged child, with total community efforts supported by federal and local resources. Head Start in turn relies heavily on the services which other Community Action components provide, such as health, employment and educational programs. This support is necessary to ensure that success in the classroom will not be negated by an unsatisfactory atmosphere at home. The mutual reinforcement effect of Community Action programs is also important after the child leaves Head Start, for it is only through a comprehensive attack on poverty directed at all ages that continuing opportunities to help themselves can be afforded to Head Start children and their parents.

Schedule of Funding Requirements (NOA) and Program Activities

	1968	1969
Head Start Totals	$325,000,000	$330,000,000
Full-Year	$193,500,000	$202,000,000
Number of children served	204,400	202,000
Summer	$102,500,000	$ 99,000,000
Number of children served	465,000	450,000
Parent and Child Centers	$ 5,000,000	$ 5,000,000
Number of families served	3,600	3,600
Training	$ 18,000,000	$ 18,000,000
Number of staff members trained	70,000	70,000
Research and Development	$ 6,000,000	$ 6,000,000

Program and Performance for Fiscal Year 1967

Head Start programs continued to emphasize a broad approach to the problems of preschool children and their parents. Efforts were made to ensure that each Head Start project was a true community action program involving cooperation among the professional and subprofessional staffs, outreach to the parents and neighborhood residents, increased coordination among cooperating government and public agencies, and increased involvement of ordinary citizens--young and old--who have been willing to volunteer their time and skills.

Full-year programs provided for 215,000 children at a cost of $210,382,000. Summer programs enrolled 465,000 children. Direct costs of these summer programs totaled $102,552,000; in addition, approximately $14 million was allocated to 1966 programs.

Training was provided for 50,000 professionals and subprofessional aides at a cost of $16,422,000. The growing role of subprofessionals as classroom aides and other assistants was recognized with increasing attention being paid to their training needs.

As experience with programs accumulated, research and evaluation efforts were intensified to ascertain benefits received and capitalize on advances in child development. Evaluation and Research Centers were established at 13 universities throughout the nation to perform program evaluation and research in different areas. The Evaluation and Research structure is designed to allow the compilation of results on a national scale, while at the same time taking into account local variations which may cause regional differences in results. A total of $5,806,000 was obligated for research and evaluation.

Program and Performance for Fiscal Year 1968

Programs are planned to serve 669,400 children. The allocation of $325 million will allow 204,400 children to participate in the full-year program, and 465,000 to participate in the summer program. The average cost of $220 per child for the summer program is equivalent to the fiscal year 1967 unit cost. The full-year plan calls for obligations of $193,500,000. The average cost per child is $1,050; however, this is being partially offset by substantial carryover balances.

The fiscal year 1968 program allows for training 70,000 teachers and other local employees at an estimated cost of $18 million. This year, orientation programs are primarily community-based, rather than residential as in the past. Savings realized in conducting training this way will enable more staff members to be trained; also, such training is more appropriate to the needs of staff members and the communities. In addition to basic orientation, increased emphasis is being placed on in-service training and development.

The research and evaluation effort in 1968 is estimated at $6 million. The Evaluation and Research Centers are aiding future program planning by identifying the conditions under which program benefits to children and families are maximized. Suggested answers concerning optimum effectiveness will be tested later in field-based pilot projects.

The Parent and Child Centers program is a pilot venture to serve families who have at least one child under three years of age. Centers are being established to help families function more independently and better develop their children's full potential. Objectives are the prevention of deficits in the children's health, and intellectual, social and emotional development, through a combination of direct services and parental education and involvement. The Centers will also seek to meet the needs of older children, so that entire families can be assisted.

Careful planning and development have marked the initial stages of this program, which has grown out of promising findings from several Federal research projects. It is being developed by the Head Start office, in partnership with HEW, Labor, and HUD. Pilot projects will be funded this year in 33 communities at a cost of $5 million.

Program and Performance for Fiscal Year 1969

It is estimated that 652,000 children will be served at a cost of $330 million; this includes enrollment of 450,000 children in summer programs and 202,000 children in full-year projects. Since carryover balances will be lower than those available in 1968, the number of children served will be reduced. In addition, 3,600 families will again be served through Parent and Child Centers.

Training programs for professionals and nonprofessionals will continue to be stressed at a total cost of $18 million. Supplementary in-service training programs, through which staff members can increase their qualifications for more advanced positions, will be emphasized.

Research and evaluation personnel will concentrate on new methods and techniques of child development, identify operational features that can lead to further improvement of the program, and broaden the knowledge about Head Start impact. By 1969, the research and evaluation effort will have advanced to the stage of testing specific hypotheses concerning optimal program methods in carefully controlled, field-based experiments. The results of these experiments may lead to the formulation of proven concepts which can be made available on a wider scale to communities operating Head Start programs.

Parent and Child Centers will be entering their second year. During 1968, substantial activity will have been devoted to establishing explicit criteria and methods of operation. In 1969, attention will be given to optimizing methods of conveying the various services which can be made available to parents and children.

With the addition to Head Start of the Parent and Child Center program and Follow Through, OEO has created the outlines of a total program for early childhood development which will provide disadvantaged young children with the quality of attention necessary for their development into productive citizens.

Head Start Follow Through

1968 Estimate	1969 Estimate	Increase
$15,000,000	$50,000,000	$35,000,000

Program Description

The primary objective of the Follow Through program is to continue into the early school years the same kinds of specialized and individualized attention and support for the disadvantaged child and his family which are possible in Head Start.

The program was developed because of evidence that children who progressed well in Head Start do not perform equally well after they have been in kindergarten or first grade classes for some time. By providing additional funds to local communities to complement local, state, and Title I (Elementary and Secondary Act) funds, a full program can be developed. Funds will be granted to communities which have a substantial percentage of Head Start or other quality preschool graduates.

Heavy emphasis is being placed in the initial stages on programs that will permit detailed examination of the effectiveness of alternative approaches in working with disadvantaged children. School districts will be asked to take part in a cooperative effort in which a number of program characteristics will be varied--from district to district--so that a careful assessment of results will yield conclusions as to which approaches are most successful. Each district will be asked to choose one area within a program of comprehensive services for children as a focus of special effort. The choice can be made among several major fields, including instruction, program organization, staff development, ancillary services, organizational auspices, and family involvement.

Districts will be selected that are judged to have high potential for developing and administering effective programs and are willing to participate in one of the programs of "planned variation" outlined above. Each district will be invited to choose and explicitly define a general approach or "program model", and accept the help of experts in exploring the implications of the chosen approach and in developing a detailed project proposal to support an application for project funds. The district will also commit itself to cooperate with other local Follow Through communities and educational contractors in developing and carrying out an intensive assessment of program effectiveness.

Since the great majority of the projects will be granted to local education agencies in the hope of changing their approaches to teaching educationally disadvantaged young children, the Follow Through program has been delegated by OEO to the Department of HEW and is administered by the Bureau of Elementary and Secondary Education, Division of Compensatory Education, Office of Education.

Program and Performance for Fiscal Year 1967

Planning grants totalling $300,000 were funded from the Head Start allocation.

Program and Performance for Fiscal Year 1968

Spaces for about 13,000 children are being funded at an average cost of $900 per child, or a total of $11,700,000. These amounts will enable the Follow Through program to maintain the same range and quality of services as are offered to children in preschool programs. The bulk of funds will be granted for use during the school year 1968-69. During this year, programs developed in accordance with the "planned variation" approach will be initiated. The balance of the program funds will be used for planning, training, research, evaluation, and technical assistance.

Program and Performance for Fiscal Year 1969

Up to 79,000 children will be funded. Programs carried out within the "planned variation" approach will be continued; in addition, a significant number of new projects will be undertaken. Unit costs will vary depending on the degree of experimentation attempted. Innovative methods of coordinating Follow Through funds with other Federal educational aid and State and local funds will be tested.

Comprehensive Health Services

1968 Estimate	1969 Estimate	Increase
$33,000,000	$90,000,000	$57,000,000

Program Description

Existing methods of providing health care to the poor are generally inadequate with respect to accessibility, scope, and continuity of care. Numerous barriers make it difficult for poor families to receive appropriate services promptly and in the early stages of illness, with desirable follow-up by a personal physician. Organization of services, administrative regulations, transportation problems, and other factors often contribute to these barriers. As a result, poor people suffer more illness than other Americans. Costs are often greater to treat a particular malady among the poor, since they usually do not get care until the symptoms are advanced. Health problems make it difficult — and often impossible — to take advantage of eucational and employment opportunities, in addition to the toll in human suffering.

In 1965, OEO undertook a new program to devise and demonstrate new ways to provide comprehensive care to low income persons through Neighborhood Health Centers. Medical care experts and community groups throughout the country participated in developing this new concept in delivering care. These local programs were aimed both at overcoming existing barriers and at involving residents of poor communities in planning and operations. Through membership in neighborhood health councils and employment in new types of health positions, neighborhood residents take an active role in raising their health status and standards.

Eight demonstration projects were funded in fiscal year 1965 and 1966. These projects have demonstrated methods of providing comprehensive services, including prevention, diagnosis, treatment, rehabilitation, drugs, appliances, mental health, and family planning. Services are organized so as to consider the needs of all family members and to provide or arrange for all necessary care. Training programs for local residents prepare them for new jobs as family health workers, medical assistants, laboratory aides, or other positions. About half the jobs at these Centers are filled by target area residents.

Program and Performance for FY 1967

Section 211-2 was added to the 1966 Amendments to the Economic Opportunity Act authorizing an expansion of the demonstration effort into an ongoing program. About $51,000,000 was obligated, including grants for thirty-three new projects.

The new programs brought the total number to forty-one. They are located throughout the country, and involve a wide variety of communities and approaches. About 900,000 will be served when these programs reach full operating capacity. Thirty-one of the Centers are in urban areas, and ten are in rural areas. Administering agencies include hospitals, medical schools, medical societies, group practice plans, new non-profit organizations, and health departments. About 2,000 jobs for neighborhood residents are included.

Program and Performance for FY 1968

Seventeen of the 41 programs will be refunded this year; the others will not require additional money until early in 1969, either because initial funding took place very late in fiscal year 1967, or because of unanticipated operational delays early in the first grant period. As of March 1, 24 centers were providing services; 15 of these were fully operational, and nine were offering partial services.

Considerable effort is being devoted, at both national and local levels, to implementing the agreement on "Coordinated Funding of Services," between HEW and OEO. Particular attention will be focused on completing arrangements for reimbursements to the centers for services rendered to persons eligible under Title XIX of the Social Security Act (Medicaid). Changes in Federal and state legislation and procedures have complicated these arrangements.

Program and Performance for FY 1969

By next year all of the 41 Centers will be fully operational, and all will require refunding. The planned leadtime for facilities renovation, staff recruitment and preparation, and gradual build-up of operations will have been completed. Most of the $57,000,000 increase will be needed to refund existing programs.

Three projects previously supported with planning grants will receive funding to convert to operating status. A few additional projects may also be initiated, depending upon the amount of funds from other Federal agencies or local sources which become available to support the existing programs. The new projects will probably be located in rural areas, or in communities where OEO health services will become part of neighborhood service or Model Cities programs. These carefully selected projects will make possible the demonstration of more effective methods to provide services under circumstances relevant to the needs of poor communities across the nation.

Community Health Services

1968 Estimate	1969 Estimate	Increase
$11,000,000	$11,500,000	$500,000

Program Description

Community action agencies have developed a variety of health projects in response to local needs and priorities. Many of these have supplemented other anti-poverty efforts, such as neighborhood service systems and manpower training programs. Most have enlisted the cooperation of local agencies concerned with the health of the poor, such as medical societies and health departments.

Program and Performance for Fiscal Year 1967

Over one-third of the $9,500,000 spent for community health last year provided medical screening and treatment for poor people. In addition, about $900,000 was used for dental care, $600,000 for mental health services, and $1 million for health education. Environmental health services (including rat control) also received a good deal of local attention; over $2 million was obligated for these projects. Community action agencies in about half of the States chose to allocate resources to this work.

In 1967, CAP also supported eight narcotics control projects under Section 211-2 of the Economic Opportunity Act. About $9 million was devoted to develop new community-based programs and techniques in New York City, New Jersey, Texas, Illinois, California, Washington, the District of Columbia, and Puerto Rico.

Program and Performance for Fiscal Year 1968

These community programs are expected to be maintained at about the same level this year, with some additional effort in rural areas. Priority will probably be given to environmental health activities in many communities.

Program and Performance for Fiscal Year 1969

A modest increase will allow some further development in rural areas. Communities will continue to be free to develop those kinds of projects which seem most responsive to particular local needs.

Family Planning

1968 Estimate	1969 Estimate	Increase
$6,500,000	$13,000,000	$6,500,000

Program Description

Family Planning services include contact and education, and medical examination, including Pap smears and supply of contraceptive materials for women utilizing a medical method of family planning. A family planning center can serve as the major delivery vehicle. Centers not part of broader health programs may operate with a client-consultant model rather than a patient-doctor relationship. Family planning activities are also conducted in hospitals and neighborhood health centers as part of broader health programs operated by local communities.

All family planning activities are undertaken on the basis of local initiative, and decisions are entirely voluntary. Studies show that poor families desire fewer children than they are having. Family planning offers alternatives which permit poor persons to achieve mastery over an important area of their lives.

Family planning programs involve among the lowest costs per person in relation to potential effectiveness in reducing poverty. The universe of need for family planning is an estimated 4.5 million women between 16-40 years of age.

Program and Performance in FY 1967

One hundred twenty-one family planning programs were funded in fiscal year 1967, in 33 states, Washington, D.C. and Puerto Rico. The total cost of these programs was $4,585,000, of which $464,000 was funded under the research and demonstration program.

The 121 family planning programs are offering a full range of services including outreach, contact, education, medical examination, cancer screening, and supply of contraceptive materials. These programs served about 108,000 women in fiscal year 1967 and will ultimately serve about 185,000 in 1968.

Program and Performance in FY 1968

During fiscal year 1968, $6.5 million will make it possible to serve approximately 185,000 women. To strengthen monitoring and evaluation, an automated patient record and data collection system will be initiated.

The unit cost is estimated at $35 per woman per year in fiscal year 1968 for a program at the $6.5 million level.

Program and Performance for FY 1969

In fiscal year 1969, OEO family planning programs will be expanded to serve 400,000 women at a cost of $13.0 million. The increased program size, with larger and more fully utilized services, will result in a decrease of unit cost to approximately $32 per woman per year. Unit cost will decrease proportionately in future years as a result of larger programs and economies from fuller utilization of resources. New programs will increase activities in rural areas and will expand substantially the number of health care institutions participating.

Emergency Food and Medical Services

1968 Estimate	1969 Estimate	Increase
$10,000,000	$20,000,000	$10,000,000

Program Description

The Emergency Food and Medical Services program has three major components. The first component attempts to find and encourage hungry or malnourished persons to participate in existing food programs such as Food Stamp, Commodity Distribution, or School Lunch. Where these programs are not in existence or where persons identified as being in need are not eligible under local guidelines, special arrangements can be made to furnish food. Outreach under this activity is conducted through existing CAAs, or where CAAs do not exist through local welfare and health agencies and private organizations. Medical assistance for families thought to be suffering from malnutrition-related health problems is also provided. The objective of the second program component is to expand existing food programs by extending coverage to persons and into areas not now covered by Food Stamp, Commodity Distribution or School Lunch programs. Funds are transferred to the Department of Agriculture for implementation and operation of this component. The third component consists primarily of demonstration projects. These include the utilization of diet supplements and training of outreach and community workers to provide information to families needing food assistance, to aid persons in establishing their eligibility for participation in food programs, and to provide guidance in selecting and preparing food. Some demonstrations will involve the development of food production and processing cooperatives. All program components are operated in cooperation with HEW and the Department of Agriculture.

Program and Performance for Fiscal Year 1967

In 1967, $2,587,000 was spent to provide emergency assistance to needy families. As estimated 17,000 families were assisted to participate in the Food Stamp program. Of these, 14,000 had not previously been served. In total, approximately 85,000 individuals were aided.

Program and Performance for Fiscal Year 1968

In 1968, 255 counties in 21 states have been identified as those having the greatest concentration of families most in need of emergency food and medical services. An estimated 3.3 million poor people live in these counties, but current participation in existing Food Stamp and Commodity Distribution programs is less than 800,000. One of the objectives of the 1968 program is to bring participation levels in these counties to nearly one million persons. This will be done by providing outreach workers to help non-participating but eligible persons enroll in Food Stamp and Commodity Distribution programs. Where lack of transportation inhibits participation in food programs, it will be provided.

In addition, financing of minimum purchase requirements to permit participation in the Food Stamp program by the most needy families is planned. Agriculture estimates that about 200,000 individuals can be served through minimum purchase funding in 1968 at a cost of approximately $1 million. Expansion of the Food Stamp and Commodity Distribution programs into new counties will increase participation in food programs by an additional 100,000 individuals.

The Department of Agriculture will also furnish funds to schools for free lunches for students suffering from hunger or malnutrition who are not financially able to participate in the school lunch program. $1 million transferred to Agriculture for this purpose will permit the participation of 50,000 to 60,000 students.

In 1968, pilot demonstration programs will include:

(1) Establishment of a food production cooperative to provide food for approximately 3,000 individuals for a nine month period. This will also provide employment for a number of persons in the community and, through the addition of special supplements to the processed foods, substantially help to alleviate the problems of starvation and hunger in the target group.

(2) Programs to test the feasibility of commercial investment in distribution of diet supplements. Demonstrations will include survey and pilot testing of supplements packaged as soft drinks, enriched flour, and candy-like products.

In total over one-half million persons will be served through all components of the Emergency Food and Medical Services program in 1968.

Program and Performance for Fiscal Year 1969

The 1969 objective of this program is the expansion of participation in Food Stamp and Commodity Distribution programs to approximately 50 percent of the eligible participants in the 255 county target areas. In addition, geographic expansion to additional areas of the country is anticipated by mid-1969. The Public Health Service Survey of starvation and malnutrition will be completed by that date and operational results from the 1968 programs will be available. Food Programs can then be more specifically targeted to the most needy populations and to those areas where deficiencies still exist. Most of the increase in funds for fiscal year 1969 will be used to annualize the programs (and participation of individuals therein) started late in 1968.

Housing Development Corporations

1968 Estimate	1969 Estimate	Increase
$900,000	$4,500,000	$3,600,000

Program Description

Inadequate housing is one of the most serious maladies of poverty. In 1964 over four million poor households lived in housing that was dilapidated, lacked plumbing facilities of was overcrowded. The poor also have another type of housing problem: the proportion of their income which they spend on inferior housing is much too high.

There are, at present, a number of Federal mortgage insurance programs which can be utilized to provide decent housing that poor people can afford. These programs, administered through the Federal Housing Administration require a sponsor that is either a non-profit or limited dividend corporation or a cooperative organization. The corporation or cooperative organizes the project and applies to FHA for financing. In the past, however, these non-profit organizations often had difficulty in securing financing because of a lack of professional and administrative expertise.

In 1966 and 1967 OEO began experimenting with Housing Development Corporations acting as sponsors for FHA and Conventionally financed low-income housing. These corporations bring together the lawyers, architects, real estate and construction specialists needed for the development of low-income housing. The corporations take a number of different approaches. They can build new structures, rehabilitate old ones, lease existing buildings, and, in turn, either lease or sell to poor people. Their principal purpose is to develop administrative and technical capability to take better advantage, for poor people, of existing housing programs. The Community Action Program funds provide working capital and meet managerial and professional costs of the corporation, costs which must be met before construction financing can be made available.

The Philadelphia Housing Development Corporation is an excellent example of the way in which Community Action "seed money" has been used to secure financing for low-income homes and to foster local government and business partnership with Community Action. The Housing Development Corporation (HDC) is a delegate agency of the Philadelphia Community Action Agency. The Community Action Program provides operating funds for staff and equipment. The City of Philadelphia has provided a $2,000,000 revolving fund for capital expenditures. Mortgages for individual buildings have been insured under FHA programs and financing for some of the buildings have been provided by a $20,000,000 fund provided by the city's private financial community. And finally, a number of local neighborhood community organizations are involved as sponsors for specific

rehabilitation and new construction projects. The Philadelphia HDC currently plans over 600 housing units at a total value of $8,000,000.

Program and Performance for Fiscal Year 1967

In 1967 and prior years, eight pilot Housing Development Corporations were funded with research and demonstration funds.

Program and Performance for Fiscal Year 1968

Of the eight pilot HDCs started in fiscal year 1967, six will require refunding in 1968 as operational programs at a cost of $900,000. No new HDCs will be started as operational programs.

Program and Performance for Fiscal Year 1969

In 1969, seven to twelve new Housing Development Corporations will be funded (a total of 15 to 20). The total HDC program will require $4,500,000. in 1969 and will eventually provide housing for an estimated 11,000 families.

Housing Services

1968 Estimate	1969 Estimate	Increase
$3,800,000	$3,800,000	--

Program Description

Housing service programs are operated by Community Action Agencies to meet specific housing needs of poor people that cannot be provided by programs of other agencies. They consist of a range of activities, depending upon local needs, including emergency programs such as legal assistance with eviction problems and landlord negotiations, assistance with emergency repairs, and relocation assistance. They also include longer-range programs such as providing poor people with a better understanding of the housing market and preparing them for more effective participation in housing-related public hearings and administrative processes.

An example of a housing service program is Project RESCUE, a delegate agency of the New York City anti-poverty program. Project RESCUE has focused on the need for improved city-wide code enforcement procedures and immediate housing repair needs in the Bronx. Residents from the area are trained in construction, with an emphasis on on-the-job training conducted by small contractors. These contractors work out of 10 community centers partially staffed by neighborhood workers who receive complaints on emergency housing problems, contact repair personnel and follow through to insure that the repair is made.

Program and Performance for Fiscal Year 1967

In 1967, $3,000,000 was utilized for housing service programs that served 120,000 people.

Program and Performance for Fiscal Year 1968

The costs of continuing the housing service programs started in 1967 will be $3,800,000. These programs will serve an estimated 150,000 poor people.

Program and Performance for Fiscal Year 1969

The 1968 program will be continued at the same level in 1969, $3,800,000 to serve an estimated 150,000 poor.

Legal Services

1968 Estimate	1969 Estimate	Increase
$38,000,000	$42,000,000	$4,000,000

Program Description

The Legal Services Program provides legal representation to the poor in the best tradition of and consistent with the high standards of the legal profession. This includes:

1. legal advice, legal representation and counseling;

2. advocacy of changes in laws which unfairly and adversely affect the poor;

3. preventive legal education to inform the poor of their legal rights and responsibilities;

4. mobilization of law schools, law associations and private attorneys in a concentrated attack on the legal problems of the poor.

Legal Services projects operate in conjunction with local community action agencies as a part of the community-wide anti-poverty program. Sixteen hundred full-time attorneys are working in rural and urban areas in 48 states to provide legal representation to the poor. These lawyers operate from a variety of bases including local store-front offices, CAP neighborhood centers, and mobile vans. Some "circuit-ride" in sparsely settled areas. Preventive legal education takes the form of lectures, panel discussions, the distribution of pamphlets, and in cities such as Cincinnati, the use of dramatic skits on radio and TV. The legal educational system has already begun to adjust to the new interest in the legal problems of the poor -- at least 50 of the 134 accredited law schools in the U.S. have initiated courses in "Law and Poverty" as part of their curriculum during the past three years. The Legal Services Program has from its inception worked closely with the American Bar Association to ensure that the program is carried out in a way that assures maintenance of a lawyer-client relationship consistent with the best standards of the legal profession.

The local programs' Boards of Directors determine minimum standards of indigency below which potential clients' incomes must fall before receiving legal services. Clients who fail to meet the indigency requirements or who have fee-generating cases are referred to private attorneys. In 1967 over 31,000 cases were referred to private attorneys, while private attorneys in turn referred over 62,000 clients to Legal Services projects.

Program and Performance for FY 1967

The number of operating Legal Services Programs rose to 250 during 1967. These programs handled cases for 290,934 poor people, and referred an additional 51,640 people elsewhere for assistance. Legal Services Program attorneys won 75 percent of the trials they participated in and 60 percent of the appeals they took. Eighty-eight percent of the 1,094 evictions sought were averted or stayed, and in 61 percent of 833 welfare cut-off cases the recipient was restored to welfare. The major categories of service were family problems, welfare, consumer and housing cases, and juvenile offender problems.

In Connecticut, Pennsylvania, Delaware, and the District of Columbia, Legal Services Program attorneys obtained decisions from three-judge Federal courts that welfare residency requirements were unconstitutional. In a Western state, Legal Services Program attorneys won a permanent injunction against a $210 million reduction in the Medicaid program, thus restoring health assistance to over a million residents of that state. In a landlord-tenant case in Cleveland, the rights of 800 families were protected when Legal Services Program attorneys won an agreement from management that future disputes between the tenants and management would be settled by binding arbitration. Further efforts were made to serve rural areas more effectively: in the upper peninsula of Michigan, attorneys staffed offices in six towns and "circuit-rode" to other areas; in Montana, one attorney provided legal services to seven counties on a rotating basis; in Delaware County, Oklahoma, a mobile law office made regularly scheduled visits to the small rural communities in the county.

The Reginald Heber Smith Fellowship Program was launched in fiscal year 1967, attracting 50 top law school graduates and young lawyers who served one year internships in Legal Services Programs in 22 states: in large and small cities, farm communities and Indian reservations. Over 80 percent of those top quality lawyers have elected to remain in the legal services field after completing their internships. The National Institute for Education in Law and Poverty was founded to provide comprehensive training for Legal Services Program attorneys across the county in the legal problems of the poor. A National Clearinghouse for Legal Services was established as a central Collection and distribution point for the burgeoning poverty law materials being produced by legal services programs. Several universities provided full-time backup services in specialized areas of poverty law. State bar associations in Ohio, Missouri, New Jersey, Michigan and Illinois conducted educational programs and provided technical assistance to programs in their states.

Program and Performance for FY 1968

The 250 legal services programs will handle an estimated 500,000 cases during fiscal year 1968 at a cost of $38,000,000. Among court cases of far-reaching consequences won by Legal Services Program attorneys, was one in which the District of Columbia Court of Appeals held that leases of premises which were in violation of the City Housing Codes at the time of rental were invalid, a decision which could impel the repair of thousands of substandard dwelling units. New ways of delivering legal services to the poor were tried: in Detroit and Chicago, 30 VISTA lawyers are working with a demonstration project specializing in the problems of group organization and representation.

The Reginald Heber Smith Fellowship Program was doubled in size: 50 Fellows will concentrate on urban poverty law, and 50 Fellows will concentrate on rural poverty law. Other efforts to improve the quality and efficiency of the programs continue. Price-Waterhouse began a management study of selected programs with a view to instituting standardized management techniques in the day- to-day operations of the programs. A pilot project to demonstrate the feasibility of applying computer techniques to solve the problems of rising caseloads was funded at the University of Wisconsin Commerce Clearing House began developing a sophisticated loose leaf national report on poverty law. The National Council of Juvenile Court Judges received a grant to develop a practice manual for attorneys in juvenile court. A Council on Legal Education Opportunity, supported both by OEO and private sources, was formed to run a "Legal Head Start" program in an effort to bring more members of minority and culturally deprived groups into the legal profession. An LL.M. program leading to a master's degree in Law and Poverty, co-sponsored by VISTA and the Legal Services Program, was funded at the George Washington University.

Program and Performance for FY 1969

In fiscal year 1969 a total of $42,000,000 is requested for the Legal Services Program. This will permit refunding of the existing 250 programs which are expected to handle an estimated 640,000 cases.

Successful special activities such as the Reginald Heber Smith Fellowship Program will be continued along with strong supportive projects such as the Commerce Clearing House poverty law reporter. The "Legal Head Start" programs supported by OEO and private sources through the Council on Legal Education Opportunity will be further developed in order to bring additional minority and culturally deprived groups into the legal profession. Special stress will be placed on supportive services and on selective improvement of existing programs within the constraints of available funds.

Opportunities Industrialization Centers

1968 Estimate	1969 Estimate	Increase
$6,100,000	$6,100,000	--

Program Description

Opportunities Industrialization Centers (OICs) are manpower training programs that provide a complete range of activities for underemployed and unemployed men and women. The programs, which are open to all regardless of education or skill level, provide recruitment, intake, pre-vocational "feeder" training, skill training, job placement and job development. The program provides complete pre-vocational and vocational training courses and also prepares people for the more advance job-training programs such as MDTA and OJT. The skill training section of OIC trains people in occupations such as clerical workers, cooks, keypunch operators, salespersons, electronics assemblers and menders.

Opportunities Industrialization Centers began in Philadelphia in 1964, when after a campaign to reduce discrimination in hiring practices, it was discovered that a great number of the unemployed did not possess the necessary attitudes and skills to fill job openings. The Opportunities Industrialization Center was started to train and motivate the poor for available jobs in the Philadelphia area. Operating on the basis that proper motivation was as necessary for job success as was quality training, the OIC stressed the concept of "self-help": OIC trainees do not receive stipends. The Philadelphia OIC also recognized that their effort would not be successful without the cooperation of private industry. Employers in the Philadelphia area have provided more than a quarter million dollars worth of training equipment. The Philadelphia prototype OIC has proven the viability of the "self-help" concept and has also shown that private industry will cooperate in training the disadvantaged, even on a voluntary basis.

The OIC program has been expanded to about 60 communities. Eighteen of these are funded by the Community Action Program and by other Federal agencies. The remaining OICs do not receive any Federal money but are financed by their communities.

Program and Performance for Fiscal Year 1967

In fiscal year 1967, 18 OICs were funded at a cost to OEO of $6,800,000. Ten OICs were funded for operational costs and eight OICs received planning grants. Funding for the 18 OICs from other Federal programs totalled about $5,400,000.

Program and Performance for Fiscal Year 1968

In 1968, the ten OICs which were operational in 1967 are being refunded. The eight OICs that had received planning grants will receive operating funds. The total OEO cost will be $6,100,000. Approximately 8,000 people had been placed in jobs from the inception of the program through December, 1967. The total enrollment in the 18 OICs as of March 1, 1968 was 7,157.

Program and Performance for Fiscal Year 1969

No new OICs are planned with OEO funds in 1969. The 18 operational OICs will be continued at an estimated cost of $6,100,000. Additional effort will be put into developing uniform guidelines, standards, and reporting procedures.

CAP Manpower Programs

1968 Estimate	1969 Estimate	Increase
$20,000,000	$21,000,000	$1,000,000

Program Description

One of the major unsolved problems of the Federal anti-poverty effort is the difficulty of coordinating the variety of manpower programs which serve the poor, including those funded by the Community Action Program, those funded under other titles of the Economic Opportunity Act and delegated to other Federal agencies, and those funded by the Department of Labor. Community Action Agencies have increasingly become a major vehicle for delivering manpower programs: because they operate at the local level; because they can tailor programs to the real needs of the poor; because they are in position to interweave the functions of out-reach, intake, testing, training, counseling, job development, placement and follow up; and because they can provide other necessary supportive services such as day care, health services, legal services, etc.

Community Action manpower funds provide for Community Action Agency staff personnel necessary to coordinate manpower programs. CAP manpower funds provide necessary "gap filling" programs not existing from other resources. And CAP manpower funds provide for locally initiated programs, not funded by other agencies, designed to reach the hard-core disadvantaged.

As additional specialized manpower training resources, such as the Concentrated Employment Program, the JOBS (Job Opportunities in the Business Sector) program and the Special Impact program become available in the larger cities, Community Action manpower funds will be used in smaller cities and, increasingly, in rural areas. CAP funds will be used in these areas in much the same way they were used in the larger cities; providing Community Action Agency staff manpower personnel, providing "gap-filling" services and funding manpower programs for the poor that do not meet other program criteria.

The most significant problem faced by Community Action Agencies in their manpower coordinating efforts is a deficiency of qualified personnel. There are simply not enough good manpower coordinators available for all the CAAs operating manpower programs. There will be an intensive effort undertaken in fiscal year 1968, and continuing in fiscal year 1969, to improve the capability of CAA manpower staffs. These efforts will involve the establishment of intern training programs, the development of effective training courses and the utilization of technical assistance. Manpower staffs in the OEO regional offices and the state technical assistance offices will also receive training.

Program and Performance for Fiscal Year 1967

In fiscal year 1967, $14,174,000 was obligated on Community Action Program manpower programs. An estimated 80,000 poor people received direct or supportive services from CAP manpower programs.

Program and Performance for Fiscal Year 1968

The $20,000,000 planned for manpower in 1968 will enable program levels in existence at the end of fiscal year 1967 to be continued with slight reductions. The number of people receiving services will total 115,000.

Program and Performance for Fiscal Year 1969

In 1969, an estimated $21,000,000 will be obligated on Community Action manpower programs. The increase of $1,000,000 will be directed to establishing manpower programs in rural areas, particularly in cooperation with the Economic Development Program of the Department of Commerce. An estimated 120,000 people will receive services.

Comprehensive Consumer Action

1968 Estimate	1969 Estimate	Increase
$3,600,000	$3,900,000	$300,000

Program Description

The low-income consumer problem is basically one of captivity. The economic and geographic isolation characteristic of urban and rural poverty areas has traditionally tied the low-income consumer to a system which provides low quality at high prices and which denies reasonable economic choice with regard to goods, services, and particularly credit.

Comprehensive Consumer Action Programs are designed to mobilize members of a community around a credit union or other source of low-cost credit for the purpose of attacking common economic problems. The basic elements of such a program include: (1) consumer education through action, (2) an operating credit union or other source of low-cost credit, (3) debt consolidation and debt reduction services (4) family financial counseling, (5) buying clubs, and, (6) where possible, a legal component served by a Legal Services program or some other outside source.

Consumer action programs are important because they provide low-income groups the means to create their own economic choices, improve their quality of living, and eventually, with their acquired financial and organizational skills, develop the competence to create and run their own local enterprises.

Program and Performance for Fiscal Year 1967

In fiscal year 1967 approximately $2,800,000 was spent on Comprehensive Consumer Action Programs under which credit unions, financial counseling and family financial planning assistance was established in 70 communities.

Program and Performance for Fiscal Year 1968

In fiscal year 1968 existing programs will be maintained at about the 1967 level, and several major pilot projects will become operational.

Program and Performance for Fiscal Year 1969

The $3,900,000 requested will permit annualization of the 1968 program, with the added opportunity to encourage the normal development of on-going programs into broader economic development through expansion of credit facilities, attraction of private capital and the establishment of ghetto-owned enterprises.

Home and Family Services

1968 Estimate	1969 Estimate	Increase
$7,800,000	$7,800,000	--

Program Description

Home and family services are designed by local communities to meet additional needs of poor families which reflect a diversity of local poverty circumstances and the special requirements of certain age groups. In essence programs in this category round out a comprehensive approach to poverty problems by addressing needs which may be of major significance in a particular poverty community though not of primary import on a nation-wide basis. In addition to providing needed services these programs add an individually-tailored focus to individual community action programs which reinforces their identification as locally-initiated anti-poverty activities.

Emergency assistance programs help low-income people surmount obstacles, usually temporary in nature, which might otherwise be catastrophic. Financial assistance may take the form of small loans to families in crisis situations, and loans to persons in certified community disaster areas. Other forms of emergency assistance include homemaker services provided by trained, low-income subprofessional aides to needy families handicapped by sudden death, illness or absence of a family member.

Food and related programs range from distribution of raw and prepared food to distribution of seeds and other materials to increase the yield of gardens for home consumption and occasionally marketing purposes. Some very needy areas require assistances for basic administrative services in order to participate in existing Government food programs. In conjunction with other CAP programs, food may be distributed to the poor and hot lunches provided for young children or the aged.

Home management and homemaking programs vary widely in scope but are basically designed to improve the home situation of low-income families and individuals. Instruction is provided in such areas as budgeting, nutrition, effective use of Government food programs, health care, accident prevention, home maintenance and minor repairs.

Year round recreation programs operating in low income areas offer deprived youngsters an opportunity to form constructive group relationships and to broaden their interests by exposure to sports, games, crafts and trips. Apart from their direct value, they also serve as a deterrent to juvenile delinquency. These programs are funded in poverty areas with high youth concentration which otherwise would lack adequate recreation facilities.

Program and Performance for Fiscal Year 1967

Emergency loan services were provided in 17 communities and food programs were established in 99 areas, reaching over 100,000 poor. Home management and related training programs were operated in over 130 communities at a cost of $1,500,000.

Program and Performance for Fiscal Year 1968

Program levels in effect at the close of 1967 could not be fully sustained with the funds available. Programs in this category are being continued within the limitation of available funds.

Program and Performance for Fiscal Year 1969

Programs will be maintained at the 1968 level of funding although there may be shifts in emphasis within the category to reflect local needs.

Cooperatives

1968 Estimate	1969 Estimate	Increase
$1,600,000	$1,600,000	--

Program Description

Cooperatives are people working together to help themselves get what they need, what they want, and what they couldn't get by themselves, but they are also business enterprises that must eventually have an impact on the economic standards of the community in which they are located.

CAP Cooperative Programs, therefore, provide a method by which people of low income groups can band together to provide a variety of commonly needed services. Besides credit cooperatives which are ordinarily funded as part of Comprehensive Consumer Action Programs, these may include production, marketing, housing, health, or transportation services. The typical CAP cooperative is rural and may be a feeder pig operation or a handicrafts coop on an Indian reservation.

CAP Cooperative Programs also supply management training and technical assistance that enable participating low-income groups to develop the expertise to create and expand their own local enterprises, to thereby increase their incomes, and to improve the general standard of living of their communities.

Program and Performance for Fiscal Year 1967

In fiscal year 1967 approximately 7,500 poor people produced, sold, or purchased goods through 50 production and marketing cooperatives established in rural areas.

Program and Performance for Fiscal Year 1968

In fiscal year 1968 the existing programs will be maintained and several pilot projects will become operational. Development of cooperatives in urban areas is being encouraged.

Program and Performance for Fiscal Year 1969

No increase in funds is anticipated for fiscal year 1969. Cooperatives in operation at the beginning of the year will be given continued support and technical assistance to enable them to become fully self-sufficient.

Summer Youth Programs

1968 Estimate	1969 Estimate	Increase
$30,000,000	$30,000,000	--

Program Description

CAP Summer Youth Programs are designed to help already hard-pressed urban areas deal more effectively with the increased problems of youth during the critical summer months. Specifically they are aimed toward providing recreational, work and training, educational, and cultural opportunities to the several million American youth in low-income neighborhoods, who freed from classrooms and other activities, lack a purposeful outlet for their energies.

The range of Summer Youth Programs directly serves an age group of approximately 3 to 30 years and includes recreation, camping, community services, community relations, education, and cultural enrichment. Such programs provide a variety of activities and experiences: Athletic contests, supervised playground activities, physical fitness and sports instruction, camping experiences, guidance and counseling, tutorial and remedial programs, arts and crafts instruction, street fairs, trips to local historical sites, and employment opportunities related to the above activities.

The ultimate aim of the Summer Youth Programs is to give the young people in low-income neighborhoods a chance to acquire new, demonstrable skills, to increase their community awareness and to develop a sense of self-respect and self-awareness. To this end CAP national guidelines stress not only the involvement of young people in planning and operating the programs, but also the importance of follow-through and the linkage of summer projects to ongoing or related year-round programs.

Program and Performance for Fiscal Year 1967

In fiscal year 1967, $28 million of new obligational authority from the special summer supplemental and $9 million of reprogrammed funds was spent on special summer programs. These involved grants to 295 communities, the vast preponderance of which were urban. A study done following the summer indicated a participant level of about 2 million, 90 percent of which were in the 6-21 age bracket. Over 30 percent of the participants were involved in community employment programs and related cultural enrichment activities. About half were involved in organized recreation and sports. The study further indicated that over half of the people employed in the summer programs were employed participants rather than regular staff.

Program and Performance for Fiscal Year 1968

In fiscal year 1968, $30 million of fiscal year 1968 funds will be spent on Summer Youth Programs (in addition, $5 million of anticipated balances from prior year appropriations will be made available for summer programs as they are recaptured). Approximately $1.5 million of FY 68 NOA will be spent on Research and Demonstration programs which will experiment with innovative ways of reaching ghetto youth. $300,000 will be devoted to Summer Youth Programs on Indian Reservations. Also, $500,000 has already been allocated to planning, in order to allow cities adequate time to coordinate federal, state, and local efforts and to mobilize the public and private sectors of the various communities into active participation. Greater emphasis will also be placed on integrating summer efforts with year-round programs.

Program and Performance for Fiscal Year 1969

No increase in funds is anticipated for fiscal year 1969. It is hoped that with the stepped-up efforts in fiscal year 1968 more Summer Youth programs will become integral parts of on-going year-round programs and, therefore, require fewer special summer funds. It is further expected that with participation of more segments of the community increased funds and resources will be forthcoming from the community itself.

CAP Indian Programs

1968 Estimate	1969 Estimate	Increase
($22,323,000)*	($23,400,000)*	($+1,077,000)*

Introduction

In assessing the problems to be attacked in fighting poverty on Indian reservations, it is repeatedly brought to mind that besides the basically shocking statistics on health, life expectancy, education, unemployment, housing, transportation, and communications, there is a long record of expenditures on behalf of the American Indian living on Federal Indian Reservations.

Prior to the efforts of the war on poverty this situation was frequently referred to as the "Indian problem." The CAP Indian Program is approaching its task from the point of view that anti-poverty efforts on Indian reservations with severe economic problems must be focused from several directions. Conditions relating to long term economically depressed areas include: the psychological condition of dependency, the social dilemma of mass undereducation, and the very important set of conditions surrounding situations of culture and language differences.

The basic philosophy of CAP is that things will not be done for the Indian people on the reservation, but rather, that they will have to do things for themselves. The tribes have direct contact with a special office in Washington, staffed by people who have experience on Federal Indian reservations, many of them Indians, too.

The general approach of the Indian program is to afford significant opportunities for tribal leadership to experience successes in attacking the problem areas of housing, health, education, etc., thus providing opportunities for tribal leadership to experience successes in dealing with these problems at the grass roots level. The results appear to be fulfilling the goal of essentially strengthening the existing tribal councils in terms of their abilities to plan for long range economic development and secure and use resources heretofore not available or used.

A major point of the CAP philosophy is that each individual Indian tribe will operate at its own level of program sophistication and that program development itself will be an educational process. It is also believed that broad-based, meaningful work experience programs in these hard core areas can be effective means of upgrading attitudes toward work, developing managerial and administrative capabilities, and motiviting family members to upgrade their education, work habits and skills. At the same time these programs are effecting visible improvements on the reservations in sanitation, home repair and cleaner and safer places to live and work.

*See footnote on following page

By developing a policy of utilizing a portion of the funds available to CAP as incentive grants (with general endorsement of the tribes participation in OEO programs) there is greater acceptance and use of the concept of competition. Through multi-agency funding and program cooperation with tribal leadership, the problem of economic depression is being met cooperatively with common goals and approaches. Agencies other than OEO which have cooperated in joint-fundings include: Housing Assistance Administration, Economic Development Administration, Bureau of Indian Affairs, U.S. Public Health Service, DIH, Department of Housing and Urban Development, and the Department of Labor.

Summary of Indian Funding Requirements

	FY 1968	FY 1969
Economic Development	$ 700,000	$ 1,500,000
Community Organization	3,600,000	3,000,000
Education	2,500,000	2,500,000
Home Improvement	4,300,000	5,000,000
Health	900,000	600,000
Special Programs	2,400,000	2,400,000
Sub-Total	$14,400,000	$15,000,000
Head Start	6,697,000	6,700,000
Legal Services	726,000	1,000,000
Comprehensive Health Center	500,000	700,000
	$22,323,000*	$23,400,000*

Purpose and Scope

American Indians are eligible to participate in the full-range of programs made available by the Economic Opportunity Act.

American Indians have a legal-historical relationship with the United States Government which is unlike that of any other citizens in the Nation. In colonial times, those who resided in the territory of the thirteen colonies reached treaty agreements with the colonial governments. Today these agreements are reflected in either the existence of State Indian reservations or no reservations at all. Indians now residing in the original thirteen states traditionally have looked to State and local governments for needed services, just as their non-Indian neighbors do.

* Activities included under this program are non-additive and are provided only for information.

Following the formation of the United States, the Indians with whom treaties subsequently were made lived outside the original colonies. Thus, treaties were made, not with individual states, but between the Federal Government and the Indian nations. Many of these agreements included establishment of Federal Indian reservations and the provision of certain services in exchange for large areas of land. The Indians on most of these reservations have traditionally looked to the Federal Government for the majority of services which are provided by State and local Governments elsewhere.

Most Indians on Federal reservations have tribal governments chartered by the Federal Government. These tribal governments and their constituents, like municipal and county governments, are eligible to apply for the full-range of OEO programs. Thus, OEO considers Federal Indian reservations to be another kind of community, recognizing a special case in which the Federal Government has traditionally provided a variety of services and in which there is an extra-ordinary depth of need. Accordingly, Indians are served by CAA's as members of communities in which they live -- some as residents of Federal reservations and others (not living on reservations) as residents of cities, counties, and states.

The response by reservation groups to the provisions of Title II of the Act, Community Action Programs, has been vigorous.

Because of the unique legal- historical relationship of the reservation residents to the Government, the extreme depth of poverty on reservations, and broad cultural differences, special arrangements have been made to enable the mounting of effective CAA's on Federal Indian reservations.

The Indian Division, Office of Special Field Programs of the Community Action Program has direct operating responsibility for meeting this response by Federal Indian reservations. This arrangement allows the Indian tribes direct access to the OEO Washington Office.

The range of CAP activities is wide; however, there is a clear pattern of emphasis on programs aimed at improving the future of small children, strengthening of home and family life, and upgrading the education and health levels of the communities.

Because of the nature of the various CAA's there are great variations in the number of residents on any reservation receiving direct benefits. In each instance the identification of needs and the establishment of priorities are responsibilities of the applicant reservation community action agency.

All resident poor, within a designated service area, are eligible to participate in the development of programs, opportunities for employment, and receipt of services on a non-discriminatory basis, so that CAP activities may eventually reach the 390,000 Americans living within areas now being served. Presently, 312,000 (over eighty percent) are being reached by Community Action Programs.

Indian Economic Development

1968 Estimate ($700,000)	1969 Estimate ($1,500,000)	Increase ($800,000)

Indian reservation problems are highlighted by isolation, as well as massive needs in overall development. Through coordination with other Federal agencies, such as EDA, assistance is being provided to the reservations in planning the total development of their areas.

There are two types of unemployment prevalent on Federal Indian reservations. The most difficult type to overcome is long-term unemployment where individuals who may have had certain work skills are suffering from economic regression. The longer they are unemployed, the more difficult it is to find permanent employment. They lose their skills and fall prey to the lag caused by the increasing demand for upgraded skills when employment finally does become available.

The other type of unemployment is the seasonal gap caused in a worker's job caused by seasonal agricultural production and seasonal Federal construction activity. Consequently, it is not unusual to find 40 to 50 percent of the available work force on an Indian reservations unemployed. There are occasional cases of 90 percent unemployment on the more isolated reservations.

Program Performance in 1967 and 1968

Fifteen reservations have now completed the initial phases of (1) defining both their natural and human resources, (2) compiling brochures describing reservation resources for prospective industrial investors, (3) planning and sponsoring economic and industrial development training sessions for tribal officials and conferences with industrial investors and (4) encouraging industries to locate plants on the reservations in order to create a solid economic base for permanent employment of reservation residents.

For the first time the CAA on the reservation can tell industrialists about the benefits available from all Federal agencies to an industry that locates on a reservation. In the past, an industrialist wishing to locate on a reservation would have had to contact at least 6 separate Federal agencies.

Program for FY 1969

Funds have been increased in fiscal year 1969 to expand from 15 to 30 the number of reservations engaged in industrial development surveying and planning.

