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# OLDER AMERICANS ACT AMENDMENTS OF 1968

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## HEARINGS BEFORE THE SELECT SUBCOMMITTEE ON EDUCATION OF THE COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES NINETIETH CONGRESS

SECOND SESSION

ON

### H.R. 17867

A BILL TO STRENGTHEN AND IMPROVE THE OLDER  
AMERICANS ACT OF 1965

HEARINGS HELD IN WASHINGTON, D.C., JULY 15 AND 18, 1968

Printed for the use of the Committee on Education and Labor  
CARL D. PERKINS, *Chairman*

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## OLDER AMERICANS ACT AMENDMENTS OF 1968

MONDAY, JULY 15, 1968

HOUSE OF REPRESENTATIVES,  
SELECT SUBCOMMITTEE ON EDUCATION OF THE  
COMMITTEE ON EDUCATION AND LABOR,  
*Washington, D.C.*

The subcommittee met at 10:30 a.m., pursuant to call, in room 2175, Rayburn House Office Building, Hon. Dominick V. Daniels (chairman of the subcommittee) presiding.

Present: Representatives Daniels, Dent, and Hawkins.

Staff members present: Daniel H. Krivit, counsel; Loretta Bowen, clerk; Martin LaVor, minority legislative consultant.

Mr. DANIELS. The Select Subcommittee on Education will come to order. We meet this morning for the purpose of considering H.R. 17867, a bill to strengthen and improve the Older Americans Act of 1965.

Presently there are 19 million Americans who have passed their 65th birthday. By 1970 there will be 20 million individuals over 65. In 1980 there will be 25 million senior citizens.

The gift of long life was brought about by the remarkable scientific and technological advances of our time. Whether or not some of the problems brought about then by these same scientific advances can be successfully ameliorated depends to a great extent upon the conclusions we reach during these important hearings.

In a message to the Congress on older Americans, our President said, "One of the tests of a great civilization is the compassion and respect shown to its elders." The responsibility of those who participate in the programs of the Older Americans Act is to create a genuinely humane environment for our senior citizens.

In our consideration of the proposed Older Americans Act Amendments of 1968, we hope to take a step forward to encourage our older population to help themselves.

This legislation would provide State aging agencies with an additional year's support for programs which are essential to older people; would increase a State's allotment to pay the cost of State plan administration; and add a new section authorizing the Secretary of Health, Education, and Welfare to set aside up to 10 percent of certain appropriations to be used specifically for statewide, regional, metropolitan, or other areawide model projects.

Another proposed amendment would permit contracts to be made with profitmaking corporations for research, development, and training programs.

I am particularly interested in the feasibility of an amendment which would authorize a program of service roles in retirement. This would involve the development and operation of projects designed to provide opportunities for persons age 60 or over who are no longer in the regular work force to render supportive services to children and older persons with exceptional needs.

By involving more fully the States, public and private institutions, and agencies in the struggle to promote well-being among our senior citizens, the legislation before us seeks uniform solutions, yet recognizes a diversity of problems.

There appears little doubt that the sum effect of this legislation before our committee can help remove many of the uncertainties and frustrations that shroud the lives of millions of Americans who are approaching their twilight years.

(The document referred to follows:)

[H.R. 17867, 90th Cong., second sess.]

A BILL To strengthen and improve the Older Americans Act of 1965

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That this Act may be cited as the "Older Americans Act Amendments of 1968".

#### AUTHORIZATION OF AREAWIDE MODEL PROJECTS UNDER TITLE III

SEC. 2. (a) Section 305 of title III of the Older Americans Act of 1965 (42 U.S.C. 3025) is redesignated as section 306, and the following new section is inserted immediately preceding such redesignated section:

#### "AREAWIDE MODEL PROJECTS

"SEC. 305. From the sums reserved therefor pursuant to section 302(a), the Secretary may, upon such terms as he may deem appropriate, make grants to or contracts with State agencies established or designated as provided in section 303(a)(1) to pay not to exceed 75 per centum of the cost of the development and operation of statewide, regional, metropolitan area, or other areawide model projects for carrying out the purposes of this title, to be conducted by such State agencies (directly or through contract arrangements) in priority fields designated by the Secretary by regulation. No such project may be assisted with funds under this section for a period of more than four fiscal years."