Indian Community Organization

1968 Estimate	1969 Estimate	Decrease
($3,600,000)	($3,000,000)	($-600,000)

On an Indian reservation, community organization should really be called "community reorganization."

The impetus has been provided by the OEO philosophy that (1) things would not be done for the Indian people on the reservation, but rather that they would have to do things for themselves and, (2) each individual program will operate at its own level of sophistication and that program development itself will be an educational process.

Program Performance FY 1967 and 1968

The sequence of operations that has evolved usually begin with the program development stage, a concentration in obtaining the widest possible community involvement on the reservation. Next follows the program operation stage in which emphasis is on effectuating a viable operation capable of performing the obligations to the participants (i.e., training, upgrading, etc.), and at the same time performing the necessary OEO functions of reporting and maintaining a high level of fiscal control and responsibility. The next stage providing a learning experience for all concerned is surveying all the resources available, tribal, state and Federal, to begin training programs with dual goals; long-term permanent employment skills, and improvement of the substandard conditions in housing, health, education and community facilities. In the community-wide self-help stage, every family which has a member employed by the CAA participates in a total family self-help program to initiate their exodus from War on Poverty employment. Heads of household are trained to enter higher levels of career-entry jobs, to return to formal education or advanced vocational training, and existing services and facilities are utilized for all other members of the family, for total family uplift.

Obviously, the length of time it takes an individual tribe to advance through these stages varies sharply.

Program for FY 1969

As communities complete their reorganization, a reduction in CAA staff members is anticipated and the activities in the area will level off to the fiscal year 1969 figure of $3,000,000.

Indian Educational Development

1968 Estimate ($2,500,000)	1969 Estimate ($2,500,000)	Increase
		-0-

The Educational development programs planned by the tribal councils are as varied as the tribes themselves. The reason is that these programs are geared especially to the needs of the tribal members and are designed to prepare large numbers of reservation residents to live in a more complex society and to prepare them for the industrial development which is beginning on most reservations.

Program Performance 1967 and 1968

Educational emphasis has evolved in two areas: Community-wide education and formally structured education activities.

Community-wide education includes instruction in community development, consumer education and program information.

The formally structured classes are in basic education subjects for adults, and in guidance and counseling. For the youngsters, supplementary remedial and preparatory classes, tutorial programs and study halls are operating.

The Yakima Indian Reservation in Washington has a dropout rate of more than 70 percent for students from first to twelfth grade. The average grade for all students in one school was "D". In 1965, only 23 seniors from a class of 87 graduated. Of 22 students entering the ninth grade at the same time, only 6 graduated. Three of these entered college and dropped out. A summer remedial program, discarding traditional approaches, and geared specifically to the individual students from this reservation,resulted in as much as one and one-third years of individual achievement in the basic core subjects of English, reading and arithmetic.

Program for FY 1969

With the new focus on Indian education as a result of current program successes, it is anticipated that increased funding from other sources will be available. While the OEO funding level will remain constant, more students will attend classes because of the multi-funding sources.

Indian Home Improvement

1968 Estimate	1969 Estimate	Increase
($4,300,000)	($5,000,000)	($700,000)

Only 25 percent of the houses on Indian reservations are adequate by normal standards. Twenty-one percent of the houses are repairable but 54 percent of the houses are so sub-standard they need to be replaced.

Housing programs on the reservations concentrate on construction skill training with housing construction or repair as secondary benefits.

HIP (Home Improvement Program) matches on a one-to-one basis the OEO funds for the trainees. The housing materials are provided by the individual tribes, the families or the BIA. The results are upgraded adult basic education, skill training and improved or new housing for the participants.

Approximately 75,000 family members have benefitted directly or indirectly through the Home Builders Training Programs on the reservation. Twenty-five hundred of these have received training in building skills which will enable them to obtain permanent employment. The others have either had homes constructed by the trainees or repaired to the point that they are no longer sub-standard.

Program Performance for FY 1967 and 1968

In fiscal year 1967, 515 home builders were trained and built 515 new homes. No new homes were built in fiscal year 1968 because funds have not been available for the loans. The OEO funds were diverted to the home repair programs.

Program for FY 1969

Training of 1,000 home builders and construction of 1,000 new homes is planned for fiscal year 1969 with a subsequent decrease in home repair.

Indian Health

1968 Estimate	1969 Estimate	Decrease
($900,000)	($600,000)	($-300,000)

Health services are available to most Indians on reservations through U.S. Public Health Service, DIH, or local contract services. However, there is a great need for health education for the reservation residents, particularly in teaching the values of good health and sanitation practices, since only 40 percent of the reservation homes have sanitation facilities.

Program Performance in FY 1967 and 1968

The major purpose of the health and sanitation components funded by CAP is to train reservation residents as health aides to work in all the communities on a reservation. The U.S. Public Health Service, DIH in most instances provide a public health nurse to supervise the aides' activities which include home visits, follow-up on medication and care, assisting residents to get to the clinics and hospitals and teaching good health and sanitation practices for both the home and the community, child care, accident prevention and identification and use of community resources.

Program for FY 1969

The Health aide program has been so effective that the U.S. Public Health Service, DIH is requesting funds in its fiscal year 1969 budget to employ Indian Health aides trained in OEO programs. The decrease in the budget for health reflects this.

Special Indian Programs

1968 Estimate	1969 Estimate	Increase
($2,400,000)	($2,400,000)	-0-

Programs in this area reflect the diversity of the Indian cultures and needs as well as the OEO policy of funding activities based on the degree of program sophistication of a reservation.

Special programs include forming credit unions, which in addition to establishing saving and loan facilities, also provide basic consumer skill training in saving, borrowing and interest rates to the participants.

Special youth programs operate both year around and in the summer for youngsters not covered by the Department of Labor's Neighborhood Youth Corps. These youth receive supervision and direction in recreation, sports, remedial tutoring and other community services.

Other programs include those designed to provide assistance to senior citizens in home repair, basic physical assistance, instruction in safety practices and recreation.

Under this category are the Incentive Grants which, with tribal endorsement, are promoting a greater acceptance and use of the concept of competition. They are an important factor in accelerating leadership development and in meeting some of the crucial needs of the tribes. Most incentive grants are made to tribes who will match funds for high visibility, short-term projects benefitting the entire community.

Program Performance FY 1967 and 1968

An increase in funds in 1968 reflects the success of tribal acceptance of developing innovative programs. Once initiated many of these programs are funded the subsequent year by other Federal, state or local agencies or the tribes themselves.

Program for FY 1969

The funds in this category will remain constant in 1969 but will still allow all the tribes to develop this type of diverse and innovative programming.

Indian Head Start Programs

1968 Estimate	1969 Estimate	Increase
($6,697,000)	($6,700,000)	($+3,000)

Program Description

Preschool education for Indian children has been a long recognized need pointed out by Indian and other educational specialists in the field of Indian education. Prior to the passage of the Economic Opportunity Act, it was not possible for the Indian preschooler to obtain preschool training since BIA schools serve only children past the age of six. The Head Start component has become an integral part of every one of the Indian CAA programs and is operating as the sole component in six other reservations prior to regular CAA program development. The Indian Head Start program has a built-in flexibility that stimulates innovative approaches geared specifically to the participants in the program. Indian children benefit from national Head Start requirements in health, nutrition, and parent education.

Program and Performance in FY 1967 and FY 1968

There were 50 full year Head Start and 17 summer Head Start programs operating on Federal Indian reservations in 17 states and reaching approximately 9,929 children. Ten thousand children are expected to be served in fiscal year 1968.

Program in FY 1969

An estimated 10,000 reservation children will be enrolled in Head Start programs.

Indian Legal Services Program

1968 Estimate	1969 Estimate	Increase
($726,000)	($1,000,000)	($+274,000)

Program Description

Programs range in size from eight Northern Pueblos with six staff attorneys and five area offices to the Lower Barle and Crow Creek program with a director and one staff attorney. In many instances the population can't speak English and Indian interpreters are used. There are no private attorneys on the reservation, or in most areas, within 100 miles of the reservation. Legal service attorneys practice in tribal courts as well as in State and Federal courts. Activities include preventive legal education and information, legal research and law reform and evaluation of area legal services. Staff attorneys, in addition to general legal assistance, seek to discover areas in which the Federal, State or tribal law works to the detriment of low income persons, either substantively or procedurally. The staff attorney works to bring the foregoing to the attention of legislators, courts, bar association, and others who may correct such laws.

Program and Performance in FY 1967

Approximately 10,000 were served by programs in fiscal year 1967.

Program and Performance in FY 1968

The Indian Legal Services program is expected to serve 30,000 in fiscal year 1968.

Program for FY 1969

Plans are to increase coverage to serve 50,000 Indians in fiscal year 1969, which would still represent only 13 percent of the Indian population to be served.

Indian Comprehensive Health Center

1968 Estimate	1969 Estimate	Increase
($500,000)	($700,000)	($+200,000)

Program Description

Comprehensive health service projects are designed to develop more effective methods of providing health services to low income communities. Projects are also designed to demonstrate better ways of filling gaps in existing services.

There is an urgent need on Indian reservations for increased health services. The average life span of the Indian is 45 years.

Isolation of the Indian community makes it more difficult for the poor to receive necessary health service. This isolation is compounded by poor communication and transportation facilities. New approaches are required to involve the Indian community to help overcome the isolation.

Program and Performance in FY 1967

OEO funds were granted in May 1967 to help in the development of a comprehensive health service program on the Red Lake Reservation in Minnesota. The grant was made to the Tribal Council and is administered by the Red Lake Reservation CAA in cooperation with the Public Health Service Indian Hospital. The program was started on a limited basis. A training effort for 25 community health aides was given at St. Scholastics College in Duluth.

Program and Performance in FY 1968

The program presently serves 4,000 people and also provides new jobs and careers for Indians in the health field.

Program for FY 1969

An estimated 5,000 residents of the Red Lake Reservation will be served in 1969.

Community Action Agency Planning, Coordination, Administration and Evaluation

1968 Estimate	1969 Estimate	Increase
$61,900,000	$71,900,000	$10,000,000

Program Description

The funds requested under this category provide for the overall coordination, administration, planning and evaluation of Community Action Agencies. These funds do not include support for the administration of specific programs, such as neighborhood centers, Legal Services or Head Start; the administrative costs of individual programs are included in the program estimates.

Community Action Agency coordination and administration account for the greatest part of the funds in this area. Such items as central staff salaries and expenses, the costs of performing management functions such as accounting, and facilities support costs are included. Although most of these costs result from the management of Community Action programs, much of the cost can be attributed to the task of coordinating other Federal, State and local anti-poverty programs operated through the Community Action Agency.

One of the most significant programs funded in this area, and one which will have an important medium and long range payoff, is planning. The inadequacy of local anti-poverty program planning is apparent, particularly in smaller communities. In 1968, the Community Action Program launched a special effort, the Planning Development Program, which is designed to correct this deficiency and give communities an anti-poverty planning capability. This program involves providing special CAA staff personnel for planning, and augmenting their efforts with special training and technical assistance. The program has been started in a select number of communities in 1968 and will be more than doubled in 1969.

The remaining function funded in this area is evaluation conducted by Community Action Agencies. Evaluation is a necessary follow-up to the planning process, providing the feed back on program effectiveness which is necessary for subsequent planning. The types of evaluation which CAAs conduct include measurements of the degree to which programs are reaching their target population, the effectiveness of these programs and the degree to which the CAA programs are coordinated with other community anti-poverty efforts.

Program and Performance for Fiscal Year 1967

In 1967, $58,246,000 was obligated for the planning, coordination, administration and evaluation of 1,050 Community Action Agencies.

Of this amount, $1,804,000 was spent developing new programs for Community Action Agencies which were just initiating their programs.

Program and Performance for Fiscal Year 1968

In 1968, an estimated $61,900,000 will be obligated for functions in this area. CAA planning will receive $6,000,000, CAA evaluation $2,700,000 and CAA coordination and administration, $53,200,000. Through consolidation and elimination of the very weakest CAAs, the number of Community Action Agencies is expected to total 1,020 at year end.

Program and Performance for Fiscal Year 1969

The cost of the functions funded in this category will be $71,900,000 in 1969, an increase of $10,000,000 over 1968. Most of the increase ($8,000,000) will be to expand Community Action Agency planning capabilities. Increased CAA evaluation efforts will require an increase of $1,000,000. The remainder of the increase, $1,000,000, will be used to augment the administrative abilities of weaker CAAs particularly in rural areas. Further consolidations are expected to reduce the number of CAAs at the end of 1969 to 980.

	FY 1967	FY 1968	FY 1969
NOA	$58,246,000	$61,900,000	$71,900,000
Program Development	1,804,000	--	--
CAA Coordination and Administration	51,442,000	53,200,000	54,200,000
CAA Planning	3,000,000	6,000,000	14,000,000
CAA Evaluation	2,000,000	2,700,000	3,700,000
Staffing and Project Levels			
Number of Community Action Agencies	1,050	1,020	980
Funding of Community Action Projects Operated by CAAs	$602,974,440	$697,000,000	$794,000,000

Staff Training

FY 1968 Estimate	FY 1969 Estimate	Increase
$13,000,000	$13,000,000	--

Program Description

The Community Action Program represents a substantial departure from the traditional ways of combating the problems of the poor. In addition, the many different types of programs managed by Community Action Agencies require that, on a single CAA staff, there be a large number of particular program capabilities. Training is consequently an important element of the Community Action Program.

The training conducted by CAP falls into four major areas. The most significant of these is the training administered by the OEO Regional offices. The Regional office training programs are built around fifteen major training centers throughout the United States. They provide training for professional and nonprofessional employees of Community Action Agencies. Nine of the centers, known as Multipurpose Training Centers, provide training in a variety of administrative and program areas for professional and nonprofessional employees of Community Action Agencies; six of these nine centers are located on university campuses. The remaining six centers, known as Urban Training Centers, also provide comprehensive training. These centers are located in the major metropolitan areas of Boston, Detroit, Los Angeles, San Francisco, St. Louis, and Cayey, Puerto Rico. These centers are generally closely associated with the Community Action Agencies of these cities.

General administrative and management support is the second major training area. Training programs are offered for both CAA and Regional Office personnel on such matters as financial control, Community Action planning and implementation of a management information system.

The third major type of CAP training is in specific program areas such as aging, housing, manpower and Legal Services. A special course is also offered for those CAA staff members who work closely with the Model Cities program. Much of this training is managed by speciality organizations such as the National Council on Aging, the Cooperative League of the U. S., and the Opportunities Industrialization Institute of Philadelphia.

The fourth major training area is designed for personnel who work with special programs for Indians and migrant workers. These programs are operated by institutions such as the Bureau of Indian Services of the University of Utah and the Arizona Council of Churches.

Program and Performance for Fiscal Year 1967

The $12,300,000 obligated in 1967 for training helped to lay the foundation for the present approach to CAP training. The Multipurpose Training Centers and the Urban Training Centers were established and provided training to over 20,000 Community Action Agency employees and governing board members. Pre-service and in-service training were also given to more than 300 OEO Regional Office employees. A man-day of training conducted in 1967 cost between $25 and $45, depending upon the extent to which trainee travel and subsistence was involved.

Program and Performance for Fiscal Year 1968

In 1968, the number of persons trained in the Multipurpose and Urban Training Centers will be increased to about 41,000. There will be increased emphasis put on the training of personnel involved in Community Action Agency manpower coordination activities. Extensive evaluations of CAP training resources will be conducted and strong Community Action Agencies will be urged to accept more responsibility for the training of their own personnel. An estimated $13,000,000 will be obligated on CAP training programs in 1968.

Program and Performance for Fiscal Year 1969

By 1969, the Regional Offices will be developing multiyear training plans. It is estimated that 50,000 persons will receive training in the Multipurpose and Urban Training Centers. Manpower training will again receive added emphasis. The cost of training in 1969 is expected to remain steady at $13,000,000.

Technical Assistance to Communities

FY 1968 Estimate	FY 1969 Estimate	Increase
$5,500,000	$7,000,000	$1,500,000

Program Description

In response to the demand from Community Action Agencies for additional support in developing and managing Economic Opportunity Programs, and the recognized need to maximize the utility of limited personnel, the Community Action Program has developed a series of technical assistance services. Organizations and agencies with competence in particular programmatic and management areas are utilized to provide expert advice to communities and to translate successful program models from one community to another. A cadre of over 1,300 technical specialists is available to meet requests for technical assistance.

A special program operated in this area is the Special Technical Assistance Program (STAP). Under this program, CAP may make assignments of full-time specialists to Community Action Agencies requesting such assistance, for a period of up to two years for any one agency. This program concentrates on providing technical assistance programs to rural CAAs.

Program and Performance for Fiscal Year 1967

Assistance was made available to Community Action Agencies in such areas as programs for the aged, credit unions, and cooperatives. Groups such as the Bureau of Federal Credit Unions supplied training manuals, put on conferences, and consulted individually with CAAs which requested assistance. Consultant specialists provided 18,000 man-days to Community Action Agencies; Head Start projects utilized half of these, with the greatest other single demand being for consultation in the development of adult work training and job development programs. The Special Technical 'ssistance Program was also launched in 1967. Obligations for technical assistance totalled $6,200,000.

Program and Performance for Fiscal Year 1968

National technical assistance resources will continue to be available to Community Action Agencies to assist them in planning, operating and evaluating programs for the aged, credit unions, cooperatives, housing, new career development, and for rural areas. During 1968, the Special Technical Assistance Program will place 25 professional employees in the field to assist Community Action Agencies on a long-term basis. Two-thirds of these will be working in rural areas. Technical Assistance Programs will require $5,500,000 in 1968.

Program and Performance for Fiscal Year 1969

In 1969, the demand by CAAs for specialist services is expected to increase to 21,000 man-days. By the end of 1969, 100 professional STAP employees will be providing long-term technical assistance to Community Action Agencies. Obligations for technical assistance will total $7,000,000 in 1969, an increase of $1,500,000. About $1,000,000 of the increase is accountable for by the increase in STAP employees, the remainder of the increase will be used to provide greater technical assistance in programmatic areas.

State Agency Assistance

1968 Estimate	1969 Estimate	Increase
$6,400,000	$7,000,000	$600,000

Program Description

State Agencies, designated in accordance with State law, provide local services and coordination which cannot be furnished at the regional or national levels. The Community Action Program provides financial assistance to State Agencies to enable them to (1) provide technical assistance to communities and local agencies in developing and carrying out Community Action Programs; (2) assist in coordinating State anti-poverty activities with local community activities; (3) advise and assist in developing procedures and programs to promote the participation of States and State Agencies in Community Action Programs; and (4) advise and assist in identifying problems posed by Federal requirements related to Community Action Programs and in developing methods or recommendations for overcoming those problems.

State Agencies provide assistance and advice to communities in program development, application preparation, and in special programs including financial and administrative assistance, particularly in rural areas. They also function as liaison between Federal and State and other programs, facilitating local communities' abilities to utilize effectively the various programs currently available either as alternative or supplementary resources.

Program and Performance for Fiscal Year 1967

In 1967, State Agencies provided specialized program assistance to local Community Action Agencies, helped to coordinate State and local activities, and assisted in the review of State-wide and local CAP projects. Forty nine State Agencies operated for the entire year, forty six of them receiving grants ranging from $19,000 for Wyoming to $484,000 for New Jersey. The most common grant was between $50,000 and $100,000, supporting 4 to 8 State employees.

Program and Performance for Fiscal Year 1968

State Agencies are being brought into closer consultation with OEO Regional Offices on CAA training needs and project applications prior to approval, as well as on evaluations of local programs. In 1968, $6.4 million enables every State to operate a State Agency assisting in anti-poverty efforts.

Program and Performance for Fiscal Year 1969

With the assistance of the OEO Office of Governmental Relations, further efforts will be made to involve State Agencies in program planning, State-wide coordination of anti-poverty activities, and the evaluation of local Community Action Agencies' projects. A modest increase to $7.0 million will permit continued operation in every State with slight staffing improvements in certain selected instances.

Research and Pilot Programs

FY 1968 Estimate	FY 1969 Estimate	Decrease
$30,500,000	$30,000,000	$500,000

Introduction

Research and pilot programs supply a basis for new approaches in the fight against poverty. Study results have provided valuable information and data to support planning of current and future programs. Results to date have produced an increased understanding of the causes of poverty, a variety of successfully tested service programs, more accurate data concerning attitudinal problems of the poor, and improved staff expertise in community action agencies. Prototypes for effective national programs such as Legal Services, New Careers, Upward Bound, Foster Grandparents, Rodent Control, and Medicare Alert were developed by research and pilot programs. The Health Center Pilot program led to the development of the new Comprehensive Health Centers program. A study which provided data, analyses and recommendations for Neighborhood Service Centers was particularly valuable and has become the basis for a new concept of neighborhood service systems now being discussed throughout the Federal Government, particularly with HUD, HEW, and Labor.

Purpose and Scope

The persistence of poverty in this country despite a burgeoning national economy and a growing system of social welfare programs underlines the need for developing new tools which can be used to help the poor become self-sufficient. The Community Action Program, as one of the more innovative concepts of the War on Poverty, maintains a continuing thrust of research and pilot programs designed to develop and test new anti-poverty weapons. Efforts are carried on in three main areas:

1. Broad research to develop knowledge which will contribute to the development of new programs or the improvement of existing programs.

2. Pilot programs to test new program methods, structure, and techniques.

3. Evaluation of on-going Community Action Programs to provide information which can be used to strengthen services being provided for the poor.

Program and Performance in FY 1967

Almost 100 research and pilot programs were funded in FY 1967. They ranged from pilot projects testing new approaches in such fields as

housing, health, manpower, and education to broad studies of labor market mobility and multidisciplinary basic research into the nature and causes of poverty. Evaluation efforts included comprehensive analyses of selected urban and rural community action programs and comparative evaluation of operational components sampled to represent varying conceptual or regional approaches to programming within a given functional area, such as health, literacy or job development.

The following are representative examples of the work undertaken:

-- One of the Agency's most comprehensive research contracts is with the University of Wisconsin which has established the Institute for Research on Poverty. The Institute is undertaking studies, utilizing the interdisciplinary approach, which range broadly over the economics, sociology, and psychology of those population groups characterized by low income, poor housing, family disintegration, and inadequate education. This includes in-depth studies of labor market mobility, an analysis of the negative income tax, and the sociology and psychology of urban and rural poverty. During the latter part of FY 1967 and during FY 1968, the Institute will be researching the definitions and concepts of poverty, transfer and income maintenance systems, investment in human capital, effective demand for labor services of the poor and discriminatory practices as they relate to the poor.

-- The New Jersey Office of Economic Opportunity developed a system of rural manpower evaluation and referral centers to channel low-income residents into training and placement programs. This is an attempt to bring needed employment services to the poor in rural areas.

-- The Kentucky Department of Corrections created three guidance centers for parollees and probationers in training. A literacy project for inmates was extremely effective and was the basis for an Upward Bound demonstration with the Oregon State Prison.

-- A series of projects were undertaken to demonstrate the effectiveness of housing development corporations as a means of promoting housing rehabilitation and home ownership for low income citizens. The demonstration projects proved successful and development corporations will be funded with operating funds.

-- A comprehensive family planning program was launched in New Orleans to test new service approaches and provide the context for a major research effort.

-- A demonstration project at the Navajo School in Rough Rock, Arizona, emphasized the teaching of English as a second language, the teaching of Indian history and culture, and the total community involvement in the school. A major innovation was the appointment of an entirely Indian school board, many of whom did not speak English. This total community control of school, from curriculum planning to hiring of staff, was the first instance in which government officials did not make the decisions affecting Indian education. The demonstration was a success both for the students, who made significant learning achievements, and for the adults who proved that the poor can effectively plan and implement their children's education.

-- Project Judicare administered by the Wisconsin State Bar Association worked with CAAs and welfare departments in providing legal assistance to hard to reach families. One-third of the low-income people reached have never seen a lawyer before although they had need for such services.

Program and Performance in FY 1968

In 1968, research and pilot activities will be funded at $30,500,000 to maintain basic research, evaluation and pilot programs at a level which insures an adequate inflow of information, tested program models and validated program techniques to support future program planning. Models will be developed which effectively link program elements often considered as separate operations systems, e.g., manpower and housing, rural economic development and manpower training, community and economic development with housing, etc. Emphasis will be placed on projects which demonstrate joint public-private sector participation, experimentation in rural programming, increased utilization of business and industry, and work programs involving the hard-core poor in operations and services.

Program for FY 1969

The shifting of several pilot projects completed in FY 1968 to operational status will permit a slight reduction in funding requirements. In addition to maintaining continuing research and pilot efforts, new emphasis will be placed on models exploring private-sector participation in anti-poverty activities on an incentive basis, income maintenance projects, rural development and work programs, models testing new approaches in police-ghetto relations, and the concept of the Government as the employer of last resort.

Program Direction

FY 1968 Estimate	FY 1969 Estimate	Increase
$22,600,000	$23,000,000	$400,000

Program Description

Program direction funds provide for the support of the administrative staff required to achieve the goals and objectives of the Community Action Program. These funds provide for the salaries and other administrative expenses for CAP staffs in the seven regional offices and at headquarters. The regional staffs assist communities in the development of projects, review and approve grant proposals, and monitor project operations of the Community Action Agencies. The headquarters staff provides the central direction and support necessary for the management of this national program. This includes the preparation of project guidelines and models, program operating procedures, and the development of training, research, technical assistance, pilot programs, and evaluation efforts.

Program and Performance for FY 1968

An intensive study was made, by a private firm, of CAP program direction activities. As a result of that and other studies, additional personnel have been authorized for the CAP regional offices to provide better program review, a capability to extend technical and management assistance to all grantees, and improved program monitoring. In addition to the enhancement of regional staff capability, much staff effort is being required to implement the Economic Opportunity Amendments of 1967. Work has begun on the development of a comprehensive evaluation plan, and the program to develop a local planning capability is underway.

Program and Performance for FY 1969

It is planned to add 200 CAP employees to the staffs of the seven regional offices. Of these, 164 are professional specialists. Each regional office will be authorized to add to its staff one specialist in each of the areas of rural development, health, manpower development, nutrition, and social services, as well as two specialists on housing and model cities programs. In addition, 10 legal services specialists will be provided the seven regions, together with an average of 14 new field representatives for each region. The additional cost of these 200 CAP Regional Office employees, hired throughout fiscal year 1969, is estimated to be almost $1,200,000. Offsetting reduc-

tions in other services to CAP will result in a total increase of only $400,000 from fiscal year 1968 to fiscal year 1969. The following table relates program direction costs to staff levels and workload for the current and budget years.

NOA Item	FY 1968	FY 1969	Increase or Decrease
Personnel Compensation & Benefits	$11,728,000	$12,900,000	$+1,172,000
Travel	1,500,000	1,800,000	+300,000
Printing & Reproduction	600,000	650,000	+50,000
Intra-Agency Support	7,372,000	7,380,000	+8,000
Other Services	1,400,000	270,000	-1,130,000
Total Cap Program Direction	22,600,000	23,000,000	+400,000
Staffing			
Number of Permanent Staff Positions	1,219	1,419	+200
Regional Offices	810	1,010	+200
Headquarters	409	409	--
Workload			
Funding of projects processed	$843,400,000	$997,000,000	$+153,600,000

WEDNESDAY, APRIL 10, 1968.

REMAINING OFFICE OF ECONOMIC OPPORTUNITY PROGRAMS

Mr. FLOOD. The hearing will be in order.

We will begin this morning with the relatively small programs in the Office of Economic Opportunity that we have not yet covered.

Mr. Harding, who do you have with you who will address themselves to the four or five parts of this presentation?

Mr. HARDING. On my right is Noel Klores, who directs our migrant program. Mr. Perrin is the acting deputy. Pat Kennedy, the deputy director of Vista. Joe Doherty, who is the Assistant to the Administrator of the Farmers Home Administration, and Robert Cassidy, who is the Director of our Management Office.

Mr. FLOOD. How do you wish to proceed?

Mr. HARDING. I hoped to introduce to you, Leo Beebe, vice chairman of the National Alliance of Businessmen. Since he is not here, it might be well to start off in the order of the budget and ask Mr. Klores to make any statement he would care to make regarding the migrant program.

Mr. LAIRD. Mr. Chairman, we used to always have the so-called Nelson amendment and Scheuer amendment in with this group. As I understand it, that is now entirely over in the Department of Labor and the only time we will hear that is through the Department of Labor witnesses as we did the other day.

Mr. HARDING. Yes, sir.

MIGRANT PROGRAM

Mr. KLORES. Here are copies of the charts I shall speak from, Mr. Chairman.

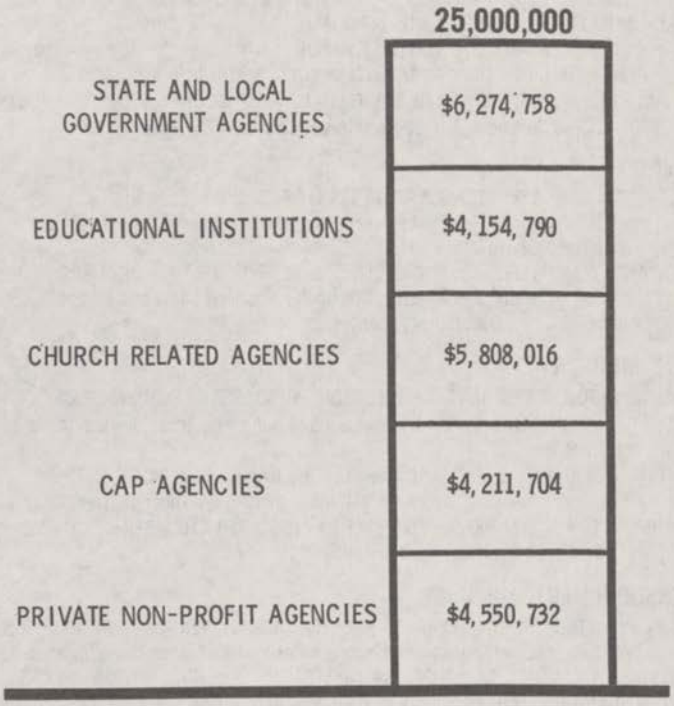
I don't have to speak to you about the plight of the migrant farm people. You know how destitute these people are. They average between $1,000 and $1,500 a year. Things are not going to get better no matter how the society progresses. The more mechanized and the more technologically improved we become, the worse will become the plight of these people.

The President's Advisory Commission on Food and Fiber estimates that by 1980 there will be 40-percent fewer farmworkers needed than there are today. In California, 4 percent of the commercial tomatoes were harvested by machine in 1964; today 94 percent are harvested by machine. To reach these migrants, we have used a flexible approach. We are moving into areas and using grantees who could give us the best possible approach to our migrant population.

(The chart follows:)

SPONSORING AGENCIES MIGRANT PROGRAMS

FY 1968 Estimate



Mr. KLORES. $6.2 million out of $25 million went to State and local agencies; $4.1 million went to educational institutions; $5.8 million to church-related agencies; $4.2 million to CAP agencies; and $4.5 million to private, nonprofit groups.

In the public agencies we have the Governors of California, Texas, and New Jersey all running programs through their offices.

SUPPORT FOR PROGRAM

When we started in 1964 many people told us we couldn't get anything done for migrant farmworkers. Communities don't want to bother with them. They are afraid they will stay and go on welfare. Most public agencies do not consider them part of the community. But we have worked very closely with public agencies that no one thought would ever do anything for migrant farmworkers, and we are happy to tell you that we have tremendous support for the program.

(The chart follows:)

MIGRANT PROGRAMS

LETTERS OF SUPPORT

STATE AND LOCAL GOVERNMENT

JOHN CONNALLY, GOVERNOR OF TEXAS

"I am very pleased to advise you that our migrant program under the Economic Opportunity Act is having tremendous success..."

JACK WILLIAMS, GOVERNOR OF ARIZONA

"...congratulate the Arizona Council of Churches for the opportunity you have given them to undertake such worthwhile programs..."

CHARLES E. MYERS, MAYOR OF THE TOWN OF RICH SQUARE, NORTH CAROLINA

"...happy to know this project is coming to Rich Square..."

GROWERS

D.C. CONN, R.F.D., TCHULA, MISSISSIPPI

"...this program is the best program of this type to be established in Holmes County."

HOWARD Y. MUSSELMAN, PRESIDENT, I. Z. MUSSELMAN ORCHARDS, INC.

"...my company and I enthusiastically endorse the work of the Adams County Opportunity Center..."

PRIVATE INDUSTRY

JOE TENNYSON, PRESIDENT, CHARLESTON, MISSISSIPPI CHAMBER OF COMMERCE

"We endorse the work which you have done and look forward to its continuance."

MICHAEL HUDSON, THE CHASE MANHATTAN BANK, NEW YORK CITY

"I believe that your program will help presently underutilized labor..."

THURMAN E. ASKEW, PRES., ROANOKE RAPIDS AREA CHAMBER OF COMMERCE, N.C.

"...this program has great potential..."

LAW ENFORCEMENT AGENCIES

JOHN BOYNTON, SKAGIT COUNTY SHERIFF, MOUNT VERNON, WASHINGTON

"We have noticed a distinct change in the attitudes of these groups."

WILLIAM A. SCHMIDT, JUDGE, SAN PATRICIO COUNTY, SINTON, TEXAS

"This project will do much to improve the educational level of migrant and seasonal farm workers..."

EDUCATIONAL INSTITUTIONS

WILLIAM E. FULFORD, JR., PRES., PITT TECHNICAL INSTITUTE, GREENVILLE, N.C.

"It seems to me that with this kind of activity we can, and must, reverse the trend that those who most need training and education shall have the least chance to obtain it."

Mr. KLORES. We have letters from Governor Connally, of Texas and Governor Williams, of Arizona. Mr. Musselman of the Musselman Apple Orchards in Pennsylvania is 100 percent for the program. Private industry, chambers of commerce in Mississippi, law enforce-agencies, and educational institutions are all behind the program.

Mr. FLOOD. What do you mean, law enforcement agencies? Why would they be for it?

Mr. KLORES. Because they have in the past had tremendous problems with migrant workers who come into areas and are not part of the community. There are increases in the crime rates and various breaking of laws in these communities.

PROFILE OF EXECUTIVE DIRECTOR OF A MIGRANT PROGRAM

We thought the committee might be interested in the profile of an average executive director of a migrant program, since any program is only as good as its director.

(The chart follows:)

PROFILE:

The Executive Director of a Migrant Program

FY 1967

EDUCATION	BA DEGREE + 1 YEAR
PROFESSIONAL EXPERIENCE	8.7 YEARS
STAFF SUPERVISED	18
FINANCIAL RESPONSIBILITY	$340,135
OTHER ASSISTANCE GENERATED	$267,376
AVERAGE SALARY	$ 11,454

Mr. KLORES. He has a formal education, a bachelor's degree, plus 1 year. He has 8.7 years' professional experience. He supervises a staff of 18 people and is responsible for $340,000 in OEO funds.

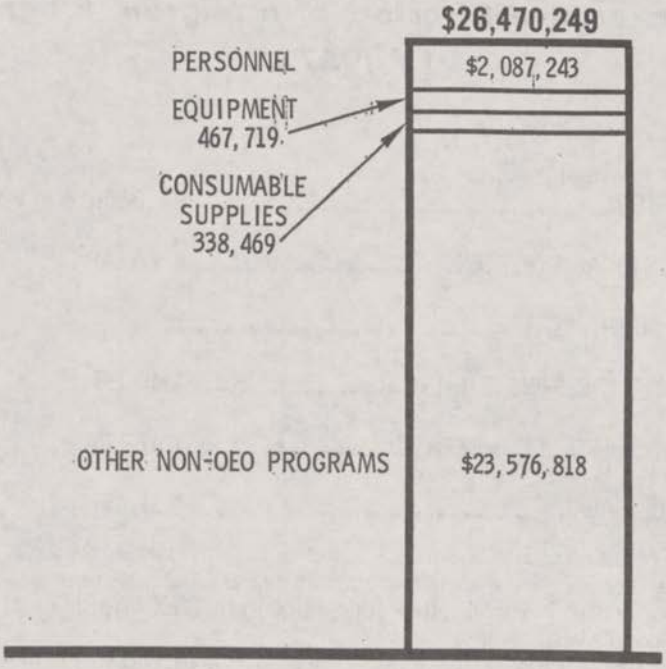
Mr. FLOOD. Who is he?

Mr. KLORES. This is the average executive director. He generates assistance from other Federal and local agencies of $267,000, for which he is also responsible. His average salary is $11,400.

VOLUNTARY RESOURCES GENERATED BY MIGRANT PROGRAMS

(Chart on subject follows:)

VOLUNTARY AND OTHER RESOURCES GENERATED BY MIGRANT PROGRAMS FY 1967



Mr. KLORES. This executive director and his agency have generated other resources. In fiscal 1967, when OEO migrant grants were $33 million, they generated $26 million in other funds. An example: Voluntary personnel of over $2 million; equipment of $467,000; consumable supplies of $338,000; and other non-OEO programs over $23 million of this were other Federal programs.

Mr. FLOOD. What would be the source of the consumable supplies?

Mr. KLORES. Consumable supplies would be paper, pencils——

Mr. FLOOD. Where would they come from?

Mr. KLORES. From local community people who donate various things that can be used in the program, such as reading material, books, clothing for the migrant farmworkers.

Now, as I said, $21 million came from other Federal programs and $2 million came from foundations. Even though $21 million came from other Federal programs, we must keep in mind that prior to the Economic Opportunity Act the Federal Government had spent more on migratory birds than migratory farmworkers. There had been virtually no programs for migrant workers. These executive directors and these grantees have gone forward and obtained money from Labor, HEW——

Mr. FLOOD. Prior to what year?

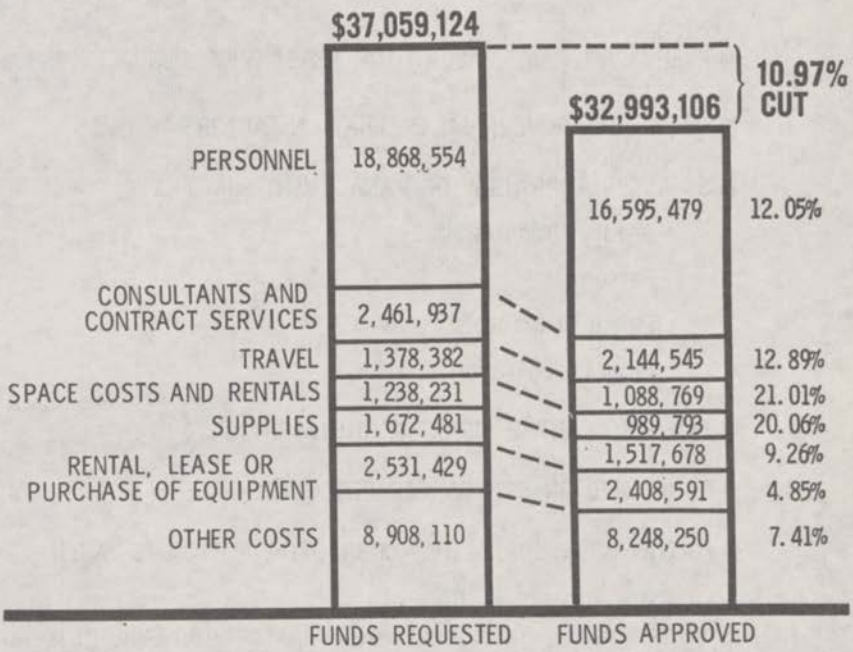
Mr. KLORES. Prior to 1964. These grants seem to generate almost as much in other funds as OEO has given them.

FISCAL CONTROL

We feel, however, that besides depending on grantees, we have to depend on tight fiscal control in their own office.

(The chart follows:)

COST CONSCIOUSNESS
FY 67



FUNDS SAVED FY 1967 BY OEO ANALYSIS $4,066,019

Mr. KLORES. We have here boiled down grantee proposals totaling $37 million to $33 million in fiscal 1967 for a 10.97-percent cut, a total savings to the Government of over $4 million.

Now, this is not the applications we have turned down outright. Those approach the $90 million mark. What we are talking about is providing the same program for $33 million that other agencies thought would cost over $37 million.

ANNUAL REVIEWS

We conduct annual evaluations covering over 145 points on each grantee. These are done by our own staff. Over half of these points stress fiscal and management control. We have closed down five programs. As Mr. Berry mentioned yesterday, five migrant programs since inception of the OEO program have been canceled. We are not proud of it, but yet we feel that rather than let a program that we don't think is meeting requirements go on and spend taxpayer's money, we would just as soon close them down.

(The chart follows:)

ANNUAL ADMINISTRATIVE & PROGRAM EVALUATION OF MIGRANT PROGRAMS

- EVERY PROGRAM EVALUATED AT LEAST ONCE ANNUALLY
- PROCEDURE COVERS 145 EVALUATION FACTORS
- STRESSES APPRAISAL OF MANAGEMENT FUNCTIONS
  - Agency Organization
  - Personnel
  - Financial Controls
  - Program Operation
- INTEGRAL PART OF GRANT ADMINISTRATION
- CONDUCTED ON-SITE BY OEO PERSONNEL
- FOLLOW-UP ASSURES THAT CORRECTIVE ACTION IS TAKEN

Mr. KLORES. We are proud, however, of our success. We feel that the major effort we can accomplish for people who are going to be out of work sooner or later, who need new jobs in our technologically improved society, is education.

Out of the 16,530 full-time completions—these are people we have put into full-time educational programs—1,253 have GED's, which is the equivalent of high school diplomas; 3,747 have gone to advanced training; 7,897 have gone to upgraded jobs. The rest have a better education but have not achieved this type of success.

(The chart follows:)

MIGRANT FULL-TIME EDUCATION AND REHABILITATION

16,530 COMPLETIONS

1,253 GED'S

3,747 ADVANCED TRAINING

7,897 UPGRADED JOBS

Mr. KLORES. Our grantees work in very local areas. For example, in Fort Lauderdale, Fla., there was a need for mechanics. You had to wait 3 weeks to have a car repaired. Our grantee got together the farmworkers whose wages are usually $1,800, and Mr. Braun, who owns the largest Cadillac-Chevrolet agency in the area. Our grantee contributed $568 in OEO funds. Mr. Braun added $508 to put these people into a training program. In addition, he got them into the General Motors Training Center at Jacksonville, Fla., at a cost of approximately $2,500 to General Motors.

Seventeen people are out of that program today with a General Motors certificate and an earning capacity of almost $9,000 a year as skilled mechanics. The program was so successful that Mr. Braun wants 17 more people and General Motors has set up special programs for them.

I was on the phone only yesterday with a vice president of General Motors to see if we can have programs like this all over the country. We are working on it. Whether we can or not depends on the local need. These are the types of local programs that a grantee can work out with a local businessman to provide help to the farmworker.

HIGH SCHOOL EQUIVALENCY PROGRAM

(Chart on subject follows:)

H-E-P

THE HIGH SCHOOL EQUIVALENCY PROGRAM FOR MIGRANT AND SEASONAL FARM WORKER YOUTH

MIGRANT OPPORTUNITIES

H-E-P

a HIGH SCHOOL EQUIVALENCY DIPLOMA and 100% PLACEMENT

- PERMANENT EMPLOYMENT
- VOCATIONAL TRAINING
- ON-THE-JOB TRAINING
- COLLEGE EDUCATION
- MILITARY ENLISTMENT

H-E-P

- **CREATES JOBS ON CAMPUS**
- **GENERATES SCHOLARSHIPS**
- **SUPPLIES BASIC RESEARCH**
- **TRACKS RESULTS SCIENTIFICALLY**

Mr. KLORES. I will tell you about one more program we are very excited about. It is called Operation HEP, a high school equivalency program. It takes a migrant between 17 and 22 who has dropped out of school and it puts him into a university, not to become essentially a college student, but to get that high school——

Mr. FLOOD. Puts him where?

Mr. KLORES. Into a university, to get a high school diploma. The whole program is geared for getting him to pass what is called the GED. It provides full-time education for him——

Mr. FLOOD. What is GED?

Mr. KLORES. It is the general educational development test. It is as good in getting a job as a high school diploma. It is given by each State according to their own laws.

HEP gives him full-time instruction toward this high school equivalency diploma. It provides tutors. We are, therefore, also providing jobs for college students to tutor these migrant farmworkers.

(The chart follows:)

H-E-P

THE HIGH SCHOOL EQUIVALENCY PROGRAM FOR
MIGRANT AND SEASONAL FARM WORKER YOUTH

MIGRANT
OPPORTUNITIES

THE FIRST SEMESTER
164 passed the GED

PLACEMENTS:

39 in College
WHITTIER BUSINESS COLLEGE, TEXAS A&I,
UCLA, MADISON AREA TECH, LANE COMMUNITY
COLLEGE, UNIVERSITY OF OREGON...

31 in Training Programs
KENOSHA TECHNICAL INSTITUTE
NEW MEXICO STATE PERSONNEL BUREAU
YOUTH TRAINING EMPLOYMENT PROGRAM
DERMATOLOGICAL LAB TRAINING...

10 in Jobs
HORMEL MEAT PROCESSING
US POST OFFICE, EL PASO PRINTING
HOLLAND APPLIANCE MANUFACTURERS
ARIZONA HOSPITAL, STENOGRAPHER...

70 in Post H-E-P
COLLEGE PREPARATORY
VOCATIONAL PREPARATORY
TECHNICAL PREPARATORY

7 Military Enlistments

SCHOLARSHIPS GENERATED FOR H-E-P STUDENTS

...UNIVERSITY OF CALIFORNIA
BETHUNE-COOKMAN, FLORIDA
SOUTHERN ILLINOIS UNIVERSITY
NEW YORK STATE
SHAW COLLEGE, N.C.
GREEN RIVER COMMUNITY COLLEGE
FLORIDA A&M
SANTA FE INSTITUTE OF INDIAN ART
AND ALL THE H-E-P COLLEGES

TRAINING SLOTS AVAILABLE FOR H-E-P STUDENTS

...BELL LABS
BOEING AIRCRAFT
ESSO REFINING
PRUDENTIAL LIFE INSURANCE
SEARS, ROEBUCK CAREER TRAINING
GENERAL TELEPHONE
UNITED AIRLINES
TAMPA HOSPITAL
AND MANY OTHERS

Mr. KLORES. We started with 11 universities throughout the country. We put 50 students in each university. We thought it would take about a year to give them this high school equivalency diploma. After only one semester, we were very happy to find that 164 have already passed and are out of the program, permitting us to fill in with 164 new people, thereby lowering the cost and providing more education for migrant farmworkers.

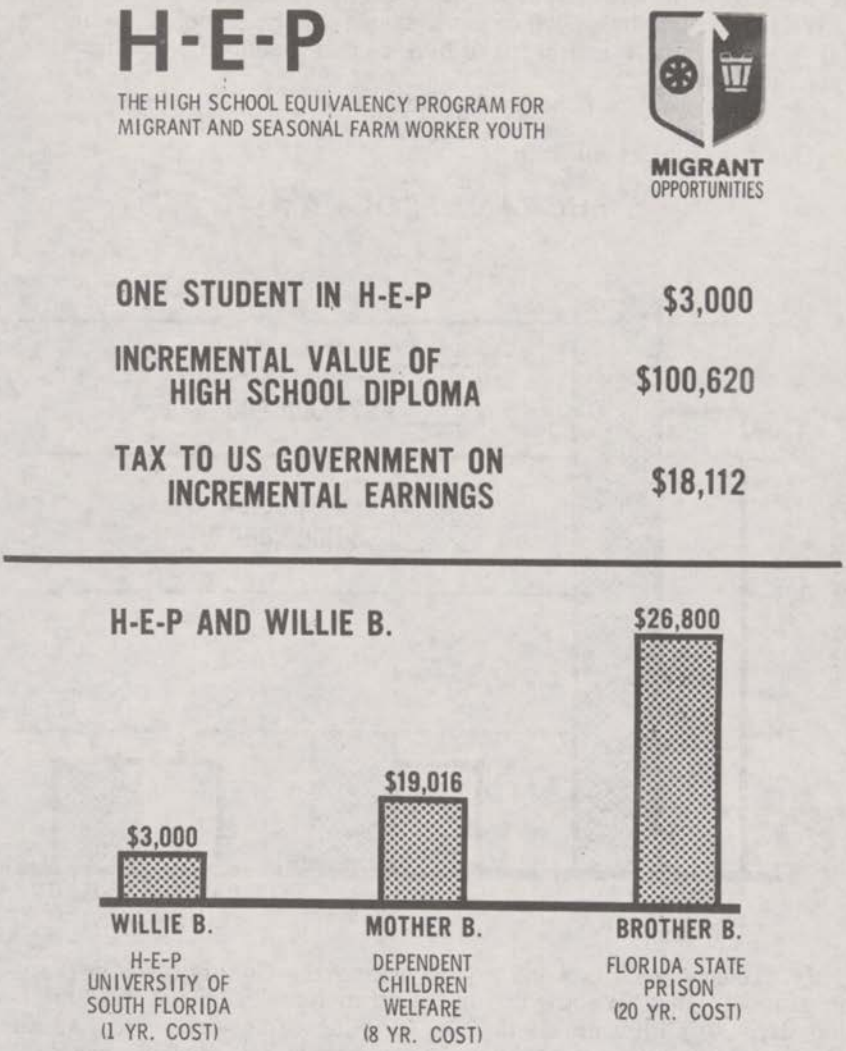
Thirty-nine are matriculating in college, which is something we did not intend; we felt they would not have the ability to go on to college.

Thirty-one are going into advanced training programs. Ten are in jobs; 70 are in various post-HEP programs such as technical and vocational preparatory.

Seven have gone into the military, which they could not get into before because of their lack of education.

All kinds of industry have come forward with training slots for the graduates of these programs. In addition, the ESSO Refining Co. in New Jersey was so impressed with the program that they have asked Fairleigh Dickenson College, which was running it in New Jersey, if they could have a cooperative arrangement in which some of their people who don't have a high school diploma could go to Fairleigh Dickenson and some of the people in the HEP program could in turn go to the ESSO training center.

(The chart follows:)



Mr. KLORES. It costs us about $3,000 per student in HEP. We thought it would cost $4,000, but costs have been lowered by people completing faster than we thought.

A high school diploma will earn someone about $2,200 a year more than someone without a high school diploma. If you figure 45 years as the average working time of someone getting out of this program, you come up with $100,000 incremental value to that person, or $18,000 repaid to the Government in income taxes alone.

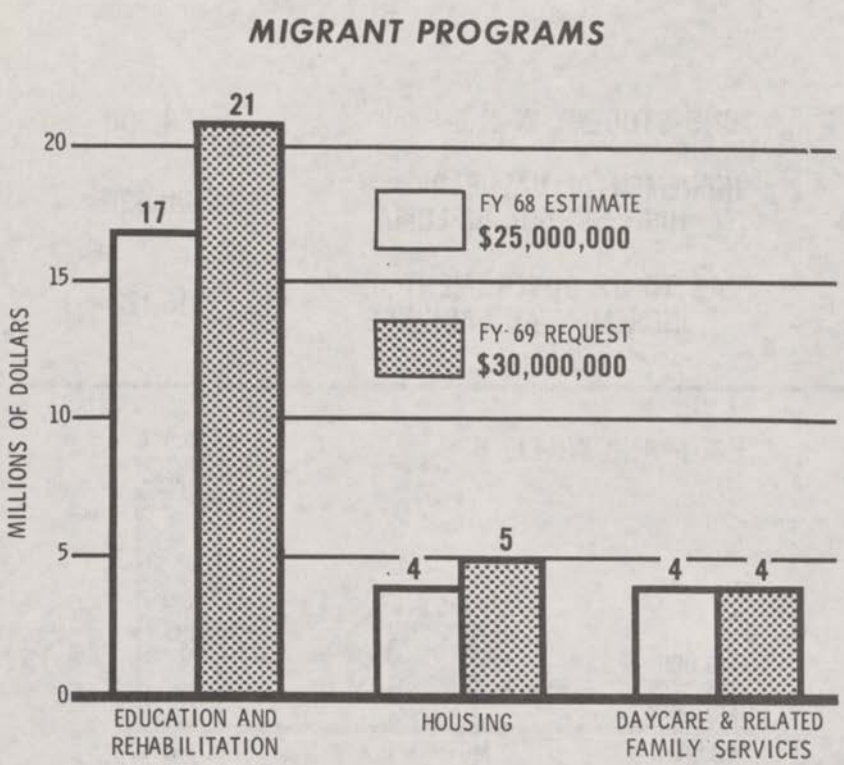
One example of what happened to a student, a participant—Willie B. we will call him—at the University of South Florida. This is an actual case. His mother, who has dependent children, has been on welfare for over 8 years, costing the Government $19,000 in welfare payments. Three months ago his brother was convicted of armed

robbery and sentenced to the Florida State Prison for 20 years. Cost to the State of Florida to keep this person in prison, $26,000.

We think that the $3,000 to get someone a high school diploma and full-time employment and make him a useful member of society is a very fine return.

SUMMARY OF BUDGET REQUEST FOR MIGRANT WORKERS

(Chart on subject follows:)



Mr. KLORES. This is what we are asking the Congress for migrant programs in 1969. We are asking for an increase from $25 to $30 million. It is an additional $4 million for educational programs and an additional $1 million in self-help housing. Self-help housing is a program permitting our participant to go to Farmers Home Administration to get a loan and to build a house himself.

Thank you very much.

NATIONAL ALLIANCE OF BUSINESSMEN

Mr. HARDING. If it is convenient for the committee, I would like to introduce Mr. Beebe; a rather sizable portion of our 1969 request is directed toward the activity which he is heading up. I thought it would be very good for the committee to hear from him directly the status of his plans at this point and his general overview of the program.

BACKGROUND OF EXECUTIVE VICE CHAIRMAN

Mr. FLOOD. First of all, tell us who you are and why you are here and then give us a biographical sketch, as modest or immodest as you prefer.

Mr. BEEBE. My name is Leo Beebe. I am the Ford Motor Co. employee on loan to the National Alliance of Businessmen.

Mr. FLOOD. What is your title with the Ford Motor Co.?

Mr. BEEBE. I am vice president and director of Ford, Canada. My principal concern there is sales, marketing and some product planning. I have been with the Ford Motor Co. for 23 years this time. I have had 20 assignments in 23 years. This is my third time on loan to the Government. The first time I was vice chairman of the President's Committee for Hungarian Refugees. I organized the program to resettle 37,000 Hungarian refugees in this country and provide them jobs. I run into Hungarians all the way across the country who have attended the camp. That program was largely successful.

I tried to do the same thing with Cubans in 1960. I directed the establishment of a Cuban refugee center in Miami. The latter effort was less successful for various reasons. The type program required was entirely different. The Cubans weren't interested in being dispersed around the country for a lot of reasons I won't go into. I did do that and, as I say, I have moved around a lot in the Ford Motor Co. I went up to Canada last June and just got nicely settled there and Mr. Ford said that he had been asked to chair this Alliance and that he agreed to do it provided he could have his own man to work at it full-time and organize and direct it. I welcomed the chance to do it, not only because he asked me—and I am accustomed to doing things that he asks me—happily—but because I felt the cause was so critical.

(The biographical sketch referred to earlier follows:)

THE NATIONAL ALLIANCE OF BUSINESSMEN, INC.

Leo C. Beebe is vice president—marketing and planning for Ford Motor Co. of Canada, Ltd., and a member of the board of directors of that company.

Prior to joining Ford of Canada, Mr. Beebe was general marketing manager for the Lincoln-Mercury Division of Ford Motor Co. and has had extensive experience in management of sales, marketing and public relations with Ford Motor Co.

A native of Williamsburg, Mich., Mr. Beebe first joined Ford Motor Co. in 1945 following World War II service in the U.S. Navy. His job at that time was to establish and direct its extensive recreation program for employees. He became a member of Ford's public relations staff in 1947 and subsequently served as manager of the company's motion picture department, as director of public relations projects and services, and as general advertising and sales promotion manager.

This experience was followed by a number of key marketing management positions in the domestic sales organization of the company and its central office staffs. Then, in February, 1960, Mr. Beebe was named public and governmental affairs manager, Ford international staff. In August 1962 he was promoted to car and truck marketing manager of the Brussels, Belgium, office, Ford international group. In 1964, he returned to the United States to become special vehicles manager for the Ford Division of Ford Motor Co. where he directed the division's highly successful competitive motor sports program and public relations effort. In August 1966 he was promoted to general marketing manager of Lincoln-Mercury Division, the position he held until being appointed to head up Ford of Canada's marketing and planning operations in May 1967.

On two different occasions during his distinguished Ford career, Mr. Beebe has taken leaves of absence from the company to handle specific public service assignments for his country. As Vice Chairman of the President's Committee for

Hungarian Refugees, from November 1956 until April 1957 he organized and directed the program at Camp Kilmer for the resettlement of 35,000 Hungarian refugees in the United States. In 1960, he directed the establishment of the Cuban Refugee Center in Miami.

Mr. Beebe was graduated from the University of Michigan in 1939 where he received a degree in education. As an undergraduate he had a distinguished athletic career and in 1939 received the Big Ten Award for "Proficiency in Athletics and Scholarship." Later he took graduate work in clinical psychology and adult education at his alma mater, at Wayne State University and at Seattle College.

Mr. BEEBE. I think there is a tremendous urgency to have this job done and there are great rewards for anybody who does it.

Mr. FLOOD. What job?

Mr. BEEBE. The job of the National Alliance of Businessmen, which is to find jobs and provide the necessary training for 500,000 hard core workers in the coming 3 years. In addition to which, we are asked to get jobs for 200,000 needy youth this summer.

Mr. FLOOD. Who gave birth to this organization?

Mr. BEEBE. Our charter came out of the President's message on manpower of January 23, in which the President called on American business to form an alliance for the purposes of providing 500,000 jobs in 3 years, 100,000 in the first year and 200,000 jobs for needy youth this summer.

As I say, the President asked Mr. Ford to chair the operation and Mr. Paul Austin, president of the Coca Cola Co., to be Vice Chairman. The first 15 members of our board came together on January 27. I arrived in Washington the day the message went to the Hill and between the 23d and the 27th I put together on paper what I thought would be a good basic blueprint for this program. We reviewed it on the 27th and the board signed off on it. We have been pursuing it aggressively ever since.

Mr. FLOOD. What is your title in this organization?

Mr. BEEBE. I am Executive Vice Chairman and member of the board. I am the working head of the organization.

Mr. FLOOD. Where are your headquarters?

Mr. BEEBE. Here in Washington, in the Federal Building at 17th and H Streets.

I have a staff of about 50 people there. I say "about" because the number fluctuates depending on the need, and the need changes as we go along.

Mr. FLOOD. How long have you been in business?

Mr. BEEBE. We have been in business since January 27, the day we met with the President and some members of the Cabinet to receive our marching orders. They were very simple. The details were left to us to work out, and we have been in the process of doing that.

I have a book over here. We call it our text. It contains the organization, the ground rules and the guidelines for everybody to follow.

Mr. FLOOD. What do you mean by "everybody"?

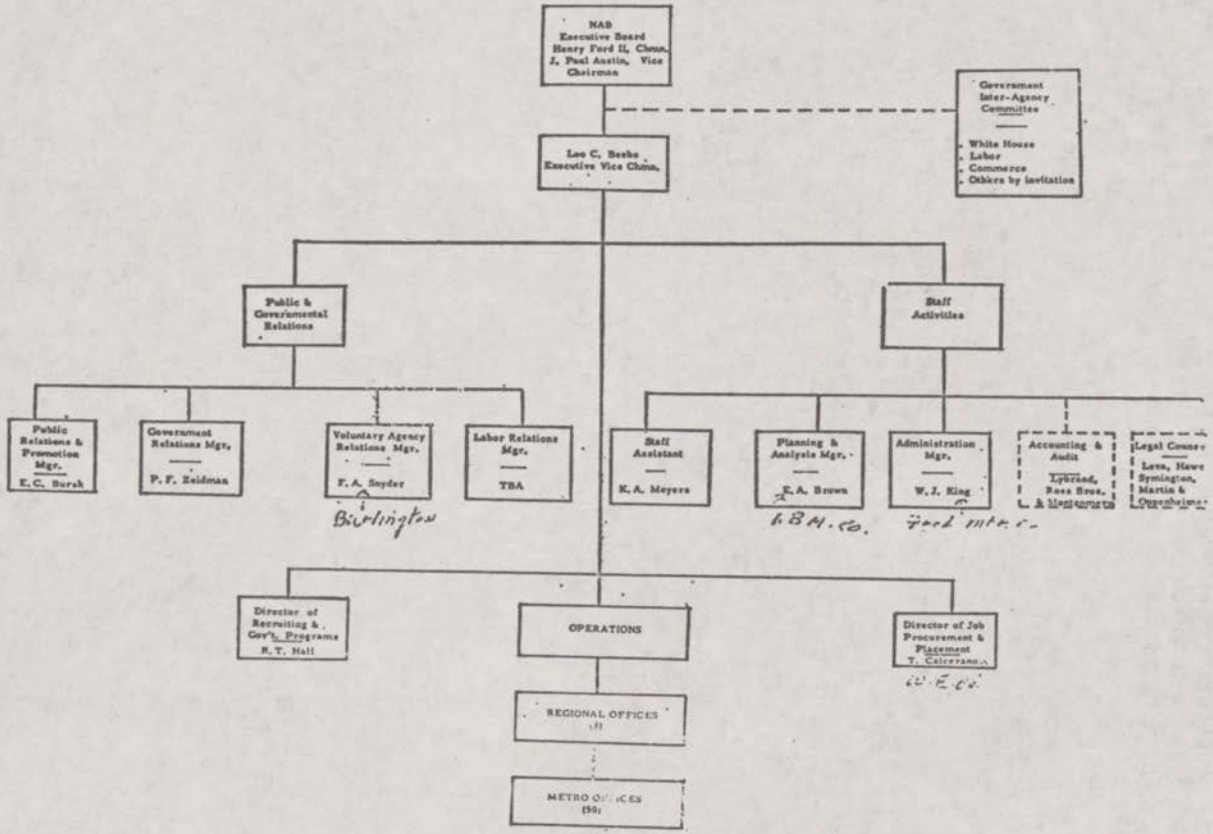
Mr. BEEBE. The people on the team and all the people we are calling in to support the effort, and also Government people, because this is a partnership in a very real sense. It may be historic because we have literally assembled businessmen and Government men on the same team—both on loan at no extra cost to the Government to do this job, and responsive to the board of directors, headed by Mr. Ford and Mr. Austin, and subject to my direction.

We have recruited men like—well, we have Ed Bursk, who is on full-time loan from Mobil Oil, to head the alliance promotion effort.

Mr. FLOOD. Will you supply for the record the names and titles of the people in the organization?

Mr. BEEBE. I will be glad to.

(The information requested follows:)


NAB
Executive Board
Henry Ford II, Chmn.
J. Paul Austin, Vice Chairman
Government Inter-Agency Committee
White House
Labor
Commerce
Others by invitation
Leo C. Beebe
Executive Vice Chmn.
Public & Governmental Relations
Staff Activities
Public Relations & Promotion Mgr.
E. C. Burak
Government Relations Mgr.
P. F. Zeidman
Voluntary Agency Relations Mgr.
F. A. Snyder
Labor Relations Mgr.
TBA
Staff Assistant
K. A. Meyers
Planning & Analysis Mgr.
E. A. Brown
Administration Mgr.
W. J. King
Accounting & Audit
Lybrand, Ross Bros. & Montgomery
Legal Counsel
Lowe, Howe Symington, Martin & Oppenheimer
Director of Recruiting & Gov't. Programs
R. T. Hall
OPERATIONS
Director of Job Procurement & Placement
T. Calcerrano
REGIONAL OFFICES
(3)
METRO OFFICES
(50)

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NATIONAL ALLIANCE OF BUSINESSMEN

Chairman.—Henry Ford II, chairman, Ford Motor Co., The American Road, Dearborn, Mich. 48121. (313) 322–3000.

Vice chairman.—J. Paul Austin, president, the Coca-Cola Co., Post Office Box 1734, Atlanta, Ga. 30301. (404) 875–3411.

Executive vice chairman.—Leo C. Beebe, executive vice chairman, National Alliance of Businessmen, 726 Jackson Place NW., room 7236, Washington, D.C. 20506. (202) 395–3612.

MEMBERS, EXECUTIVE BOARD

Region I.—Roger P. Sonnabend, president, Hotel Corp. of America, 390 Commonwealth Avenue, Boston, Mass. 02215. (617) 536–2700.

Region II.—Harold S. Geneen, chairman of the board, International Telephone & Telegraph Co., 320 Park Avenue, New York, N.Y. 10022. (212) PL 2–6000.

Region III.—John D. Harper, president, chief executive officer and chairman, executive committee, Aluminum Co. of America, 1501 Alcoa Building, Pittsburgh, Pa. 15219. (412) 553–4545.

Region IV.—J. Paul Austin, president, the Coca-Cola Co., Post Office Box 1734, Atlanta, Ga. 30301. (404) 875–3411.

Region V.—

James W. Cook, president, Illinois Bell Telephone Co., 225 West Randolph Street, Chicago, Ill. 60616. (312) 727–9411.

Robert S. Oelman, chairman of the board, National Cash Register Co., Main and K Streets, Dayton, Ohio, 45409. (513) 449–2241.

Region VI.—Clyde Skeen, president, Ling-Temco-Vought, Inc., Post Office Box 5003, Dallas Tex. 75222. (214) 742–9555.

Region VII.—James S. McDonnell, chairman of the board, McDonnell Douglas Corp., Lambert-St. Louis Municipal Airport, Box 516, St. Louis, Mo. 63166. (314) 232–2211.

Region VIII.—Walter A. Haas, Jr., president, Levi Strauss & Co., 98 Battery Street, San Francisco, Calif. 94111. (415) 421–6200.

AT-LARGE MEMBERS—REPRESENTATIVES

A. L. Nickerson, chairman, Mobil Oil Corp., 150 East 42d Street, New York, N.Y. 10017. (212) 883–2355.

G. William Miller, president, Textron Inc., 10 Dorrance Street, Providence, R.I. 02903. (401) 521–3500.

Joseph Kruse, Textron Inc., 10 Dorrance Street, Providence, R.I. 02903. (401) 521–3500.

Quentin Reynolds, president, Safeway Stores, Inc., Post Office Box. 660, Oakland, Calif. 94606. (415) 832–2283.

Charles F. Myers, Jr., president, Burlington Industries, Inc., 301 North Eugene Street, Greensboro, N.C. 27401. (919) 379–2465.

John H. Sengstacke, president and general manager, Robert S. Abbott Publishing Co., 2400 South Michigan Avenue, Chicago, Ill. 60616. (312) CA5–2400.

Howard B. Woods, Robert S. Abbott Publishing Co., 2400 South Michigan Avenue, Chicago, Ill. 60616. (312) CA5–2400.

REGION I

Regional chairman.—Roger P. Sonnabend, chairman of the board, Hotel Corp. of America, 390 Commonwealth Avenue, Boston, Mass. 02215. (617) 536–2700.

Regional executives.—

James Howard, Hotel Corp. of America, 390 Commonwealth Avenue, Boston, Mass. 02215. (617) 536–2700.

Richard S. Bromley, Hotel Corp. of America, 390 Commonwealth Avenue, Boston, Mass. 02215. (617) 536–2700.

Boston

Metro chairman.—Louis W. Cabot, president, Cabot Corp., 125 High Street, Boston, Mass. 02110. (617) 423–6000.

Metro director.—J. Alan MacKay, Cabot Corp., 125 High Street, Boston, Mass. 02110. (617) 423–6000.

AFL–CIO representative.—Lawrence C. Sullivan, executive secretary treasurer, Boston Labor Council, AFL–CIO, 44 Bromfield Street, Room 305, Boston, Mass. (617) 482–6483.

Manager, job procurement and placement.—Robert A. Salomon, Cabot Corp., 125 High Street, Boston, Mass. 02110. (617) 423–6000, extension 286.

Manager, recruiting and Government programs.—O'Ray Edwards, Cabot Corp., 125 High Street, Boston, Mass. 02110. (617) 423–6000, extension 262.

REGION II

Regional chairman.—Harold S. Geneen, chairman of the board, International Telephone & Telegraph Co., 320 Park Avenue, New York, N.Y., 10022. (212) Plaza 2–6000.

Regional executives.—Charles G. Sherwood and Edward J. Whalen, International Telephone & Telegraph Co., 320 Park Avenue, New York, N.Y. 10022. (212) Plaza 2–6000.

New York City

Metro chairman.—Floyd D. Hall, president, chief executive officer and director, Eastern Air Lines, Inc., 10 Rockefeller Plaza, New York, N.Y. 10020. (212) 986–4500.

Metro director.—E. W. Jacobson, Eastern Air Lines, Inc., 10 Rockefeller Plaza, New York, N. Y. 10020. (212) 986–4500.

Manager, job procurement, and placement.—Kenneth Brendstrup, New York Telephone Co.

Buffalo

Metro chairman.—John M. Galvin, vice chairman of the board, Marine Midland Trust Co. of Western New York, 241 Main Street, Buffalo, N.Y. 14203. (716) 842–2424.

Metro director.—Louis R. Reif, 403 Chamber of Commerce Building, 238 Main Street, Buffalo, N.Y. 14202.

AFL–CIO representative.—James L. Kane, president, Buffalo AFL–CIO Council, 1334 Prudential Building, 28 Church Street, Buffalo, N.Y. (716) 852–0375.

Manager, job procurement, and placement.—Vincent P. Moravec, 403 Chamber of Commerce Building, 238 Main Street, Buffalo, N.Y. 14202. (716) 852–5654.

Jersey City

Metro chairman.—Thomas J. Stanton, Jr., president, First National Bank of Jersey City, One Exchange Place, Jersey City, N.J. 07303. (201) 333–1300.

Metro Director.—John S. Fennelly, First National Bank of Jersey City, One Exchange Place, Jersey City, N.J. 07303. (201) 333–1300.

AFL–CIO Representative.—Nicholas Feola, executive secretary treasurer, Hudson County Central Labor Council AFL–CIO, 99 Montgomery Street, Room No. 1, Jersey City, N.J., (201) 795–0712.

Manager, job procurement and placement.—William E. Short, First National Bank of Jersey City, One Exchange Place, Jersey City, N.J. 07303. (101) 333–1300.

Manager, recruiting and Government programs.—James P. Heavey, First National Bank of Jersey City, 1 Exchange Place, Jersey City, N.J. 07303. (201) 333–1300.

Newark

Metro chairman.—Orville E. Beal, president, Prudential Insurance Co. of America, Newark, N.J. 07101. (201) 336–4401.

Metro director.—Francis S. Quillan, Prudential Insurance Co. of America, Prudential Plaza, P.O. Box 795, Newark, N.J. 07101. (201) 336–4054.

AFL–CIO representative.—Matthew J. Stevens, executive secretary-treasurer, Essex-West Hudson Labor Council, AFL–CIO, 45 Brantford Place, 3d floor, Newark, NJ. (201) 642–7554.

Manager, job procurement, and placement.—LeRoy G. Baum, Prudential Insurance Co. of America, P.O. Box 795, Newark, N.J. 07101. (210) 336–5453.

Manager, recruiting and Government programs.—Robert R. Davenport, Prudential Insurance Co. of America, Box 795, Newark, N.J. 07101. (201) 336–5469.

Rochester

Metro chairman.—Edward Croft, Rochester Jobs, Inc., Rochester, N.Y., (716) 546–4500.

Metro chairman.—Charles P. McColough, president, Xerox Corp. 1540 Midtown Tower, Rochester, N.Y. 14604. (716) 546–4500.

Metro director.—Edward Croft, Rochester Jobs, Inc., Rochester, N.Y., (716) 232–2600.

REGION III

Regional chairman.—John D. Harper, President, Aluminum Co. of America, 1501 Alcoa Building, Pittsburgh, Pa. 15219. (412) 553–2358.

Regional executive.—Henry R. Neill, Education and Training Department, Aluminum Co. of America, room 2549, 1501 Alcoa Building, Pittsburgh, Pa. 15219. (412 553-2215.

Pittsburgh

Metro chairman.—Donald C. Burnham, president, Westinghouse Electric Corp., 3 Gateway Center, Post Office Box 2278, Pittsburgh, Pa. 15230. (412) 255–3105.

Metro director.—R. D. Blasier, NAB, 4th floor, 915 Penn Avenue, Pittsburgh, Pa. 15222. (412) 565–2762.

AFL–CIO representative.—Anthony L. Luttey, executive secretary, Allegheny County Labor Council, AFL–CIO, 566 Penn-Sheraton Hotel, William Penn Place, Pittsburgh, Pa. (412) 391–6993 or 244–1820.

Manager, job procurement and placement.—Charles H. Moore, NAB, fourth floor, 915 Penn Avenue, Pittsburgh, Pa. 15222. (412) 565–2764.

Manager, recruiting and Government programs.—William C. Sampson, NAB, fourth floor, 915 Penn Avenue, Pittsburgh, Pa. 15222. (412) 565–2767.

Washington

Metro chairman.—Stephen Ailes, partner, Steptoe & Johnson, 1250 Connecticut Avenue NW., Washington, D.C. 20036. (202) 223-4800.

Metro director.—N. Thompson Powers, Steptoe & Johnson, 1250 Connecticut Avenue NW., Washington, D.C. 20036. (202) 223-4800.

AFL–CIO representative.—Philip Dougherty, executive board member, Washington Central Labor Council AFL–CIO, Philip Murray Building, room 411, 1126 16th Street, Washington, D.C. (202) 296-1395.

Philadelphia

Metro chairman.—Stuart T. Saunders, chairman, Penn Central Transportation Co., 6 Penn Center, Philadelphia, Pa. 19104. (215) 594-2211.

Metro director.—Walter H. Powell, suite 1100, 121 S. Broad Street, Philadelphia, Pa. 19107. (215) KI 6-7411.

AFL–CIO representative.—Ben Stahl, field representative AFL–CIO, Bankers Securities Building, Philadelphia, Pa. (215) 735-7078.

Manager, job procurement and placement.—W. Jerome Smith, suite 1100, 121 S. Broad Street, Philadelphia, Pa. 19107. (215) KI 6-7411.

Baltimore

Metro chairman.—Jerold C. Hoffberger, president and director, National Brewing Co., 3720 Dillon Street, Baltimore, Md. 21224. (301) 276-1100.

Metro director.—Robert Ginsburg, 1100 North Eutaw Street, room 607, Baltimore, Md. 21202. (301) 728-2383.

AFL–CIO representative.—Dominic N. Fornaro, president, Baltimore Council of AFL–CIO Unions, Baltimore, Md. (301) 727–1320.

Manager, recruiting and Government programs.—Avanti DeAngelis, 1100 North Eutaw Street, room 607, Baltimore, Md. 21202. (301)728–5900.

Norfolk

Metro chairman.—Henry C. Hofheimer II, president, Southern Materials Co., Inc., Post Office Box 420, Norfolk, Va. 23501. (703)622–2651.

Metro director.—J. D. A. Barr, Post Office Box 1667, Norfolk, Va. 23501. (703) 625–7411.

AFL-CIO representative.—Marvin Wallace, president, Norfolk, Virginia Union Labor Council, 115 Third Street, Norfolk, Va. (703) 644–2996 or 625–4900.

Regional chairman.—J. Paul Austin, president, the Coca-Cola Co., Post Office Box 1734, Atlanta, Ga. 30301. (404)875–3411.

Regional executive.—C. Eugene Boyd, Jr., vice president, the Coca-Cola Co., Post Office Box 1734, Atlanta, Ga. 30301. (404)875–3411.

Atlanta

Metro chairman.—A. H. Sterne, president, Trust Co. of Georgia, Post Office Box 4418, Atlanta, Ga. 30302. (404)588–7123.

Metro director.—Bradley Currey, Jr., 415 Candler Building, Atlanta, Ga. 30302. (404)524–6481.

AFL-CIO representative.—R. J. Butler, president, Atlanta Labor Council, AFL–CIO, 250 10th Street, Atlanta, Ga. (404)876–3096.

Manager, job procurement.—L. L. Gellerstedt, Jr., president, Beers Construction Co., 70 Ellis Street NE., Atlanta, Ga. 30303. (404)525–0555.
Manager, job placement.—Hugh L. Gordon, Jr., Lockheed-Georgia Co., South Cobb Drive, Marietta, Ga. 30061.
Manager, recruiting and Government programs.—Donald L. Garner, State labor department, 161 Peachtree Street NE., room 310, Atlanta, Ga. 30303.

Birmingham

Metro chairman.—Crawford Johnson, III, president, Crawford Johnson Co., Post Office Box 2613, Birmingham, Ala. 35202. (205)322–3411.
Metro director.—W. T. Barksdale, 1914 Sixth Avenue, North, Birmingham, Ala. 35203. (205)323–5461.
AFL-CIO representative.—Homer J. Harper, c/o Birmingham Labor Council AFL-CIO, 1712 Seventh Avenue, North, Birmingham, Ala. (205)251–5131.
Manager, job procurement and placement.—Robert S. Crowder,1914 Sixth Avenue, North, Birmingham, Ala. 35203. (205) 323–5461.
Manager, recruiting and Government programs.—Marshall A. Smith, 1914 Sixth Avenue, North, Birmingham, Ala. 35203. (205) 323–5461.

Memphis

Metro chairman.—W. Porter Grace, president, Union Planters National Bank, 67 Madison Avenue, Memphis, Tenn. 38101. (901) 523–2911.
Metro director.—Herbert Hood, Union Planters National Bank, 67 Madison Avenue, Memphis, Tenn. 38101. (901) 523–2911.
AFL–CIO representative.—W. T. Ross, Jr., executive secretary, Memphis AFL–CIO Labor Council, 136½ South Second Street, Memphis, Tenn. (901) 525–6481.
Manager, job procurement and placement.—Col. Sam Langley, Future Memphis, Inc., Exchange Building, Memphis, Tenn. 38101. (901) 525–5395.
Manager, recruiting and Government programs.—L. B. Dow, Memphis Office Security, State of Tennessee, 1295 Poplar Avenue, Memphis, Tenn. (901) 272–3001.

Miami

Metro chairman.—William F. Raven, vice president, Southeastern United States and Caribbean Pan American World Airways, Inc., Post Office Box 2096, Miami, Fla. 33159. (305) 637–2411.
Metro directors.—Robert W. Wall, Florida Power & Light Co., Miami, Fla. (305) 374–5355.
AFL–CIO representative.—Edward Stephenson, president, Dade County Federation of Labor, AFL–CIO, Suite 301, Everglades Hotel, 244 Biscayne Boulevard, Miami, Fla. (305) 358–3113 or 377–3931.

Tampa

Metro chairman.—W. C. MacInnes, chairman and chief executive officer, Tampa Electric Co., Post Office Box 111, Tampa, Fla. 33601. (813) 876–4111.
Metro direction.—James L. Ghiotto, Tampa Electric Co., Post Office Box 111, Tampa, Fla. 33601. (813) 876–4111.
AFL–CIO representative.—Morris Blake, care of Hillsborough County Central Labor Union, AFL–CIO, Tampa, Fla. (813) 229–0268.

REGION V

Regional chairman.—James W. Cook, president, Illinois Bell Telephone Co., 225 W. Randolph Street, Chicago, Ill. 60616. (312) 727–9411.
Regional vice chairman.—Robert S. Oelman, chairman of the board, National Cash Register Co., Main and K Streets, Dayton, Ohio 45409. (513) 449–2241.
Regional executive.—Hale Nelson, Illinois Bell Telephone Co., 225 W. Randolph Street, Chicago, Ill. 60616. (312) 727–2223.

Chicago

Metro chairman.—James W. Cook, president, Illinois Bell Telephone Co., 225 W. Randolph Street, Chicago, Ill. 60616. (312) 727–9411.
Metro director.—Robert J. Bushelle, Chicago Alliance of Businessmen, 212 W. Washington Street, room 18F, Chicago, Ill. 60606. (312) 782–5096.
AFL–CIO representative.—Paul Iaccina, Chicago Federation of Labor and Congress of Industrial Organizations, AFL-CIO, 300 North State Street, 16th floor, Chicago, Ill. (312) 222–1000.

Akron

Metro chairman.—William S. Perry, president, Akron Welding & Spring Co., 925 South Main Street, Akron, Ohio 44311. (216) 762–0313.

Metro director.—Wade Miller, B. F. Goodrich, 500 S. Main Street, Akron, Ohio. (216) 379–2412.

AFL–CIO representative.—Leo Dugan, executive secretary-treasurer. Akron Labor Council, AFL-CIO, 672 South Main Street, Akron, Ohio. (216) 434–7144.

Cincinnati

Metro chairman.—Howard J. Morgens, president, Procter & Gamble Co., Post Office Box 599, Cincinnati, Ohio. 45201. (513) 562–3701.

Metro director.—Richard S. Hait, Procter & Gamble Co., Post Office Box 590, Cincinnati, Ohio 45201. (513) 562–3743.

AFL–CIO representative.—William P. Sheehan, executive secretary-treasurer, 1015 Vince Street, room 520, Cincinnati, Ohio, (513) 421–1846.

Metro chairman.—G. J. Tankersley, president, East Ohio Gas Co., 1717 East Ninth Street, Cleveland, Ohio 44114. (216) 522–2345.

Metro director.—William R. Smith, Gilman Building, 623 St. Clair Avenue, 6th floor, Cleveland, Ohio 44114. (216) 781–6800.

AFL–CIO representative.—Louis Eiben, administrative assistant, Cleveland AFL–CIO Federation of Labor, suit 411, Manger Hotel, 1802 East 13th Street, Cleveland, Ohio. (216) 781–5650.

Manager, job procurement and placement.—Edward Mandry, Gilman Building, 623 St. Clair Avenue, 6th floor, Cleveland, Ohio 44114. (216) 781–6800.

Manager, recruiting and Government progams.—Myron Styles, Gilman Building, 623 St. Clair Avenue, 6th floor, Cleveland, Ohio 44114. (216) 781–6800.

Columbus

Metro chairman.—Charles Y. Lazarus, president, F. & R. Lazarus & Co., Town and High Streets, Columbus, Ohio 43215. (614) 463–2121.

Metro director.—Trent Sickles, Post Office Building, room 236, 85 Marconi Boulevard, Columbus, Ohio 43215. (614) 224–9154.

AFL–CIO representative.—Robert W. Greer, executive secretary-treasurer, Columbus Franklin County AFL–CIO, 33 North High Street, suit 911, Columbus, Ohio. (614) 224–4511.

Manager, job procurement and placement.—Roy G. Klaas, Post Office Building, room 236, 85 Marconi Boulevard, Columbus, Ohio 43215. (614) 224–9154.

Manager, recruiting and Government programs.—Leonard Watson, Post Office Building, room 236, 85 Marconi Boulevard, Columbus, Ohio 43215. (614) 224–9154.

Dayton

Metro chairman.—George E. Sheer, president, McCall Printing Co., Dayton division and vice president, McCall Corp., 2219 McCall Street, Dayton, Ohio. (513) 268–6551.

Metro director.—James Stuart, Jr., NAB, 28 East Fourth Street, Dayton, Ohio 45402. (513) 228–4145.

AFL–CIO representative.—Conrad Grimes, executive secretary, Dayton-Miami Valley AFL–CIO, 2307 Embury Park Road. Dayton Ohio. (513) 275–7583.

Manager, job procurement and placement.—Douglas M. Yeager, 28 East Fourth Street, Dayton, Ohio 45402. (513) 228-4145.

Manager, recruiting and Government programs.—George J. Peters, 28 East Fourth Street, Dayton, Ohio 45202. (513) 228-4145.

Detroit

Metro chairman.—William M. Day, president, Michigan Bell Telephone Co., 1365 Cass Avenue, Detroit, Mich. 48226. (313) 393-4411.

Metro director.—Lloyd J. Haynes, Michigan Bell Telephone Co., 1365 Cass Avenue, Detroit, Mich. 48226. (313) 393-6751.

AFL–CIO representative.—Russell Leach, president, Wayne County AFL–CIO Council, 2310 Cass Avenue, Detroit, Mich. (313) 963-4233.

Manager, job procurement and placement.—Forrest Strand, Michigan Bell Telephone Co., 1365 Cass Avenue, Detroit, Mich. (313) 963-4290.

Manager, recruiting and Government programs.—Jules Scheffers, Michigan Bell Telephone Co., 1365 Cass Avenue, Detroit, Mich. (313) 963-9975.

Indianapolis

Metro chairman.—Alfred J. Stokely, president, Stokely-Van Camp, Inc., 941 N. Meridian Street, Indianapolis, Ind. 46206. (317) 631-2551.

Metro director.—H. G. Felter, City–County Building, 200 E. Washington Street, room 2141, Indianapolis, Ind. 46204. (317) 632-8633.

AFL–CIO representative.—Max E. Brydenthal, president, Marion County AFL–CIO Central Labor Council, 803 S. Meridian Street, Indianapolis, Ind. (317) 638-3455.

Manager, job procurement and placement.—Juan C. Solomon, City–County Building, 200 E. Washington Street, room 2141, Indianapolis, Ind. 46204. (317) 633-3065.

Manager, recruiting and Government programs.—Louis F. Dolnics, City-County Building, 200 E. Washington Street, room 2141, Indianapolis, Ind. 46204. (317) 632-8633.

Louisville

Metro chairman.—Cyrus L. MacKinnon, vice president and general manager, Courier Journal & Louisville Times, 525 W. Broadway, Louisville, Ky. 40202. (502) 582-4011.

Metro director.—George Underhill, Jobs Center, 829 South 3rd Street, Louisville, Ky. (502) 584-5269.

AFL–CIO representative.—Charles Clark, Louisville Central Labor Council, room 401, Y.W.C.A. Building, 604 South 3rd Street, Louisville, Ky. (502) 583-2821.

Milwaukee

Metro chairman.—Elmer L. Winter, president, Manpower, Inc., 820 North Plankinton Avenue, Milwaukee, Wis. 53203. (414) 272–8510.

Metro director.—Rymund P. Wurlitzer, First Wisconsin National Bank, 743 North Water Street, Milwaukee, Wis. 53202. (414) 276–6100.

AFL–CIO representative.—Fred Linder, vice president, Milwaukee County Labor Council AFL–CIO, 1012 North Third Street, Milwaukee, Wis. (414) 271–0706.

Manager, recruiting and Government programs.—Charles G. Arps, Allis-Chalmers Manufacturing Co., 1126 South 70 Street, Milwaukee, Wis. 53214. (414) 774–3600.

Minneapolis

Metro chairman.—Donald C. Dayton, chairman of the board, Dayton Corporation, 700 Nicollet Mall, Minneapolis, Minn. 55402. (612) 332–6123.

Metro director.—Francis M. Knoblauch, Post Office Box 9602, Minneapolis, Minn. 55440. (612) 333–2317.

AFL–CIO representative.—Jerome Froehlig, president, Minneapolis Central Labor Union Council AFL–CIO, 2800 First Avenue South, Minneapolis, Minn. (612) 335–3187 or 823–7221.

Manager, job procurement and placement.—Robert C. Duncan, Post Office Box 9602, Minneapolis, Minn. 55440. (612) 333–2317.

Manager, recruiting and Government programs.—John B. Cosgrove, Post Office Box 9602, Minneapolis, Minn. 55440. (612) 333–2317.

St. Paul

Metro chairman.—Louis W. Menk, president, Northern Pacific Railway, Northern Pacific Building, St. Paul, Minn. 55101. (612) 222–7773.

Metro director.—Frank G. Lingenbrink, c/o St. Paul Area Chamber of Commerce, 20 West Sixth Street, St. Paul, Minn. 55102. (612) 222–5561.

AFL–CIO representative.—Adolph Tobler, Business Representative, St. Paul AFL–CIO Trades and Labor Assembly, Room 405 Labor Temple, 418 Auditorium Street. St. Paul, Minn. (612) 222–3787.

Manager, job procurement and placement.—Milton L. Knoll, Jr., care of St. Paul Area Chamber of Commerce, 20 West Sixth Street, St. Paul, Minn. 55102. (612) 222–5561.

Manager, recruiting and Government programs.—Donald M. Buckner, care of St. Paul Area Chamber of Commerce, 20 West Sixth Street, St. Paul, Minn. 55102. (612) 222–5561.

Toledo

Metro chairman.—Raymond H. Mulford, president, Owens-Illinois Glass Co., Post Office Box 1035, Toledo, Ohio. 43601. (419) 242–6543.

Metro director.—Philip Anthony, Youth Opportunity Center, 1201 Jefferson Avenue, Toledo, Ohio. (419) 248–3301.

AFL–CIO representative.—Dale Stormer, president, Toledo Area AFL-CIO Council, 339 Huron Street, Toledo, Ohio 43604. (419) 244–8678.

Manager, job procurement and placement.—Douglass Watters, Youth Opportunity Center, 1201 Jefferson Avenue, Toledo, Ohio. (419) 248–3301.

Manager, recruiting and Government programs.—Norman Goldman, Youth Opporunity Center, 1201 Jefferson Avenue, Toledo, Ohio. (419) 248–3301.

REGION VI

Regional chairman.—Clyde Skeen, president, Ling-Temco-Vought, Inc., Post Office Box 5003, Dallas, Tex. 75222. (214) 742–9555.

Regional executive.—John L. Cockrill, Ling-Temco-Vought, Inc., Post Office Box 5003, Dallas, Tex. 75222. (214) 742–9555.

Assistant regional executives.—George H. Scott and Robert A. Tetu, Ling-Temco-Vought, Inc., Post Office Box 5003, Dallas, Tex. 75222. (214) 742–9555.

Dallas

Metro chairman.—Patrick E. Haggerty, president and director, Texas Instruments, Inc., Post Office Box 5474, Dallas, Tex. 75222. (214) AD 8–2011.

Metro director.—William Spaller, 2110 Republic National Bank Building, Dallas, Tex. 75201. (214) 748–4056.

AFL–CIO representative.—Gene W. Freeland, secretary treasurer, Dallas AFL–CIO Council, 1727 Young Street, Dallas, Tex. (214) 747–6195 or 742–9246.

El Paso

Metro chairman.—Hugh F. Steen, president, El Paso Natural Gas Co., Post Office Box 1492, El Paso, Tex. 79999. (915) 543–5010.

Metro director.—Ralph J. Birkelo, room 206 Luther Building, 218 North Campbell, El Paso, Tex. 79901. (915) 543–2593.

AFL–CIO representative.—J. D. Givens, secretary treasurer, El Paso Central Labor Council, AFL–CIO, 223 South Oregan, Post Office Box 561, El Paso, Tex (915) 543–2600.

Manager, job procurement and placement. Carl C. Hill, Jr., room 206, Luther Building, 218 North Campbell, El Paso, Tex. 79901. (915) 543–2595.

Manager, recruiting and Government programs.—William N. Blissit, room 206, Luther Building, 218 North Campbell, El Paso, Tex. 79901. (915) 543–2596.

Fort Worth

Metro chairman.—Frank W. Davis, president, Fort Worth Division, General Dynamics Corporation, Post Office Box 748, Fort Worth, Tex. 76101. (817) PE 2–4811.

Metro director.—Ralph Wagner, 7A 25 E Federal Building, 819 Taylor Street, Fort Worth, Tex. 7610. (817) 334–2061.

AFL–CIO representative.—James E. Richards, president, Tarrant County Central Labor Union, 2914 East Rosedale, room 202, Fort Worth, Tex. (817) 536–1919.

Houston

Metro chairman.—P. H. Robinson, president, Houston Lighting & Power Co., Box 1700, Houston, Tex. 77001. (713) CA 2–2161.

Metro director.—F. H. Staacke, Box 61348, Houston, Tex. 77061. (713) 222–6601.

Manager, recruiting and Government programs.—Earnest C. Leake, Post Office Box 61348, Houston, Tex. 77061. (713) 222–6601.

New Orleans

Metro chairman.—Henry Z. Carter, president, Avondale Shipyards, Inc., Post Office Box 50280, New Orleans, La. 70150. (504) 866–4561.

Metro director.—John Chantry, NAB, 535 Gravier Street, New Orleans, La. 70130. (504) 525–0517.

AFL–CIO representative.—A. R. Staddard, president, New Orleans AFL–CIO Council, 1016 Carondelet Building, New Orleans, La. (504) 524–8212 or 525–1556.

Manager, job procurement and placement.—Richard J. Sharp, NAB, 535 Gravier Street, New Orleans, La. (504) 529–5502.

Manager, recruiting and Government programs.—Warren A. Gregoire, NAB, 535 Gravier Street, New Orleans, La. (504) 529–5502.

Oklahoma City

Metro chairman.—Stanton L. Young, president, Oklahoma City Chamber of Commerce, 1370 First National Building, Oklahoma City, Okla. 73102. (405) CE 6–1232.

Metro director.—Malcolm Donohue, 6655 West Reno Avenue, Oklahoma City, Okla. 73125.

AFL–CIO representative.—Jerry Gray, business manager, I.B.E.W., 1411 Northwest First Street, Oklahoma City, Okla. (405) 236–5449.

San Antonio

Metro chairman.—David H. Youngblood, president, Southern Steel, Post Office Box. 2021, San Antonio, Tex. 78206. (512) LE 3–1231.

Metro director.—Thomas Perkins, Chamber of Commerce, Post Office Box 9205, San Antonio, Tex. 78204. (512) CA 7–8181.

AFL–CIO representative.—George Eichler, president, San Antonio AFL–CIO Council, room 203, 109 Lexington Avenue, San Antonio, Tex. (512) 225–5434.

Tulsa

Metro chairman.—Marcus R. Tower, president, National Bank of Tulsa, Post Office Box 2300, Tulsa, Okla. 74102. (918) LU 4–3411.

Metro director.—A. W. Mankoff, 222 East Fifth Street, Tulsa, Okla. 74103. (918) 587–8447.

AFL–CIO representative.—C. E. Wilson, financial secretary treasurer, Tulsa Labor Council, AFL–CIO, Post Office Box 504, Tulsa, Okla. (918) 584–2914.

Manager, job procurement and placement.—Paul J. Lehman, 222 East Fifth Street, Tulsa, Okla. 74103. (918) 587–8447.

Manager, recruiting and Government programs.—Harlan Hoss, 222 East Fifth Street, Tulsa, Okla. 74103. (918) 587–8447.

REGION VII

Regional chairman.—James S. McDonnell, chairman of the board, McDonnell-Douglas Corp., Lambert-St. Louis Municipal Airport, Box 516, St. Louis, Mo. 63166. (314) 232–2211.

Regional executives.—

John R. Allen, vice president, eastern region, McDonnell-Douglas Corp., 1100 17th Street NW., Washington, D.C. 20036. (202) 628–2556.

Robert C. Krone, vice president, personnel, McDonald-Douglas Corp., Post Office Box 516, St. Louis, Mo. 63166. (314) 232–3121.

Kansas City

Metro chairman.—William N. Deramus III, president, Kansas City Southern Line, 114 West 11th Street, Kansas City, Mo. 64105. (816) 842–0077.

Metro director.—L. O. Frith, Kansas City Southern Line, 114 West 11th Street, Kansas City, Mo. 64105. (816) 374–2536.

AFL–CIO representative.—Jerry Irving, care of Laborers Local Union 264. 3–E Armour Boulevard, Kansas City, Mo. (816) 931–5456.

Manager, job procurement and placement.—F. E. Lubert, 114 West 11th Street. Kansas City, Mo. 64105. (816) 374–2536.