(b) (1) Section 302 of such Act (42 U.S.C. 3022) is amended (A) by redesignating subsections (a), (b), and (c), and references thereto, as subsections (b), (c), and (d), respectively; (B) by striking out the section designation at the beginning of the section; and (C) by inserting immediately below the section heading the following:

"SEC. 302. (a) Not to exceed 10 per centum of the sums appropriated under section 301 for any fiscal year may be reserved by the Secretary for grants or contracts pursuant to section 305."

(2) Such section is further amended by inserting the following after "remainder" in paragraph (2) of the subsection redesignated by this section as subsection (b): "(as determine after application of subsection (a) and paragraph (1) of this subsection)".

(3) The heading of such section is amended by adding at the end thereof "— SET-ASIDE FOR SPECIAL PROJECTS".

(c) The amendments made by this section shall be effective with respect to appropriations for fiscal years beginning after June 30, 1969.

#### EXTENSION OF DURATION OF PROJECT SUPPORT

SEC. 3. The second sentence of the subsection of section 302 of such Act redesignated as subsection (d) by section 2(b) of this Act is amended (1) by striking out "third year" and inserting in lieu thereof "third and fourth years", and (2) by striking out "three years" and inserting in lieu thereof "four years".

STATE PLAN REQUIREMENTS FOR PLANNING, COORDINATION, AND EVALUATION, AND FOR MAINTENANCE OF EFFORT

SEC. 4. Effective with respect to appropriations for fiscal years beginning after June 30, 1968, section 303(a) of such Act (42 U.S.C. 3023(a)) is amended (1) by redesignating clauses (2) through (8) as clauses (4) through (10), respectively; (2) by striking out “; and for coordinating the activities of such agencies and organizations to the extent feasible” in clause (5) (as so redesignated); and (3) by adding the following new clauses after clause (1):

“(2) provides for statewide planning, coordination, and evaluation of programs and activities related to the purposes of this Act in accordance with basic criteria established by the Secretary;

“(3) provides satisfactory assurance that there will be expended for carrying out the plan for each fiscal year, from State funds other than Federal funds, an amount not less than the amount expended for like purposes from such funds for the fiscal year ending June 30, 1968;”.

INCREASE OF FEDERAL FUNDS AVAILABLE FOR COSTS OF STATE PLAN ADMINISTRATION

SEC. 5. Effective with respect to appropriations for fiscal years beginning after June 30, 1968, section 304 of such Act (42 U.S.C. 3024) is amended (1) by striking out “10 per centum or \$25,000” and substituting in lieu thereof “10 per centum or \$100,000 (\$50,000 in the case of the Virgin Islands, Guam, and American Samoa)”; (2) by striking out “one-half” and substituting in lieu thereof “75 per centum”; and (3) by striking out “subsection (a) (3) thereof” and substituting in lieu thereof “clauses (2) and (5) of section 303(a)”.

REALLOTMENT

SEC. 6. The first sentence of the subsection of section 302 of such Act redesignated as subsection (c) by section 2(b) of this Act is amended by striking out “the State notifies the Secretary will” and substituting in lieu thereof “the Secretary determines will”.

EXTENSION OF CONTRACT AUTHORITY FOR RESEARCH AND DEVELOPMENT PROJECTS AND TRAINING PROJECTS

SEC. 7. (a) Section 401 of such Act (42 U.S.C. 3031) is amended by striking out “any such agency” and substituting in lieu thereof “any agency”.

(b) Section 501 of such Act (42 U.S.C. 3041) is amended to read as follows: “The Secretary is authorized to make grants to any public or nonprofit private agency, organization, or institution, and contracts with any agency, organization, or institution, for the specialized training of persons employed or preparing for employment in carrying out programs related to the purposes of this Act.”

SERVICE ROLES IN RETIREMENT

SEC. 8. (a) Such Act is further amended by redesignating title VI as title VII, by redesignating sections 601 through 603 and references thereto as sections 701 through 703, respectively, and by inserting after title V the following new title:

“TITLE VI—SERVICE ROLES IN RETIREMENT

“GRANTS AND CONTRACTS FOR SERVICE PROJECTS

“SEC. 601. (a) The Secretary is authorized to make grants to or contracts with public and nonprofit private agencies and organizations to pay not to exceed 90 per centum of the cost of the development and operation of projects designed to provide opportunities for persons aged sixty or over to render supportive services to children and older persons having exceptional needs, including but not limited to services—

“(1) to children receiving institutional care in hospitals, homes for dependent and neglected children, or other establishments providing care for children on a temporary or permanent residential basis;

“(2) in such capacities as aides or tutors in day care centers or nursery schools, for children (not in residential situations described above) who

are from low-income families or from urban or rural areas with high concentrations or proportions of low-income persons; and

"(3) to older persons in need of special, personalized assistance because of physical infirmities or other special circumstances.