Manager, recruiting and Government programs.—C. Donald Lee, 114 West 11th Street, Kansas City Mo. 64105. (816) 374–2536.

St. Louis

Metro chairman.—Frederic M. Peirce, president, General American Life Insurance Co., 1501 Locust Street, St. Louis, Mo. 63166. (314) 231–1700.

Metro director.—William Holland, care of General American Life Insurance Co., 1501 Locust Street, St. Louis, Mo. 63166. (314) 231–1700.

AFL–CIO representative.—James W. Brown, secretary-treasurer, St. Louis Labor Council, AFL–CIO, 1401 Hampton Avenue, St. Louis, Mo. (314) 647–6336.

Manager, recruiting and Government programs.—Harry R. Cole, care of General American Life Insurance Co., 1501 Locust Street, St. Louis, Mo. 63166. (314) 231–1700.

Denver

Metro chairman.—Lowell F. Wingert, president, the Mountain States Telephone & Telegraph Co., 931 14th Street, Denver, Colo. 80202. (303) 266–4344.

Metro director.—T. L. Ackerman, care of Denver Chamber of Commerce, 1301 Welton Street, Denver, Colo. 80204. (303) 266–4747.

AFL–CIO representative.—Clarence Van Deren, care of United Way, 1375 Delaware Street, Denver, Colo. (303) 623–2221.

Manager, job procurement and placement.—Marvin W. Buckels, c/o Denver Chamber of Commerce, 1301 Welton Street, Denver, Colo. 80204. (303) 534–4641

Manager, recruiting and Government programs.—Fred P. Lightner, c/o Denver Chamber of Commerce, 1301 Welton Street, Denver, Colo. 80204. (303) 534–4641

Omaha

Metro chairman.—Marvin R. Werve, vice president, Omaha National Bank, 17th and Farnam Streets, Omaha, Nebr. 68102. (402) 341–0100.

Metro director.—Louis B. Olsen, NAB, 319 South 19th Street, Omaha, Nebr. (402) 341–8122.

AFL–CIO representative.—Robert J. Danze, president, Omaha Central Labor Union, AFL–CIO, 1821 California Street, Omaha, Nebr. (402) 341–1617.

REGION VIII

Regional chairman.—Walter A. Haas, Jr., president, Levi Strauss & Co., 98 Battery Street, San Francisco, Calif. 94106. (415) 421–6200.

Regional executive.—Herschel J. Goldberg, Levi Strauss & Co., 98 Battery Street, San Francisco, Calif. 94106. (415) 421–6200.

San Francisco

Metro chairman.—Fred H. Merrill, president, Fireman's Fund Insurance Company, 3333 California Street, San Francisco, Calif. 94120. (415) 567–5000.

Metro director.—Jack B. McCowan, Fireman's Fund American Insurance Cos., 3333 California Street, San Francisco, Calif. 94120. (415) 567–5000.

AFL–CIO representative.—George W. Johns, secretary-treasurer, San Francisco Labor Council, AFL–CIO, room 301, 2940 17th Street, San Francisco, Calif. (415) 863–7011.

Manager, job procurement and placement.—Paul Loze, 3333 California Street, San Francisco, Calif. 94120. (415) 567–5000.

Manager, recruiting and Government programs.—Charles Lavell, 3333 California Street, San Francisco, Calif. 94120. (415) 567–5000.

Honolulu

Metro chairman.—Hung Wo Ching, president and chairman of the board, Aloha Airlines, Inc., Post Office Box 9038. Honolulu, Hawaii 96820. (808) 814–571.

Metro director.—Nelson Prather, 822 Bishop Street, Post Office Box 3440, Honolulu, Hawaii. (808) 563–941.

AFL–CIO representative.—Robert C. Knight, executive secretary-treasurer, Hawaii State Federation of Labor, AFL–CIO, 547 Halekauwila, suite 216, Honolulu, Hawaii. (808) 507–163.

Manager, job procurement and placement.—Mitsuyoshi Fukuda, Castle & Cooke, Inc., P.O. Box 2990, Honolulu, Hawaii 96802. (808)511–611.

Long Beach

Metro chairman.—John J. Reel, Vice President, Administration, Star-Kist Foods, Inc., 580 Tuna Street, Terminal Island, Calif. 90731. (213) 833–2411.

Metro director.—Ernest LaBelle, Long Beach Chamber of Commerce, 121 Linden Avenue, Long Beach, Calif. 90802. (213) HE 6–1251.

AFL–CIO representative.—James Simmons, Los Angeles County Federation of Labor AFL–CIO, 2130 West Ninth Street, Los Angeles, Calif. 90006. (213) 381–5611.

Los Angeles

Metro chairman.—James H. Edgerton, president and chief executive officer, California Federal Savings & Loan Association, 5670 Wilshire Boulevard, Los Angeles, Calif. 90036. (213) 937–0321.

Metro director.—Frederick T. Burrill, California Federal Savings & Loan Association, 5670 Wilshire Boulevard, Los Angeles, Calif. 90054. (213) 937–0321.

AFL–CIO representative.—Max Mont, Los Angeles County Federation of Labor AFL–CIO, 2130 West Ninth Street, Los Angeles, Calif. 90006. (213) 381–5611.

Manager, job procurement and placement.—M. D. McDermott.

Oakland

Metro chairman.—Edward J. Daly, president and chairman of the board, World Airways, Inc., Oakland International Airport, Oakland, Calif. 94614. (415) 636–1223.

Metro director.—Brian Cooke, World Airways, Inc., Oakland International Airport, Oakland, Calif. 94614. (415) 562–7500.

AFL–CIO representative.—Richard K. Groulx, executive secretary, Alameda County AFL–CIO, Labor Temple, 2315 Valdez Street, Oakland. Calif. (415) 444–6510.

Manager, job procurement and placement.—H. Gene Little, World Institute of Aeronautics, Oakland International Airport, Oakland, Calif. 94614. (415) 562–7500.

Manager, recruiting and Government programs.—John P. Flannery, World Institute of Aeronautics, Oakland International Airport, Oakland, Calif. 94614. (415) 562–7500.

Phoenix

Metro chairman.—Herman Chanen, president, Chanen Construction Company, P.O. Box 11327, Phoenix, Ariz. 85017 (602) 943–5917.

Metro director.—Kenneth W. Michael, 704 Arizona Title Building, 111 W. Monroe, Phoenix, Ariz. 85003. (602) 252–7206.

AFL–CIO representative.—Ralph Ellison, Carpenters Local 1089, 1415 West Washington Street, Phoenix, Ariz. 85007 (602) 258–6685.

Manager, job procurement and placement.—Norman S. Lenz, 704 Arizona Title Building, 111 W. Monroe, Phoenix, Ariz. 85003. (602) 252–7206.

Manager, recruiting and Government programs.—Charles Fearn, 704 Arizona Title Building, 111 W. Monroe, Phoenix, Ariz. 85003. (602) 252–7206.

Portland

Metro chairman.—Glenn L. Jackson, chairman and director, Pacific Power & Light Company, 920 S.W. Sixth Avenue, Portland, Oreg. 97204. (503) 226–7411.

Metro director.—George E. Freck, Pacific Power & Light Company, 920 S.W. Sixth Avenue, Portland, Oreg. 97204. (503) 226–7411.

AFL–CIO representative.—Thomas Baker, Secretary-Treasurer, Multnomah County Labor Council, AFL–CIO, 223 Labor Center, Portland, Oreg. (503) 226–1401.

Manager, job procurement and placement.—Larry Campbell, Pacific Northwest Bell Telephone Co.

San Diego

Metro chairman.—J. Floyd Andrews, President, Pacific Southwest Airways, 3100 Goddard Way, San Diego, Calif. 92101. (714) 297–4781.

Metro director.—Hugh N. Wood, NAB, 525 C Street, Suite 510, San Diego, Calif. 92101. (714) 234–2296.

Manager, job procurement and placement.—Mark M. Miranda, NAB, 525 C Street, suite 510, San Diego, Calif. 92101. (714) 234–2296.

Manager, recruiting and Government programs.—Walter O. Christian, NAB, 525 C Street, suite 510, San Diego, Calif. 92101. (714) 234–2296.

Seattle

Metro chairman.—Alan B. Ferguson, president, Sicks' Rainier Brewing Co., 3100 Airport Way South, Seattle, Wash. 98134, (206) 622–2600.

Metro director.—Orval Scott, Chamber of Commerce Building, 215 Columbia Street, Seattle, Wash. 98104. (206) 622–5060.

Manager, job procurement and placement.—Robert L. Thompson and Barnett Hilliard, Chamber of Commerce Building, 215 Columbia Street, Seattle, Wash. 98104. (206) 622–5060.

Manager, recruiting and Government programs.—Julius P. Johnston, Jr., Chamber of Commerce Building, 215 Columbia Street, Seattle, Wash. 98104. (206) 622–5060.

Mr. BEEBE. Mr. Bursk is our public relations man on full-time loan from the the Mobil Corp. for 6 months at no cost to us. His company pays his salary and fringe benefits. We pay some out-of-pocket expenses.

Mr. FLOOD. Who pays your salary?

Mr. BEEBE. The Ford Motor Co.—hopefully. I don't have time to spend very much of it, I will tell you.

From IBM Corp. we have a man who heads up our planning and analysis operation. His first job is to develop a system so that we can keep track of our progress, plot the job offers that we get, plot the placements, and be in a position to know what we are accomplishing as we go along. That has been one of the problems in programs of this nature, I am told, so we are putting together a system to keep track of things. This man came from the IBM Corp. and brought people with him, again at no cost to the Government or to us, to set up this system. He is staying on to make the system work and to help us evaluate the program as we go ahead.

We have on leave from Western Electric Corp. the man we call our job manager, and he is the fellow who heads the efforts to go to the companies and ask them to pledge jobs. He is with us for a minimum of 6 months.

We have from Burlington Industries a man we call our voluntary agency relations manager. He is the fellow who relates to the chamber of commerce and the NAM and the AMA and the Urban League and the Coalition and any other organization concerned with this and related activities because, as you know, you have to keep close contact with those people; call on them to help when, as, and if they can; keep them informed on what we are doing. So we have Frank Snyder on loan full time from Burlington Industries.

Mr. Snyder has an additional assignment: He heads the task force to find out how we can attain real outreach into the ghettos and into the urban areas so we can establish an effective dialog with the people there.

We believe that as we go ahead one of the more challenging and more difficult parts of this program will be to find some means to understand, talk with, and come together with these people in the ghettos.

CONTACT WITH GHETTO YOUTH

I spent part of the last 2 days in San Francisco and Oakland, doing just that—going out with young people in the ghettos, trying to talk to them to find out what makes them tick, what they are interested in, what motivates them, and whether they are interested in jobs. How can we get the people——

Mr. FLOOD. What do you do, just drive down and get out in the middle of the street and say: How do you do this?

Mr. BEEBE. We have established some contact here. We called together last week a group of about 20 or 25 of the minority leaders of all shades. By the way, this isn't a race program. We are dealing with Mexican Americans and Spanish indigeneous types as well as Indians and ethnic groups, but obviously it is predominantly Negro because of mathematics.

We have a number of these people in here and talk to them all day long. I asked Mr. Ford to come in and he did come in. He spent half a day with them. I spent all day with my staff, and we talked to these people. The reason we did that was because we had been warned by some people right here, as a matter of fact, that unless we found some way to talk with these people, and either get them on our side or at least get them so they wouldn't obstruct the effort, we would never be able to get to the people in the ghettos, the hard-core workers. So we had them in and we talked to them.

One of the fellows who came in was a man by the name of Jesse James, who heads an outfit out in San Francisco called Mission Rebels. I was able to establish enough rapport with him here so I could go out there and visit with him in his headquarters in the ghetto, meet some of the other people, get in the car together with our chairman out there, who is Fred Merrill, who heads the Fund American Cos. He and I and Admiral Goldberg, who works for Walter Haas, Jr., our regional chairman, got in a car and drove around with four of these young Negro fellows, ages 22 to 28, young, tough, intelligent, articulate, aggressive fellows—not particularly violent, I don't think. We tried to find out if they were interested in jobs and how could we get through to the people. We talked as we went and visited around. We went out to High Point, up to Sunnyvale or whatever they call it, and tried to establish a dialog with these fellows. It was tough going.

It occurred to me you have a double problem here—for what it is worth to you, if you want to hear this—it may not relate.

Mr. FLOOD. It is your show, Mister.

Mr. BEEBE. Well, I was invited here. However, I am delighted to be here. I would like to tell this story because I think it is a very important story and I know you are talking money, but making the money decisions, I should think, would be contingent very largely on an understanding of the program and the needs and what is going on and where we are. That is why I go into this. I don't want it to be a diversion.

I talked to these young fellows and it occurred to me that you have a double problem. In the first place, there is the generation gap. This is an older fellow, and most of us are older who are going to do this job. Most of us in business are a little older. We have enough trouble talking to our own sons that age, much less talking to young people of another race, of another cultural ilk, if you please, people we don't understand. If we did, we probably wouldn't have a lot of the problems we have today. So you have the generation gap and you have the race gap and you have the cultural gap and this is a tough job. I found that out when I walked in there and said, "I'd like to see Jesse James, please." Another young fellow stepped forward and said, "What do you want to talk about?"

I said, "I have a date with Jesse James."

He said, "I know, but I want to talk to you before you see Jesse James."

I said, "I want to talk to you about jobs."

He said, "Don't talk to me about jobs. That makes me mad. We don't need jobs."

He said, "We need a lot of things besides jobs."

So that is the way we started out. We spent a half a day with these young fellows. I was doing this because I had to get up the next morning and talk to the business community—the businessmen in San Francisco who came together yesterday. We had about 250 of the top businessmen in San Francisco in a breakfast meeting, introduced the Alliance program to them. I wanted to be able to talk realistically with them and I was concerned about that because on my arrival we had a press conference where I talked with the mayor and the mayor of Oakland as well, and I got the feeling that they felt that they had things pretty well under control out there. So I wanted to go see.

Well, they did. There was no obvious disorder, but when you talked to that young man who didn't want to talk—at least not about jobs—you knew that whatever control there was wasn't controlling that attitude. You knew you had a problem and you knew that town had a problem. So I told the businessmen the next day. In fact, the newspaperman in the story said I snarled at them, and I guess I did. I did that because I wanted to get their attention—first.

We ran into a real problem talking to these people. So, as I say, we have a man who is heading the task force to come up with some ideas of how we can penetrate into the hard core, talk to these people, and motivate them to take jobs and the necessary training.

Now, we have got a lot of other business people recruited. As I say, there are about fifty there between business and government. There is some supporting staff. We call in people that we need. When we wanted to do a movie, for example, I called a movie producer, a friend of mine in New York, and said, "Come on down here and make me a movie at your cost," and he did.

The Advertising Council, of course, is helping us, and we have considerable free assistance from the advertising agency of Gray.

We have free auditing from the firm of Lybrand, Ross Bros., & Montgomery. We have legal counsel on a "pro bona publico" basis from the firm of Leva, Hawes, Symington, Martin, & Oppenheimer. This is the kind of thing we are doing.

Mr. FLOOD. You are a very welcome guest here. Go ahead.

Mr. BEEBE. I have been through this before. We do it for a couple of reasons. It is economical, but there is an even more important reason than that. You could take all the money you have and you couldn't go on the streets and buy a professional staff quickly that would match the talent of the people we have. We have now multiplied this in 50 cities across America. The 50 operating teams in the 50 largest cities, all matching the type of organization we have here, built around executives who have volunteered full time for a minimum of 6 months at their own company's expense. I estimate today that among the many hundreds now that we have recruited that way, we have about $15 million value in salaries alone. I am not talking about fringe benefits.

Mr. FLOOD. What is the matter with your public relations man?

Mr. BEEBE. Well, not a thing. I am telling this story all across the country.

Mr. FLOOD. Nobody knows it.

Mr. BEEBE. Well, I will dispute that.

ROLE OF THE NATIONAL ALLIANCE

I also want to say this: I think this is not a drum-beating type of operation. We are not anxious to make false promises or false commitments. We are not interested in getting credit, we are not interested in beating our chests. I think this is the key, because there are a lot of organizations both Government and voluntary, all across this country—and that is America—who think they are doing the job. We are not coming along to duplicate or preempt or short circuit or get in the way of any of those organizations, but if we go out tub thumping that is the first impression they are going to have, and there are going to be more barriers than we can cope with. We go out there with the idea we

are a catalyst to try to help any organization that is constructive to get its work done. There are a lot of organizations concerned with employment. We are talking to a lot of people who are here right now with whom I think we have worked effectively and happily and we would like to continue to do so. But there are all kinds of volunteer organizations across the country, the churches, the schools, and the YMCA's and the Urban coalitions and all sorts of ethnic groups, all of whom either do, or purport to, help people find jobs. Now it is not our purpose in life to lay ourselves over what they are doing and get in the way of what they are doing. We want to encourage them, help them, and see that they get the credit.

We know that six out of seven jobs in this country are in the private sector. That is us. So any organization that gets a job, six out of seven times they will have gotten the job in one of our places. So we are not in competition with anybody.

Mr. FLOOD. Are you concerned with the female as well as the male?

Mr. BEEBE. Yes, sir; we are. We recognize that has some unique problems attached to it. But we are concerned with both. We are concerned with any poor person in our inner cities, the chronically unemployed.

Mr. FLOOD. How about the underemployed?

Mr. BEEBE. That is not our direct concern. I do think, however, that the underemployed will be an important byproduct of our efforts. The first thing you have to do is get the attention of the businessmen on this problem and get the businessmen along with a lot of others to recognize that they are not just looking at the problem and assessing the problem, they are part of the problem. That is the first step that you have to take.

And when a man identifies himself as part of the problem, then he is going to think about a lot of things besides just offering jobs. But we do not want to water down our effort, we do not want to have so many objectives on the table that we end up doing nothing.

Traditionally, you are apt to have a debating society. We have all gone through meetings all our lives where we talk these things out, and we have a good catharsis, and we leave with a feeling of euphoria, but we get up in the morning and the problem is just like it was when we talked the night before. We are trying to put feet on this effort. We have organized this thing. We took 100,000 jobs this year and we cut it up. I am the sales manager. Obviously, I cannot get 50,000 jobs or people to fill them, or 100,000 jobs and people to fill them. So what do I do? I multiply myself. I have 50 chairmen in the cities. I allocate on the basis of employment in their cities, so many to each chairman. The chairman cannot do it all so he multiplies himself. He gets himself a team and he allocates a quota to them. People say, "Well, you are playing the numbers game." My answer to that is, "Yes; we are going to play the numbers game because business is disciplined by numbers and if you do not put numbers on this, you won't get the job done."

We are conscious of the fact that there is a human being behind every number, but if you do not put the numbers out there and give people a quota and go ask for the order you won't get the job done.

TAX CREDIT APPROACH TO CREATING NEW JOBS

Mr. LAIRD. Mr. Chairman, may I ask a question in regard to these numbers at this point?

Mr. FLOOD. Yes.

Mr. LAIRD. We are interested in these numbers and these assignments that have been made to the various business groups in the communities which you have been able to organize. We understand it is going to take the work of these local committees and the cooperation of the business community in these areas, but we are also concerned with the method that we are going to use to subsidize these jobs. We have in this budget before us for the business sector program, $181 million in the JOBS section of this OEO budget, plus $48 million in the manpower development and training program, and another $15 million in title I–D of the Office of Economic Opportunity, amounting to a direct subsidy program of almost a quarter of a billion dollars, $244 million. That is the total request we have before us here today.

I have in my mind some conflict as to whether the direct subsidy is the best way to do this. I think this year we are going to have to go along with the direct subsidy, by the way. I am going to support a direct subsidy this year, even though I do not think it is the best way to do it.

I would rather take the tax credit approach because I think it gives business a little more freedom.

I have a little difficulty resolving in my own mind whether we are not, on embarking upon this direct subsidy program, closing the door on the time period of the 1970's and beyond, to another approach which I think business would be more apt to cooperate with.

What is your comment on that?

I understand your goal and what you are trying to do and I think it is fine and I commend the people who are cooperating.

Mr. BEEBE. For 1969 you are talking about?

Mr. LAIRD. For 1969. And I am concerned about what we do after 1969 if we build in these direct subsidies.

Mr. BEEBE. I have to say this: I was not privy to the funding program, the funding for this program.

Mr. LAIRD. That is why we wanted you here, because you can help us.

Mr. BEEBE. I came absolutely objectively. I took an assignment. The method of financing the effort was determined before I arrived. I took it at face value and developed the program around that because it was essential to do so. I am working with a calendar here, and time, and I wanted to get something done.

Implicit in that was to use the funding program presented. Now, you have to recognize what that does to me. That tends to brainwash me. Just the sheer effort of organizing around a given set of facts puts you where you are and in a sense pours concrete on where you are, because you also organize an awful lot of others that way.

So when you ask me to try to assess another method of financing the program, it is difficult.

Mr. LAIRD. I wrote the President some time ago and suggested this be done within the business community and that a tax credit be provided. I will put the letter in the record at this point.

(The letter follows:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 31, 1967.

Hon. LYNDON B. JOHNSON,
President of the United States,
The White House, Washington, D.C.

MY DEAR MR. PRESIDENT: I write this letter reluctantly and with some foreboding lest it be interpreted as partisan in nature. Nothing could be further from my intentions, but events of recent weeks here in our Nation compel me to transmit my thoughts to you.

We are all sick at heart over the turmoil and disruption that has marked many of the cities in our Nation during these past three summers. This turmoil has given rise to charges and countercharges from all levels of government and from all sides of the political spectrum concerning the continuing breakdown in our society. Debate has raged around the question of whose lack of foresight and action has been primarily to blame.

All of us, I think, can agree that it is time to shift the emphasis from debate to action, that it is time to stop seeking scapegoats and start implementing solutions.

The Urban Coalition which met here in Washington last week had this to say in its "Statement of Principles, Goals, and Commitments:"

"Confronted by these catastrophic events (the riots of the past three summers), we, as representatives of business, labor, religion, civil rights, and local government, have joined in this convocation *to create a sense of national urgency* on the need for positive action for all of the people of our cities." [Emphasis added.]

Mr. President, I applaud the efforts of the Urban Coalition, as I am sure you do, for attempting to create the "sense of national urgency" that is so vitally needed.

Unfortunately, they—like all other segments of our society save perhaps the Presidency itself—operate at a distinct handicap when it comes to translating this "sense of national urgency" into meaningful and effective action.

Mr. President, we have already had three summers of growing turbulence in our cities, each one worse than the one before. Yet, we continue to delay immediate action on the apparent premise that the Nation is incapable of action without specific statutory authority from the Congress.

The Urban Coalition itself, demonstrated its recognition—if only a partial one—that the Nation can act without necessarily awaiting congression action. Its call for the creation of 1 million jobs for the presently unemployed with emphasis on private sector activity is worthy of serious consideration.

Frankly, Mr. President, I am more disturbed than I care to admit over the repeated allegations that somehow the Nation has been frustrated by congressional inaction on urban programs.

Your own letter to Senator Mansfield listed 23 programs that have been pending before Congress since January. If Congress gave you tomorrow every cent you requested in those programs, the total amount available for, as you phrase it, "an all-out commitment to * * * our cities" would only be $6.7 billion to be disbursed in varying amounts over many thousands of communities throughout these United States.

Over the past weekend, the Nation's press quoted Secretary of Housing and Urban Development Robert Weaver as having taken a "show me" attitude with regard to the recommendations of the Urban Coalition. According to the Baltimore Sun, he said, "I want to know how they're going to get the million jobs."

Your Press Secretary, Mr. Christian, is reported to have said that you are postponing the adoption of any major new recommendations that might emanate from your task forces on urban problems until they can be "unveiled" in next January's state of the Union message. This I cannot bring myself to believe, Mr. President, for I know how deeply you and all Americans desire to get on with the job of building a good society here in America now.

In Syracuse, N.Y., last August, you yourself warned, "this is no time to delay * * *" in references to the grave problems that face our cities. In your letter to Senator Mansfield on August 16, you said: "The task before us is immense. But we have charted a beginning, and we have done so with the help of the best and most experienced minds in the Nation. I believe the enactment and funding of these programs (the 23 pending before Congress) is the first step in making this commitment a reality for the people of America."

Mr. President, I commend you for the sentiments you expressed in that letter and in the many public statements you have made concerning the grave problems that face our cities. But I would respectfully differ with your conclusion that "the enactment and funding of these programs is the first step in making this commitment a reality for the people of America."

We do not have to wait for the enactment of another program or the appropriation of another dollar by Congress in order to get on with the job of reducing the problems we face through urban America.

Rather, through enlightened leadership on the part of the President, we could begin immediately toward accomplishing the goal set forth by the Urban Coalition of "putting at least 1 million of the presently unemployed into productive work at the earliest possible moment."

Specifically, Mr. President, I recommend that you as the Chief Executive of our great Nation call together an emergency conference of all 50 Governors, the mayors of at least the major cities if not all of our cities, as well as national leaders in the fields of business, labor, and religion for a very specific purpose.

The primary purpose of such an emergency conference convened by you would be to lend the prestige and persuasive powers of your office to the end that private industry throughout our Nation and especially in the larger metropolitan areas would begin immediately to implement a program which, in the words of the Urban Coalition's statement of principle, would "seek out the unemployed and underemployed and enlist them in basic and positive private training and employment programs" for existing jobs in individual enterprises and industries.

Such a conference, convened by you as our Chief Executive would, I am convinced, mobilize this Nation and provide the added impetus so necessary to compel the Governors and mayors throughout our Nation to call their own conferences of key business and civic leaders in their respective States and communities in order to put such a program into effect in the immediate future.

As you know, Mr. President, we in the minority have urged enactment by the Congress of the Human Investment Act for the past 3 years. The Human Investment Act would provide a 10 percent tax credit to industry for the training costs incurred under such a program. However, it is my own view that we need not await legislation by Congress in order to pursuade private enterprise throughout our Nation to begin implementation of such a program now.

Certainly, I would hope, that we in the Congress and you, as Chief Executive, would pledge early efforts to enact a program similar to the Human Investment Act which would provide tax credits for training costs. However, it is not necessary, in my view, to await such action by Congress before urging private industry to undertake or step up such programs now.

Mr. President, I cannot tell you how deeply I feel the need for some such action on the part of the Chief Executive of our Nation. We all hunger for the kind of decisive leadership ony the office of the President can provide and I urge you as President of all the people to undertake such a step now.

With best wishes and kindest personal regards, I am,

Sincerely yours,

MELVIN R. LAIRD.
Member of Congress.

Mr. LAIRD. My problem right now is, we have this request for $244 million for a direct subsidy for 1969. If we continue through the year 1970 with this program it will put us up to about $700 million in direct subsidies. I think we have no other choice now. The time is too late. We have to do this in 1969, but what do we do from here on?

Mr. BEEBE. I can give you some reactions that are going to be partial, possibly not as well founded as you would like to have them. I haven't made a study of this so I do not offer what I have to say as firm and final from my point of view.

Mr. FLOOD. Did you say you made a study?

Mr. BEEBE. I have not made a study of alternative methods of financing. As I said, I took what was given to me and attempted to organize to get the job done, and possibly not even spend all that money. I do not know whether we are going to spend that money. Incidentally, it is not compulsory.

Mr. LAIRD. And we do not expect you to spend it unless you have to.

Mr. BEEBE. I do not have time to spend a nickel that I do not have to. That is my record.

There are some virtues in the approach that we have, with respect to economy.

As the fellows here from OEO will testify, I have argued very hard with our Government friends, and others, to let us structure this program so that we could encourage business to do a lot of hiring and training of the hard-core workers at its own expense.

Mr. LAIRD. That is what I am talking about.

Mr. BEEBE. Well, you are not, really, if you get into tax incentives. I think you are not. Forgive me. I think if you get into a tax rebate kind of a deal, you may, in fact, increase your costs because all you are doing is encouraging companies to charge the taxpayer for all hard-core workers hired. I think what you are trying to decide is, do you want to pay as you go, or do you want to pay afterward? As is so often the case, when you go on the installment plan or pay later, you pay with interest, and the bill is higher.

Mr. LAIRD. I do not want to treat human beings as we treat machines. I believe human beings deserve preferential treatment over machines.

Mr. BEEBE. I would not want to dispute the relative merits of tax rebates versus the way we are going. They are both tax.

I think it is a question of which you can administer best and which you can police best, and then your point, which will business respond to most effectively?

I do not think we know all the answers; at least I don't know all the answers to that yet.

I am trying to find out how they will respond to the contract approach that we are taking now—and you call it subsidy——

Mr. LAIRD. The "President's Report on Civil Disorders" came out for the approach of giving primary emphasis to the tax incentive.

This was a very closely debated issue within the Commission, and they did come out for this other approach.

I am not trying to pin you down, but I wish you would give some consideration to this. When we look at this budget now, with $244 million in it for fiscal 1969, and when we project that subsidy over into fiscal year 1970, as we move toward the goal of 500,000, which is your goal, then I think——

Mr. BEEBE. It is our goal and there is no reason to stop there, by the way.

Mr. LAIRD. But you have to look at the continuing cost of a direct subsidy program, to look at these built-in increases from the appropriations standpoint.

Mr. BEEBE. But I would ask you to consider—and I will do it with you, of course—I would ask you to consider which way you are going to pay more. For example, if you had the tax rebate method, I could conceive of the possibility that you might end up paying for those that you get free this way, the way we are doing it now. We took that precaution, you see, and we worked very hard at it. I know Bob Levine can testify to this, isn't that right?

Mr. LEVINE. Yes, sir.

Mr. BEEBE. I fought hard on that because a lot of people did not want us to count anybody that business did for free, they only wanted

to count the contract cases. I said, "You are whistling Dixie; you cannot do it that way." No pun intended. We would not do it that way.

I would ask you to consider, really, are you going to end up the other way with a hangover? Because I do not see why it would be cheaper the other way. You are going to encourage business to take on anybody this way and go ahead with the program, knowing that they are going to get money back.

The way we are going at it now, they are going to take a very substantial number of these—I suspect in the long term more than they would under contract—at no cost to the Government.

Mr. LAIRD. I understand that and all I am asking is in your deliberations with your staff, and with the experts you have at your disposal—which I do not have at my disposal as a Member of Congress—we should give some consideration to at least the same kind of a tax credit we have for machines. I would say at least 10 percent tax credit, as a human investment tax credit.

Mr. BEEBE. The principal is fine, but what would be the motive for doing it that way? In other words, paying later instead of paying as we go?

Mr. LAIRD. I have some questions about whether you should put business on a direct subsidy for the next possibly 20 years in this area. I have gone down the direct subsidy route, coming from a district that has gotten a direct subsidy from the Department of Agriculture for a long period of time. It received direct subsidy to put lime on its fields, to build ditches, to build trenches, to produce milk, corn, wheat, and rice. It really hasn't solved our problem. Maybe it will solve business' problems. Maybe business is enlightened enough that it won't get tied down by the subsidy. But I would like to see some degree of freedom remain, where business can make certain decisions on its own. I think it is good to give an incentive. But whether you give a direct subsidy or not, that still is an open question in my mind. I will support the direct subsidy this year.

Mr. BEEBE. Bear in mind I would be careful about calling this a direct subsidy. I guess we get into semantics, but I do not think business will think of it as a subsidy because the only thing they are going to get any money for is for money they spend. In other words, the only time they can be reimbursed for any costs is when those costs exceed the costs of training, or hiring and training, a normal individual.

Mr. LAIRD. I understand that.

Mr. BEEBE. So is that a subsidy or are we just paying for something that needs to be done?

Mr. LAIRD. That is the only way you can get tax credit, too.

Mr. BEEBE. That can be done.

Mr. LAIRD. I am sorry to interrupt Mr. Beebe, but this is one of the things that bothers and concerns me. I thought, given this opportunity, I would encourage your group to give it some consideration.

Mr. BEEBE. We certainly will. We will evaluate it. We will need a lot of help. We are not expert in this. When you get into the area of taxes and things of that type. I, myself, have virtually no competence. All I can use is my judgment. Now I have some competence in business, in costing things out. I know it will cost as much one way or the other. I am a little worried about the other route, but I do not

want to try to defend the method we are using because I cannot, given the circumstances.

Mr. FLOOD. Well, then, don't.

PUBLIC ACCEPTANCE OF THE NATIONAL ALLIANCE

By the way, is anybody angry with you yet?

Mr. BEEBE. I suppose so. I could not go out and give a message like I did in San Francisco or Oakland——

Mr. FLOOD. I mean very angry?

Mr. BEEBE. I do not think very angry, but I tell people when I get up to talk to them, "If I do not get 25 percent of you pretty upset and disagreeing with me, I know I haven't gotten the message over."

I have done that. I have visited five of our city operations and made I don't know how many talks on this subject since last Thursday and I am sure some people are a little upset with me. I have had businessmen come up to me and say, "I am tired of having people come up and criticize us. I have been hiring Negroes for a long time."

I would say, "God bless you. I only want to talk to the sinners."

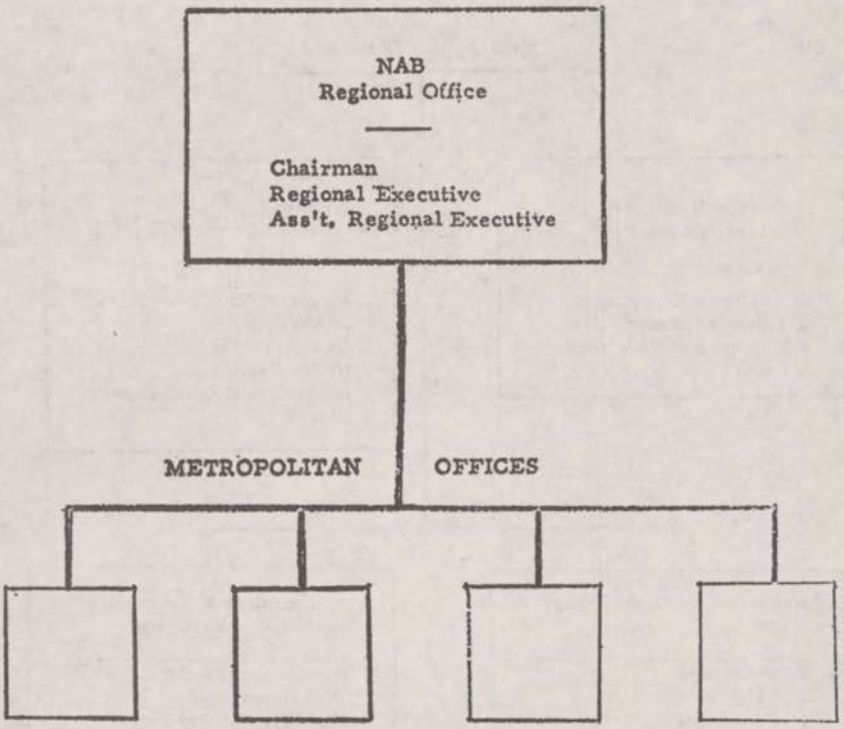
I also say, "This is a speech for the sinners. The saints may all leave, now."

Obviously nobody leaves. It begins with identifying oneself as a part of the problem. If you do not do that, don't participate. I tell them that. "Don't participate in this on the basis of expediency because if you do, you are going to wake up with a big hangover."

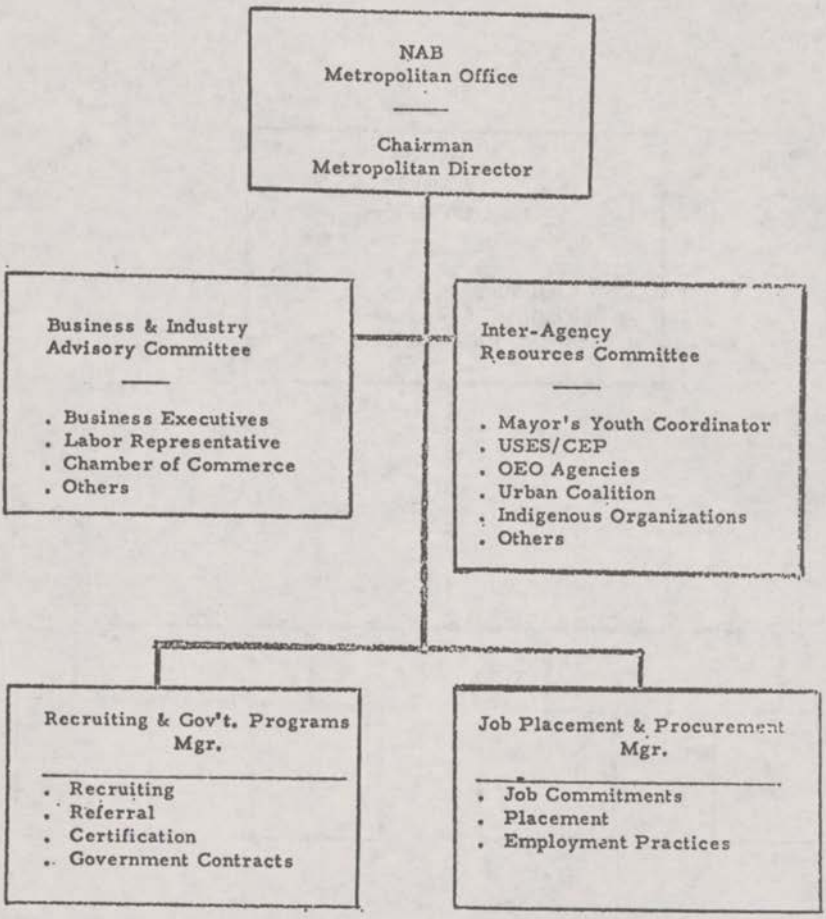
By the way, put that organization chart up, will you?

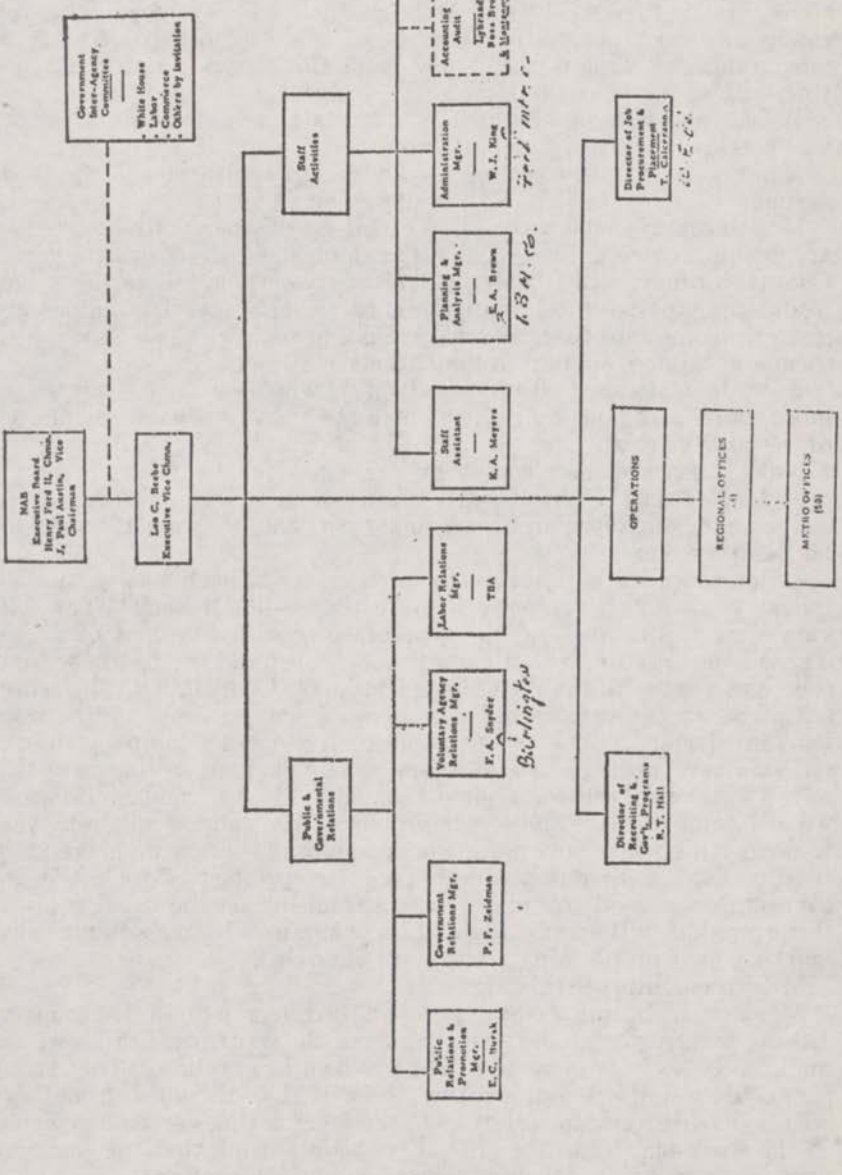
(The charts referred to follow:)

National Alliance of Businessmen
Organization
February 19, 1968



National Alliance of Businessmen
Organization
February 19, 1968




NAB
Executive Board
Henry Ford II, Chmn.
J. Paul Austin, Vice Chairman
Lee C. Bebe
Executive Vice Chmn.
Government Inter-Agency Committee
White House
Labor
Commerce
Others by Invitation
Staff Activities
Administration Mgr.
W.J. King
Planning & Analysis Mgr.
E.A. Brown
Staff Assistant
K.A. Meyers
Accounting & Audit
Legal Counsel
Lowe, Hawkinson, Symington, Martin & Underwood
Public & Governmental Relations
Public Relations & Promotion Mgr.
E.C. Horak
Government Relations Mgr.
P.F. Zeidman
Voluntary Agency Relations Mgr.
F.A. Snyder
Labor Relations Mgr.
TBA
OPERATIONS
Director of Recruiting & Govt. Programs
R.T. Hall
REGIONAL OFFICES
(1)
METRO OFFICES
(58)
Director of Job Development & Placement
T. Calcerrano

Mr. BEEBE. This is the way we are organized in Washington.

We have 65 members on our board, all of whom are officials of their company. We have Bill Day in Detroit who heads Michigan Bell and Stephen Ailes here in Washington, the former Secretary of the Army, and incidentally, I think the only nonbusinessman, per se, heading any of our efforts, although I guess you could say he is in business, too.

They sit on our board. I am responsive to them.

Here we have grouped together our public and governmental relations. This is the fellow from Mobile Oil that I mentioned. This fellow is on loan from the vice president's office handling our Government relations. This is the fellow from Burlington Industries, full-time with us for 6 months or more.

We have a director of union relations, John Livingston, a former vice president of the GM department.

Mr. FLOOD. Are you getting anybody angry with you in the labor unions?

Mr. BEEBE. No; but we will. We will get in their hair because we are going to ask unions locally to adapt some of their standards. Companies may want to set up training positions where the wages would perhaps be lower than the entry level wage. The unions are going to come into that, and we are going to have to sit down with them and tailor a job to fit a local situation.

Now, in addition to Livingston, here, who is a very experienced labor union man, and very much on our ball club, we have one in each of the 50 city areas.

Now, these are men who were arranged for by George Meany, president of the AFL–CIO. Mr. Walter Reuther met with Mr. Ford a week ago Monday and agreed to support the program 100 percent. He has offered us help.

Union problems will have to be wrestled out in each market, in each industry, and each company because they will all vary. They will vary with the people and the type of enterprise and type of union. There is no way to go at it except to sit down and try to work it out together. I sat with the AFL–CIO Executive Council, with the representatives of the various unions and we discussed some of the problems involved. Obviously, we are not going to ask a company to take on hard-core workers in a situation where regular workers are laid off. We are banking on a good economy. If the economy tails off, we are going to have some real problems. We cannot ask employers to do anything that does not make good sense. There is no make-work in this. This is to put people on regular, productive jobs. We are counting on a good economy; we are counting on the usual rates of turnover that will open up jobs. If a company's business is not good and they have people laid off, they cannot do this.

Mr. FLOOD. Suppose this war ends?

Mr. BEEBE. I think we have got a lot of things to do in this country. I think we are going to be terribly busy if the war ends. I think we are going to be awfully busy here. The problem I am talking about is one that could well use up our energies, those of all of us, and I think there will be lots of work for all of us to do. I think there is some evidence in the stock market to the effect that people think that the economy might even improve if there is a cessation of the war effort.

Now, this fellow, the staff assistant, comes from the Department of Commerce. This man is IBM. Bill King is here with us from Ford,

heading our administration, taking care of money and related matters. These are the accounting and auditing and legal firms that I mentioned.

Incidentally, this kind of assistance is being volunteered throughout the 50-city network, either at a no-cost basis or out of pocket.

We have an Inter-Agency Committee here, so we keep liaison the other Government departments that are concerned with our work.

This is the fellow from Western Electric. He is our director of job procurement and placement. This gentleman, Bob Hall, is from the Department of Labor and he is our director of recruiting and Government programs. This whole effort, gentlemen, is oriented to a very simple formula: Find the man, find the job, and put the two together. If you want to get something done, you put somebody in charge of each function.

This is our "job man." He faces the employers of the Nation. This is our "man man." He faces the people we want to get jobs for. He comes from the Department of Labor, and they are the ones—they and OEO—providing the money to make the contract arrangements possible.

So that simple organization—two key functions, job man, man man, and somebody to coordinate the effort—is multiplied throughout the 50-city network. That three-man executive team is multiplied throughout the 50 cities. The rest of it is support. All of our efforts evolve largely around the work of these two men. Find the man, find the job, put them together in a mutually productive environment.

Mr. FLOOD. Are you part of the special effort to create jobs for the summer?

Mr. BEEBE. I do not see it as that.

It may be so unwittingly, since we are asked to get jobs in the private sector for 200,000 young people, but we do not envisage doing this job because we are intimidated. We are doing it because we want to do it and we think it is a necessary and useful thing to do.

As a matter of fact, it may or may not have any effect on the riots. I do not know.

Now, we have a chairman and again we have the two key executives, the one who is the job manager and the one the Government has provided—in the case of the cities it is the Sate government, the State employment service, and he is the recruiting, outreach manager. They have support people. Many of the people in the cities—as in Washington—are volunteered by business and industry. Many here are volunteered by Government. But you see we have in these two key men the personification of the partnership between the Government and business, both together, and both responsive to the chairman who, by the way, since he also has to run a big company, has named a full-time metropolitan director, usually a man from his own company that he has put on leave for 6 months or more and the metropolitan director is my counterpart.

Then to support these men we bring together community groups to sit on committees. Here is the Business and Industry Advisory Committee to support the job man who faces the employers in the community.

Here is an Interagency Resources Committee made up of a great myriad of agencies related in one way or another with identifying people, finding people.

Mr. FLOOD. You have the United Fund people and the Professional Social Workers organized in every community all over then Nation. Are they in there?

Mr. BEEBE. Yes; they are in, importantly. As a matter of fact, our campaign to go get jobs is patterned after the UF approach. One night when I should have been sleeping, I said, "Where can I get help to put together a pledge campaign? Who knows more about it than anybody in the world?" And a light went on in my head and I said, "The guy in Detroit who runs the United Foundation campaign because they raise $25 million a year there and they know how to do it. Their lists are up to date and it is their life's blood. So who knows better how to do it? Nobody."

I called the guy who runs it, and I said, "I want to borrow your best pledge man for about 2 weeks down here, to come down here and help us put together a campaign." He came down and we put together a detailed program on how to run a pledge campaign. Then we went to the headquarters in New York to get their help, and also to have them let everybody know, let every UF agency across the country know about the alliance. And incidentally, this is the way to do the PR. Don't worry about putting it in the newspaper. Get it to the people who will do something about it. Newspapers, incidentally, are part of the problem. All the media are.

Mr. FLOOD. By PR you mean public relations?

Mr. BEEBE. This is PR. This has feet on it. You want the UF to help you. Why? Because the guy who runs the UF in each of these cities knows more about going to industry to get money or help from them than anybody in town. It is very simple. That is how he lives.

So we did that. And we have the UF in each town linked in with our efforts. The UF in Detroit sent the guy down here and the people in New York are helping, at no cost.

Mr. FLOOD. How about the academic world?

Mr. BEEBE. We are not in close liaison with them yet. However, many of our committees at the city level have educators on their committee and they are working with them. I will give you an example. I was in Omaha about a week ago going over their program, talking to businessmen. One of the things that we have got to do is a thing we call sensitivity training for company people. It is one thing for Henry Ford to say, "Ford Motor Co. is behind this," and it is another thing to get the people down the line behind it. Now I know because I sat there for a long time and read Mr. Ford's memorandum, which says, "You better hire some Negroes," and I threw it in the basket. I said, "I refuse to consider anybody for a job on any criteria other than his competence to do the job."

I was morally and ethically right. I was just stupid for the time. I only recently woke up to that. So you have to get to people like me and a lot of others way down the line like the foremen and the supervisors in the office and in the plants and on down the line and you have to have sensitivity training.

What is a hard-core worker, what is he going to be like, what do you do with him if you can get him there?

In the case of Omaha, the fellow heading the vocational education for the public school system in Omaha happens to be very interested in this and dedicated to it, so he got together with our alliance organization in Omaha and he has put together a curriculum, a Saturday curriculum; eight Saturdays, to invite in the foremen and supervisors from all the plants in the area of Omaha to come into the school system and have a short course on what is a hard core, how do you handle a hard core, et cetera.

There is an example where we are tied in with the academic community. Now, the academic community, I am told—I do not have the practical experience on this, but I used to be a teacher and I can believe it—the academic community is not always ready to help on this thing.

Mr. FLOOD. What did you teach?

Mr. BEEBE. I started out coaching and teaching.

Mr. FLOOD. Where did you go to school?

Mr. BEEBE. Michigan, Wayne. The academic approach here doesn't always work.

Mr. FLOOD. How old are you?

Mr. BEEBE. 50.

The academic approach doesn't always work here. It was the academic approach that failed in the first instance, or at least, if it did not fail, the people retreated from it.

So when you think about putting these people back into the academic situation, you have to think twice.

Now, I do not know this from experience, I know it from homework. People tell me this and they keep telling it to me all across the country.

I had a group of employers in, a week ago Saturday, employers that had done some hiring of the hard core and had done this kind of sensitivity training. We said to them, "Well, now, tell us about it, What works and what doesn't work?"

They said, "It usually doesn't work when you try to do this training in the public school system using the public school teachers."

We did not say that, they said that. And they only said, "usually," or "generally." I think the case of Omaha is a good exception. We should not pass up the academic community. We should be prepared to utilize the talents and facilities available to us in the community but we should be aware of the professionals, many of whom think they know how to do this job but do not and who have proven that they do not.

That is a side point.

Well, where are we?

Mr. FLOOD. I was going to ask you that.

Mr. BEEBE. I am relating this to your money question. I mean where are we in relation to our money deliberation? And where we are, I think, is critical, to where you want to be. I know it is critical to us if we are going to get this job done, because we have got these teams organized across the country now, in each of the cities, and they are all "hep" and enthusiastic and they are out selling the program and we are going to the business community and the community is responding. We are getting the job pledges. The first 60 members of the Alliance pledged nearly 30,000 jobs. Our goal is 100,000 for the year. Sixty companies pledged 30,000 jobs.

Mr. FLOOD. Is that good?

Mr. BEEBE. Well, it is good on simple mathematics. There is an awful lot below the surface that I do not know yet. We won't know how good it is until we start finding people and matching people up to the job. My feeling is that in order to obtain 100,000 effective placements we may have to have 500,000 job offers, because I do not think the people and the jobs are going to go together all that clean. It is not like putting jobs and names in a computer and running them out.

I think it is encouraging, yes, when you can do that well with 60 companies and you think of the hundreds of thousands we will be talking to. We had the chiefs of 750 of the Nation's largest companies in here to a meeting on March 16, just to indicate the kind of response we have. In no case did we give them more than a week's notice. Mr. Ford sent them a telegram and said, "We want to have a meeting to talk to you about this problem."

They came in here and we put on a good show for them to lay out what we are doing and the nature of the problem and what we wanted them to do. I recall particularly the reaction of Mr. Roche, the chairman of General Motors. He got this short notice to come in here and he was understandably reluctant to upset his busy schedule. He had his man call me and ask, was this important and did we really need him and I said sure, we needed him, and he came. He came up to me after the meeting. He was very warm.

He told how he really did not need another meeting, particularly on such short notice, but since he had been exposed to it and saw what we were doing, he thought it was a terrific program and wanted us to know that General Motors was 100 percent behind this program in every area in the country and if we had any problems anywhere let him know.

I phoned Mr. Roche a couple of days later to ask for a full-time man from General Motors to help on our program. In very short order General Motors assigned us a full-time man, and this is the first time I have had the pleasure of working on the same team as a General Motors man.

Mr. FLOOD. You can watch each other, anyhow.

Mr. BEEBE. It illustrates the kind of response we are getting.

In Omaha we had a breakfast meeting for about 25 of the top businessmen in town. They would not let anybody else in. I gave them the talk on the program and I asked them to make a commitment and I asked them to search their soul and do it right, because it is not just a matter of a handout, offering somebody a job and then turning your back and then pointing your finger at them and saying they do not want to work when they fall off, because you have to live with them.

Then I said, "There is something you can do." I said, "Our team here needs help." I told them how I was on the job. I gave them Mr. Ford's attitude—which by the way is not just nominal. He is spending an awful lot of his time on this program. He has been out talking to these groups in cities all across the country, as has Paul Austin and the other directors of our outfit. This is not just a nominal exercise with them.

As I said, Mr. Ford was in the office. He spent a half a day last week with us talking to these minority types and the next day he was in San Antonio at an Alliance kickoff meeting with the businessmen, and the last time he was in my office he sat across the desk and he spent four and a half hours with me on this and I daresay he probably does not have four and a half hours to spend on any piece of his business up there in Dearborn these days.

That is the kind of dedication you got from him, and from Paul Austin and these other men.

I said to the elite of the business community in Omaha, "Our Chairman, here, could use some help. He could use some full-time executives to help run this thing." And I said, "He does not want anybody you want to get rid of, or who is near the shore. He wants somebody who has a real upward thrust and wants to get ahead in his business."

I explained why, and the value I thought it was to them—and incidentally, there is tremendous value because I figure you can get a million bucks worth of training here—no company can train a man like we can train him, in this experience. After the meeting, they volunteered immediately five full-time senior executives for a minimum period of 6 months.

I was out in Oakland yesterday with Ed Daley, chairman of World Airways who heads our program there, and Quentin Reynolds, who is the president of Safeway Stores, who has attended five meetings with me in the last 2 days out in the bay area on this program and who has given us, full time, a director of his company and a senior vice president who is here backing up our effort full time in Washington.

Now that is the kind of a response we are getting.

I left here early last Friday morning in the wake of these incidents. My target was New Orleans. I had to address a kickoff meeting at lunch with the top businessmen in New Orleans, to back up Zac Carter down there, our chairman in that town. I really did not know whether I wanted to get on my feet on Friday, in the wake of what was going on, especially in the Deep South, to make the kind of a plea that I had in mind because I was worried maybe there would be some kind of a backlash or something of that nature and I was delightfully surprised because those men were there and they were totally responsive to a pretty hard-nosed message. I found the same reaction as I went on to Long Beach, Los Angeles, San Francisco, Oakland. And, if anything, the recent events have not deterred but have spurred the interest and sense of urgency of the business community.

Since then, I have talked to Henry Ford to find out what his reaction had been in his recent visits, and Paul Austin and several others of our board, and they are all saying the same thing. So you have a business community coming on stream, here. We have had meetings in every one of these 50 cities and the meetings are continuing. There are a lot of people organized, working on a program organized as indicated here today, a program based on the kind of

financing that was handed to us. There is a contract procedure that we are merchandising out there with companies, now.

That is where we sit.

ROLE OF SMALL BUSINESS IN NATIONAL ALLIANCE OF BUSINESSMEN

Mr. FLOOD. You know here in Washington, for some reason I could never understand, we have decided that 500 employees and below is small business. In many parts of the country, especially where I come from, a plant with 500 people is big business.

Now, does the National Alliance of Businessmen concern itself only with the great big giants, or is there room for small business?

Mr. BEEBE. There is a real role for small business. We have gone to big business first, and there is logic in that. For example, in Detroit there are lots of small businesses, but they tend to gyrate around the big businesses. They are suppliers and so on.

Mr. FLOOD. That is the mother hen business.

Mr. BEEBE. If we can get the mother hen interested, we have a better chance in getting the others. This incidentally is the way UF works. But there is a real role for small business, and we advised the Department of Labor in their contract procedures to take out the minimum requirement that they had before for 50. In other words, a company could not qualify unless they agreed to provide 50 jobs. Well, an automobile dealer, the average dealer, could not offer 50 jobs but he could offer one or two or three.

So the contract procedure was amended in that manner so that a company can have a program for one person. This could be pretty vital. I can envisage a lot of circumstances where a little company can take a man by the hand and give him more help than a big company can. So we are stressing small companies and they can do it either individully or in consortium, in groups, under the terms of the contracts that we have worked out with labor.

Mr. FLOOD. Thank you very much.

(The brochure follows:)

A NEW PARTNERSHIP

How industry and Government combine forces in a new program to meet the problem of the hard-core unemployed.

JOBS

NATIONAL ALLIANCE OF BUSINESSMEN

"The question for our day is this: In an economy capable of sustaining high employment, how can we assure every American, who is willing to work, the right to earn a living?"

LYNDON B. JOHNSON.

The National Alliance of Businessmen received its charter from President Johnson's manpower message to Congress on January 23, 1968. In his message, the President called on American business to apply its talents to a critical national problem: finding jobs for the hard-core unemployed.

The task of the alliance is to encourage private companies to put 100,000 men and women on the job by June 1969, and 500,000 by June 1971. The alliance will also work to find productive jobs for 200,000 needy youths this summer, to provide them a work experience that will lead them back to school in the fall, on to other forms of education, training, or permanent employment. In this effort the alliance will work closely with mayors' youth councils throughout the country.

THE PROBLEM

Today's hard-core unemployed are not merely the victims of an economic cycle. They are the permanently poor. Their plight is accentuated rather than eased by America's growing affluence. They sink deeper into the sediment of society while 75 million of their neighbors are productively employed and new jobs are created at the rate of 5,000 a day. Their situation does not get better with the passage of time. It gets worse.

Hard-core poverty is a heavy burden for the country. Each year billions of dollars are lost in income and spent on welfare because of unemployment. But the real cost is a human one.

Lacking job skills, work experience, education, and social acceptance, the hard-core unemployed remain jobless and hopeless.

For these people the promise that everyone in America who is willing to work can have a job, and progress to the limit of his ability, is a hallow one. The echo produces despair and deterioration in our cities.

The urban crisis intensifies during the summer when schools close and millions of young people are forced into the streets with no constructive outlet for their energies. Many of these youth are poor, many Negro and other minorities, and many are trapped in the heat and squalor of ghettos.

Despite the seriousness of the problem, there is hope for the future.

The Federal Government has tried in a number of ways to give people the skills they need: The Manpower Development and Training Act, the Job Corps, the Neighborhood Youth Corps, and other programs, have provided training alone or training combined with full- or part-time work.

Reports show that 9 out of 10 of those who have received Government-sponsored on-the-job training have gone on to good jobs.

In the past few years, a number of businesses have successfully hired hard-core people to do work that had previously been performed only by those who were better trained and educated.

Jobs remain to be found for thousands upon thousands whose potential is no less real, but who never have had the opportunity to use and develop their ability.

THE PROGRAM

Six out of seven jobs in the United States, and the ability to train people for these jobs, exist in private industry.

It was with this in mind that President Johnson suggested a new partnership with industry, in which the Government would draw on its informational resources to identify and locate the hard-core unemployed; and industry would bring its resources to bear on preparing, positioning, and retaining them in productive jobs.

Some of the present hard-core unemployed can be assimilated in industry simply by changing existing entry barriers to their employment. But many others will require extra effort in recruiting, training and counseling, which will add additional costs above the normal for an industrial training program.

To underwrite these extraordinary costs of providing jobs, the President has proposed to the Congress that $350 million be provided to support what he has called the JOBS program (job opportunities in the business sector). The sum of $106 million will be provided from funds available in fiscal year 1968, with $244 million to be provided in 1969.

The National Alliance of Businessmen has been formed to make job opportunities in the business sector a reality for hard-core unemployed. The alliance will direct its efforts initially to the Nation's 50 largest metropolitan areas.

In each of the 50 cities, the National Alliance of Businessmen has a team, directed by a metropolitan chairman, composed of several businessmen loaned by their companies, and a representative of the Department of Labor.

In each city the alliance will—

Contact companies directly, or through existing local organizations, to ask them to provide jobs for the disadvantaged.

Work with local public and pri vate organizations to identify and recruit disadvantaged persons to fill these jobs.

Expedite arrangements for companies to receive Government funds to offset extraordinary costs of training programs. The mechanism is a simple contract to be made with the Department of Labor.

Providing training and jobs for the hard-core unemployed will not of itself end poverty in any area. Employment is only part of the answer. But it is an indispensable part, one that private business must try, with new vigor and determination, to provide.

NATIONAL ALLIANCE OF BUSINESSMEN

Henry Ford II, chairman, chairman, Ford Motor Co.
J. Paul Austin, vice chairman, president, The Coca-Cola Co.
Leo C. Beebe, executive vice chairman, National Alliance of Businessmen.

AT LARGE MEMBERS

A. L. Nickerson, chairman, Mobil Oil Corp.
Quentin Reynolds, president, Safeway Stores, Inc.
Charles F. Myers, Jr., president, Burlington Industries, Inc.
G. William Miller, president, Textron Inc.
John H. Sengstacke, president and general manager, Robert S. Abbott Publishing Co.

REGIONAL AND METROPOLITAN CHAIRMEN

Region I:

Roger P. Sonnabend, president, Hotel Corp. of America.
Boston: Louis W. Cabot, president, Cabot Corp.

Region II:

Harold S. Geneen, chairman of the board, International Telephone & Telegraph Co.
New York City: Floyd D. Hall, chief executive officer, 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: C. Peter McColough, president, Xerox Corp.

Region III:

John D. Harper, president, chief executive officer and chairman, executive committee, Aluminum Co. of America.
Pittsburgh: D. C. Burnham, president, Westinghouse Electric Corp.
Washington, D.C.: Stephen Ailes, partner, Steptoe & Johnson.
Philadelphia: Stuart T. Saunders, chairman of the board, Pennsylvania Central Railroad.
Baltimore: Jerold C. Hoffberger, president and director, National Brewing Co.
Norfolk: Henry C. Hofheimer II, president, Southern Materials Co., Inc.

Region IV:

J. Paul Austin, president, The Coca-Cola Co.
Atlanta: A. H. Sterne, president, Trust Company of Georgia.
Birmingham: Crawford Johnson III, president, Crawford Johnson & Co., Inc.
Memphis: W. Porter Grace, president, Union Planters National Bank.
Miami: William F. Raven, vice president, Southeastern U.S. & Caribbean Pan American World Airways, Inc.
Tampa: W. C. MacInnes, chairman & chief executive officer, Tampa Electric Co.

Region V:

James W. Cook, president, Illinois Bell Telephone Co.:
Robert S. Oelman, chairman of the board, National Cash Register Co.
Akron: William S. Parry, president, Akron Welding & Spring Co.
Chicago: James W. Cook, president, Illinois Bell Telephone Co.
Cincinnati: Howard J. Morgens, president, Procter & Gamble Co.
Cleveland: G. Jack Tankersley, president, East Ohio Gas Co.
Columbus: Charles Y. Lazarus, president, F & R Lazarus & Co.
Dayton: George E. Sheer, president, McCall Printing Co., Dayton Div., and vice president, McCall Corp.
Detroit: William M. Day, president, Michigan Bell Telephone Co.
Indianapolis: Alfred J. Stokely, president & chief executive officer, Stokely & Van Camp, Inc.
Louisville: Cyrus L. MacKinnon, vice president & gen. mgr., Courier Journal & Louisville Times.
Milwaukee: Elmer L. Winter, president, Manpower, Inc.
Minneapolis: Donald C. Dayton, chairman of the board, Dayton Corp.
St. Paul: Louis W. Menk, president, Northern Pacific Railway.
Toledo: Raymond H. Mulford, president, Owens-Illinois, Inc.

Region VI:

Clyde Skeen, president, Ling-Temco-Vought, Inc.
Dallas: Patrick E. Haggerty, chairman of the board, Texas Instruments, Inc.
El Paso: Hugh F. Steen, president, El Paso Natural Gas Co.
Fort Worth: Frank W. Davis, president, Fort Worth Davision, General Dynamics Corp.

Region VI—Continued

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: D. Hull Youngblood, vice president, Southern Steel.

Tulsa: Marcus R. Tower, president, National Bank of Tulsa.

Region VII:

James S. McDonnell, chairman of the board, McDonnell Douglas Corp.

Kansas City: William N. 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, senior vice president, Omaha National Bank.

Region VIII:

Walter A. Haas, Jr., president, Levi Strauss & Co.

San Francisco: Fred H. Merrill, chairman of the board, The Fund American Companies.

Honolulu: Hung Wo Ching, chairman of the board, Aloha Airlines, Inc.

Long Beach: John J. Real, vice president, administration, Star-Kist Foods, Inc.

Los Angeles: J. Howard Edgerton, chairman of the board, California Federal Savings & Loan Assoc.

Oakland: Edward J. Daly, president & chairman of the board, 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 Airways.

Seattle: Alan Ferguson, president, Sicks' Ranier Brewing Co.

Summary of Budget Request for Migrant Workers

Mr. Flood. You are requesting $30 million for your migrant worker program. That is an increase of $5 million. Several agencies are increasing their activities in connection with migrant workers.

Why all the excitement about the migrant workers just at the time when the number is going down, down, down, faster than at any time in history. How do you explain that?

Mr. Klores. The reason for that is, the number is going down but jobs are not being found for these people. They are winding up going to the urban ghettos, uneducated, untrained, to be there and to cause whatever problems they are going to cause for our big cities, either being on welfare, or worse. That is why we have got to move rapidly, as rapidly as possible, to take care of a problem of people who are being put out of work. It is probably the only industry in the country, today, that is losing workers, year after year.

Mr. Flood. You have educational and day care activities. We have been listening to the Department of Health, Education, and Welfare for over a month, and we thought that they had services available to migrant workers; is this the same problem again?

Mr. Klores. The problem is the same, but we are not duplicating it.

As an example, the Department of HEW, through title I of the ESEA Act gives money to States for migrant compensatory education. This is only for youth and we no longer serve youths, and youths are those defined as those from 6 to 16. We do not provide services any more for school-age youths. We have not done it this fiscal year and we are not going to do it.

As soon as title I included migrants, we got out of it, turning over our grantees to HEW. As far as day care is concerned, they are not reaching migrant youths. As an example, the appropriation for the State of California in fiscal year 1968 went from approximately $1 million in 1967 to $6 million in 1968; that is HEW to the State of California, for compensatory education for migrants.

The State of California will not provide day care, not because they are not allowed to under the Federal act, but because they have decided they do not want to, and that is the way HEW operates and I do not say this derogatorally, through the State system. We have got to fill in with private, nonprofit groups, or with State agencies, where the rest of the Federal Government does not meet the need. Day care is an example.

Rural Loan Program

Mr. Flood. Now on your rural loan program, your budget is $17 million for 1968, reduced to $6 million for 1969. Is this apparent reduction due to the use of repayments through your revolving fund, or is this because your estimate of demand has gone down? Which one of the two?

Mr. Doherty. Mr. Chairman, the rationale of that is that we will use collections and money in the revolving fund to maintain an outstanding obligation balance, a program level, roughly the same in 1969 as in 1968.

Mr. Flood. What is your repayment record on loans?

Mr. Doherty. We have received from the beginning of the program, $19 million in repayments.

Mr. Flood. Is that good?

Mr. Doherty. We think it is for this group of borrowers. These folks are, of course, substantially at the bottom of the ladder in the rural areas.

TYPICAL BORROWERS

I would like just for a second to give you a profile of the typical borrowers.

A typcial borrower using an economic opportunity loan to do a better job of farming is more than 50 years of age, has several dependents, never completed grade school, operates a farm of about 50 acres, and had a net income of about $1,000 when he came to the agency for a loan.

The typical nonfarm rural resident who receives a loan to develop a small nonfarm business is between 35 and 45 years of age, has several dependents, completed a few years of high school, has years of experience in the trade or business he wants to operate and had a net income of about $2,500 when he came to the agency for a loan.

Now, with that group of people and with the cooperatives serving them, we feel the repayment rate is very good.

DEFAULTS

Mr. Flood. What is your percentage of defaults in these loans?

Mr. Doherty. We have made a total of 52,000 loans, approximately, and we have transferred about 900 of those to what we call a

collection-only basis. This is not a default. It is a category where the individual does not appear to be making much of a success with the loan and he does not appear to be able to make all of his repayments, we will get some of it back but not all of it.

Mr. FLOOD. Have the cooperatives been active in applying for loans or is this strictly loans for individuals?

Mr. DOHERTY. We have made 1,116 cooperative loans.

Mr. FLOOD. Is that a lot?

Mr. DOHERTY. We feel it is, in view of the budget we have. This year we are using all of the money we have allocated for cooperatives.

Mr. FLOOD. Then the answer is "Yes."

Mr. DOHERTY. Yes, sir.

VISTA

Mr. FLOOD. Now VISTA. Your request is $32 million, compared with $30 million this year.

You are doing fine with $30 million. You only ask for an increase of $2 million. That suggests the following question: "If you are doing well with $30 million in 1968, why not do it again with $30 million in 1969?"

Mr. KENNEDY. First, Mr. Chairman, may I express the regrets of our Director, Bill Crook for his absence today. He went to Atlanta to represent OEO at Dr. King's funeral and was unable to get a flight back in time to be with us today. I would also like to offer for the record the formal statement he had prepared to present to you today. I think there would be several reasons why we are asking for $32 million this year. First of all, the number of man-years of voluntary service in fiscal 1969 will be significantly larger than the number of man-years of service in 1968. By the end of this fiscal year, we will have 6,500 VISTA volunteers and associates serving in VISTA.

In order to annualize the volunteer total in fiscal 1969, it will require $32 million. We have requests, today, for over 21,000 volunteers from around the country. The number of people volunteering for VISTA is up 29 percent over last year and up more than 60 percent in the past 3 months over the same period last year.

We have had requests from organizations such as the National Association of Businessmen who were here, today, to have VISTA volunteers working in their job program for hard-core unemployed. The American Bar Association is trying to get volunteer lawyers to work in the ghettos with people who have been using illegal means of coping with their problems to use the law as a constructive instrument for problem solving.

Mr. FLOOD. In your justification we notice you have projects in 49 States. Which State has none?

Mr. KENNEDY. Mississippi is the only State in the country that does not have VISTA volunteers. VISTA volunteers are in 49 States, Puerto Rico, the Virgin Islands, Guam, and American Samoa.

The Governor of Mississippi has vetoed the use of volunteers in that State in the past. I understand that the new Governor in Mississippi, and the Mississippi Technical Assistance Agency are talking about having VISTA volunteers in Mississippi in the future but at this time Mississippi has not had volunteers.

Mr. FLOOD. The present Governor is a former colleague of ours.

VISTA CITIZENS CORPS

At the bottom of page 185 I find this statement: "Fiscal year 1968 will be a year of experimentation for VISTA Citizens Corps."

Will you tell us a little bit about this experimentation in 1968?

Mr. KENNEDY. The Citizens Corps was an experiment but one well founded in our experience. All the information we had coming into VISTA indicated that there were just literally thousands of people who wanted to volunteer but were housewives or businessmen, or students who couldn't work full-time or live away from home. These are the people we are enlisting in the Citizens Corps to augment and increase the outreach and effectiveness of our volunteers.

Mr. FLOOD. On the next page with reference to 1969 you say:

"There will be a concentration on experimentation in new roles for volunteers and attracting new bodies of skills to serve poverty communities through VISTA."

Why the emphasis on experimentation?

Mr. KENNEDY. Perhaps the word gives an unfavorable connotation.

Mr. FLOOD. Your organization is adult now, isn't it, practically?

Mr. KENNEDY. This year the experimentation had to do with the Citizens Corps and that experiment was a success; we got 40,000 people to volunteer.

Mr. FLOOD. That language is for 1969. The emphasis will be on experimentation in 1969. Why?

Mr. KENNEDY. This year it was the Citizens Corps. Next year it will be a variety of other areas. Experimentation is perhaps misleading. I am talking about areas we haven't worked in before, such as experimental programs with the National Association of Businessmen, trying to work with them and to get jobs for the hard-core poor who are unemployed. This is an area where we don't have a great deal of experience and they don't have a great deal of experience, but we both have the feeling that we can make a very important contribution.

COST PER VISTA VOLUNTEER

Mr. FLOOD. Your justifications state that the direct cost in fiscal year 1969 for one volunteer is estimated at $3,500. Now, suppose you add to that a pro rata share of all indirect costs. How much would be the total cost of a volunteer?

Mr. KENNEDY. The cost for a VISTA volunteer—the money he receives himself is about $3,500.

Mr. FLOOD. Your justification said that.

Mr. KENNEDY. When you are adding the training costs, the cost of supervision, transportation, medical insurance, and so on, it goes up to somewhere around $4,970. When you add in the total cost of administration, such as salaries and other overhead items, it comes to about $6,200 per VISTA volunteer.

The cost in VISTA has been reduced substantially over the last 3 years, down to $6,200 estimated for fiscal 1969.

Mr. PACE. It was $8,500 in 1966.

Mr. KENNEDY. It will be about $6,200 in fiscal 1969 when you consider all costs.

Mr. FLOOD. With all indirect costs it was what?

Mr. PACE. The total cost per man-year was $8,520 3 years ago. In fiscal year 1969 it will be $6,275; down 26 percent.

GENERAL ADMINISTRATION AND DIRECTION

Mr. FLOOD. The last section of your budget is "General direction and administration." That includes some very expensive things that aren't usually carried in the salaries-and-expenses account of an agency head.

FEDERAL INFORMATION EXCHANGE SYSTEM

For instance, the Federal Information Exchange System, and the Information Center. Now, that is not a part of OEO overhead, is it?

Mr. HARDING. It is at the moment.

Mr. FLOOD. What do you mean by that?

Mr. HARDING. It was developed within the Office of Economic Opportunity to meet a generally agreed-upon need, information on Federal programs for the various communities with whom we deal.

It has continued within the Office of Economic Opportunity for 3 years. We are in discussions, however, with the Bureau of the Budget about the possibility of transfer of that role to some other more appropriate agency, such as the Bureau of the Budget itself.

Mr. FLOOD. Tell them I brought it up.

Mr. HARDING. Yes, sir, I certainly will. We will be very happy to have your support in that.

Mr. FLOOD. How much of your budget of $14 million for 1968 and $17 million for 1969 is for those purposes we were just talking about?

Mr. HARDING. The figure for fiscal year 1969 is $1.9 million. The figure for 1968 I do not have.

Mr. JOHNSON. That is $1.3 million, sir.

AUDITING

Mr. FLOOD. How much do you have budgeted in each of these 2 years for auditing?

Mr. HARDING. I would like for Mr. Cassidy to respond to that.

Mr. CASSIDY. In 1968, for the first half of the year for audit, salaries, travel and all other costs, $942,000. The straight-line projection for the full year is roughly $1.5 million.

In 1969 the budget includes $1,800,000 for all audit services.

Mr. FLOOD. What are your general guidelines for auditing the community action program?

Mr. CASSIDY. As you know, by our legislation the Community Action Agency is required to hire a local CPA firm to set up the accounting system if needed. Then we are required, within 3 months, to conduct what is called an audit system survey of each and every new Community Action Agency. We are also required to audit each of the Community Action Agencies annually. Much of this audit service is performed for us by the local CPA that is hired.

Now, we have issued standard audit guidelines which describe in minute detail the various kinds of areas to be audited, the various kinds of factors to be looked into and so forth. These are given to the

local CPA and they audit according to these guidelines. We will furnish copies of these guidelines for the record.

(The material follows:)

COMMUNITY ACTION PROGRAM,
OFFICE OF ECONOMIC OPPORTUNITY,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, D.C.

Memorandum No. 60.
Date: March 3, 1967.
Subject: Financial Responsibility.

PURPOSE OF THE MEMORANDUM

The Economic Opportunity Amendment of 1966 (Public Law 89–794, November 8, 1966) enunciated certain requirements on fiscal responsibility and accounting for grantee and delegate agencies. This memorandum brings up to date existing instructions in the procedural area, and explains the new requirements, as they apply to agencies already assisted by OEO and to new applicants. The memorandum discusses the following topics in the listed order, the location of each indicated by a heading in the text:

Status of CAP Financial Instructions.
Applicability of Requirements.
Pertinent Legislative Language.
Statement on Accounting System.
Requirement for Preliminary Audit Survey.
Annual Audit.
Federal Audits and Surveys.
Grantee Response to Audit Reports.

STATUS OF CAP FINANCIAL INSTRUCTIONS

This memorandum supersedes the following sections of the Community Action Program Guide, volume II: Financial Instructions:

Part G, paragraph 5d: Notice of accounting systems.
Part I, paragraph 12: Requirement of independent audit.
Part I, paragraph 13: Financial responsibility.
Part J: Federal fiscal audit.
Exhibit X: Sample statements on adequacy of grantee accounting system.

CAP Guide, volume II is being rewritten in its entirety to take into account changes in policies and procedures contained in this and other CA memos. Pending issuance of the revised volume II, grantee and delegate agencies should be familiar with the following CA memos which supersede in part, or supplement, volume II: 52, 53.

APPLICABILITY OF REQUIREMENTS

Nos. 6, 7, 8, 12, 14, 20, 29, 30, 36, 43, 44, 45. The requirements stated in this memorandum shall apply to all grants and contracts made by OEO under titles II–A, III–B and IV of the Economic Opportunity Act. Although section 209 of the Amendments of 1966 is strictly applicable only to grants made by OEO under section 205 of the Economic Opportunity Act of 1964, its provisions are considered to be beneficial to and are therefore made applicable to, the administration of all community action program grants and contracts under those titles.

PERTINENT LEGISLATIVE LANGUAGE

The portions of the Economic Opportunity Amendments of 1966 which concern financial responsibility are excerpted here. The term "the act," when used in the excerpts, refers to the Economic Opportunity Act of 1964. Section 202 is quoted in pertinent part and section 209 is quoted in entirety.

Sec. 202. Section 202(b) of the act (see note) is amended by adding at the end thereof a new sentence to read as follows: "Such criteria shall include requirements to assure (1) * * * (2) that each such agency is subject to evaluation of program progress and regular or periodic audits and that the results or findings of such evaluations and audits are considered by the agency as well as by the Director in connection with proposals or applications for the renewal, expansion, or modification of any such program; (3) that each such agency maintains records and internal controls needed to achieve and document com-

pliance with all legal requirements and that all records bearing exclusively on grants made under this part are available to the General Accounting Office; (4) * * *.

(NOTE: Which reads: "The Director is authorized to prescribe such additional criteria for programs carried on under this part as he shall deem appropriate.")

Sec. 209. Section 205 of the act is amended by inserting at the end thereof (after the subsections aded by sec. 208) the following:

"(k) No funds shall be released to any public or private nonprofit agency, or combination thereof, under this section unless the grantee organization has submitted to the Director either—

"(1) a statement from the appropriate public financial officer of the community or of the public agency which will maintain the accounts of the grantee, stating that such officer accepts responsibility for providing financial services adequate to insure the establishment and maintenance of an accounting system by such agency and its delegate agencies, with internal controls adequate to safeguard the assets of such agencies, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed management policies; or

"(2) An opinion from a certified public accountant or a duly licensed public accountant stating that the grantee has established such an accounting system.

"(l) (1) The Director shall make or cause to be made a preliminary audit survey within 3 months after the effective date of a grant or contract with any public or private nonprofit agency, or combination thereof, under this section to review and evaluate the adequacy of the grantee organization's and its delegate agencies' accounting systems and internal controls.

"(2) Within 30 days of the completion of such survey, the Director shall determine on the basis of the findings and conclusions resulting from such survey whether the accounting systems of the grantee organization and its delegate agencies meet the standards set forth in subsections (k)(1) and (k)(2). If he shall determine that the standards have not been met, he shall immediately notify the grantee organization of his determination and he shall consider whether suspension of further payment of Federal funds under the subject grant is warranted.

"(3) In the event of suspension of any grant funds pursuant to subsection (1)(2), the affected agency shall be given not more than 6 months from the date of notice of suspension in which to establish, with the advice of Office of Economic Opportunity auditors, the procedures prescribed in subsection (k). A new audit shall be performed within this period and if, by the end of this period, the Director is still unable to determine that the accounting system meets the required standards he shall terminate the contract or grant.

"(m) The Director shall establish such rules and regulations as may be required to insure that public or private nonprofit agencies, or combinations thereof, maintain the standards of accounting set forth in sections 205(k) (1) and (2) during the period of any grant or contract under this section."

STATEMENT ON ACCOUNTING SYSTEM

While the receipt of a statement regarding the adequacy of accounting systems has conditioned the release of funds for some time, the amendment does introduce certain modifications. Current requirements are supplied below.

The required statement shall be submitted as a part of any initial grant application. The statement should be attached to CAP Form 2 in the application and its presence shall be indicated by typing on the form (after item 2.6) as follows:

"2.7 STATEMENT ON ACCOUNTING SYSTEM"

If any applicant is unable to obtain such a statement it shall attach in lieu thereof an explanation. Where there are valid reasons for the absence of the statement (for example, in the case of a new organization whose accounting system is still in the process of development at the time of application) the OEO regional office may be willing to process the application without the statement. In no event, however, will any financial commitment be authorized until the statement has been submitted.

1. NEW GRANTEES

a. Public agencies, and private nonprofit agencies, whose accounts will be maintained by a public agency's financial office: A statement must be submitted

by the appropriate public financial officer stating that he accepts the responsibility for providing financial services adequate to insure the establishment and maintenance of an accounting system with adequate internal controls. Exhibit I is a sample statement which satisfies OEO requirements. In addition, a statement must be submitted by the chairman of the governing body declaring that an accountant's statement shall be obtained from any delegate agency before it is authorized to make financial commitments. (See exhibit III.) Delegate agency statements shall not be transmitted to OEO, but retained among the grantee agency's records.

b. Other private, nonprofit grantees, and public agencies where no public financial officer is available: A statement must be submitted by an independent certified public accountant or independent licensed public accountant, certified or licensed by a regulatory authority of a State or other political subdivision of the United States, declaring that the grantee has established an accounting system with adequate internal controls. Exhibit II is a sample. The additional requirement concerning delegate agency statements, described in paragraph 1a., above, also applies here.

2. EXISTING GRANTEES

Since publication of CAP guide, volume II, in June 1965 all applicants have been required to submit a statement on the adequacy of their accounting systems that accords substantially with the statement required under the 1966 amendment. Therefore, existing grantees will not be required to resubmit such a statement. However, a statement must be submitted by the chairman of the governing body declaring that an accountant's statement is on file for each existing delegate agency. It must further declare that such a statement will be secured from each new delegate before authorization for financial commitment is granted.

3. DELEGATE AGENCIES

Delegate agencies have the same responsibilities to the grantee agency that the grantee has to OEO. Statements appropriately patterned after exhibits I and II shall be submitted to the grantee, except where statements, similar to those herein prescribed, were previously furnished.

REQUIREMENT FOR PRELIMINARY AUDIT SURVEY

1. APPLICABILITY

A preliminary audit survey will be made in the following cases:

An agency receives its first grant.

A delegate agency receives its first contract.

An agency benefits from a renewal grant action, subsequent to November 8, 1966, which contemplates a major change; e.g., the addition of a delegate agency or a significant increase in the funding level. OEO will advise individual grantees by special grant condition or otherwise in cases in which the increase is sufficient to require a preliminary audit survey.

An agency receives a renewal grant action (or if a delegate agency, a renewal of contract) not characterized by major change, but the agency has not been audited in the 12 months prior to the effective date of the grant or contract.

A short-term program agency which was not audited in the previous year receives a grant or contract.

Preliminary audit surveys are not considered to be necessary in the following cases:

A community action agency or delegate agency which has been audited within the last 12 months receives a renewal grant or contract, without major changes.

A program of less than 6 months duration is funded.

A short-term program is being repeated which is without significant change and was audited in the previous year.

2. RETENTION OF AUDIT

A grantee agency which is subject to a preliminary audit survey shall promptly select an independent certified public accountant or independent licensed public accountant, certified or licensed by a regulatory authority of a State or other political subdivision of the United States, or if it is a public agency shall arrange with its regular auditing entity, concerning the conduct

of the survey. Within 1 month from receipt of the CAP form 14 by the grantee, the OEO regional auditor for the region in which the grantee is located shall be supplied with the name of the auditor or the auditing organizations. OEO will indicate if the auditor nominated is not acceptable. If no advice from OEO has been received at the end of 5 days, the grantee agency will engage the auditor nominated. When the auditor has been engaged he will be provided a supply of the audit and examination guide, for Community Action program grants. The preliminary audit survey must be begun not more than 3 months from the effective date of the grant and completed promptly.

3. ACTION SUBSEQUENT TO SURVEY

At the completion of the preliminary audit survey the auditor will prepare a report in accordance with instructions in the Audit and Examination Guide. A copy will be supplied to the regional auditor at the same time as to the grantee. If deficiencies are disclosed, the Director, OEO, or his designee, will consider the desirability of suspending the grant until the removal of the deficiencies. The grantee will be advised within 35 days from submittal of the survey report concerning any action desired by OEO as a result of the report. In the event of suspension, another survey must be made within 6 months. If at that time all deficiencies have not been removed, the grant will be terminated. Generally, OEO will endeavor to take forms of action short of suspension to secure correction of deficiencies. However, the use of other methods in no way deprives OEO of ultimate recourse to suspension and termination.

ANNUAL AUDIT

1. REQUIREMENT UPON GRANTEE

Each grantee shall arrange for periodic financial audits to insure that the accounting system and related internal controls are operating effectively and that adequate records are being maintained and that the grantee is complying with the general and special grant conditions. At least once annually after the initiation of a grantee's program, the results of the audit, including a written certification as to the adequacy of the grantee accounting system, must be furnished to OEO in accordance with instructions in the current Audit and Examination Guide. The annual audit should be performed so that the results are available at the same time that the application for funding renewal is submitted. Circumstances which prevent such scheduling shall be explained when application is made.

The audit reports are to be submitted to the appropriate OEO office as follows:

(a) OEO regional offices. CAP grants under sections 204, 205, and 209 of the EOA, except for grants to Indians, trusts and territories, migrants, and grants under Project Upward Bound.

(b) Office of Special Field Programs. CAP grants to Indians, trusts and territories, and migrants.

(c) Office of Training and Technical Assistance. CAP grants under section 206 and training grants under section 207 of the EOA, except grants under Project Upward Bound.

(d) Office of Program Planning. CAP grants under sections 207 and 211–212 of the EOA, except for training grants.

(e) Project Upward Bound. All CAP grants under Project Upward Bound.

(f) If a single audit report deals with grants under sections 204–205 and also sections 206, 207, 211–212, or 311 of the EOA, the report shall be submitted to the appropriate OEO regional office. The regional office shall advise and work with the offices normally responsible for the grants under sections 206, 207, 211–212, or 311 of the EOA.

2. SELECTION OF AUDIT PERSONNEL

If the grantee is a nonpublic enterprise, the services of an independent certified public accountant or independent licensed public accountant, certified or licensed by a regulatory authority of a State or other political subdivision of the United States, will be secured.

Where local governments or related public agencies operate OEO programs as grantees, or maintain the accounting records for grantees, it may not be customary to have an independent organization conduct the agency audit. The audit may be conducted by a local official (such as auditor of town) or it may be conducted by the office of the State auditor or some other official governmental auditing agency. Where this is the custom, the auditing official is expected to maintain the same standards, utilize similar auditing procedures and qualified personnel, and render a similar opinion and report as provided for in the Audit and Examination Guide. If these criteria are met, the work and report of the public auditing agency may be substituted by the grantee, in lieu of an audit by independent certified or duly licensed public accountants. If for any reason the public agency is unable to apply auditing standards equal to those set out in the Audit and Examination Guide, an audit by an independent certified public accountant or independent licensed public accountant, certified or licensed by a regulatory authority of a State or other political subdivision of the United States, will be required.

3. AUDITOR'S RESPONSIBILITIES

The major responsibility of independent auditors for OEO grantees, which causes their work to differ from normal audits of local governments or nonprofit organizations, is their responsibility for determining, to their professional satisfaction, that the general and special conditions of the OEO grant have been met by the grantee, and that Federal funds have been expanded and non-Federal share contributions have been valued in accordance with the grant conditions and other OEO requirements.

It is, therefore, essential that the independent auditors be familiar with OEO grant conditions as well as with other Federal requirements, official memorandums, and publications of OEO, and particularly, the contents of this memorandum. The auditors shall be furnished, by the agency being audited, copies of the foregoing materials and of the grant proposal documents, as approved, and any supplemental documents or grant actions. The regional auditor shall supply sufficient copies of the current Audit and Examination Guide.

Independent auditors should clearly understand their responsibilities in this area. They must be aware that they are responsible for pointing out, in writing, any matters of audit importance both to the grantee and to OEO. Regional auditors should be consulted for an necessary additional documents or information which has not been supplied by the grantee.

A fundamental duty of grantee independent auditors involves the written submission of evaluations of the accounting system and procedures including recommendations for improvements.

Recommendations for revisions and improvements should be clearly set out and should be numbered consecutively or otherwise be indexed for future reference. All recommendations should be set forth, including those which may have been implemented prior to the formal report.

FEDERAL AUDITS AND SURVEYS

Independent audits and surveys will be supplemented by audits and surveys conducted from time to time by OEO, itself, or by other Federal audit groups under delegation by OEO. The staff director of the grantee agency will normally be notified in advance and a mutually agreeable time will be arranged.

GRANTEE RESPONSE TO AUDIT REPORTS

Grantees must respond with regard to all pertinent observations and recommendations made in Federal audit reports, either giving an explanation of corrections already made, or stating what action is proposed, and the estimated completion date of such action. A similar response is required on independent or public agencies auditors' findings and recommendations when specifically requested by OEO.

The grantee's response to a Federal audit report should be submitted to the regional office within 30 days from the date of transmittal of the report, unless an extension is specifically granted. Documentation of actions taken is of greatest importance. The response to independent audit results shall be similarly treated, except that response will be made within 30 days of OEO advice that action is required. Four copies should be furnished. The adequacy of the response will be considered by OEO and additional information will be requested if necessary.

Following receipt of the grantee's response and of any additional information requested, the regional director (or the Director, Community Action Program, where authority to make and enforce such grants has been retained by him), or his designee, shall determine whether specific expenditures of project funds or contributions to non-Federal share should be disallowed and shall send the grantee a copy of his written determination. Unless the grantee appeals within 30 days from the date of the determination, it shall become final.

An appeal shall be in writing and accompanied by any supporting statement of facts or arguments that the grantee wishes to have considered. Appeals from determinations of regional directors or their designees shall be addressed to the "Director, Community Action Program, Office of Economic Opportunity, Washington, D.C. 20506." Appeals from the determinations of the Director, Community Action Program, or his designee shall be addressed to the "Director, Office of Economic Opportunity, Washington, D.C. 20506."

The official to whom the appeal is addressed, or his designee, shall consider the appeal, together with any comments submitted by cognizant offices of OEO (a copy of which shall be simultaneously sent to the grantee). In his discretion, he may offer the grantee an informal hearing at which relevant OEO officials may also be heard. The decision on the appeal shall be final.

All final disallowances shall be satisfied within 90 days. Any failure by a grantee to satisfy, a final disallowance or any failure by a grantee or delegate agency to take corrective action to remedy deficiencies in its accounting system and internal controls, as determined by OEO after audit, may result in suspension, termination, or other remedial action. In the case of unsatisfied final disallowances, the United States also reserves the right to bring suit to recover the amounts in question.

THEODORE M. BERRY,
Director, Community Action Program.

EXHIBIT I.—*Statement to be submitted by appropriate public financial officer when the applicant is a public agency or when the accounting system of a private-nonprofit agency will be maintained by a public agency*

Address of Regional or Program Office of OEO, as appropriate.

DEAR SIRS: I am the chief financial officer of (name of public body) and, in this capacity, I will be responsible for providing financial services adequate to insure the establishment and maintenance of an accounting system for the (name of applicant), which is a public (or private nonprofit) agency charged with carrying out a community action program in (name of community). The accounting system will have internal controls adequate to safeguard the assets of such agency(ies), check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed management policies of the agency(ies).

_____
Signature of financial officer.

_____
Name of financial officer.

_____
Title.

_____
Name of public body.

EXHIBIT II.—*Statement to be submitted when applicant is a private nonprofit agency (or a public agency) whose accounting system will not be maintained by a public agency*

Address of regional or program office of OEO, as appropriate.

DEAR SIRS: I am a certified or duly licensed public accountant and have been engaged to examine and report on the financial accounts of the (name of applicant), which is a private nonprofit organization (or public agency) carrying out a community action program in (name of community).

I have reviewed the accounting system that this agency has established and, in my opinion, it includes internal controls adequate to safeguard the assets of the agency, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed management policies of the agency.

_____
Signature of accountant.

_____
Name of accountant.

_____
Name of firm.

EXHIBIT III.—*Additional statement to be submitted concerning delegate agencies*

Address of regional or program offices of OEO, as appropriate.

DEAR SIRS: Prior to the release of any OEO grant funds to any delegate agency with whom the (name of applicant agency) enters into a contract for conduct of any component(s) of a community action program, such delegate agency will be required to provide a statement from a public financial officer or a certified or duly licensed public accountant with regard to the adequacy of its accounting system. This statement will be required to indicate that the delegate agency has established an accounting system which includes internal controls adequate to safeguard the assets of the agency, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed management policies of (name of applicant).

_____
Signature of official.

_____
Name of official.

_____
Title of head of applicant's governing body.

_____
Name of applicant agency.

Mr. FLOOD. Will you place in the record some examples of audit findings that have resulted in improvements to the individual programs?

Mr. CASSIDY. We will be happy to do that.

(The information requested follows:)

OEO Audit Division Examples of Audit Findings Leading to Improvements in CAP Programs

DESCRIPTION OF AUDIT FINDINGS	REMARKS
Indequate accounting system 1. General weaknesses in acounting system. 2. Inadequate payroll system and procedures. 3. Inadequate accounting system for recording non-Federal share costs.	Actions taken by grantee to strengthen accounting system as a result of audi observations and recommendations provided for more effective management control over grant resources. Also resulted in more current and accurate financial information essential for effective program administration, self-evaluation, and planning.
Weakness in internal controls 1. General weaknesses in internal controls. 2. Inadequate accounting staff. 3. Lack of time and attendance records to substantiate salary payments. 4. Lack of written policies and procedures. 5. Inadequate budgetary and fund controls. 6. Lack of inventory control over equipment. 7. Weaknesses in purchasing procedures. 8. Inadequate financial and administrative controls.	Strengthening of internal controls by grantee as a result of audit observations and recommendations has provided for better safeguards over grantee assets, promoted operational efficiency, and encouraged adherence to established management policies.
Noncompliance with grant conditions 1. Unprogramed and unbudgeted expenditures. 2. Excessive withdrawals on letters of credit. 3. Lack of supporting documentation for non-Federal share costs. 4. No arrangements for required periodic audit by independent public accountant. 5. Salaries in excess of OEO limitations.	Measures taken by the grantee in accordance with audit recommendations resulted in closer adherence to grant requirements and conditions. Specific improvements were: (1) expenditures limited to approved budget items and activities; (2) greater prudence in cash-withdrawal policy thus reducing idle cash balances; (3) reevaluation of local in-kind contributions; (4) more timely and effective audit services; and (5) adjustment of salaries in accordance with OEO directives.
Other adverse matters 1. Weaknesses in subcontracting procedures. 2. Excessive and ineffective neighborhood centers. 3. Dual employment requiring over 100 percent of employee's time. 4. Inadequate staff training. 5. Travel not related to program.	Audit recommendations have resulted in the following improvements: (1) closer monitoring of subcontractor's performance and greater use of in-house capability where more economical; (2) reduction of number and closer supervisory control over neighborhood centers; (3) dual employment and conflict of interest situations resolved by resignation and/or personnel changes; (4) in-service programs established for training of staff personnel including center coordinators and aides; and (5) more effective control over travel and recovery of grant funds.