"(b) Payments under this title pursuant to a grant or contract may be made (after necessary adjustment, in the case of grants, on account of previously made overpayments or underpayments) in advance or by way of reimbursement, in such installments and on such conditions, as the Secretary may determine.

#### "CONDITIONS OF GRANTS AND CONTRACTS

"SEC. 602. (a) The Secretary shall not make any grant or enter into any contract under this title unless the grant application or contract proposal, as the case may be, has been submitted for review and recommendations to the State agency (if any) established or designated as provided in section 303(a)(1).

"(b) (1) In administering this title the Secretary shall—

"(A) give preference to projects in which priority will be given in the enrollment of participants to older persons of low income who are no longer in the regular work force: *Provided*, That such persons shall constitute at least 90 per centum of the participants in any project described in section 601(a)(1) which is funded under this title;

"(B) award a grant or contract only if he determines that the project will not result in the displacement of employed workers or impair existing contracts for services.

"(2) The Secretary shall not award a grant or contract under this title which involves a project proposed to be undertaken in a community served by a community action agency unless—

"(A) in the case of a project described in section 601(a)(1), and in other cases except those in which the Secretary may determine that it would be inappropriate, such agency is the applicant for such grant or contract or, if not, such agency has been afforded a reasonable opportunity to apply for and receive such award and to administer or supervise the administration of the project; and

"(B) in cases in which such agency is not the grantee or contractor (including cases to which subparagraph (A) applies but in which such agency has not availed itself of the opportunity to apply for and receive such award), the application contains or is supported by satisfactory assurance that the project has been developed, and will to the extent appropriate be conducted, in consultation with, or with the participation of, such agency.

Subparagraph (A) of this paragraph shall not apply in the case of a project which is to be carried out by or under the supervision of the applicant throughout the State or over an area more comprehensive than that served by any single community action agency and which the Secretary determines can be more effectively administered if its components are not conducted as community-based projects.

"(c) The term 'community action agency', as used in this section, means a community action agency established under title II of the Economic Opportunity Act of 1964.

#### "INTERAGENCY COOPERATION

"SEC. 603. In administering this title, the Secretary shall consult with the Office of Economic Opportunity, the Department of Labor, and any other Federal agencies administering relevant programs with a view to achieving optimal coordination of the program under this title with such other programs and shall promote the coordination of projects under this title with other public or private programs or projects carried out at State and local levels. Such Federal agencies shall cooperate with the Secretary in disseminating information about the availability of assistance under this title and in promoting the identification and interest of older persons whose services may be utilized in projects under this title.

#### "APPROPRIATIONS AUTHORIZED

"SEC. 604. There are authorized to be appropriated for grants or contracts under this title, \$10,000,000 for the fiscal year ending June 30, 1969, and such sums as may be necessary for succeeding fiscal years."

(b) The amendments made by this section shall be effective with respect to appropriations for fiscal years beginning after June 30, 1968. Any sums which are appropriated to the Office of Economic Opportunity for the fiscal year ending June 30, 1969, for carrying out a "Foster Grandparents" program under the Economic Opportunity Act of 1964, or are (as determined by the Director of the Bureau of the Budget) allocated for such purpose from any appropriation for such year, including any sums appropriated or allocated for salaries and expenses for carrying out such program, shall, to the extent that such sums are unexpended on the date of enactment of this Act, be transferred to the Secretary for carrying out such a program under title VI of the Older Americans Act of 1965, as added by this Act, and the total amount of such sums plus amounts expended prior to such date of enactment shall be deducted from the authorization for appropriations for grants or contracts under such title VI for such year.

Mr. DANIELS. Our first witness this morning is Miss Mary Switzer, Administrator, Social and Rehabilitation Service, Department of Health, Education, and Welfare.

Welcome, Miss Switzer.

**STATEMENT OF MARY E. SWITZER, ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY WILLIAM D. BECHILL, COMMISSIONER ON AGING, HEW**

Miss SWITZER. Thank you, Mr. Chairman. It is a pleasure to be here before the committee again which has done many fine things for our people. This will give us another opportunity to work together for another specialized program.

Mr. Chairman, you have almost made my opening statement for me. As you usually do, you highlight the main needs and main points in the legislation to take care of them.

I would like to emphasize my enthusiastic support for H.R. 17867, the proposed Older Americans Act Amendments of 1968. This legislation which you, Mr. Chairman, and several other members of the subcommittee have introduced, will accomplish two objectives that are vital to the continued development of constructive programs for the aging in our Nation.

The first of these objectives is to open up new doors of opportunity for older people themselves who wish to be of service to others. The second major objective of the bill is to increase and strengthen the leadership role of State commissions and agencies on aging and their efforts to build a strong underpinning of statewide and local programs of basic support and services for their older citizens.

I believe that the provisions of H.R. 17867 will enhance the ability of the Administration on Aging and the State agencies on aging to move ahead in both areas.

As you are aware, Mr. Chairman, the Administration on Aging and the State agencies on aging already carry major responsibilities. As a major component of the Social and Rehabilitation Service, the Administration on Aging is responsible for the overall administration of the various provisions of the Older Americans Act, for the development of new approaches and policies for the service provisions in the old-age assistance program, and for serving as a central focal point of information within the Federal Government on the needs and interests of older people.

I might insert here, Mr. Chairman, my great enthusiasm for the combined interests that have been placed under my responsibility as Administrator of the Social and Rehabilitation Service, which is almost a year old now, and for all the programs that have the potentiality of really doing more than they are doing for older people, who have benefited from the administration of Commissioner Bechill and the State agencies. The State agencies are responsible for the administration of title III and act within the State to promote the needs of older people and can, by this bill, be similarly influential in improving the services for older people.

I want to stress that the very core of the Older Americans Act is the provision of a range of opportunities and services in the older person's own home community. As the number of older people and the variety of programs required to respond to their needs increase, the task of organizing a coherent network of State and community resources—governmental, voluntary, and neighborhood self-help—becomes much more complex.

An important feature of the amendments is the provision to strengthen the capacities of the State agencies on aging in the areas of statewide planning, evaluation, and coordination of programs for older people by increasing the amount of Federal support available for carrying out these key functions.

This provision will provide the same type of development which has made our State vocational rehabilitation agencies so effective.

Another innovative proposal calls for the development of statewide, areawide, or regional approaches to meeting the needs of older people.

Mr. DANIELS. At this point, will you explain that sentence more in detail?

Miss SWITZER. I was just about to say this could well be one of the really most important features of the legislation, because so many of our programs today are restricted by State lines on the one hand, or they have inflexibly imposed requirements that there must be a statewide application of everything. It is almost impossible as an administrator to direct resources, for instance, in a city; to an overall State need; to combine counties in two States where they are contiguous and where there is an actual service area.

The service areas have attempted to do something like this in the health field, but if this is properly developed, it could be really a blueprint for a better way to disburse our resources in every one of the service areas in our Department.

I consider it one of the really exciting and important new authorities that the bill would give. A related provision provides State agencies with the flexibility to fund for an additional year community projects which are particularly effective and yet require a longer period to build up a base of community support. The availability of Federal support for a fourth year will prevent a reduction from the existing level of services in a number of communities.

Mr. DANIELS. What would be the Federal contribution for the fourth year?

Miss SWITZER. It is 50 percent. Let me say that based on our experience in rehabilitation it does take a differing length of time for different communities to pick up and keep a service program going.

I think you are well aware that a new program such as the Administration on Aging has the responsibility for and needs time to be sure of the strength of a project. It is very uneconomical, destructive, and discouraging not to have the flexibility to keep a project going until the community can pick it up.

This is one of the things we learned graphically in other programs.

Mr. DANIELS. I would like your opinion on the Federal share of cost and development of the projects. It would be 75 percent the first year, 60 percent the second year, third year 50 percent. The bill provides for the same contribution the fourth year as the third year, that is 50 percent.

What is your reaction to cutting that to 40 percent instead of 50 percent?

Miss SWITZER. I think you can make a case either way, really. You could say since the low level has been 50 percent that 50 percent would be fair but I don't think there would be a vital loss, do you, Bill?

Mr. BECHILL. The way the law is currently operating the language in the bill would permit States to match up to 50 percent. This means that in some instances if the State felt less than 50-percent matching were required they could go ahead and match on a lower level the 50-percent figure in the law.

I think, as Miss Switzer indicated, it is going to be largely a matter of decisions made by individual States in individual communities.

Mr. DANIELS. I would like the Department's position on that.

Miss SWITZER. I would say as far as the Department is concerned they would be quite ready to accept the Committee's judgment on this, wouldn't you, Commissioner Bechill?