Mr. FLOOD. To what extent have these audits resulted in the recovery of funds to the Government?

Mr. CASSIDY. I have the 1967 figures here. The actual disallowances thus far for the audits performed in 1967 are $1,420,000. I can place in the record the total figure for all years, if you wish.

INSPECTION ACTIVITIES

Mr. FLOOD. How do the inspection activities vary from the audit activities, and what do you have in the 1968 budget and the 1969 budget for inspection?

Mr. HARDING. Unless somebody immediately has the figure for inspection——

Mr. CASSIDY. I have that.

Mr. HARDING. I would like to speak to the distinction.

Mr. FLOOD. Put the figure for 1968 and 1969 in the record.

(The information requested follows:)

Obligations for inspection activities are estimated to be $1,050,000 for fiscal year 1968 and $1,104,000 for fiscal year 1969.

Mr. FLOOD. How do these two activities vary?

Mr. HARDING. The audit activity is fundamentally a fiscal and financial analysis of the operations of the community action agency primarily, although other grantees are also audited, in an effort, to evaluate the control systems, the accounting systems that they have and their conformance with those systems, and to detect any fraud against the Government.

The inspection service, on the other hand, is more an evaluative operation in which we send in to the grantee an experienced individual to analyze the sort of operations that he is conducting, the effectiveness of his operations, the relationship between the community action agency and the local community, and a whole host of related but essentially nonfinancial matters relating to the operation of those agencies.

It has been characterized as an early warning system in which we try to get into communities and determine whether there are problems before they become matters of great concern.

Mr. FLOOD. Do you have anything special to report in connection with your inspection activities?

Mr. HARDING. Well, sir, they have done a tremendous job in covering these thousand-odd community action agencies and our various VISTA operations throughout the country. They have brought to the Director's personal attention a number of problems that we have been able to move in and correct well in advance of a breakdown in the system. They are particularly useful and have been particularly useful to us, both last summer and in the forthcoming summer in connection with the various difficulties in the cities and they have gone in to determine the relationship, if any, between our grantees and the riot situation. We have found, as a matter of fact, that most of these contributions have been of a positive, rather than a negative, nature. That is, the people in the community action agencies—and you may have seen some mention of this over the recent days—of efforts by these organiaztions to go in the streets. These are indigenous people.

Go into the streets and attempt to cool and calm down the situation that is taking place.

Mr. FLOOD. What does this have to do with inspection activities?

RESPONSE OF COMMUNITY ACTION AGENCIES TO RIOTS

Mr. HARDING. The inspection activities have gone in to evaluate just what the relationship is between the community action agency and the recent riot activity.

Mr. FLOOD. I think it is important that we have some detail on that in the record.

Mr. HARDING. I can provide for the record a very complete rundown that the inspection service made at my request on Monday morning of exactly what happened over the weekend as far as our programs were concerned throughout the country.

Mr. FLOOD. I would like to see that.

(The information requested follows:)

MEMORANDUM FOR MR. HARDING

APRIL 8, 1968.

From: Bob Emond.
Subject: OEO Roundup, April 8.

The attached represents data collected by a telephone survey of 40 cities to get a reading on how our programs responded to local emergencies following the assassination of Dr. Martin Luther King. It also includes data collected by the Office of Civil Rights.

Arrangements have been made for followups, and the Office of Public Affairs will funnel selected clips to us for further inquiry as warranted.

MEMORANDUM TO BOB EMOND

APRIL 8, 1968.

From: Regional supervisors.
Subject. OEO and civil disorders.

An Office of Economic Opportunity survey of 40 cities, 15 of which were wracked by civil disorder during the past weekend, produced this picture of the community action role in cities with both major upheaval and tenuous calm. In all 40 municipalities so far contacted, community action agencies with 40 neighborhood centers and 3,000 antipoverty workers dealt with their respective crises in the heart of ghettos in this fashion.

REGION I

Boston.—Neighborhood Youth Corps enrollees and antipoverty workers, under the direction of Boston City Councilman Tom Atkins, and wearing armbands, patrolled the Roxbury community urging residents "to cool it." Barney Frank, executive assistant to Boston Mayor Kevin Whyte, said the whole Negro community had mobilized to calm the disorders which broke out here. Specifically, the ABCD (CAA) was a supporting group in Roxbury where the multiservice center has headquarters during the disorder. In Boston's South End, SNAP, an ABCD delegate, was the headquarters for the Negro community's antiriot effort. An agency official said the police department had reported that in every area the antipoverty staffs and youths were engaged in calming fears and helping to restore order.

New York City.—Two NYCPD representatives in the community relations division (Patrolman Collins and Commissioner Melchionne's administrative assistant, Peter Dial) advised New York is calm and the police department has no information of antipoverty workers participating in the disturbances. Officials and staff members of the Human Resources Administration, the citywide CAP, patrolled the streets of Harlem and Bedford-Stuyvesant on the weekend, exhorting residents to "cool it" and stay away from disturbance areas.

Newark.—The United Community Corp., the CAA, manned an information post throughout the disturbances and greatly assisted Mayor Addonizio. Some 400

youths and adults from UCC programs wore armbands and went into the neighborhoods calming residents. Memorial services Palm Sunday featured Willie Wright, militant UCC board member, and Mayor Addonizio addressing the calm crowds.

REGION II

Washington.—All 10 UPO centers in the city are operating at food and clothing distribution points and have been throughout the weekend. CHANGE's main office in upper Cardoza was rendered inaccessible but they opened in a nearby church and gave shelter to 25 people overnight.

Southeast Neighborhood House called in youths of the neighborhood and had discussions calling for calmness.

Neighborhood workers from all centers were active keeping calm—using bull horns asking people to get off the streets, et cetera.

Legal Services took initiative in assembling volunteer lawyers to handle court work, joined later by the bar association.

Baltimore.—At least 10 centers are being used as food and emergency distribution points. As of 10:15 a.m. there was no report of damage to CAA centers nor of any arrests of CAA personnel. CAA staff heads were on the radio broadcasting food information.

The State technical assistance staff is coordinating transportation of food to Baltimore.

Wilmington.—Vic Grimes, deputy director of Community Action for Greater Wilmington, says "a few windows have been broken and a couple of molotov cocktails have been thrown." George Brown, WYEAC director, says he has between 50 and 100 youths on the streets trying to keep things cool.

At 10 A.M. this morning, Wilmington police reported that approximately 2,500 people gathered for a memorial service in the city square. All was orderly. Police also say that they have observed WYEAC people on the streets and in the parks apparently trying to calm things.

Russell Corbett of CAGW is presently preparing a plea for calm which they hope to have broadcast over radio and TV.

Louisville.—Kenneth Clay, of the above CAP, reports that there have been a couple of isolated incidents in Louisville but their connection with the racial situation is undetermined.

He says the CAP workers have held meetings over the weekend with five groups of militants whose membership approximates 140 youths. Clay says these militants have been receptive to pleas for calm. Sixty CAP staffers are presently involved in the effort to maintain order. Clay predicts the situation will remain calm. He says that the CAP is effective in influencing militants because they maintain constant contact with these people, rather than dealing with them only in crisis situations.

REGION III

Memphis, Tenn.—The principal cause of tension in Memphis has been the strike of sanitation men against the city government. While the war on poverty committee has avoided envolvement in the dispute, it has taken action on several levels to attempt to reduce tensions, and relieve some of the victims of the dispute.

Rev. James Lawson, chairman of MAP-South (which is a delegate agency of WOPC) is the chief coordinator of the memorial march (in the absence of Rev. Ralph Abernathy) and it is at least partly as a result of his efforts that the marshals have embarked on a massive training campaign in an attempt to head off the type of violence that occurred during the last Memphis march. Had it not been for his, and MAP-South's deep involvement at the grass roots level, this would not have been possible.

Autrey Parker, executive director of MAP-South, is acting as coordinator for a group of white businessmen, who came to him and asked, "What can we do about this situation?"

Washington Butler, CAA Director, has been attempting to raise Federal funds, without success, for food stamps for the destitute families of the sanitation workers.

Atlanta, Ga.—There was no violence in Atlanta over the weekend, but EOA, the Atlanta CAP, has worked out a riot plan with the mayor and other city officials that would go into effect immediately if trouble occurred. Under the plan, six of EOA neighborhood's centers would be utilized as service centers. EOA's block clubs and community organizers would be sent into the streets to keep down rumors and try to cool potential trouble spots. In addition, in these six centers the city plans to locate task forces that will serve as grievance

committees to hear gripes from the ghetto before they are carried to the streets, Mayor Ivan Allen told CAA Director James Parham that he intends to use the EOA Neighborhood Services Centers as the vehicle for implementing the recommendations of the Advisory Commission on Civil Disorders.

Jackson, Miss.—Mr. E. L. Lipscomb, director of the Community Services Agency in Jackson, Miss., reported that there was a minor campus demonstration by Jackson State University students last week, and that Friday night three stores about two blocks from the campus were looted, but not burned. He also relayed an unconfirmed report that some white men threw some dynamite in the Negro Crisler subdivision last night, but did no damage.

After city police began cordoning off the campus area each evening, college officials advanced the Easter vacation from April 12, next Thursday, to yesterday, Sunday, April 8. The campus is now virtually deserted.

Of some 16 arrests so far, no CSA staff members are involved. CSA's Head Start centers will be closed on Tuesday, April 10. A memorandum was sent to all CSA employees pointing out that dignified mourning—not violence—would be the most fitting tribute to Dr. King's memory.

Mobile, Ala.—Though Mobile was under dawn-to-dusk curfew over the weekend, CAP Director Norman H. Davis said there were only a handfull of incidents of violence. He said the curfew was imposed after a couple of burning and looting incidents, but the trouble never spread. He said that the CAP was prepared to keep neighborhood centers open if their services were needed, but that the need never arose.

Birmingham, Ala.—Mrs. Freddie Seay, administrative assistant, and Mr. Singleton, deputy director of the Jefferson County Committee for Economic Opportunity, advise that there have been no civil disorders in Birmingham since last Thursday.

A memorial service Friday afternoon at Kelly Ingraham Park and another at the 16th Street Baptist Church on Sunday, as well as a march from the church to the courthouse, were quiet and orderly and produced no violence.

The CAP office and all programs will be closed Tuesday, April 9, in memory of Dr. King. Both Mrs. Seay and Mr. Singleton say that Birmingham is completely quiet.

REGION IV

Chicago.—The following information on the Chicago Commission on Urban Opportunity's (CCUO) role during the weekend rioting was provided by Raymond Ryan, deputy director of the Chicago CAP and by Leon Finney, director of the Woodlawn Organization (TWO).

Throughout the weekend of serious disturbances the CCUO's seven main urban progress centers (UPC's) and some of the numerous satellite centers or outposts, remained open 24 hours a day. During the height of the looting and burning the centers served two primary functions, both related to providing information. One function was reporting information on conditions in the streets to the central CCUO office at 1 North Wacker. This, in turn, was immediately relayed to the offices of Mayor Richard Daley. The field information was gathered in large measure by UPC staffers who patrolled the streets of the riot area. A second function was providing information to slum residents on the whereabouts of emergency food, clothing and shelter.

As of 10 A.M. today the situation in Chicago was described as very, very quiet, by Mr. Ryan. He noted that at least three OEO-funded centers were located in areas of intense burning and looting and that all reports he has received indicated that none of the poverty centers suffered any damage. Those centers in the heart of the riot area on the West Side are the Lawndale UPC, the West Garfield Center, and the new Garfield Neighborhood Service Center. In addition, the Cabrini Outpost, located in a housing project on the Near North Side, where there was some burning and sniping, was unscathed.

Ryan said another area threatened was near the Woodlawn UPC on 63d Street and despite threats to the center's safety it is so far untouched.

Essentially, the centers have served as clearinghouses for information and ghetto residents have been invited to call them for information on obtaining food, clothing and shelter and on the location of the 35 to 40 emergency dispensation points set up by a bevy of city agencies.

When the mayor announced a day of mourning for Dr. King on Friday, all the windows of UPC's in poverty neighborhood were draped in purple and black bunting.

For the past 2 days the center workers have been busy identifying stores that are open. According to Ryan, the local media are informing listeners to call the nearest UPC for emergency information.

On Sunday, a truce between two warring gangs, the Blackstone Rangers and the East Side Disciples, was arranged.

According to Leon Finney, director of TWO which sponsors a controversial OEO grant to the gangs, "the Rangers and the Disciples were of major significance in securing the Woodlawn community. This was the community that everyone expected to blow. If Woodlawn had blown, the whole South Side would have blown, and this area would look like the West Side today."

The South Side has a substantial merchant strip along 63d Street. Finney said there had been only two or three legitimate fires all weekend, and looting of about 10 percent of the stores.

Two staff and the First Presbyterian Church and possibly the University of Chicago, were in contact with Ranger and Disciple leaders. By late Thursday night and early Friday, leaders of both gangs had informally agreed to keep the neighborhood cool.

According to Finney, tension on South Side streets was such that by Sunday afternoon the two major gangs wanted to give a visible demonstration of their commitment to peace. At 4:30 p.m., representatives of the two gangs met at the corner of 63d Street and Woodlawn Avenue and marched to the Midway of the University of Chicago, where the two gangs held a joint rally. The rally was televised nationally.

Detroit.—Richard Simmons, director of the mayor's Committee on Human Resources Development (HRD), the Detroit CAP, reported that his agency was charged with the responsibility for setting up relief in case of burnouts and hunger. However, because of the quick presence of troops, this service was not needed. HRD community centers were closed over the weekend, but the central office stayed open, and all staff were placed on standby alert.

HRD's legal services program has been busy helping with some 300 disturbance-connected arrests. About half of these were for curfew violations.

Mayor Jerome Cavanagh set up a task force through his commission on community relations to cool the disturbance. Some 20 neighborhoodwise HRD outreach workers helped maintain communication links with the ghettos.

Minneapolis.—Aside from the slaying of a white man by a Negro who went beserk after the assassination, Minneapolis was relatively quiet, although it was tense. Two silent marches were conducted on Plymouth Avenue, scene of disruptions in 1966 and 1967. Negro volunteers, numbering about 20, have been patrolling black areas since Kings slaying, urging calm. The volunteers were organized through the Minneapolis Urban Coalition, which has been working closely with the local CAP, mobilization of economic resources (MOER).

Two MOER, both young, black militant staffers, suggested the youth patrol. They are Evan Anderson and Bob Sartin. The chairman of the MOER Governing board, Harry Davis, then met with Mayor Arthur Naftalin, police chief, Calvin Hawkinson, and Jean Eidenberg, an assistant to the mayor, and the plan was developed. Ten youths were assigned to the city's Northside and ten to the Southside. A militant black organization, the WAY, which operatees a center on Plymouth Avenue on private funds, also played a leading role in setting up the patrol.

Grand Rapids.—There was a rumble in this city on Friday morning at South High School, the scene of a good deal of recent racial discontent. Students roamed the streets. The local CAP, United Community Services of Kent County, requested and got an emergency session with the city commission on Saturday night. The CAP urged the commission to reverse its decision to ban marches in memory of Dr. King. The commission then authorized two marches. On Sunday morning 5,000—blacks and whites—marched. On Sunday afternoon, the NAACP held a march. A local OEO-funded center has been open night and day since Friday. Some observers feel that the CAP's action helped avert a serious melee.

Cleveland.—Although Cleveland was quiet over the weekend, largely due to Mayor Carl Stokes' frequent meetings with militant and moderate blacks, the Council for Economic Opportunities (CEO), the local CAP, was girded for action.

Stokes, who is chairman of the CEO governing board, requested that the CAP's five community centers remain open 24 hours on Friday and all day Saturday.

This was done. According to Frank Catliota, a top CEO official, "this was done more for psychological purposes than anything else."

Flint, Mich.—In anticipation of violence that fortunately did not develop, neighborhood workers for COMPACT, the Flint CAP, have been attempting to resolve conflicts in local schools. Jerry Bosworth, COMPACT director, said today that CAP workers had been meeting with community leaders until 3 a.m. this morning and than an existing youth patrol has been active. The Flint chief of police, James Rutherford, was instrumental in organizing the Flint CAP. He has served as chairman of the CAP governing board, and is still a member of the board.

REGION V

Houston.—The entire staff of the CAA (about 300 employees) was on duty 24 hours a day since Thursday evening, until 2 a.m., Monday, April 8. When the news of the death of Martin Luther King reached Houston, the mayor dispatched a representative, Al Henry, to the Harris County Community Action Association (HCCAA) to ask for their cooperation and support. HCCAA's entire staff remained at their jobs and coordinated with about 700 volunteers from the various target areas for block watching purposes and reporting to two CAA telephone numbers where information on disturbances could be relayed. The mayor's office was kept informed on all developments.

The CAP staff together with the volunteers were in the various communities with bumper stickers on their automobiles offering services and assisting in keeping the peace. Radio and telephone communication systems between the CAP employees, volunteers within communities, CAP center offices, police and the mayor's offices were open, and exchange of information was extremely good.

According to HCCAA deputy director Sam Price, several small fires were reported but were of no great significance. Also small bands of roving youths were noticed but no vandalism to speak of took place.

The important thing was that virtually all of the CAP staff made itself available, all the way from the directors to the secretaries, including the janitors. Some of them took their children with them because they could not get babysitters and one person came out of the hospital for the purpose of helping in any way she could.

Blair Justice, one of the mayor's top assistants, said the CAA cooperated beautifully and should be complimented for its role in keeping the peace.

Little Rock.—A tenuous calm hangs over the city of Little Rock in the wake of the assassination of Dr. Martin Luther King, Jr. Scattered incidents and a few fires have been reported, but no serious disturbances have flared.

William F. "Sonny" Walker, Little Rock EOA director, has answered each emergency fire and police call for the last 3 nights and has mingled in the crowds quieting the people.

Little Rock EOA staff has also been extremely active in an effort to keep the area calm. Walker said that his staff would do everything possible to keep the situation cool. Fear is that North Little Rock is most likely to "blow."

On East Sixth Street near the EOA offices every store front was broken for several blocks on either side. A white owner of a cleaning establishment who rents second floor offices to EOA was the only building on the street that was untouched.

New Orleans.—This city remains quiet except for scattered incidents. Community action agency personnel are reported active in the neighborhoods in efforts to keep the situation cool.

REGION VI

St. Louis.—Neighborhood aides spent the weekend advising residents of their areas to "cool it."

Kansas City, Mo.—Kansas City OEO aides similarly made door-to-door calls in an effort to keep things calm. There has been a tight coordination wth both city and law enforcement agencies.

REGION VII

Norvel Smith, acting director for the western region, termed the overall situation on the west coast as "extremely cool." As yet, he has not contacted his staff, and is making this assessment from newspapers and TV broadcasts.

The only serious incident happened on Friday night, when Black Panthers and the Oakland Police Department engaged in an hour-long gun battle. One Panther was killed and several officers and thugs were slightly wounded.

Smith had been to Los Angeles on Friday and said the situation was also calm there. There have been many memorial marches and services in honor of Dr. King all weekend. This may have given people a means of venting their grief.

Seattle.—This city was almost free from violence in the aftermath of Dr. Kings' assassination. Ulysses L. Rowell, the city's CAP director, attributed this, in part, to the actions of his workers and the response of the white community to the tragedy.

On Thursday night, the CAA arranged to saturate public news media with appeals for calm in spite of the provocation. In the evenings, CAA workers patrolled possible trouble spots and talked with groups of youths, urging them to remain calm.

The director was hopeful, but cautions, and the CAA will keep working on the situation until the danger is over.

Walter Hundley, the director of Seattle's model cities program, confirmed the above. He sent detached workers and community aides into the streets to stress a nonviolent response. Hundley noted that the city's Negro leadership had been supporters of King and that this was also a factor in keeping the peace.

San Francisco.—In the still quiet Hunters Point District, Sylvester Brown, staff members of the OEO Area Office and leader of Young Men for Action, got his boys out on Third Street to prevent any trouble, although the street was crowded with angry young men. In the city's Western Addition, where there were no incidents, neighborhood workers circulated and kept many youths off the street. Rip Ridley, director of this OEO outpost, urged the area to follow Dr. King's principles of nonviolence. Eight community organizers were on the streets all weekend.

West Oakland.—This East Bay ghetto, the scene of most of the tension this weekend, has seen no major outbreaks in spite of a police gun battle that resulted in death of one Black Panther, the wounding of another, and the wounding of two officers.

Male members of the West Oakland advisory board, a poverty agency, patrolled the streets every night from Thursday on, knocking on doors and calling other outposts urging people to stay home and keep calm.

Portland.—Portland, scene of a serious outbreak last summer, had almost no trouble following the assassination of Dr. King. Mayfield Webb, executive director of the Portland Metropolitan Steering Committee, ordered his youth coordinator, summer youth corps leader, and six neighborhood aides, into the streets of Albina, the Portland ghetto, as soon as he learned of the King assassination on Thursday evening. They reported the streets were ominously quiet, with rumors flying.

On Friday, there were rumors of a pending outbreak at Jefferson High School, scene of trouble last fall. Aides and key staff members of Webb's went to the school with other organizations, including the parents' group, Friends of Jefferson High, which was formed last summer under antipoverty auspices. Some 40 adults talked to the students and advised the principal on procedure. They recommended closing the school at 1 p.m., after there were a few fights and two wastebasket fires. The school was closed then. By 2:30 p.m., the streets were empty in the inner city.

Webb met with the mayor and police chief Friday afternoon, when he was asked again to do everything possible to keep the kids home that night. He then had the staff of the Albina Neighborhood Center spread the word. The night was quiet. There was no curfew. Saturday was also quiet, for similar reasons. Several marches and memorial services over the weekend went off without incident. The Governor, mayor and secretary of state, attended the major Portland memorial service Sunday, where it was announced a new park will be named in Dr. King's honor.

Capt. John Miller, Portland police department, said antipoverty workers in Albina were highly instrumental in keeping the city calm.

Los Angeles.—There were almost no incidents here. Most responsible for the calm was an organization formed Friday, the Black Operational Unity Committee, a coalition of religious, business, and militant leaders from all areas of the city. The neighborhood adult participation project, and teen posts, big delegates of EYOA, was instrumental in forming the coalition. Ron Karenga and Walter Bremond, leading militants, joined in appealing for nonviolence in honor of Dr. King. The coalition put on a big memorial service in the coliseum which was televised yesterday.

JOB CORPS

Information received from the job directorate indicates that a mournful, calm prevailed at the 108 Job Corps Centers throughout the Nation. Many of the Centers had memorial services on Sunday. Corpsmen and corpswomen were reported attending classes and work projects today as centers followed their normal weekday activities. The only note of concern came from the Women's Job Corps directorate which reported that approximately 10 corpswomen at one Center had been sent home to prevent any disturbance at the Center. The 10 corpswomen were considered by the Center to be rather militant, and their reaction to Dr. King's death created an uneasiness among the girls at the Center.

RESEARCH, PLANS, PROGRAMS, AND EVALUATION

Mr. FLOOD. Here again we see in the activity breakdown "Research, plans, programs, and evaluation."

How much do you have budgeted in 1968 and 1969 for that activity?

Mr. LEVINE. I think we better supply that for the record.

Mr. FLOOD. All right.

(The information requested follows:)

ADMINISTRATIVE EXPENSES—OFFICE OF RESEARCH, PLANS, PROGRAMS AND EVALUATION BUDGET SUMMARY

Fiscal year 1968	$876,000
Fiscal year 1969	938,000
Increase	62,000

Mr. FLOOD. This is not an action program and is, therefore, more susceptible to budget reduction. Would you like to speak to it briefly?

Mr. LEVINE. The function of our office is to design a coherent anti-poverty strategy for the OEO and for the total of related Federal programs in the total antipoverty effort.

One product of our effort is before this committee in form of the budget presentation which you now have before you. The initial planning is organized on the basis of long range tasks and means required to accomplish those tasks. A program budget evolves from long-range planning and emerges as a coherent and rational presentation of requirements rather than a grouping of a vast variety of objectives that may not comprise a balanced antipoverty effort.

It starts, as I said, with the planning, goes through the programing and budgeting. It goes finally to evaluation, which is an activity which we discussed several times in the last few days.

The Congress in the 1967 amendments put in the word "evaluation" almost as frequently as they put in the words "rural" and "aged."

There are major demands in the legislation for evaluation programs for which my Office has the primary responsibility. We do some of the evaluation ourselves; we contract out some ourselves and we monitor the evaluation programs of the particular Community Action, VISTA, Job Corps, and other delegated programs.

We then feed the results of these evaluations back into the next year's plans, programs and budgets, again in order to spend money wisely, to maximize the antipoverty effect and to save money where it is possible to save money.

Some of our evaluations, for example, have been the cost-benefit evaluations which Mr. Laird was discussing yesterday, and these do feed back into program planning.

To give you some examples of money saving from these evaluations, I will mention two programs where evaluations did indicate cutbacks in funds in this budget. One, which has been cut back so far it is no longer before this committee was the small business program which did not evaluate well as an antipoverty program.

A second—you will notice the gradual shrinkage in title V, the work experience program. Our evaluation showed under the particular methods under which this was being carried out it was not working well and the method has been changed substantially. It is becoming this WIN program under HEW and the Department of Labor.

I think these are savings. Certainly not all of our evaluations and plans do lead to savings. Our plans, programs and evaluations have led to the indication that we need the full amount of money—or we can carry out programs effectively to that total—and in the pattern that we have presented to the committee.

All this is the job of our Office. A good deal of it is done directly by our Office. Some of it, particularly in the evaluation field where we want objectivity, which we are too close to the program to obtain, is contracted out and that which is done by the individual programs of OEO is monitored by our Office.

I don't think the charge for this is high.

Mr. FLOOD. You don't get a verdict given to you and then have somebody saying "Go out and prove it," do you?

Mr. LEVINE. No, sir. I will say that for Mr. Shriver and I will say that for Mr. Harding. We have never had a conclusion dictated to us in the evaluation or in the planning. Our advice isn't always accepted, obviously, either in the agency or at other levels of the administration.

NEGATIVE INCOME TAX STUDY

Mr. LAIRD. Mr. Chairman, I wonder if at this point in the record we could include a brief progress report on the study which we discussed last year on the negative income tax.

Mr. LEVINE. Yes, sir, I have that for the record.

(The document referred to follows:)

The Institute for Research on Poverty of the University of Wisconsin is the recipient of $620,322 grant to design and supervise the administration of an experimental graduated work incentive plan. It is anticipated that future grants totaling an additional $3,469,672 will also be made.

The duration of the program will be 50 months. The initial 7 months of this period will be devoted to developing the research design and gathering preliminary data. This will be followed by a 3-year period during which transfer payments will be made, and a final 7-month period which will result in the submission of a report analyzing the research findings obtained during the program's existence. One thousand low-income families will participate; 800 of these will receive transfer payments, while 200 will act as a control group.

The experiment will be undertaken in two, as yet undetermined, cities in New Jersey. The bulk of the research will be done by Mathematica, Inc., of Princeton, N.J., pursuant to the terms of a contract now being negotiated between that organization and the University of Wisconsin.

The fundamental purpose of the grant is to attempt to develop and test a system which holds the promise of curing the most serious deficiencies of the present welfare systems. Recently, much criticism has been directed at this system. Some claim that it fosters dependency, while others claim that it destroys self-respect and requires irrelevant prying into recipients' lives; but because of an almost total lack of factual information, these opinions represent little more than the biases and prejudices of those who assert them. This experiment, which is clearly within the Office of Economic Opportunity's mandate to conduct pilot

programs offering solutions to the problems of poverty, is designed to provide the empirical data which will, probably for the first time, permit truly intelligent discourse.

The idea has many roots—it was proposed earlier by Milton Friedman, later an economic adviser to Barry Goldwater and also by Robert Lampman of the University of Wisconsin. It has been supported by many diverse individuals and groups including the recent National Commission on Technology, Automation, and Economic Progress and by individuals such as James Tobin, a charter member of President Kennedy's Council of Economic Advisers. The research will be supervised by some of the country's most outstanding economists: Professors Lampman and Harold Watts of the University of Wisconsin, and William Baumol and Albert Rees of Princeton University.

It is, of course, already known that existing welfare schemes, by decreasing payments by $1 for every $1 earned, discourage recipients from obtaining and retaining a job. In contrast, persons receiving transfer payments through this experiment will have their payments reduced by less than $1 for every $1 they earn; thus, they will be encouraged to earn additional income by obtaining employment. Whether such persons will be more or less willing to work than persons receiving no transfer payments will be determined by measuring their behavior against the behavoir of the control group.

The experiment will also attempt to determine the effect of the payment on the mobility, consumption patterns, and family stability of the recipients. It has been stated that residency requirements and other impediments contained in welfare laws and regulations prevent poor persons from moving to other areas to obtain employment; that poor persons spend unwisely; and that some existing welfare requirements discourage family stability by forcing fathers to desert their families. The validity of all of these theories are all examined in this experiment. Benefits will be continued without regard to changes in residence. Consumption patterns will be analyzed, without being controlled; and payments will be made only to families with male heads of households.

Again it should be emphasized that the purpose of this experiment is not to establish a new welfare system. Rather, it attempts to gather essential information regarding certain much criticized aspects of the present welfare system. Hopefully, this will result in more enlightened discussion, and, ultimately, in a more rational public policy. Whether that policy should include a minimum income for all, regardless of willingness or capacity to work, is a question the experiment does not ask or seek to answer.

Mr. LAIRD. I looked it over the other day and I notice you have a reference in there to one of the advocates of this program being the Economic Adviser to former Senator Barry Goldwater, who is very strong for the negative income tax approach. I think the memorandum should be amended and I would suggest an amendment to note that a leading economist, who was with OEO in its original take-off and planning, is also an advocate of the negative income tax. He happens to be from my congressional district and is now a professor at the University of Wisconsin, Professor Lampman.

I think you will find this approach is supported not only by conservative economists, but also by some very liberal economists as well. In your memorandum, I didn't want to have the impression that it was just the conservative economists who were supporting this particular approach.

I have great respect for Milton Friedman, but I didn't want to overlook my former constituent either.

Mr. LEVINE. Mr. Lampman, who is not a conservative economist in this sense, is one of the two fathers of the negative income tax. Another one of the strongest advocates of it is James Tobin, who was on President Kennedy's original Council of Economic Advisers. It does have support clear across the political spectrum.

Mr. FLOOD. Do you get the impression, Doctor, that the gentleman from Wisconsin, Mr. Laird, is also in favor of it?

Mr. LEVINE. I get that impression, sir.

Mr. LAIRD. I have no further questions.

Mr. FLOOD. We have come to the conclusion of these hearings, Mr. Harding. Is there anything that you would like to say?

SECTION 1–d FUNDING

Mr. HARDING. I would like to refer back to a matter of colloquy with Mr. Laird regarding section 1–d and to insert in the record, with your permission, a letter which was sent from my office to the Department of Labor, the Department of Agriculture, and the Department of Commerce, which lays out—and I will not read the letter at this point, but it lays out the general configuration of how we see section 1–d operating for this current fiscal year.

(The letter follows on p. 399.)

Mr. HARDING. I would like to assure Mr. Laird that in spite of the unfortunate confusion as to how the initial——

Mr. FLOOD. The confusion wasn't unfortunate; it was just confusion.

Mr. HARDING. It was unfortunate from my viewpoint, Mr. Chairman.

Mr. LAIRD. I don't think it should have been unfortunate, necessarily, from your viewpoint either. I was told by Sargent Shriver that this was going to be funded out of 1–d, and so I assumed that that was where it was going to be funded.

Mr. HARDING. I think it will be funded out of 1–d, Mr. Laird, but it will just be funded out of a further allocation of 1–d money to the Department of Labor.

My main point is not to reopen that issue, but merely to try to inform the committee as to the role that we are playing in this. We will probably administer some small part of the total $20 million. The Department of Commerce will administer some small part; the Department of Agriculture will have a portion of the action.

The bulk of the activity will be, as Mr. Ruttenberg testified, by the Department of Labor, by prior agreement with OEO.

We are not taking a laying back position in this matter at all but, as a matter of fact, are working very closely with these departments to put together a comprehensive and viable program to test out the concept of 1–d.

Mr. LAIRD. Mr. Chairman, I think it is good we had this discussion yesterday about this.

Mr. FLOOD. So do I.

Mr. LAIRD. I think perhaps we were misinformed. We had assumed that as long as the appropriation went directly to you that you would have some supervision over it.

Mr. FLOOD. That is a fair statement.

Mr. LAIRD. We could make it to the Department of Labor, as you know.

Mr. HARDING. We will have some supervision over it both in terms of the design of the project and in surveillance of the operation of those projects, as we do in all of our detailed operations.

Mr. LAIRD. There are many people who feel that these functions should all be transferred to existing departments and I think some of them probably could be transferred to existing departments. But I

was a little bit confused because it looked like it had already been transferred.

Mr. HARDING. No, sir.

I think this letter will illustrate the role that OEO plays in this interagency operation. There are at least these other three agencies who can make a vital contribution to the operation of I–D. We can make a contribution directly ourselves, but more importantly, we can see to it, and we will see to it, that these funds are used for the purposes of that title as we read that title, and most effectively and most particularly we will see to it that the benefits from the program will go to our clientele, the poor, and will not become involved in much larger operations that do not necessarily filter down to the hard core that we are interested in serving.

(The letter referred to follows:)

JANUARY 16, 1968.

Hon. STANLEY H. RUTTENBERG,
Administrator, Manpower Administration,
U.S. Departpart of Labor,
Washington, D.C.

DEAR MR. RUTTENBERG: The decision has been made to allocate to title I–D of the Economic Opportunity Act $20 million to be spent for special impact in selected city neighborhoods which are characterized by high concentratons of poor people, rising community tensions, chronic unemployment and so forth, or in rural neighborhoods with high migration rates to those urban areas. Our limited experience with special impact programs suggests that we use this for a carefully designed set of pilot programs to compare the results of different program thrusts.

Therefore, we are inviting the Departments of Agriculture, Commerce, and Labor to meet with us for further discussion and then to submit proposals for carrying out projects which conform to the criteria outlined below, but which emphasize their own particular missions in the War on Poverty. The proposals submitted, together wth OEO's own proposed programs, will form the basis for OEO's decision on the disposition of the $20 million set aside for title I–D. OEO's decisions will be made in consultation with the three interested departments. As part of this general plan, OEO will contract for an independent evaluation of whatever projects are eventually funded. The cost of such an evaluation will be paid out of the total amount of moneys set aside for title I–D.

Within the general format outlined in title I–D, the following five elements, which are based on the legislative language and history, should appear in each proposal:

1. Community development. The impact of the program should be aimed directly at the population or area which has been targeted, and it should be such that the specific community is allowed to develop itself and its resources.
2. Economic development. The program should aim to bring economic advances, both individual and structural to the target community.
3. Business involvement. The program should be such that private industry would find it feasible and desirable to help the target community.
4. Indigenous participation. The program should be constructed so as to include maximum participation by the poor who reside in the target community.
5. Technical assistance. The program should include provisions which assure the procurement and use of necessary technical assistance in the creation and management of "in locus" program development.

It would be our intention to invite each agency to submit a proposal that would utilize its own particular talents and resources to the maximum degree. We would jointly review them in terms of how well they incorporate the elements listed above. We hope that several different approaches can be tried although the funds available will probably support only four or five projects.

A meeting to discuss further the general nature of these proposals will be held

in my office January 23 at 9:30 a.m. Because of time exigencies, we would then expect the specific proposals to be submitted by February 29.

Sincerely,

BERTRAND M. HARDING,
Deputy Director.

TRANSFER OF OEO FUNCTIONS TO DEPARTMENT OF LABOR

Mr. FLOOD. You are not interested in transferring OEO to the Department of Labor?

Mr. HARDING. No, sir; I am not. As a matter of fact, I have been very personally involved in all of the negotiations with the Department of Labor on our delegated programs and I think we have achieved some fine results in terms of redirecting much of Labor's effort toward our clientele. We have seen to it that the community action agencies throughout the country become deeply involved in administering programs funded by the Department of Labor.

I think that the arrangement between Labor and ourselves has made an incremental improvement in the overall resources available to, and administered by OEO agencies. So I think, rather than giving away OEO to the Department of Labor, we have brought the Department of Labor more closely down to and involved with the people we are here to serve, so I think it is an incremental increase rather than a giving-away of this program.

Mr. FLOOD. It is so very easy to be misunderstood in this town.

Mr. HARDING. Yes, sir; it is.

Mr. FLOOD. Thank you.

IMPLEMENTATION OF 1967 AMENDMENTS

Will you please set forth the new provisions in the 1967 amendments that require a change in any part of the program and what you have done to assure that these new provisions are complied with.

(The information follows:)

IMPLEMENTATION OF PROVISIONS OF ECONOMIC OPPORTUNITY AMENDMENTS OF 1967 REQUIRING PROGRAM CHANGES

Title I-A

Section 103

Lowers the minimum age for enrollees from 16 years to 14 years.

Implementation

On pages 9 and 10 of the report of the House Committee on Education and Labor (H.Rep.No.866, 90th Cong., 1st Sess.) the committee indicated that in adopting the provision lowering the minimum age, it "in no way intend/ed/ to supercede or contravene any State /compulsory school attendance or child labor/ law."

Accordingly, Job Corps has written a letter to the Attorney General of each State requesting his opinion as to the legality of implementing the new provision in his State. Final decisions relating to the enrollment of 14-and 15-year olds in the Job Corps cannot be made until replies to these letters have been received.

Section 104

Requires that all necessary steps be taken to assure that the enrollment of the Job Corps includes an appropriate number of candidates selected from rural areas, taking into account the proportion of eligible youth who reside in rural areas.

Implementation

Job Corps has taken vigorous steps to recruit the difficult-to-reach rural disadvantaged. Mobile screening teams are operating from New York to the Plains States. The staff-members of Civilian Conservation Centers have joined the rural recruiting campaign. Job Corps has received radio exposure in rural areas on 1600 country and western stations, through the "Grand Ole Opry" program. In its efforts to recruit youths from rural areas Job Corps has enlisted the aid of 3,000 Technical Action Panels of the Department of Agriculture, the National Congress of American Indians (83 tribes), migrant labor groups from New York to California, 28 offices of the AFL-CIO Applalachian Council in nine states, and rural community groups from upper-Michigan to Louisiana. As a result, 25 percent of those now being recruited are from rural areas; to date, 35,000 rural youths have been brought into Job Corps.

Section 105

Prohibits the selection of a candidate who has a history of major behavioral aberrations unless there is first obtained, from a professionally qualified person who knows the candidate's individual situation, a finding that there is reasonable expectation that his conduct will not be inimical to the goals and success of the Job Corps and that the opportunity provided by the Job Corps will help him to overcome his problems.

Implementation

Under Job Corps policy, an individual with a history of major behavioral aberrations is not selected for admission unless a careful case-by-case review by a panel of experts indicates that the applicant is willing and able to conform to Job Corps standards (Exhibit I-A). In furtherance of this policy to assure that all individuals selected may receive the benefits of the Job Corps program unhampered by the misbehavior of their fellow enrollees, Job Corps plans to extend the statutory "finding" requirement to all applicants. In addition, each applicant will be required to submit a personal affidavit concerning his behavior history. A policy directive implementing this policy change is in the final clearance stage within OEO and will soon be issued.

Section 106

Requires that the center of assignment for each enrollee be the center, of those which have vacancies and are of the type deemed appropriate for him (men's training center, Civilian Conservation Center, or women's training center), which is closest to his home. Authorizes waiver of the requirement when necessary to insure an equitable opportunity for participation in the program to disadvantaged youths from each section of the country, to meet the educational or other needs of the enrollee, or to maintain efficiency and economy in the operation of the program.

Implementation

In accordance with this requirement, Job Corps has intensified its efforts to assure proximity between the enrollee's center and his home. As a result, 90 percent of all Urban Center assignments are made within the youth's home region, as are 50 percent of all Civilian Conservation Center assignments. Direct travel costs continue the downward trend - from $76.13 to $39.98 in the fiscal year 1967, and further to $39.67 in the first half of the fiscal year 1968.

The nature of the work projects performed at Civilian Conservation Centers has in large measure dictated their geographical location. Consequently, such centers in some regions are unable to accommodate all of the acceptable applicants from those regions, while those in other regions have vacancies for which intra-region enrollees are unavailable.

Section 107

Requires that men's and women's training centers offer, to the extent feasible and on a nonresidential basis, education and vocational training opportunities and supportive services to participants of Title I-B programs.

Implementation

The Office of Economic Opportunity is seeking to determine the extent to which it is feasible to offer these opportunities and services to participants in Title I-B programs on a nonresidential basis. To this end, they are now being made available on such a basis at the Capital Center (Washington, D.C.).

Section 108

Requires inclusion in center programs of mandatory participation in center maintenance support and related work activity as appropriate to increase the enrollee's sense of contribution, responsibility, and discipline.

Requires the development with the concurrence of the Secretary of HEW, of certificates to be issued to enrollees who have satisfactorily completed their services in the Job Corps.

Implementation

Job Corps requires appropriate participation in center maintenance support and related work activity (Exhibit I-B).

The required certificate has been developed in consultation with the Secretary of HEW and is in the final clearance process.

Section 109

Prohibits, except in unusual circumstances as determined by the Director, payment of personal living allowances in excess of $35 per month during the first 6 months of an enrollee's participation in the program and $50 per month thereafter. Requires that such allowances be subject to reduction in appropriate cases as a disciplinary measure.

Prohibits payment of transportation costs connected with the leave of any enrollee who has not completed at least 6 months of service in the Job Corps.

Prohibits payment of the $50 readjustment allowance to enrollees who have not remained in the program at least 90 days except in unusual circumstances as determined by the Director. Authorizes reduction of an enrollee's readjustment allowance as a penalty for misconduct during participation in the Job Corps.

Implementation

Amendments to appropriate Job Corps directives, in accordance with the statutory requirements, have been prepared, and are being printed for distribution (Exhibit I-C). Directives concerning payment of leave-associated transportation costs have been issued (Exhibits I-D, I-E, and I-F).

Section 111

Requires establishment of community advisory councils and encouragement of youth participation therein. Requires formation by and coordination under the local community action agency whenever possible. Requires the Director, in furtherance of the objective to promote good community relationships, to assure that centers promote, by specified means, the fullest practicable interchange and cooperation between the center and the community.

Implementation

Job Corps requires each of its centers to establish community advisory councils to aid the centers in their efforts to establish mutually beneficial relationships with surrounding or nearby communities. It has issued a manual to guide its centers in promoting good community relations (Exhibit I-G). A directive, (Exhibit I-H), setting forth the details of section 111 requirements, and soon to be incorporated into the community relations manual, has been distributed to all centers and has been discussed and explained at a national Job Corps Community Relations Conference (February 27-28, 1968). Job Corps is holding the second annual

"Salute to Communities Week" (April 14-21, 1968). The purpose of these events is to focus attention on the center as a neighbor by expressing the individual center's gratitude for community participation, and to encourage greater understanding of Job Corps by all residents of the center area (Exhibit I-J).

Section 112

Requires that each enrollee be counseled and tested at regular intervals to determine his progress, and that each enrollee be counseled and tested prior to his scheduled termination to determine his capabilities.

Requires the Secretary of Labor to determine the status and progress of terminees and assure that their needs for further education, training, and counseling may be met.

Requires, to the extent feasible, that readjustment allowances of enrollees not placed before termination be paid at the public employment service office or other placement agency nearest his post-termination residence.

Requires the Secretary of Labor (or the Director of OEO) to assure that public employment service offices (or other placement agency) making readjustment allowance payments maintain detailed follow-up records on the recipients of such

payments. Requires the Director of OEO to furnish to the Secretary of Labor copies of the records maintained by placement agencies other than public employment service offices.

Requires maintenance by Job Corps of detailed follow-up information when Job Corps places the enrollee prior to his termination.

Implementation

Job Corps requires that its enrollees be periodically counseled and tested during participation and prior to termination to determine their progress in education (Exhibit I-K). Milestones in vocational training are now being developed to facilitate a parallel counseling and testing program.

Procedures for expansion of Job Corps and Department of Labor recordkeeping systems to meet the follow-up information requirement are now in final clearance between OEO-Job Corps and Department of Labor-USES.

Job Corps is not only arranging for the payment of readjustment allowances at public employment service offices and other placement agencies, but will also forward the last two weeks' living allowances to such offices for distribution. Implementing procedures are in the final clearance process between OEO-Job Corps and Department of Labor-USES.

Job Corps plans to begin a one-to-one follow-up system in the fiscal year 1969. It is estimated that 70-80 percent of terminees will be located. Each terminee will be interviewed 6, 12, and 24 months after termination. The results will show the status and measure of efficiency of training by Job Corps and by individual Job Corps centers.

Section 113(a)

Provides for the evaluation of the overall Job Corps program with a view to measuring specific benefits and providing information to assess effectiveness of program procedures, policies and methods of operation.

Provides for a variety of specific evaluations, such as costs and benefits resulting from residential versus nonresidential programs, opinions of Job Corps participants, and at appropriate intervals, follow-up information on ex-Corps-members.

Implementation

In response to the general evaluation requirements, Job Corps has thus far undertaken developmental efforts in the following areas:

(1) Refinement and implementation of procedures for measuring progrm effectiveness in the area of vocational training.

(2) Cost effectiveness studies of the Job Corps Men's Urban Centers' program.

(3) The implementation of a Plans, Programs and Budgeting System for Job Corps.

(4) Refinement and expansion of the Job Corps Data System.

In response to specific evaluation requirements, Job Corps is planning to undertake an extensive evaluation of residential versus nonresidential programs and to conduct studies involving the opinions of participants about the Job Corps program. In the area of periodic follow-up of ex-Corpsmembers, Job Corps plans to continue with its system of surveys conducted at 6 month intervals after termination. Further, it is hoped to make use of data from the Social Security Administration to provide a financial overview of post Job Corps success.

Section 113(c)

Provides for the establishment of one or more model community vocational schools and skill centers.

Stresses coordination with the Commissioner of Education, State Education Departments and other Government agencies.

Implementation

Planning is underway for an inner-city skill training center which will work closely with industry in program development and job placement and will provide educational and vocational training on a combined residential and non-residential basis for 300 school dropouts aged 16-17 years.

Evaluation and research components are built into the program to ensure cost/benefit analyses and program effectiveness. Other requirements of section 113(c), such as the conduct of a job survey of the area, also will be met.

Section 115

Requires necessary action to facilitate the effective participation of States in the Job Corps program, including, but not limited to, consultation with appropriate State agencies on matters pertaining to the enforcement of applicable State laws, standards of enrollee conduct and discipline, the development of meaningful work experience and other

activities for enrollees, and coordination with State-operated programs.

Implementation

State and local law enforcement officials presently serve in center programs designed to orient the Corps members to center life and to achieve participation by such officials in center community councils (Exhibit I-L).

Job Corps centers are required to make arrangements with State and local law enforcement officials concerning the reporting of offenses committed on the center site by Corps members involving contravention of local or State laws (Exhibit I-M).

Where center security requires the presence of appropriate law enforcement officials, centers have invited State and local agencies to accept a limited law enforcement jurisdiction over the center and to exercise this jurisdiction to appoint from the ranks of center security personnel, special policemen, or deputy sheriffs, with official law enforcement power (Exhibit I-N).

Job Corps has encouraged centers to develop work experience programs in the areas of conservation, beautification and the creation or maintenance of public recreation areas under

the supervision of persons from appropriate State and local Governmental agencies (Exhibit I-O), and OEO is currently working on a plan to develop a program by which OEO-funded State offices would consult with and advise OEO regional offices and OEO Headquarters as to matters pertaining to enforcement of State laws, enrollee standards of conduct, work experience activities and coordination with State-operated programs.

The Community Relations Office, Job Corps Headquarters, maintains liaison with and visits State and municipal government offices in connection with the development of Job Corps community relations (Exhibit I-G).

Section 117

Requires the Director to assure that women comprise 25 per centum of the total Job Corps enrollment by June 30, 1968.

Requires immediate efforts to achieve an enrollment ratio of 50 per cent women enrollees consistent with operating efficiency and economy, sound administrative practice, and the socioeconomic, educational, and training needs of the target population.

Lowers the per enrollee direct operating costs ceiling from $7,500 to $6,900 for any one fiscal year.

Implementation

Women now comprise over 29 per cent of the total Job Corps enrollment. The upward trend in the female to male enrollment ratio will continue in the fiscal year 1969. The Guthrie (Oklahoma) and Jersey City (New Jersey) women's training center contracts have been renegotiated and provide for expanded enrollment beginning July 1, 1968. The Cleveland and Albuquerque women's training center contracts are due for renegotiation effective July 1, 1968. Increased enrollment is planned at these centers also.

For the July, 1967 to March, 1968 period the per enrollee direct operating costs were $6,695, well within the statutory ceiling. It is projected that these costs will be further reduced to $6,300 in the fiscal year 1969.

TITLE I-B*

An informative notification on the changes resulting from the 1967 amendments to the EOA was sent to the BWTP field staff in January in the form of an Administrator's Notice.

Specific implementation of several of the amendments principally Secs. 121 and 122 which involve the designation of community program areas and the consolidation of work-training programs under a single prime sponsor has been held up pending agreement on basic issues in the memorandum of agreement which will lead to a new delegation of authority from OEO to DOL. This memorandum was signed recently and will form the basis for further development of definitive standards and regulations.

Section 121

Requires the Director to designate or recognize community program areas for the purpose of planning and conducting comprehensive community work and training programs.

*/ Information relating to the implementation of amendments embodied in Title I-B of the Economic Opportunity Act was supplied by the Department of Labor which administers programs under this portion of the Act pursuant to a delegation of authority from OEO.

Implementation

The BWTP program manual is being revised to include guidelines on the selection of community program areas. Criteria relating to the establishment of comprehensive work and training programs under a single prime sponsor was begun a year ago under the delegation agreement with OEO which specified that CAA's would be the presumptive sponsors of the then operative BWTP programs. Since that agreement was put into effect, arrangements have been made to bring some NYC in-school projects, as well as other projects under the aegis of the Community Action Agency.

Section 122

Provides that for each community program area a public or private nonprofit agency shall serve as prime sponsor to receive funds and make use of delegate agencies in carrying out components of comprehensive work and training programs.

Implementation

It is expected that this transition will be accomplished easily because of the existence of a large number of single agencies currently acting as prime sponsors. More than 40 percent of BWTP programs are now under CAA sponsorship.

Section 123(a)(2)

Under this section the eligibility standards for admission to Neighborhood Youth Corps out-of-school programs are modified so that the program is no longer restricted to persons 22 years of age or younger.

Implementation

In response to the amendment and in recognition of the fact that NYC is still primarily a youth program, a policy has been developed specifying that up to 10 percent of the enrollees may be 22 years or older.

Section 123(a)(5)

Authorizes special programs concentrating working and training resources in urban and rural areas having large concentrations or proportions of low-income, unemployed persons, and within those rural areas having substantial outmigration to urban areas.

Implementation

Separate funds have been set aside for the Concentrated Employment Program in response to this amendment. A separate division within BWTP has been set up to handle the operations of the CEP program. Moreover, the authorization of 123(a)(5)

clearly separates these activities from those authorized under the Special Impact program. As a result of this separate authorization, $51.3 million has been set aside for use on CEP "versatile" funds--that is, funds to provide job opportunities and supportive services not specifically connected with component programs such as New Careers or NYC.

Section 123(a)(6) & (7)

Adds specific supportive services as eligible activities and specifies that mobile Employment Service units and other recruiting methods be used to reach the disadvantaged.

Implementation

Discussions are underway with OEO, DOL and other interested agencies to develop guidelines and standards for the provision of day-care, counseling and other supportive services. In a number of CEP I cities, day-care centers have been established.

Final plans have not been formulated for the implementation of employment centers and mobile employment service units to provide personnel services to disadvantaged areas.

Section 123(a)(8)

Outlines a new program to provide incentives to private employers to train or employ unemployed or low-income persons.

Implementation

Implementation of this section is underway through the JOBS program. Through contracts with regional and local business groups, industry will provide a specific number of job openings. These contracts will require Federal financial assistance for unusual training costs. These contracts will have up to a 24-month duration. Employers will be given wide latitude to develop comprehensive and innovative means of carrying out JOBS agreements. Approximately $53 million has been set aside to implement this program.

Section 126

Requires the Director to provide programs designed to deal with long-term employment problems among persons fifty-five years and older.

Implementation

To implement this requirement a Community Senior Service Program has been established, financed partly from Operation Mainstream funds and from some MDTA monies.

The regional offices of the Bureau of Work-Training Programs work with the State and local offices of the U.S. Employment Service, State and local committees on aging

and OEO-CAP in implementing this elderly program. Their activities include: (1) proposing local projects based on their knowledge of community programs in need of personnel and of the availability of skills among older persons; (2) examining the qualifications of sponsors and their adherence to established criteria and standards; (3) the selection and referral of eligible older persons to approved sponsors for work and service opportunities; (4) encouraging employment of older workers as project staff members and (5) recommending approval of applications for older worker programs and negotiating, wherever possible, with potential sponsors.

Projects will be located mainly in CEP cities, with some in rural areas. Project locations having Older Worker Intensive Service units or Multi-Purpose Neighborhood Center programs will be favored.

Aside from these particular programs, BWTP will give substantial consideration to placing older enrollees in regular Operation Mainstream projects, especially those which will be started in States which do not now have such projects.

Section 127

Authorizes the Director to assist pilot projects designed

to encourage maximum participation of private employers in work and training programs under Title I-B.

Implementation

To implement this section, the Manpower Administration has undertaken a review of all on-going Experimental and Demonstration activity to determine which projects fall into the category specified under this amendment. Those that are found to be in keeping with this intent will be extended beyond the experimental period. In addition, efforts will be made to develop new projects incorporating novel approaches with private industry.

Section 128

Authorizes the Director to provide technical assistance to assist in the initiation or operation of programs under Title I-B. Also authorizes him to make arrangements for the training of instructors and other personnel to carry out training programs under Title I-B and Title I-D.

A plan for technical assistance for all BWTP programs is being developed. A total of $5 million will be obligated for this activity in FY 1968 with an emphasis on the CEP and JOBS program, and some work in each of the other programs. In CEP a number of planning grants are being negotiated which will provide opportunities to develop program plans and linkages as well as technical innovations including new approaches to job development. Program planning will be improved by stressing the most recent and advanced methods of project management.

Contracts for technical assistance in the JOBS program are being negotiated primarily in three areas:

a) Contracting for the training of work supervisors in industry, which will yield training materials, curricula models and the like.

b) Developing guidelines for improving relationships with unions or central labor bodies, to obtain assistance needed locally to support the JOBS program.

c) Providing technical assistance on a local project basis. Nationwide master contracts will implement this aid to the JOBS program through subcontracts in local areas.

Section 131

Provides that excess non-Federal contributions under Title I-B may be used to meet such requirements under section 225(c) relating to community action programs.

Implementation

Discussions have been held to develop a mechanism for exchanging contributions in Title I-B in excess of the required 10 percent with programs under Title II. No guidelines have been developed as yet.

Section 132(a)

Requires the Director to provide for the development and implementation of a program data system consistent with similar data systems for other relevant Federal programs.

Implementation

A task force has been formed for the development and implementation of a program data system to serve the entire Manpower Administration. This will involve the coordination and meshing of all independent information systems within the various Bureaus.

Section 132(b)

Requires the Director to provide for continuing evaluation of Title I-B programs.

Implementation

The Manpower Administration has completed planning for several kinds of evaluation activity which are expected to be operational in the current fiscal year. Individual programs will be continuously evaluated, cross-program studies will be contracted for to assess and compare the effectiveness of various manpower programs and cost-benefit studies have been designed to determine program efficiency.

TITLE I-D

Sections 150-161

Title I-D was substantially revised by the 1967 legislation. In particular, section 151 provides a much more comprehensive authority than the former section 131(b), and section 152 spells out a number of new requirements for programs funded under the part.

Implementation

OEO has treated the revised title I-D as essentially new authority. Most projects funded under the former title I-D are being refunded under section 123(a)(5) of title I-B. Some $20 million has been set aside for funding new projects which meet the standards of the revised title I-D.

In order to test a variety of approaches and to use the skills of different Federal agencies, several agencies were invited to submit proposals for particular title I-D projects. Tentative allocations of funds have been made as follows: Department of Labor, $11.5 million; Department of Commerce, $3.8 million; Department of Agriculture, $2.7 million; OEO (Community Action Program), $1.5 million; Reserve (including evaluation), $0.5 million. Project proposals are being further refined at this time, and funds are expected to be obligated in June.

TITLE II

Section 210(a)

Defines a community action agency as being a State, a political subdivision of a State (having elected or duly appointed governing officials), a combination of such jurisdictions, or a public or private nonprofit agency which has been designated by a State or political subdivision. Each community action agency must have the powers listed in Section 212 (Discussed below). This section becomes operative on July 1, 1968. However, a further period to February 1, 1969 is allowed to complete the transition in communities in which newly-designated community action agencies replace existing ones.

Implementation

The requirements and procedures for designating a community action agency were dealt with extensively in Community Action Memo 80, particularly in Part C thereof. This Memo is contained in the booklet "Organizing Communities for Action," (Exhibit II-A) published in February 1968 and distributed widely to political jurisdictions and community action agencies throughout the Nation. The Memo provides an appropriate timetable to insure that all agencies are in full compliance with this section by the above-mentioned dates.

Section 210(d)

Provides that the Director may designate a community action agency in lieu of designation under Section 210(a) if he determines (1) that the agency designated under that section has failed to submit a satisfactory plan meeting the criteria for approval in Title II or to carry out such a plan in a satisfactory manner, or (2) that no qualified political jurisdiction is willing to serve as, or to designate, a community action agency under Section 210(a).

Implementation

Because of the tremendous pressures to meet the urgent deadlines of other sections and because the timetable for compliance with Section 210(a) substantially removes the immediacy of this provision, no regulations have yet been promulgated. However, appropriate regulations are undergoing drafting and discussion and will be issued in the near future.

Section 210(e)

The so-called "opt out" section, provides that no political subdivision shall be included in the program of a community action agency designated under 210(a) if the governing officials do not wish to be so included. Such subdivision is eligible to designate itself or another agency under Section 210(a) on the same basis as other subdivisions.

Implementation

Part E of Community Action Memo 80 (Exhibit II-A) sets forth guidelines and procedures for implementing this section.

Section 211(a) and (b)

Requires that the community action board (which for clarity OEO refers to as the "administering board") of a community action agency which is a political jurisdiction and the governing board of a community action agency which is a separate public agency or a private nonprofit agency conform to the provisions of section 211(b). These include a maximum membership of 51, with one-third being public officials or their representatives, at least one-third being democratically selected representatives of the poor in the area served, and the remainder being representative of major interests and groups in the community. A member selected to represent a specific geographic area must reside in that area and members, other than public official representatives, may not serve more than 3 consecutive years or 6 years total.

Implementation

The composition of the named boards, and the methods of selecting members, are dealt with extensively in Community Action Memo 81, which is also contained in the booklet

"Organizing Communities for Action," dated February 1968. (See Exhibit II-A.) Like Section 210, this section becomes operative on July 1, 1968, and all community action agencies must be in compliance with the requirements set forth in this section on that date. Compliance will be certified according to CAP Form 75, to be issued shortly.

Section 211(c)

Requires that an area board which is given major policy and administrative responsibilities for programs in its area be broadly representative of such area. The Director must issue regulations assuring an adequate opportunity for membership of elected public officials. In addition, each community action agency shall be encouraged to use neighborhood-based organizations, composed of area residents and members of groups served, to assist in planning, conduct and evaluation of community action components.

Implementation

Instructions to assure that area boards are broadly representative and secure the representation of elected officials are contained in Part E of Memo 81 (Exhibit II-A). Part E also contains guidance on the implementation of neighborhood-based organizations, which guidance will be

supplemented by a separate issuance on resident participation, to be released in the near future.

Section 211(d)

Requires the Director to promulgate those standards and rules relating to such matters involving board meetings as quorums, notices and committees which he deems necessary to assure that boards are effective mechanisms for broad community involvement. The Director must also require agencies to establish a procedure for representative groups of the poor and for other community agencies to petition for adequate representation.

Implementation

The requirement to promulgate standards and rules is treated in Part D of Memo 81 and will be dealt with more comprehensively in subsequent issuances. The requirement that petition procedures be established is discussed fully in Part C of Memo 81. (See Exhibit II-A.)

Sections 211(e) and 211(f)

Set forth requirements relating to the powers of governing boards and the organization of administering boards.

Implementation

Powers of both governing and administering boards are discussed in Part B of Memo 81, and the organization of

these boards in Part C (Exhibit II-A). Additional guidance on involvement of the poor will be issued at a later date.

Section 212

Sets forth specific powers and functions which a community action agency must possess.

Implementation

The requisite powers and functions of a community action agency are comprehensively discussed in Part B of Memo 80 (Exhibit II-A). That discussion is repeated in CAP Form 72 (in appendix to Exhibit II-A), which contains an attorney's certification that the applicant agency possesses such powers and functions.

Section 213(a) and (b)

Subsection (a) requires each community action agency to adopt rules to secure compliance with various administrative standards in the Act. Such rules would cover a variety of subjects, including personnel practices, employee benefits, political activities, conflicts of interest, public access to information and participation in direct action. Subsection (b) requires that the Director prescribe regulations to supplement subsection (a) and that he consult with heads of other appropriate agencies in order to achieve maximum

consistency for all activities which may be included in community action programs.

Implementation

Nearly all of the subject areas listed in section 213(a) are currently dealt with in various Community Action Memoranda. It is believed that the most effective means to implement subsection (a) is to issue revisions of these memoranda, to explain to OEO grantees the requirements of subsection (a), and to indicate the extent to which that subsection would be satisfied should the grantee choose to adopt the substance of the memoranda. Individual, revised memos on many of these topics are near completion and will be issued soon. Copies of C. A. Memos 23-A, dated August 26, 1966; 23-B, dated March 28, 1967; and 50-A, dated December 1, 1966, which deal with some of these topics, are attached as Exhibits II-B, II-C and II-D, respectively.

OEO has in the past consulted with other agencies on these matters and will continue to do so.

Section 214

Adds a new section requiring community action agencies to encourage the establishment of housing development and

services organizations, to enable the poor to utilize more effectively existing housing programs.

Implementation

OEO's Housing Staff has encouraged development and use of Housing Development Corporations prior to the passage of the 1967 Amendments. The booklet "Community Action and Urban Housing" (Exhibit II-E) was being printed at the time the 1967 Amendments were passed; "Community Action and Rural Housing" is now in preparation.

Section 221(c)

Requires that local officials and agencies be given an opportunity to present their views on a proposed community action program and that problems of cooperation and duplication are resolved prior to submission.

Implementation

OEO, in conjunction with other Federal agencies, has established a checkpoint procedure to obtain the views of both local agencies and officials, as well as those of other Federal agencies. All CAAs must submit evidence of coordination with local groups when it submits a funding application to OEO. See CA Memo 28 (Exhibit II-F).

Section 221(d)

Requires that all programs funded after July 1, 1968, evidence a systematic approach to planning the achievement of the purposes of Title II.

Implementation

OEO has been urging grantees to adopt systematic planning techniques, and is now providing technical assistance to CAAs to help them set up planning procedures. Each grant application or refunding received after July 1 also will be required to show some evidence of the fruit of this planning activity; a questionnaire to be filled out by the community action agency and included with the grant application is now being circulated within OEO for comments prior to issuance.

Section 222(a)3)

Requires the consultation of State, as well as local, bar associations before a legal services program is funded and requires that these associations be given an opportunity to comment on ongoing programs. Forbids the use of any funds or personnel made available to such a program for the representation of persons indicted for crimes except in extraordinary circumstances.

Implementation

Community Action Memorandum No. 79, Part B (Exhibit II-G) establishes interim requirements for compliance. Final instructions will be forthcoming shortly.

Section 222(a)(4)

In continuing the Comprehensive Health Services Program and designating it a Special Emphasis Program, additional legislative emphasis was placed (1) on securing the comments and recommendations of local medical associations before any project is approved by OEO, (2) on ensuring that service be made available to low-income residents of target areas and (3) on continuing effective coordination between OEO and the Secretary of Health, Education, and Welfare. This

section also authorizes the establishment of a new health career program for the training and employment of health personnel to work with the poor.

Implementation

(1) OEO regularly sends copies of applications for Comprehensive Health Services Programs to local medical associations and requests their comments and recommendations. Moreover, the guidelines for this program have always required that each applicant offer interested professional associations the opportunity to participate in the planning of such programs. (A copy of the revised guidelines is contained in Exhibit II-H. This requirement is to be found on page 15).

(2) The newly revised guidelines require that eligibility criteria be set so that services are provided to low-income residents of target areas. (See Appendix F, Exhibit II-H).

(3) Since the inception of the Comprehensive Health Services Program, there has been constant consultation and coordination with the Department of Health, Education, and Welfare. Attached is a copy of the HEW-OEO Statement on Joint Funding of Health Services issued on May 2, 1967 (Exhibit II-I).

Except for continuing activities to develop needed manpower in the health field which have been included in ongoing comprehensive health services programs, there are no funds presently available for developing the new health career programs authorized by this section.

Section 222(a)(5)

Makes OEO's existing Upward Bound Program a national emphasis program.

Implementation

The requirements of this section are implemented by the current Upward Bound Guidelines (Exhibit II-J).

Section 222(a)(6)

Establishes a new National Emphasis Program called "Emergency Food and Medical Services" to provide, on a temporary emergency basis, basic foodstuffs and medical services to counteract conditions of starvation and malnutrition. The Director must arrange to carry out his functions through the Secretaries of Agriculture and HEW, using community action agencies whenever feasible.

Implementation

The three agencies have signed a memorandum of understanding, setting forth the manner in which available resources will be used. The content of this memorandum is contained in Exhibit I of the program guidelines (Exhibit II-K). Guidelines have been issued which involve all three agencies in the administration of the program and grants are now being processed.

Section 222(a)(7)

Establishes Family Planning as a special emphasis program, and provides that OEO and HEW shall coordinate and assure a full exchange of information on family planning projects sponsored by each agency. It also directs the Secretary of HEW to make the services of Public Health Officers available to OEO.

Implementation

Family planning activities have been supported as part of community action programs. Community Action Memo 37-A describes special requirements governing the provision of family planning services. (See Exhibit II-L.)

OEO has issued funding guidance to the regional offices with respect to six and one-half million dollars for family planning. Thirteen million dollars have been budgeted for 1969. Each regional office has designated a staff member for family planning activities.

OEO is working closely with Mrs. Katherine Oettinger, Deputy Assistant Secretary for Family Planning and Population, and her staff. OEO-HEW committees are functioning in the area of program planning and evaluation. OEO representatives

also meet with Public Health Service committees on family planning.

The Director of OEO's family planning activities is a Public Health Service officer on detail. As a result of continuing discussions with PHS, it is expected that additional officers will be detailed to OEO.

Section 222(a)(8)

Establishes a National Emphasis Program called "Senior Opportunities and Services" designed to identify and meet the needs of poor persons over the age of 60. The Director is required to make maximum use of the services of the Administration or Agency.

Implementation

The Research and Demonstration Division has funded prototype programs for the elderly poor. When the evaluation of these is completed, it is expected that OEO will fund a larger number of such programs nationally.

Section 223

Requires that community action programs give maximum employment opportunity, including opportunity for occupational training and career advancement, to residents of the area and members of groups served. The Director shall encourage employment of persons 55 years and older.

Implementation

Employment and advancement of the people being served by community action programs is currently dealt with in Part A of C. A. Memo 23-A, (exhibit II-B). In addition, Part B of C. A. 80 established a prohibition against employment rules or restrictions which would prevent or deter compliances with this section. Compliance with Part B is monitored through certification prescribed in CAP Form 73, (See appendix to exhibit II-A).

Section 224

Requires the Director of encourage the development of neighborhood centers providing a broad range of services and promoting maximum feasible participation of neighborhood residents. Such centers are to be responsive to such neighborhood needs as counseling, referral, follow-through and community development activities.

Implementation

OEO has been encouraging community action agencies to establish neighborhood centers. The current guidelines (exhibit II-M), which were issued in July 1966, are being revised to make them more effective.

Estimated obligations for neighborhood centers in the fiscal year 1968 are $154,000,000, and for the fiscal year 1969 are $165,900,000.

Section 232(d)

Provides that a pilot program may not be commenced in any major political subdivision of a State unless the appropriate CAA or local officials of the subdivision (if there is no CAA) have examined the plan for the program and have not disapproved it within 30 days. If they disapprove the proposed pilot program, the program may not commence unless the OEO Director reconsiders the program and finds it consistent with Title II, of the EOA.

Implementation

Pilot projects funded since December 20, 1967, have all received approval of the CAA or local government. Written procedures are awaiting final OEO clearance, and will be published soon.

Section 232(e)

Requires carrying out pilot projects which (1) aid elderly poor, (2) focus on rural poverty, (3) develop new techniques and community efforts to combat narcotics addiction, and (4) encourage involvement of private industry in Title II Programs.

Implementation

Three pilot programs, dealing with rural poverty and involvement of private industry, have been funded since the passage of the 1967 Amendments and proposals for about 15 additional projects of types described in the section are being processed.

Section 232(f)

Requires that research and pilot programs be undertaken to assure a more effective use of the human and natural resources of rural America and to slow migration from rural communities due to lack of economic opportunity.

Implementation

The majority of the projects mentioned under Section 232(e) that are now being processed are directed at the problems of lack of rural economic opportunity.

Section 233(a)

Elaborates a requirement for evaluation in Section 212(b) of the Act, by authorizing use of independent contractual evaluations and self-evaluations by grantees. Reports of evaluations are to be included in the Director's annual report to the Congress, and the Director must provide, whenever feasible, for joint evaluations with other Federal and State agencies.

Implementation

While OEO has always encouraged self-evaluation, and has also used independent contractors to conduct evaluations, in response to the emphasis on evaluation in the 1967 Amendments, OEO has set aside one percent of all program budgets as a

minimum sum to be spent on evaluations (See Exhibit II-N: OEO Instruction 72-8, dated March 6, 1968). An evaluation plan is being prepared to direct independent contractors toward evaluations of the crucial CAP policy areas. Discussions are underway on how to carry out joint evaluations with other governmental agencies.

Section 233(b)

Requires that the Director develop and publish standards for evaluation of program effectiveness.

Implementation

The development of the standards is nearly completed.

Section 233(c)

Requires the Director to contract for an independent study and evaluation of action taken under sections 210 and 211, to be transmitted to Congress before April 1, 1969.

Implementation

In February 1968, proposals and bids were submitted by 11 firms. The contract was awarded to Yankelovitch, Inc. and the study is currently underway.

Section 240

Requires the appointment of two assistant directors, one for Rural Areas and one for Urban Areas, to be responsible for assuring the appropriate expenditure of funds allotted to their respective areas.

Implementation

Mr. Donald K. Hess has been appointed Assistant Director for Community Action in Rural Areas and Mr. Don I. Wortman has been appointed Assistant Director for Community Action in Urban Areas.

Section 241

Requires the Director to take necessary steps to further the extension of benefits to residents of rural areas, consistent with the extent and severity of poverty among such residents.

Implementation

Part D of C. A. Memo 80 (Exhibit II-A), which sets forth funding priorities under Title II for the fiscal years 1968 and 1969, states that achieving meaningful levels of assistance in existing rural programs and funding new rural programs at meaningful levels are given first and second priority respectively.

Section 243(d)

Authorizes the Director to take steps necessary to ensure effective and efficient handling of funds, including periodic reprogramming of funds and control over the rate of expenditure by grantees so that they will not exceed the rate contemplated by their approved program.

Implementation

OEO has previously reprogrammed unneeded funds to the extent consistent with fiscal year limitations. Discussions are in progress on how to effectively control the rate of expenditure.

Section 244(3)

This section, which prohibits OEO employees from serving on the boards of agencies receiving financial assistance from OEO, is similar to section 205(j) of the previous legislation. The new section differs in that it does not apply to boards having no authority over the OEO funded program and in that there is no longer an exception for religious institutions.

Implementation

The section is already implemented by Community Action Memorandum No. 42-A,(Exhibit II-O), except for the deletion of the exception for religious organizations. The Community Action Memorandum will be revised to eliminate this exception.

Section 244(7)

Bars providing financial assistance in cases in which a community action agency's cost of developing and administering programs under Title II exceeds 15 percent of the total cost of its Title II programs. Definitions of administrative costs and total costs are to be developed with the Bureau of the Budget (BOB). The Director also must develop criteria for determining when administrative costs are excessive even though they are less than 15 percent. The Director may waive the requirement for 6 month periods, if necessary, to carry out the purposes of Title II.

Implementation

A draft of guidelines to implement this section has been prepared and a reporting form devised, preparatory to discussions with BOB. A preliminary survey on validity of administrative cost levels is being completed, which will aid in developing criteria for determining when administrative costs are excessive.

TITLE III-A

Section 302

The provisions of the Act authorizing loans to low-income rural families were amended to provide for the making of such loans to the elderly poor in situations in which the loans, in addition to having a reasonable possibility of effecting a permanent increase in income, will contribute to the improvement of the living or housing conditions of such persons.

Implementation

The Farmers Home Administration of the Department of Agriculture, which administers this program, has issued a Bulletin (Exhibit III-A) to all of its State Directors, District and County Supervisors calling attention to this Congressional action and outlining the manner in which the provision is to be afforded compliance.

TITLE III-B

Section 312

Removes from the Act the limitations which restricted assistance for migrant and other seasonally employed farm workers and their families to projects and activities meeting their needs exclusively in the fields of housing, sanitation, education, and day care of children.

Implementation

Because of funding limitations, OEO has been unable to utilize this new program authority by moving into additional areas of activity in assisting this group.

Section 313(a)

Provides that the Director shall not extend assistance under Title III-B unless he determines that the applicant will maintain its prior level of effort in similar activities.

Implementation

OEO has been operating under this policy since inception of the migrant program by having each analyst investigate the applicant and his prior effort. The agency is presently working on the format of a signed, written statement which will be required of all applicants after July 1, 1968.

Section 313(b)

Requires the Director to establish procedures or requirements to assure that Title III-B programs are carried on in coordination with other programs or activities providing assistance to the persons and groups they serve.

Implementation

This has always been a requirement of OEO. The agency will require a written report to accompany all applications submitted after July 1, 1968.

Section 314(a)

Authorizes the Director to provide technical assistance or training of personnel to implement the purposes of Title III-B.

Implementation

A technical assistance grant has been made to Educational Services Corporation to provide technical assistance to all grantees conducting educational programs under this title. A similar grant will be given to another group to provide technical assistance in the housing field.

Section 314(b)

Requires the Director to provide for necessary evaluation of projects under Title III-B.

Implementation

OEO is presently working on a design for necessary research and a contract will be let either late in this fiscal year or early in the next fiscal year.

TITLE V-B

Section 522

Authorizes the Director to provide financial assistance to appropriate public agencies and private organizations for programs under which children from low-income families or from urban rural areas with large concentrations or proportions of low-income persons may receive day care. The statement of purpose for this program (Sec. 521) declares its objective to be to provide day care for children from families which need such assistance to become or remain self-sufficient or otherwise to obtain objectives related to the purposes of the Act, with particular emphasis upon enabling the parents or relatives of such children to take or to continue basic education, vocational training, or gainful employment.

Implementation

The Bureau of the Budget and OEO have earmarked $10 million of funds available to the Labor Department for manpower programs for the conduct of day care programs authorized under Title V-B of the Act. The Office of Economic Opportunity,

the Department of Health, Education, and Welfare, and the Department of Labor are now engaged in discussions regarding the manner in which these funds should be administered. Considerable progress has been made toward implementing the requirement in section 522 of the Act that the Director of OEO and the Secretary of HEW take steps to develop common day care standards. A draft of such jointly developed standards is now being circulated for comment among interested public and private agencies and it is expected that they will be issued in approximately 30 days.

TITLE VI-A

Section 602(b)

Imposes a limit of 100 days of service in one fiscal year by experts and consultants hired under the authority of section 15 of the Administrative Expenses Act of 1946. The previous legislation authorized such employment for 130 days, as permitted by section 15 of the Administrative Expenses Act of 1946.

Implementation

The Office of Personnel of OEO is implementing this section. No special regulation is considered necessary for this implementation.

Section 603(b)

Prohibits the use of program funds, the provision of services or the employment or assignment of personnel in a manner supporting or resulting in the identification of the program or an agency with (1) partisan or nonpartisan political activity associated with a candidate for public or party

office, (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with an election for public office, and (3) any voter registration activity. The section requires the Director after consultation with the Civil Service Commission to issue rules and regulations enforcing this section of the Act.

Implementation

Community Action Memo No. 79 (Exhibit II-G) has informed all grantee and delegate agencies of the restrictions imposed by section 603(b) of the Act. More comprehensive regulations dealing with political activities, voter registration and voter assistance activities will be issued soon. OEO has informally discussed mechanisms for enforcement of such regulations with staff members of the Civil Service Commission.

Section 604(1)

Requires the Director to prescribe procedures to assure that an agency which would like to serve as a delegate agency under titles I-B or II, and whose application to the prime sponsor or community action agency has been rejected, will have special notice and an opportunity for an expeditious appeal to the Director.

Implementation

Appeal procedures for some title II programs are set forth in Part B of Community Action Memo 9-A (Exhibit VI-A). A new issuance will implement this section completely.

Section 604(2)

Requires the Director to prescribe procedures to assure that financial assistance under titles I-B, II, and III-B is not suspended for failure to comply with applicable grant conditions unless the agency is given reasonable notice and opportunity to show cause why the action should not be taken. The section further provides that an application for refunding shall not be denied unless the agency is granted reasonable notice and opportunity to show cause why the action should not be taken.

Implementation

OEO has promulgated regulations which satisfy this section as to title II and III-B assistance, except as to refunding. These appear at 45 C.F.R. 1009 (Exhibit VI-B). These will be revised to assure complete coverage.

Section 604(3)

Requires the Director to prescribe procedures to assure that financial assistance to an agency under titles I-B, II,

and III-B is not terminated for failure to comply with applicable grant conditions unless the agency is afforded reasonable notice and an opportunity for a full and fair hearing.

Implementation

OEO's current termination procedures, which apply to titles II and III-B, accord an agency a right to a hearing before the OEO official responsible for terminating assistance or before a hearing examiner selected in accordance with the Administrative Procedure Act (Exhibit II-Q). These will be revised to assure full compliance with applicable requirements of the Administrative Procedure Act.

Section 606

Requires a public announcement of the particulars of any research or demonstration contract awarded to a private or non-Federal public agency and of the results, findings, data, or recommendations made or reported as a result of the contract.

Implementation

Arrangements have been made to publish the required information in the Commerce Business Daily. This is a widely read official publication of the U.S. Department of Commerce.

In addition, reports resulting from research and demonstration contracts are forwarded to the Department of Commerce's Clearinghouse for Federal Scientific and Technical Information and the Institute for Applied Technology of the National Bureau of Standards, both of which serve as outlets for dissemination of such reports to the public. An OEO instruction (Exhibit VI-C) has been issued to implement this effort.

Section 611

Directs OEO to ensure that an individual will not be eligible for antipoverty assistance where his poverty results from a refusal, without good cause, to seek or accept employment commensurate with his health, education and ability.

Implementation

The attention of each grantee was directed to this provision in Community Action Memo 79 (Exhibit II-6). More detailed instructions are being developed.

Section 613

Provides that no person employed or assigned by an agency financially assisted under the Act shall, pursuant to or during the performance of his duties with his agency, plan, initiate, participate in or otherwise aid or assist in the conduct of an unlawful demonstration, riot or civil disturbance.

Implementation

Community Action Memorandum No. 79 (Exhibit II-G) has informed all grantee and delegate agencies of these restrictions. More comprehensive regulations are to be issued shortly.

Section 621

Directs OEO to delegate its functions in implementing the Follow-Through Program authorized in section 222(a)(2) to the Office of Education of the Department of Health, Education, and Welfare.

Implementation

A delegation of authority to the Secretary of Health, Education, and Welfare to carry out a Follow-Through Program was executed by the Director, OEO, on June 26, 1967 and was approved by the President on that date (Exhibit VI-D). Pursuant to that delegation and a Memorandum of Understanding between OEO and HEW, made apart of that action, the Office of Education has been carrying out the Follow-Through Program. (See Exhibit VI-D.) OEO funds for carrying out this program during the fiscal year 1968.

OEO and HEW are presently reviewing the Memorandum of Understanding and are working closely on the development of the research and evaluation plan for the program.

TITLE VI-B

Section 632(1)

Requires the Director to undertake special studies of specific coordination problems at the request of the President or the Economic Opportunity Council, or on his own initiative.

Implementation

As particular questions concerning the effectiveness of various mechanisms for achieving coordination have arisen, OEO has undertaken specific studies directed at defining the problem and developing solutions. For example, our studies revealed that local administrators responsible for assuring coordination at the local level between programs under Title I of the Elementary and Secondary Education Act and the Community Action Program needed, for the accomplishment of this objective, more interpretive material, including specific examples of the kinds of joint projects and relationships that could be developed. Accordingly, OEO and OE are working out together the best means for getting such supplemental information to the local level, perhaps in the form of a joint publication.

Section 632(2)

Requires the Director to carry on a continuing evaluation of all activities under the Economic Opportunity Act and

to consult with interested agencies and groups with a view to identifying coordination problems that may warrant consideration by the Council or the President and, to the extent feasible or appropriate, initiate action for overcoming these problems, either through OEO or in conjunction with other Federal, State, or local agencies.

Implementation

Several steps have been taken to make possible a continuing evaluation of activities under the Act as they relate to coordination problems. For example, additional periodic reporting requirements have been placed on all community action agencies to report on the specific actions they have taken, and are planning to take, with regard to coordinating actions in their areas of operations, and a special study was undertaken under the aegis of the original Economic Opportunity Council as to why some counties utilize Federal programs to a much greater extent than others. It is expected that this information will provide needed insights to problems and voids in coordination at the local level. Also, positive action is being taken to further clarify the role of the State Economic Opportunity Offices (SEOO). This is expected to result in their being in

a better position to evaluate efforts toward the coordination of antipoverty activities in their states. The coupling of this improved understanding of the SEOO charters with a clearer means for communicationg their insights and evaluations to both OEO Headquarters and the regional offices is expected to improve greatly our evaluation of moves toward coordination throughout the country.

Section 632(3)

Requires the preparation and submission to the Congress of a five-year national poverty action plan, to be updated annually.

Implementation

Under the provisions of this section, the first submission will be due in January 1969.

Section 634

Requires the Director, to the fullest extent feasible, to require that projects or programs assisted under the Act be carried on so as to supplement one another, or where appropriate other related programs or projects, and be included within or otherwise carried on in combination with community action programs.

Implementation

Continuous attention has been given by the Director to means of assuring compliance with this section. Since the provisions of section 634 constitute a revised version of the former section 211 of the Act which provided for preference to projects and programs which are components of a community action program, mechanisms for mutual planning and notification have long existed in the form of checkpoint agreements with the agencies operating the programs delegated by OEO under the Act. OEO has combined many of its programs with community action such as the rural cooperative loan program and VISTA. In-depth program coordination has been accomplished in the multi-agency activities such as the Neighborhood Services Program involving programs of the Departments of Labor and Health, Education, and Welfare, Model Cities programs, the summer program planning coordinated through the President's Council on Youth Opportunity, the hundreds of OEO-supported multi-purpose neighborhood centers representing community-level coordinating units, and the current intensive effort underway between OEO and the Departments of Labor and HEW to mobilize in a coordinated whole all of the child-care components of the various programs.

TITLE VII

Section 701

Section 109 of the Economic Opportunity Amendments of 1967 (1) extended to July 1, 1968, the deadline for States to bring their plans into compliance with the requirements of title VII, and (2) repealed title VII, effective June 30, 1969. Section 202 of the Social Security Amendments repealed title VII, insofar as it applies to persons receiving Aid to Families with Dependent Children, effective June 30, 1968.

Implementation

Implementation of the changes is primarily the responsibility of the Department of Health, Education, and Welfare, since title VII deals with the level of welfare benefits to certain people receiving payments under the Economic Opportunity Act. OEO grantees were informed of the change in Community Action Memo No. 47-2, dated April 9, 1968. (See Exhibit VII-A.)

TITLE VIII

Section 810

A new provision in section 810 requires termination of the assignment of any VISTA volunteer in a State upon request to the Director by the State Governor.

Implementation

All VISTA program personnel have been advised of this requirement.

Section 820

Requires the Director to establish programs for part-time and short-term home town volunteers. Emphasis is placed on assistance to programs to encourage greater numbers of persons to participate in local volunteer programs and projects and to encourage greater utilization of volunteer services by persons with needed managerial professional or technical skills, and assistance to existing agencies in need of volunteers to allow them to expand their ability and opportunity to provide such services.

Further provisions of this section provide that part-time volunteers shall not receive any allowances or support except in unusual or special circumstances affecting the project.

Implementation

Personnel in each regional office have been assigned to work with local agencies to help establish part-time and community service volunteer programs. At the present time there are approximately 40,000 persons serving in programs assisted by VISTA under the provisions of this section. All VISTA personnel who are responsible for project development are aware of the provisions of this section and have been encouraged to consider community service programs as a needed component of any VISTA project which may be developed. Descriptive material has been distributed widely to encourage participation in such programs.

Section 822

This section provides for a special program to be operated in cooperation with the Teacher Corps to assist young adult criminal offenders between the ages of 16 and 25 with intensive educational, training, and counseling services for periods before and after release.

Implementation

A program provided for in this section has been initiated in the New York Metropolitan area, involving 25 volunteers.

Because of funding limitations, no further programs are pending at this time.

Section 831

This section requires the Director to coordinate volunteer programs under this title with other programs under this Act and with related Federal, State, local and national programs. The Director is also required to consult with the heads of other Federal, State, local and national agencies responsible for programs related to the purposes of this Act to encourage greater use of volunteer services in those programs and to establish systematic procedures for recruitment, referral, orientation, and training.

Implementation

Programs have been initiated in cooperation with community action programs, Legal Service programs, and Job Corps. Additionally, VISTA participates in a cooperative program for foreign students with the State Department called the "Volunteers of America." Preliminary discussions have been held with the Departments of Labor and HEW with regard to the possibility of joint programs involving use of volunteers.

Section 832

This section provides that the Director shall increase the opportunities for older persons to participate as volunteers and shall develop programs serving the population of elderly and needy Americans in proportion to their need.

Implementation

VISTA has begun special recruitment drives for involvement of elderly and retired Americans in programs especially constructed to utilize their skills and abilities. VISTA's proportion of elderly volunteers has risen from approximately 10 percent last year to 17 percent in March 1968. Regional program personnel have been instructed to proceed with development of programs involving elderly Americans as beneficiaries.

PROVISION IN ACT SETTING FINANCING FLOORS FOR CERTAIN ACTIVITIES

Mr. FLOOD. Set forth the record also the provisions in the authorizing act that establish floors for financing certain activities.

(The information requested follows:)

The following provisions of the 1967 amendments establish floors for funding certain activities:

(1) Section 152(d) provides that not less than 7 percent of the funds appropriated or allocated for any fiscal year for programs authorized under title I of the act shall be reserved for carrying out special impact programs under title I–D.

(2) Section 222(a)(6) requires that the Director reserve and make available not less than $25 million for the fiscal year 1968 and not less than $50 million for the fiscal year 1969, for the purpose of carrying out the "emergency food and medical services" programs authorized by that section.

(3) Section 232(c) provides that one-third of the sums appropriated or allocated in any fiscal year for title II programs shall be available only for research and pilot projections emphasizing economic development in rural areas to slow migration to the cities.

The Supplemental Appropriation Act, 1968 (Public Law 90–239), provides that the mandatory funding levels for these newly authorized programs shall not be effective during the fiscal year 1968.

Mr. FLOOD. Thank you very much, gentlemen. This concludes our hearings on the 1969 budget for the Office of Economic Opportunity.

Mr. HARDING. Thank you, Mr. Chairman and members of the committee.

JUSTIFICATION MATERIAL

Migrant and Seasonal Farm Worker Program

1968 Estimate		1969 Estimate		Increase
Position	Amount	Position	Amount	
(Included in Community Action Program)	$25,000,000	(Included in Community Action Program)	$30,000,000	$5,000,000

Introduction

A special program under Title III-B addresses the unique poverty problems of a group that has traditionally been one of little national concern, although its contribution to the economy is a vital one. This group consists of the 2.8 million migrant and seasonal farm worker force and members of their families. The average annual earnings of a farm worker range from $1,000 to $1,500. Except for the American Indian, migrants and seasonal farm workers are the poorest group of American citizens. Traditionally they have been exempted from most social legislation. Only recently were they included under the minimum wage law, and then at a lower rate than that for industry. Unlike the urban poor, farm worker families have few public welfare and rehabilitation programs available to them. Socially, the migrant fares no better.

The children suffer, too -- in education and in health -- as they travel along with their families. Because of economic necessity, many children must work alongside their parents; the rest are necessarily left unattended and often meet with cruel injury or even death. Those who survive have little recourse but to follow their parents into the fields. Their education is too deficient, their training too limited, to permit them to do otherwise.

These circumstances alone warrant a massive effort on the part of the American public. However, their problems are compounded now that something new has been added to the American farm -- the machine. Technological unemployment has become a major factor touching the lives of every farmworker.

What has happened in tomato harvesting in the last couple of years is indicative of the trend. In 1964, 4 percent of the tomatoes in California were harvested by machine. Today, almost 94 percent are.

A National Advisory Commission on Food and Fiber report forecasts a 40 percent decrease in farm labor requirements by 1980. The farm worker facing displacement is prepared neither for non-farm jobs nor for skilled farm work.

Schedule of Funding Requirements and Program Activities

	1968 Estimate	1969 Estimate	Increase
MIGRANT EDUCATION AND REHABILITATION	$17,000,000	$21,000,000	$4,000,000
Number Reached	28,000	275,000	
PERMANENT HOUSING	3,000,000	4,000,000	1,000,000
No. of units built	1,200	1,600	
No. of occupants	7,200	9,600	
TEMPORARY HOUSING	1,000,000	1,000,000	--
No. of units built a/	200	200	
No. of units maintained and operated b/	800	900	
No. of occupants	10,000	11,000	
DAY CARE AND RELATED FAMILY SERVICES	4,000,000	4,000,000	--
No. of Enrollees	13,200	13,200	
OTHER MIGRANT SERVICES	--	--	
Number Reached	90,000	(90,000) c/	
TOTAL REQUIREMENTS	25,000,000	30,000,000	5,000,000
Number Reached	148,400	307,800	

a/ Savings in operation and maintenance costs for the 1600 existing units of temporary housing will permit the construction of 400 new units without additional funding requirements.

b/ Units maintained and operated under shared cost program with the State of California are pro-rated to reflect equivalent number of units fully maintained and operated by OEO.

c/ Services such as sanitation, rest stops and camp visits are provided in coordination with other agencies as integral parts of ongoing programs. In 1969, these participants are included as a non-add item because they will also be assisted by information and services provided under Migrant Education and Rehabilitation.

Purpose and Scope

The unusual nature of migrant problems has presented OEO with a unique challenge. Flexibility is imperative in agency orientation and program design. Traditional approaches are inadequate to deal with the poverty, isolation, constant mobility, the language barrier (many are Spanish-speaking) and the interrupted and limited education that restricts the average farm worker and his family. For the past three years, a coalition of church groups, universities, private nonprofit corporations and state agencies has joined forces with OEO to upgrade and rehabilitate farm workers.

The major thrust of programs now operating in 37 states through 127 public and private agencies is education and rehabilitation. Its objective is to enable thousands of underemployed, undereducated and unskilled farm workers to enhance their role as contributing, useful members of their communities.

Title III-B program approaches are as varied as the people they serve in the migrant and seasonal farm worker force. They range from large single-purpose programs in home-base areas such as the Adult Migrant Education Program conducted in 36 Texas school districts which serves more migrant workers (4,200) than any other single program funded by OEO, to a small but multi-service program operating in Mason City, Iowa for both the seasonal migrating work force and a group of resettling migrants. In the summer, there are adult education classes at night combined with supportive services such as health, and day care. In the winter, the adult rehabilitation program consists of full-time basic education along with the supportive services, and locating permanent housing for the families resettling in the area as a result of jobs obtained through the program.

Other programs cooperate with private industry in training farm workers for entry into the skilled job market. In Wisconsin, through the OEO program and the Madison Vocational Institute, such companies as Ray-O-Vac, Kipp Company (manufacturers of electric motors), and LeMay Violin Company have trained and then employed the graduates of the UMOS rehabilitation courses. Training programs are now being formulated which will add to advancement within these specific companies. The cost of the program will be repaid in taxes by the ex-farm workers in less than three years.

In Coahoma, Mississippi, the program approach and training are geared to obtaining jobs for seasonal farm workers previously on welfare, and GED (High School Equivalency Exam) preparatory courses from which graduates are being plucked by private industry, as fast as they graduate, for jobs at good salaries ($2.40 an hour - RCA).

Increased communication between Title III-B programs, through conferences and regular newsletters, is providing a coordination of services as the still needed migrant force moves through the states.

Migrant Education and Rehabilitation

1968 Estimate	1969 Estimate	Increase
$17,000,000	$21,000,000	$4,000,000

Program Description

OEO's goal in its Title III-B Adult Education and Rehabilitation programs is to make them self-paying propositions by enabling migrant and seasonal farm workers to enter job training programs, obtain higher-paying jobs and become more useful members of a community. In many cases, it is a new community in which they must become participating members.

The goals are the same in all the programs, but the approaches are varied, flexible and innovative, for example:

Nationally: The High School Equivalency Program (H-E-P) is surpassing its goal of GED passage by its 17 to 22 year-old enrollees. The pass rate is 47 percent after only seven months of operation. The 550 number projected to be served in 12 months by this innovative program on all college campuses across the country will be expanded to 750. The average reading level into H-E-P is the 7th grade.

In the short period since its inception, 66 GED graduates have gone on to college, 30 have entered vocational training, 20 who had been unable to enlist in the service because of educational deficiences have done so, and 30 to 40 are entering on-the-job training or related programs.

New Mexico: The Home Livelihood Education Program (H.E.L.P), an instructional program for truck drivers that is 40 percent basic education and 60 percent job training, is a cooperative effort with Eastern New Mexico University contributing the space, instruction and supplies. H.E.L.P pays only the trainee stipend. Jobs in the $7,200 to $9,000 range have been obtained for 75 percent of the enrollees so far. The cost to H.E.L.P per trainee is $480.

Florida: A survey by the Community Action Fund revealed job openings but no skilled takers available. The first class of farm worker trainees in auto mechanics is a cooperative effort with an auto dealer, General Motors and the Florida State Employment Service who screened the applicants supplied by CAF. CAF is paying the trainee stipend and providing supportive services. The cost per trainee is $4,000, 75 percent of which is being paid by GM and the auto dealer. The trainees, all of whom will be employed by the auto dealer, will have an annual earning capacity of $9,000.

New York: As a result of successful programming, the Southern Ulster Migrant Assistance Committee has been able to mobilize other sources of funds for programs for the migrant and seasonal farm workers in the lower Hudson River Valley belt. The New York Education Department is providing mobile units to hold classes in the camps and is expanding the program to include training in nursing, auto mechanics, general construction trades, etc.

Colorado: Actual staff positions in the Colorado Migrant Council are feeders into upgraded jobs within the program and then into positions in education in the school systems. In its Career Progression program, farm workers who pass the GED as a result of CMC classes are employed by the program as teacher trainees for one year. As they work on their Associate in Arts degree through a tie-in with several colleges' extension programs, they are upgraded to assist teachers. When they complete their AA's, they are employed as adult education teachers while working on BA degrees. Upon completion of their BA's, the graduate vacates his job as a teacher in the CMC classes and makes room for another migrant trainee.

Not all workers graduating from OEO programs go into nonfarm jobs. However, those remaining in agriculture tend to be more efficient and higher paid workers. A grower in Holmes County, Mississippi observed that his employees attending the education classes in the Saints Junior College Title III-B program were taking more pride in their work and becoming more proficient in their trade. In Pennsylvania, the Adams County Opportunity Center, Inc., the migrant center, was funded by a group of growers and agri-businessmen who recognized the necessity for education programs for migrant and seasonal farm workers and their families.

Program Performance, FY 1967

Over 28,000 adults and 45,000 children participated in FY 1967 education programs.

Program Performance, FY 1968

Education and rehabilitation programs maintained a level of 28,000 adult enrollees in 1968. Education programs for migrant youngsters are now funded by the Office of Education.

Program for FY 1969

Enrollment in education and rehabilitation programs will be increased to 35,000. Establishment of information centers on major migrant routes will reach an estimated 240,000 persons. These centers will augment present programs by: (1) providing emergency service through cooperating local agencies; (2) providing advance preventive services by calling ahead to the migrants destination to assure availability of housing, day care, health services and employment; and (3) providing information on services available enroute or at the farm workers' destination. The increase of 7,000 in the number provided education,and additional service for 240,000 migrants,will require an additional $4,000,000 in FY 1969.

Permanent Housing

1968 Estimate	1969 Estimate	Increase
$3,000,000	$4,000,000	$1,000,000

Program Description

The major emphasis in OEO's Title III-B housing is in self-help housing programs that enable farm worker families to build their own homes. The self-help housing programs are a joint effort in which OEO provides technical assistance and training, the farm workers themselves provide the land and labor, and the Farmers Home Administration provides long-term, low interest loans for the building materials for the resulting well-constructed permanent homes.

The cost per unit varies from area to area, depending on the variables, including local costs of living and salaries. The average OEO cost per house is about $2,500. In addition to technical assistance given to families in obtaining housing loans, and training and supervision in construction skills, education in home management and money management (loan repayment, family budgeting, etc.) are an integral part of the program. The OEO cost is a one-time investment. Once the housing is constructed, the owners absorb all maintenance and operation costs.

For a relatively low financial investment, OEO transforms rural ghetto dwellers into settled, taxpaying property owners. For example, an analysis of the self-help housing program in Florida shows that the OEO investment there results in a home worth approximately $11,000.

In other areas of housing, 720 families have improved existing housing, and 798 have found adequate housing, mainly in resettlement areas, through OEO programs.

Program Performance, FY 1967 and 1968

In FY 1967 construction began on an additional 800 houses and in FY 1968 construction will be underway for 1,200 more units.

Program for FY 1969

Construction of 1,600 units of permanent housing is planned. Since each house will be occupied by an average of 6 family members, about 9,600 individuals will benefit by this program at a cost of $4,000,000.

Temporary Housing

1968 Estimate	1969 Estimate
$1,000,000	$1,000,000

Program Description and Performance, FY 1967

During FY 1967, 1,600 temporary units were operated and maintained with OEO funds. More than 16,000 people stay in the units each year.

Program Description and Performance for FY 1968

The existing 1,600 units were operated on a shared cost basis. Savings thus accrued will permit construction of 200 new units. Beneficiaries pro-rated by the OEO share of funding are estimated at 10,000.

Program for FY 1969

In order to meet current needs, 200 additional units will be constructed in FY 1969. These and the 1,800 units previously built by OEO will be operated and maintained on a shared cost basis with the State of California. Beneficiaries attributable to the OEO share of funding increase to 11,000.

Other Migrant Services

A variety of other services are provided as integral parts of ongoing programs, i.e., housing, rest stops, sanitation, camp visits, etc., coordination with other state, local and Federal agencies. An estimated 90,000 farm worker family members receive these services annually.

Day Care and Related Family Services

1968 Estimate	1969 Estimate
$4,000,000	$4,000,000

Program Description

In order for the farm worker family to subsist it is usually necessary for the migrant mother to work along with her husband and older children. As a general rule, community-provided child care services do not benefit the farm worker. The cost for the services is too high and the hours of child care too short to meet his needs. In the absence of any alternative, parents have been forced to leave their children unattended, often in locked cars by the roadside.

Title III-B day care and related family services programs are designed to meet a variety of inter-related needs. The services provided the Gonzalez family by the Arizona Council of Churches' day care program is typical:

Mr. and Mrs. Gonzalez entered their three children, ages 26 months, 16 months and 5 months, in the day care program in Maricopa County. The children were brought to the center in diapers made from old curtains. They had no shoes and but a few well-worn hand-me-down clothes. Before enrolling the children in the center, Mr. and Mrs. Gonzalez had been forced to leave their children in their automobile while they worked in the fields.

Upon entry into the program, the children were given medical examinations and subsequently taken to the Maricopa County clinic for treatment. Unlike most children their age, neither the 26-month-old nor the 16-month-old could utter a word. All three children were underfed and unclean.

The Council of Churches program staff has worked with the Gonzalez family, training the mother in child care and providing guidance for the children. The mother now takes considerable pride not only in the appearance of the children, but in her own appearance. The 26-month-old can now speak. The father is an enthusiastic participant in the Title III-B sponsored adult literacy and pre-vocational courses where he is obtaining skills potentially leading to a better job.

This is but one family salvaged by this program. Similar stories could be told about the other 1,500 children being served by the OEO-sponsored Arizona day care centers.

Program Performance, FY 1967 and 1968

In FY 1967, day care services were provided for a total of 13,200 children. In 1968, day care programs will be maintained at their current level.

Program for FY 1969

Day care and preschool program funding will be maintained at the current level, serving 13,200 children with increased use of combined Federal, State and local resources. Limited care of infants under age one will be provided where facilities, staff and state requirements permit.

As enrollment of parents in the Education and Rehabilitation programs increases, day care will be required for their children under the "entire family" rehabilitation concept. This may require decreased enrollment opportunities for children whose parents are working.

JUSTIFICATION MATERIAL

Rural Loan Program

1968 Estimate		1969 Estimate		Decrease	
Pos.	Amount	Pos.	Amount	Pos.	Amount
250	$17,000,000	250	$6,000,000		$11,000,000

Introduction

The Rural Loan Program combines supervised credit and family education to increase the ability of poor rural families to earn higher incomes through their own efforts and join with others in cooperatives that increase incomes and reduce costs. Loans assist poor farm families headed by persons handicapped by age, lack of education, or a physical disability to improve their capacity to earn more, develop their limited farm resources, and live better as a family. These loans also promote "mobility in place" for small farmers and other poor breadwinners living in rural areas who have the skills and other requirements but lack the capital to successfully operate a small nonfarm business, service or trade. The cooperative loan program enables poor rural families to organize and operate small cooperative organizations that add to earnings, conserve income, and teach mutual self-help. The Rural Loan Program is administered by the Farmers Home Administration (FHA) of the Department of Agriculture under delegation from the OEO.

Schedule of Funding Requirements

	1968 Estimate	1969 Estimate	Increase or Decrease
Individual Loans	$24,000,000	$15,300,000	$-8,700,000
Cooperative Loans	5,000,000	2,800,000	-2,200,000
Total Loan Program	29,000,000	18,100,000	-10,900,000
Program Direction	2,500,000	2,500,000	-0-

The fiscal year 1969 estimate for both types of loans includes $3,500,000 of new obligational authority. This amount, combines with the fiscal year 1968 estimated unobligated balance brought forward and receipts for a total program level of $18,100,000. In addition, interest payments on Treasury borrowings were $2,306,468 in fiscal year 1967 and are estimated at $3,300,000 in 1968 and $3,700,000 in 1969. These costs are financed from unobligated balances available from prior years and repayments on loans.

Purpose and Scope

Individual loans may be used to finance operating costs, capital items, and real estate purchases and improvements connected with the borrower's farm or other enterprise that will lead to an improvement in his income-earning potential. Refinancing of real estate and chattel debts also is an eligible purpose if it contributes to the basic objective of the loan. However, loans to finance farming enterprises are made only to established farmers. To obtain a loan, an applicant must have experience in the enterprise he wants to finance or opportunity to receive training in the skills required to operate the enterprise.

Cooperative loans may be used for basic capital items; land, buildings, and other real estate purposes; to provide operating capital, pay costs of organizing the cooperative, and refinance certain debts.

To qualify for a loan, an applicant must have an income that is insufficient to provide his family with basic needs for a minimum level of living in their community, pay necessary operating expenses of their farm or other enterprises and meet required payments on income-producing property, if any. FHA also must determine that other credit is not available to the applicant, and in the case of nonfarm loans, that the service or product involved is not being adequately supplied by others in the area. Individual loans may be made up to an aggregate principal indebtedness of $3,500. Loans generally are secured by a promissory note and a loan agreement. The maximum term is 15 years with an interest rate of 4-1/8 percent on the unpaid principal.

Cooperatives financed by a rural loan may be either incorporated or unincorporated associations providing a needed marketing, purchasing or processing service or facility predominantly to low-income families and individuals. Before a loan may be made, FHA must determine whether the service or facility involved is not already being supplied by others in the area. Loans to cooperatives have a maximum term of 30 years; the interest rate is the same as for individual loans.

Administration of this program at the local level through the 1,700 FHA county offices is basically a three-stage process: Taking and processing applications, making loans, and supervising borrowers after the loan has been made.

Program and Performance for Fiscal Year 1967

In fiscal year 1967, 16,453 individual loans were made for $28,159,747 of which 12,595 were initial for $25,215,730 and 3,858 were subsequent for $2,944,017. A total of 387 cooperative loans were made for $4,086,382. Included were 362 initial loans for $3,627,690 and 25 subsequent loans for $458,692.

In 1967, 53 percent of initial individual loan funds went to small farmers for equipment, real estate improvements, operating costs and other purposes that would make it possible for them to earn more income from their farms. These loans averaged $1,934. The remaining 47 percent of individual loans averaging $2,086, were made to farmers and other low-income rural residents to help develop small nonfarm enterprises or buy tools necessary to earn more income with the skills they already had or were gaining under training programs.

Most loans to cooperatives financed equipment and other items needed by small farm producers to reduce costs and increase incomes. An estimated 85 percent of the cooperatives receiving loans in 1967 were made up of a few small farmers who obtained credit to buy an item of machinery for use on their individual farms. Farms of cooperative members are too small for individual ownership of such machinery. Other cooperative loans are financing retail farmers' markets, a grain elevator, bulk purchase of petroleum products, commercial marketing of fruits, vegetables, oysters and fish, purchase of raw materials for handicraft production, and many other purposes. Initial cooperative loans in 1967 averaged $10,000.

Borrowers receiving individual loans are among the lowest income group in the nation. Negroes and other minority group members made up a large portion of these borrowers. An estimated two-thirds of the borrowers have an 8th grade education or less.

Through December 31, 1967, a total of $19,141,531 in principal and interest had been repaid by Economic Opportunity rural borrowers, both individual and cooperative.

Program for Fiscal Year 1968

Amounts in the Economic Opportunity Loan Fund resulting from loan repayments and funds carried over from fiscal year 1967 will be used with the new obligational authority to finance $24,000,000 in individual loans and $5,000,000 in cooperative loans. These funds will provide 12,000 loans to individuals and 425 cooperative loans.

Program for Fiscal Year 1969

Amounts in the Economic Opportunity Loan Fund resulting from loan repayments and funds carried over from fiscal year 1968 will be used with the new obligational authority to support the $15,300,000 in individual loans and $2,800,000 in cooperative loans. These funds will provide 7,500 individual loans and 250 cooperative loans.

The loan level proposed will maintain a level of outstanding principal indebtedness at the end of fiscal year 1969 approximately equal to the

estimated outstanding principal of $87 million at the end of fiscal year 1968.

The budget includes $2,500,000 for program direction, an amount equal to that provided for in fiscal years 1967 and 1968.

Justification

The amounts requested will maintain this program at the FY 1968 level of principal balances outstanding and administrative support.

JUSTIFICATION MATERIAL

Volunteers in Service to America (VISTA)

1968 Estimate		1969 Estimate		Increase	
Pos.	Amt.	Pos.	Amt.	Pos.	Amt.
321	$30,000,000	321	$32,000,000	--	$2,000,000

Introduction

VISTA's mission is two-fold:

1. To help people and communities out of poverty; and

2. To strive for significant social change which will remedy the conditions which cause poverty.

VISTA Volunteers strive for the deepest possible involvement with the people they serve and in the community to which they are assigned. Through this involvement they seek significant social change among the people with whom they are working and within the community at large: change that will ultimately make the presence of the Volunteer unnecessary.

CAP brings to bear on the problems of poverty, among other things, the power of the dollar and the impact of a creative Federal/State/local relationship. VISTA brings to bear on the problem of being poor the same creative relationship plus the equally powerful impact of the skill, energy and imagination of thousands of private citizens who are concerned enough about the irony of poverty in an affluent society to live and work in the nation's grimest urban slums and most isolated and deprived centers of rural decay.

This is a viable and productive relationship. For, just as there is more to poverty than being poor, so there is more to being poor than being without funds. VISTA, CAP and other anti-poverty programs are making a coordinated assault on the conditions which cause poverty and on the conditions which poverty causes. Neither effort can succeed alone.

There are three types of Volunteers--the full-time Volunteers who serves for a year or longer, the Associate Volunteer who serves for a period of 10-12 weeks, and the Citizens Corps Volunteer who donates free time to the program. At the end of fiscal year 1969, it is estimated that the full-time corps strength will stand at 4,800, and will be complemented by 1,500 Associate Volunteers and 100,000 Citizens Corps participants. Demonstration programs will involve approximately 700 Volunteers.

Schedule of Funding Requirements

	1968 Estimate	1969 Estimate	Increase
Full time program operations	$19,312,000	$20,800,000	$1,488,000
Associate program operations	1,500,000	1,500,000	--
Research and Demonstration	1,750,000	2,000,000	250,000
Program Direction	7,438,000	7,700,000	262,000
Total Requirements	$30,000,000	$32,000,000	$2,000,000

Purpose and Scope

Today more than 85 percent of all VISTA Volunteers work with local Community Action agencies or with CAP-funded programs. The remainder work with the mentally ill or retarded in Job Corps camps, with other OEO programs or in local grass-roots organizations in CAP-target areas. The VISTA Volunteer is the "cement" for the Economic Opportunity Program, working in support of and as a community-wide extension of CAAs, Head Start, Job Corps, Legal Services, Neighborhood Health Centers, Upward Bound, and other Economic Opportunity Programs. In other areas, the VISTA Volunteers serve as the advance guard for the Economic Opportunity Program, moving into isolated and structureless areas where CAP and other OEO programs have yet to penetrate.

The Volunteers range in age from 18 to 83 and represent every state in the nation and every facet of the economic spectrum. More than ten percent have been recruited directly from the ranks of the poor.

The VISTA Summer Associates program was designed to bring to bear on carefully selected problem areas large numbers of concerned Americans concentrating their energies to achieve maximum impact over a relatively short period of time. It is also a program designed to bring to the Economic Opportunity Program the particular skills of law students, medical students, nursing trainees, and others who may not be available on a year-round basis. The program also utilizes not only the energies, but the particular knowledge of poverty possessed by those who know its problems first hand by involving in the summer program large numbers from the ranks of the poor.

The VISTA Citizen Corpsman works side-by-side, on a part-time basis, with VISTA Volunteers and Associates assigned to his community. He serves as a tutor, works in recreational programs, gives personal attention and assistance to individuals and families in poverty and participates in community-wide projects aimed at specific problems of poverty in his community.

The VISTA Research and Demonstration Program will through operational research seek to discover new and improved ways to structure VISTA projects, to recruit and select better Volunteers, to train them to be more effective, and to evaluate their output so that VISTA Manangement can determine a means of resource allocation which will optimize output in terms of concrete assistance to people and communities in poverty. Through demonstration programs we will seek to find creative new ways to utilize Volunteers in the service of their present target populations and new ways to reach poverty populations not yet within reach.

Program and Performance for Fiscal Year 1967

During fiscal 1967 VISTA delivered nearly 3300 man-years of service to the nation's poor--nearly twice the amount delivered during the previous year. This was accomplished with a budget increase of only 62 percent and an increase in Federal staff man-years of only 30 percent.

At the end of the fiscal year, there were 4257 VISTA Volunteers--an increase of 37 percent over the end of the previous fiscal year. They were working on 412 projects which serve more than 1000 communities in 49 states, the District of Columbia, Puerto Rico, the Virgin Islands, and American Samoa. They were supported by 2000 Associates who provided an additional 430 man-years of service. Approximately 40 percent of these Associates were recruited from the poverty neighborhoods in which they served. Only 1,500 of these Volunteers were funded by VISTA. The remainder were funded by a variety of other Federal, State, and local agencies. These Volunteers, along with approximately 15,000 Citizen Corpsmen, were at work in the poorest and most depressed neighborhoods of big city slums, in pockets of poverty in the most remote and desolate parts of rural America, on Indian reservations, in Job Corps camps, and with the mentally ill and retarded.

During the fiscal year the VISTA program was effectively regionalized, with a policy determination reserved for the national program staff in Washington and operational responsibility delegated to the OEO Regional Directors and to the VISTA Regional Administrators in the seven OEO regions.

More than half of the VISTA staff was assigned to the regional staffs, giving VISTA a closer touch with the field, a more realistic insight into problem areas across the nation and a greatly enhanced capacity to provide both supervision and support for Volunteers in the field.

Program and Performance for Fiscal Year 1968

During fiscal 1968, VISTA growth will be limited by budget constraints. At the end of the fiscal year there will be 4500 Volunteers in the field or in training. During the fiscal year full-time Volunteers will deliver 4150 man-years of service to the nation's poor, an increase of more than 26 percent over the previous fiscal year. A planned strength of 1,500 Summer Associates will provide an additional 300 man-years of service, and experimental and/or demonstration programs involving approximately 500 Volunteers will generate nearly 100 man-years. This will be accomplished with a budget increase of only 15 percent and with a decrease in Federal staff of 25 positions.

Fiscal year 1968 will be a year of experimentation for VISTA Citizen Corps. While the basic fact of the viability of part-time workers

in Economic Opportunity Programs has already been demonstrated and conclusively proven, VISTA will work during fiscal year 1968 to evolve sound models of part-time programs that will involve large numbers of part-time workers in a variety of ways.

During the fiscal year, VISTA will shift its planning and allocation of resources orientation from a concentration on tract to a consideration of functional areas of activity (housing, health, income and employment, education, etc.). To facilitate this shift in planning emphasis, an intensive effort is now underway to develop sensitive techniques for the retrieval of quantitative output data and for the analysis of the factors which affect output. (See Exhibit I)

A systematic examination of projects by functional areas, tract, geographic location, size and by the interdependent variables which affect project and Volunteer output will be completed during the fiscal year.

The range of present Volunteer activities has already been determined and a framework for planning and programming within the OEO framework has been established. The techniques for retrieval and analysis of quantitiative output data and for the evaluation of factors which affect output are now in the developmental stage. During the remainder of the fiscal year, VISTA will refine the above techniques, develop a system for their nationwide application and move into the implementation stage.

A concentrated effort will be made to determine the extent to which our goals are being met; determine the extent to which our goals are realistic and relevant; evaluate the effectiveness of means utilized to achieve relevant goals and establish new and more realistic goals (and/or means) where indicated.

From this we will be able to establish more meaningful priorities and guide the allocation of our resources against these priorities.

Program and Performance for Fiscal Year 1969

By the beginning of fiscal year 1969, it is expected that VISTA will have successfully refined its evaluation and planning tools and will be able to guide its program efforts with a marked increase in sophistication and precision.

During the year there will be a concentration on experimentation in new roles for Volunteers and in attracting new bodies of skills to serve poverty communities through VISTA.

By the end of fiscal year 1969 there will be 4,800 full-time Volunteers in training, or in the field, 1500 VISTA Associates, 100,000 Citizens Corpsmen. Demonstration programs will involve about 700 Volunteers. Man-years of service from full-time Volunteers will increase from 4,150 in fiscal year 1968 to 4,400 in fiscal year 1969.

Summer Associate and Demonstration programs are expected to provide 300 man-years of service each.

Justification of Estimates

	1968 Estimate	1969 Estimate
Budget total	$30,000,000	$32,000,000
Full-time Volunteers		
Man-Years	4,150	4,400
Year end	4.500	4,800
VISTA Associates		
Man-Years	300	300
Year end	1,500	1,500
VISTA Demonstration		
Man-Years	100	300
Year end	500	700
Average Man-Year Cost	$6,593	$6,275

During fiscal year 1969 VISTA's budget will increase by only $2 million from $30 million to $32 million. Even though our increase in dollars is only 6.7 percent, we will be able to produce an increase in man-years of service of 12 percent. In fiscal year 1969, the average cost per Volunteer man years show a decrease of $318 from the 1968 level. This reflects our success in increasing cost efficiency in every area even with such a small budget increase.

Since most VISTA cost is directly related to man-years of service, all areas of Program Operation will show increases in gross expenditures caused by the increase in Volunteer man-years.

Volunteer allowances, which include the cost of food, clothing, and other support for the Volunteer is the biggest item of VISTA expense and increases proportionately to the size of the corps.

Based on fiscal year 1968 experience to date, the direct cost in fiscal year 1969 for one Volunteer is estimated to be $3,500. This includes a basic stipend of $50 a month for each month of service payable to the Volunteer after termination of service. It also includes living allowance, food and lodging, clothing allowance, medical insurance, travel and allowances for leave and "moving in." VISTA Summer Associates and Volunteers on Demonstration programs receive the same basic allowances as the full-time Volunteer.

The cost of supporting Volunteers in the field will involve in-service training conferences which are conducted periodically in order to strengthen the Volunteer's role in his project through general guidance and counseling; grants provided to project sponsors in special cases where sponsors are not able to provide adequate supervision; and on-the-job transportation for a majority of Volunteers working in rural, Indian and Migrant areas, and in some widely spread urban areas.

Each Volunteer receives six weeks of intensive training in one of VISTA's regional training centers, tailored to the types of activities he will be performing. This includes general information and guidelines on effective methods for successful participation in local affairs, and field training in communities closely resembling that in which he will be assigned.

Program Direction in fiscal year 1968 is estimated at $7.4 million to cover the cost of salaries, travel, and other administrative support essential to program operation. A slight increase to $7.7 million is estimated in fiscal year 1969 primarily to cover the full-year cost of positions filled for only a portion of fiscal year 1968. The number of positions in fiscal year 1969 will remain at the fiscal year 1968 level of 321.

Tables following Exhibit I provide:

- a summary of VISTA activity through December 1967,
- a regional summary of Volunteers on-board, December 1967,
- a profile of VISTA Volunteers including age, sex, education, and home state, and
- the choice of occupations of VISTA Volunteers after completing a year of service.

VISTA IN COLUMBUS
COST-BENEFIT ANALYSIS

EXHIBIT I

Increased Value and New Money Coming into Target Area

THROUGH VOLUNTEER EFFORT

Donations - Cash, Clothing, Etc.	$ 2,990
Medical and Legal Care Donated	3,400
Donated Community Labor	8,025
New Job Employment Salaries	395,010

VOLUNTEERS' SPENDING IN COMMUNITY

Food and Lodging	$ 16,493
Moving-in Allowance	1,733
Personal Allowance	10,395
Total	$438,046 or $14,602/Volunteer

Summary

	COST	BENEFIT
Total	$80,708	$438,046
Per Vol.	2,690	14,602
Ratio	1	5.4

VISTA

October, 1967

VISTA IN COLUMBUS AN OUTPUT ANALYSIS

	OUTPUT I Contacted	OUTPUT II Involved	OUTPUT III Employed/trained Counseled	OUTPUT IV Secondary results
EDUCATION	1,329	940	71 tutors 142 tutored library project	3 back in school 300 books donated to community, 900 lent by public library
			4 learned English	1 became citizen
HOUSING	205	83	21 in a Neighborhood Club 30 in House Repair Council	3 meetings 365 repairs to homes
HEALTH	359	300	190 Mothers @ Baby Clinic	Children rec'd $1,600 medical care 100 homes inspected for measels 8 rec'd $600 in medical/ Dental care
EMPLOYMENT	521	268	JOBS 24 permanent jobs @ $68 wk 6 jobs @ $56/wk 50 part time @ $32/wk	7 off welfare
			TRAINING 38 NYC @ $32/wk 16 NYC @ $10/wk 2 in Job Corps 10 in other job training programs	5 girls back in school 1 graduated high school

VISTA
October, 1967

EXHIBIT I

VISTA IN COLUMBUS AN OUTPUT ANALYSIS

EXHIBIT I

	OUTPUT I Contacted	OUTPUT II Involved	OUTPUT III Employed/trained Counseled	OUTPUT IV Secondary results
RECREATION	2, 134	1, 225	210 in Senior Citizens Club 44 in Teen Club 18 in Girls Club 80 in Drama Club 20 in Public Affairs Club 2 softball leagues formed	20 gang youth put on talent show $1, 000 raised for trip to Washington, D.C.
COMMUNITY ORGANIZATION	1, 400	1, 139	20 in Mothers Club 48 in Community Clubs 260 teens in recreation 252 in summer camp	Local newspaper started Coffee House $270 tile floor donated
INDIVIDUAL COUNSELING	794	598	138 youth counseled 231 adults	18 back in school
INCOME	1, 001	666	4 families clothed 40 recipients food stamps 50 in Welfare Rights Org. 20 in Youth Rights Org.	$300 food; $250 food & clothes donated $260 food distributed $100, 000 appropriated by State to Welfare for furnishings

VISTA

October, 1967

VISTA IN COLUMBUS AN OUTPUT ANALYSIS

	OUTPUT I Contacted	OUTPUT II Involved	OUTPUT III Employed/trained Counseled	OUTPUT IV Secondary results
LEGAL SERVICES	55	55	5 parollees empl. @ $65/wk 1 parolee in remedial reading course 9 referred to legal help	5 collected $900 Workmen's compensation 4 received $300 legal aid
STAFF WORK	1,655	1,587	VISTA spoke before: 6 school meetings 5 church groups 2 Businessmen's Clubs	$390 donated for recreation & library $280 hrs donated - labor to paint Library $560

EXHIBIT I

VISTA

October, 1967

SUMMARY OF VISTA VOLUNTEERS

	December 1966	December 1967
Volunteers in the field	3141	3742
Volunteers in training	10	46
TOTAL	3151	3788
VISTA Alumni	1002	2446
Former Associates	510	2573
GRAND TOTAL	4663	8807
Citizens Corps	12,000	40,000

VISTA

December 31, 1967

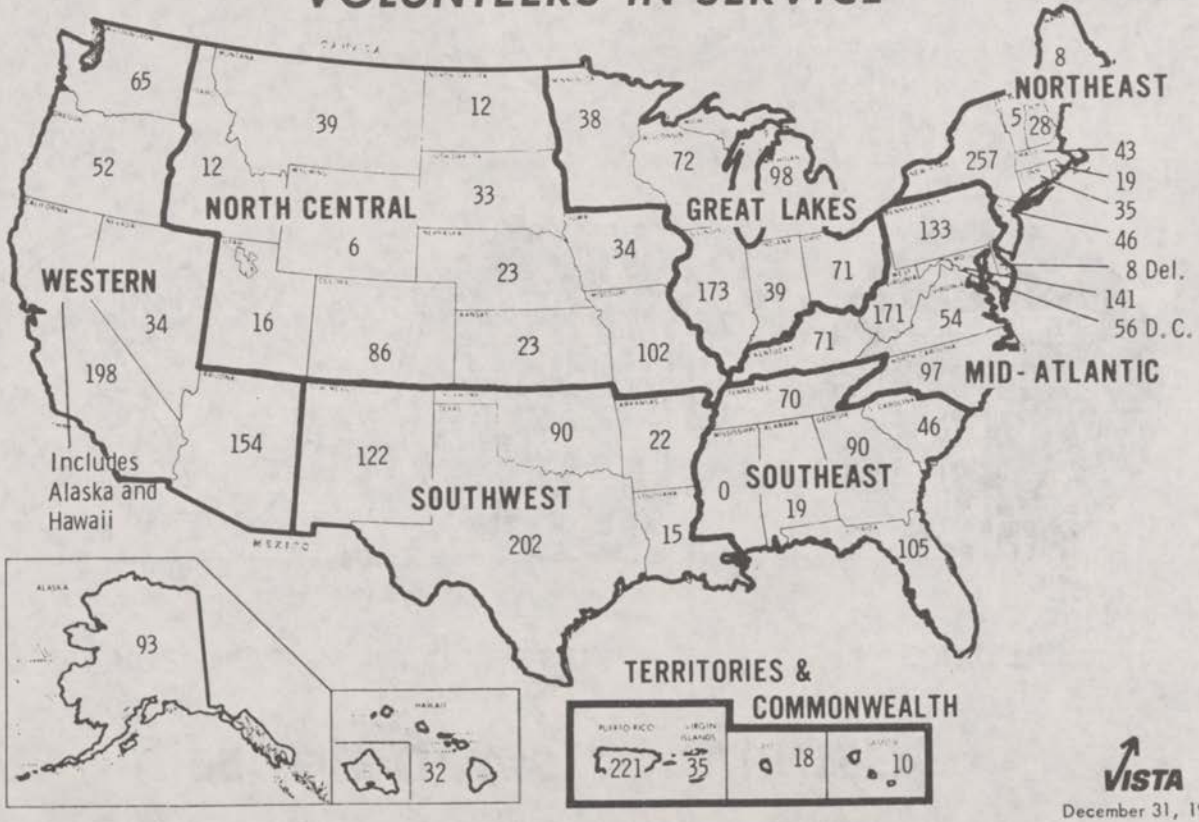
REGIONAL SUMMARY

REGION	VOLUNTEERS		TRAINEES		PROJECTS	
	Dec. 1966	Dec. 1967	Dec. 1966	Dec. 1967	Dec. 1966	Dec. 1967
NORTHEAST	397	441	10	46	50	58
MID-ATLANTIC	740	731	-	-	99	83
GREAT LAKES	354	491	-	-	56	62
SOUTHWEST	354	451	-	-	39	48
WESTERN	633	628	-	-	70	90
SOUTHEAST	176	330	-	-	22	34
NORTH CENTRAL	322	386	-	-	55	56
TERRITORIES	165	284	-	-	8	10
TOTALS	3141	3742	10	46	399	441

VISTA

December 31, 1967

LOCATIONS OF VOLUNTEERS IN SERVICE

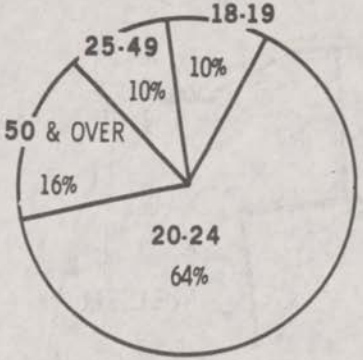


VISTA

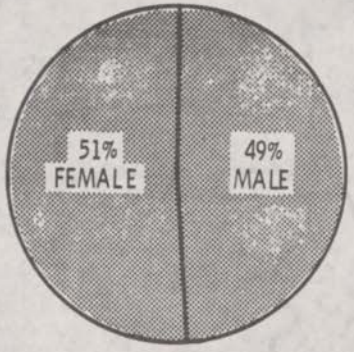
December 31, 1967

PROFILE OF VISTA VOLUNTEERS

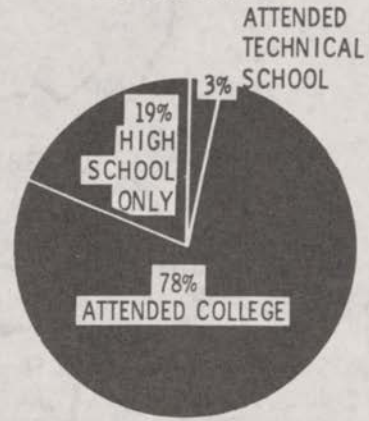
AGE



SEX



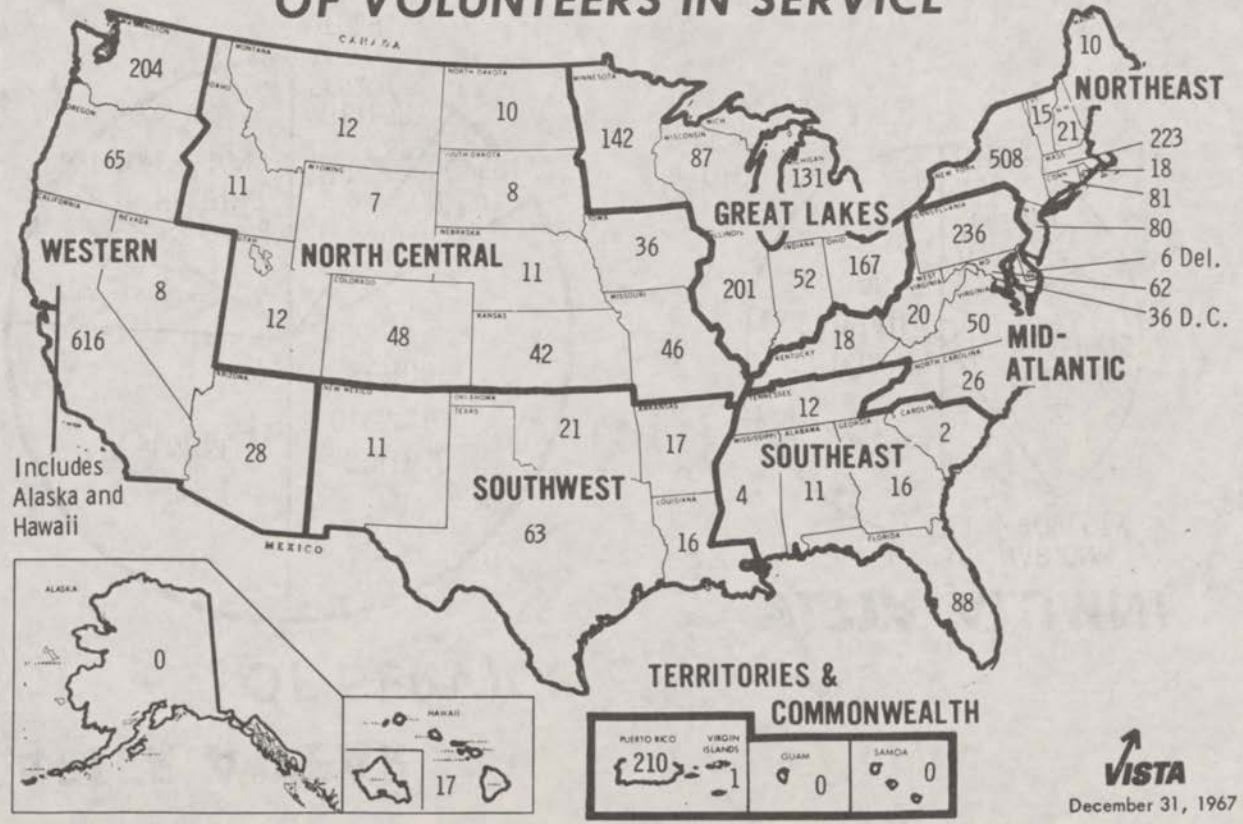
EDUCATION



VISTA

December 31, 1967

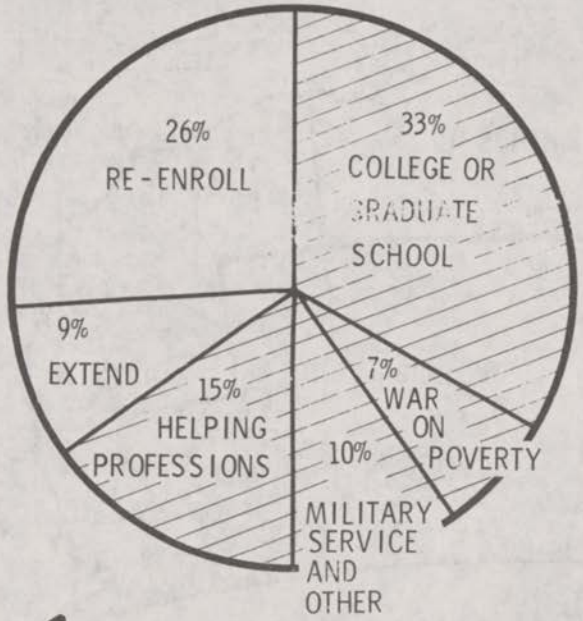
HOME STATES OF VOLUNTEERS IN SERVICE



VISTA

December 31, 1967

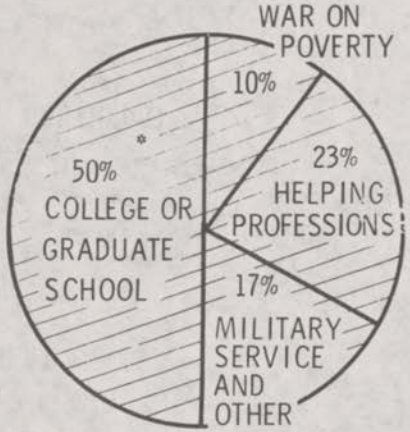
AFTER A YEAR OF SERVICE



VISTA

December 31, 1967

VISTA ALUMNI



* Nearly one-half of these students are also giving part-time assistance in poverty-related activities.

JUSTIFICATION MATERIAL

General Direction and Administration

1968 Estimate		1969 Estimate		Increase or Decrease	
Pos.	Amount	Pos.	Amount	Pos.	Amount
1,023	$14,000,000	1,023	$17,000,000	-	$3,000,000

Introduction

This activity provides overall direction, management, administration and support for all Federal anti-poverty programs specified in the Economic Opportunity Act. OEO activities are directed and conducted at the Washington Headquarters and at seven OEO regional offices. The headquarters office is responsible for planning, direction, administration, and evaluation of the Federal anti-poverty programs, and the provision of statistical and information services through the Information Center. The regional offices are responsible for the operation of OEO-directed programs within designated geographical regions.

These funds are required for the following headquarters and regional offices and activities:

Headquarters	Regional Offices
Office of the Director, OEO	Office of Regional Director
Office of the General Counsel	Public Information Officer
Office of Public Affairs	Regional Counsel
Office of Congressional Relations	Civil Rights Coordinator
Office of Civil Rights	Auditor Staff
Office of Older Persons Programs	Administration Division
Office of Governmental Relations	
Office of National Councils and Organizations	
Office of Research, Plans, Programs, and Evaluation	
Office of Inspection	
Office of Health Affairs	
Information Center	
Office of Administration	

Schedule of Funding Requirements

	1968 Estimate	1969 Estimate	Increase
Headquarters	$11,500,000	$13,500,000	$2,000,000
Regions	2,500,000	3,500,000	1,000,000
Total Requirements	$14,000,000	$17,000,000	$3,000,000

Purpose and Scope

The Director of OEO is served by a number of staff and regional offices. These offices provide the following services to the Director and the program offices:

Congressional Affairs: The focal point for liaison between the agency and Congress, this office is responsible for providing the Congress, State and local officials with information on the scope and operation of OEO programs. This Office is responsible also for apprising the Director and program officials of matters affecting congressional activities.

General Counsel: Primarily responsible for providing legal advice and counsel in the formulation of policies, plans and programs; this office is responsible also for assisting in the day-to-day operations of the agency.

Governmental Relations: Complying with recent Presidential directives calling for increased cooperation between agencies, this office has become the central coordinating authority for OEO participation in inter-agency programs. The office is responsible also for liaison with other Federal agencies and State and local governments in the administration of poverty-related programs.

Health Affairs: Responsible for coordinating the total effort for improving the health and medical benefits available to participants in OEO programs. The office directs and advises OEO programs on health activities performed by Federal agencies, State and local governments, private groups and individuals.

Inspection: Continual review of all aspects of OEO programs through investigations and inspections is the prime responsibility of this office. Reports are made on the nature, extent and causes of problems, both internal and external.

National Councils and Organizations: Involvement of national and local groups representing business, labor, neighborhood residents and others in the total anti-poverty effort is stimulated and coordinated by this office.

Older Persons Programs: Develops new and expands existing programs related to the problems and needs of the elderly poor. Stimulates the participation of senior citizens in such programs as Foster Grandparents and Operation Green Thumb which utilize the experience and capabilities unique to these individuals.

Public Affairs: Conducts programs to foster public understanding and support of OEO programs and policies and serves the public information needs of OEO. Responsible also for bringing to the attention of the Nation the existent conditions which have resulted in the formulation and direction of OEO programs.

Research, Plans, Programs and Evaluation: Responsible for providing research, plans, programs and evaluations necessary to: (1) identify and define the nature of poverty in the United States, (2) develop a total program needed to combat poverty, and (3) make rapid and continuing evaluations of the total program or a specific aspect of the total program.

Civil Rights: Responsible for establishing and administering overall policies, directives and procedures for the Civil Rights program of OEO and delegate agencies, pursuant to Title VI of the Civil Rights Act of 1964 and Executive Orders relating to nondiscrimination in employment and services provided under the Economic Opportunity Act.
Information Center: Responsible for insuring that information concerning OEO programs and other relevant Federal anti-poverty activities is available in one place to public officials and other interested persons; establishing information service centers for the collection, correlation and distribution of information required to further the purpose of the Economic Opportunity Act.
Office of Administration: Responsible for directing and conducting the general administrative functions in OEO. The office consists of several divisions, each responsible for particular aspects of the general management of the agency, including Audit, Finance, Personnel, Management Analysis, Procurement and Management Support.
Regional Offices: Each regional office is headed by a Regional Director, who serves as the representative of the OEO Director, and who directs and coordinates OEO programs in his region. The regional offices are the operating elements of the OEO programs. The divisions report to the Regional Director for program direction and policy guidance, but receive technical direction from the program organizations at headquarters.

Program and Performance for Fiscal Year 1967

Growth of the total OEO program created additional demands for coordination and administration activities in all staff areas. During fiscal year 1967 management policies and procedures were stengthened, and more of the internal audit program that had been carried on through other agencies was conducted by OEO staff. As programs required, auditors and management analysts were located in regional offices. Major objectives of the Information Center included complete computerization of special interest program statistics for use by OEO staff officials, design of regional data processing support systems and development of a Federal Information Exchange System. Basically, the program reporting efforts involved the compilation of federal program status by agency in every county of the United States. The Federal Information Exchange System produces profiles of each county based on the aggregation of a multitude of socio-economic statistics available within the Federal community. This interagency cooperation and coordination permitted for the first time in the Executive Branch an exchange of socio-economic data. Because of the increasing machine load it was necessary to expand the data processing facility with the addition of two identical computers obtained through Government transfer.

Program and Performance for Fiscal Year 1968

A more mature and efficient organization became evident in 1968. Studies have been conducted on management policies, procedures and techniques of application. The results of these studies have taken on new meaning, in contrast to those of prior years which were based on so little practical experience. Indications for directional change have become sharper, areas requiring more or less concentration have become apparent, and reliable trends have evolved due to the ability to depend more heavily on knowledge gained over the 2-1/2 years of experience. The data processing

workload of the Information Center has grown and by close of fiscal year 1968 existing equipment configuration will be operated at approximately 90 percent utilization. The use of improved data transmission methods and the incorporation of regional data audit and reduction methods during fiscal year 1967 and fiscal year 1968 has improved the data processing systems. In mid fiscal year 1968 a consolidated Data Processing Center was implemented around two large scale third generation computers. This consolidation and modernization resulted in considerable savings of operational time. Also during 1968 the earlier efforts of the Information Center to establish a Federal and State Information Exchange System were broadened and expanded, and an initial effort was begun towards the development of a regional data processing capability.

Program and Performance for Fiscal Year 1969

By the beginning of fiscal year 1969, the staffing of the executive direction and management organizations will have reached the full operating level. This will enable the audit and inspection functions to perform more effectively for the improvement of program integrity. The financial management functions will be strengthened to insure that funding of grants, contracts and other financial affairs and the accounting systems to record and provide data are improved and maintained with care and precision. The Information Center will continue to expand the Federal Information Exchange System by improving the reporting capability and enhancing the accuracy and utilization of the information reported. Earlier developments of this system during fiscal year 1968 were designed primarily to establish the feasibility and capability of such a reporting system. As the system improves and its accuracy increases, use of the data by all levels of government, including the White House, the Congress, and state and local governments is expected. When this data base improves it is expected that additional permutations of data will become possible to provide even more effective and useful information to users. A continued effort in the development of ADP policy and management capability in the Information Center will provide an efficiency in both systems and equipment.

Justification of Estimate

A total of $17 million is required to meet anticipated operating costs in fiscal year 1969. Cost changes range from increased salary and penalty mail costs brought about by the Postal Revenue and Federal Salary Act of 1967, and the necessity to acquire additional space for each Regional Office due to increased staffing within the Community Action Program to increased computer rental costs and annualization of 1968 Information Center staff increases.

The transfer of facilities engineering and logistical functions from Job Corps to Office of Administration will result in a $176,000 increase but will provide a central location of an agency-wide service. Centrally funded services (Appropriation transfer to the General Services Administration (GSA) for space rentals; cash payments to the GSA for access rights to the Federal Telephone Network; and payments to the Post Office for penalty mail) will increase more than $300,000. Full year costs of 1968 staff

increases in the Information Center and additional computer rentals will result in an increase of $1 million. At the regional level all cost categories are expected to increase due to the hiring of some 440 new employees for the Community Action Program (240 in the latter half of fiscal year 1968 and 200 in fiscal year 1969). This will result in across-the-board increased expenditures for administrative support. Additional space must be acquired, furniture and equipment must be procured, and the cost of supplies, printing materials and communications will increase in direct proportion to the personnel increase. The balance of the increase is due to annualization of salary increased by the Pay Act and anticipated within-grade promotions.

DETAILED SUPPORT FOR THE $3,000,000 INCREASE REQUEST
FOR STAFF OFFICES AND ADMINISTRATION IN 1969 OVER 1968

1.	Annualization of 1968 pay scale	$ 120,000
2.	Anticipated step increases	200,000
3.	Penalty mail rate increase	200,000
4.	Support costs of additional CAP regional positions	775,000
5.	Transfer of facilities engineering and logistical functions from Job Corps	176,000
6.	Reduction in vacancy rate (Payroll lapses)	364,000
7.	One additional work day in fiscal year 1969	34,000
8.	Regional rents and Federal Telephone Network	131,000
9.	Annualization of 1969 Information Center staff increases	500,000
10.	Increased computer rental	500,000
		$3,000,000

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