We have a variety in this kind of project development. I think the overall reason for putting in 50 percent for the fourth year is largely due to the fact that this is a new program and the communities haven't geared up to take up their share of the burden.

This gives them a little bit of time. It is not really a big fiscal burden as to whether it would be 50 or 40 percent.

I would say after you have heard all the testimony and after weighing the budgetary considerations, projects, and so on, we would be quite willing to accept your judgment in the matter.

However, in the interest of keeping the projects I would not want to run the risk of going much below 40 percent at this time. I think there would not be enough time to have the communities pick up the difference. But I think down to 40 percent would be perfectly acceptable.

Mr. DANIELS. Thank you.

Miss SWITZER. You mentioned in your statement, Mr. Chairman, eloquently, the important provision of H.R. 17867 authorizing the new title called "Service Roles in Retirement." Keeping older people in action, feeling involved and needed, and helping one another in association, can give new meaning in their lives.

I think we have proof of that every day. You said in your statement, too, how many more senior citizens we get every year—I am getting quite conscious of this myself and we will have a very high percent of older persons in that group by 1970.

One of the most exciting efforts to help in meeting the challenge of meaningful roles for older people no longer in the regular work force

is the foster grandparent program which has been administered by AOA under contract with the Office of Economic Opportunity since August 1965.

The new title proposed in these amendments builds upon the excellent experience of the foster grandparents program.

It recognizes explicitly the merits of encouraging older people, who are no longer in the work force but who wish to remain active and involved citizens, to give of their skills and talents to others.

A comprehensive evaluation of this program has shown that meaningful activity of this type can play a major role in maintaining the physical and mental well-being of older people.

This program embodies a concept I firmly believe in—that of helping people achieve what they have it in them to be.

Too many older people today are forced to feel that they have reached the peak of individual fulfillment with nothing more to accomplish and nothing to look forward to in the future.

I am enthusiastic about the significant contribution that the Service Roles under the new title could make over the years in helping older people and children in our society who need the benefits of supporting services and personal companionship.

Cost benefit studies done in several of the foster grandparents program projects are most impressive and show that often tangible cash benefits such as lowered administrative costs are a side benefit in addition to the strong human values of this program.

The Social and Rehabilitation Service combines in one agency the major Federal programs geared to meet the needs of Americans for social and rehabilitation services. As its administrator, I am enthusiastic about the vast potential for older persons' talents to contribute to this task.

For instance, assuming the availability of appropriate day care facilities, we know that the majority of mothers with preschool children would prefer to work rather than stay home.

The personal care these older people can give to children through serving as day care aides or foster grandparents can help to set a solid structure on which the children of the next generation may stand without wavering.

These older people can help deprived children to mature socially and spiritually as well as physically. They can foster continued growth toward constructive and productive adult citizenship.

I am also enthusiastic about the kind of Federal agency coordination that the proposed title VI represents. As you know, Mr. Harding, Director of the Office of Economic Opportunity, has issued a joint statement with Secretary Cohen supporting the transfer of the foster grandparents program into this new title.

In summary, Mr. Chairman, I would like to reiterate my feeling that enactment of these amendments will significantly increase the Nation's capacity to meet the challenge presented by our older population.

The mission of SRS is to strive toward the elimination of all the conditions that stunt individual growth or impair human dignity. It is to foster the strengths and capabilities that enable individuals to function as free and responsible citizens.

It is to create the institutional arrangements that enable individuals

to have greater freedom of choice. These amendments will bring us further down the road toward our goal.

They exemplify the kinds of progress in the field of aging which I propose to support and promote. I strongly support H.R. 17867 and urge quick and favorable action on the bill.

Now, Mr. Chairman, Mr. Bechill, the Commissioner on Aging, will describe the amendments in greater detail.

Mr. DANIELS. Thank you, Miss Switzer, for a very fine statement. I am going to be brief and ask my colleagues who are with me, the Honorable John Dent from Pennsylvania and my good friend Congressman Hawkins, to shorten their questions. The House is in recess for 1 hour and we, therefore, must take full advantage of our time.

I have two questions I would like to ask you.

Under the new title VI, section 603, Interagency Cooperation, it states that the Secretary of HEW shall consult with other departments and agencies to achieve optimal cooperation of the program with such other programs.

Would you explain this more fully?

Miss SWITZER. It means primarily that there would be two agencies deeply concerned in this, the Department of Labor and the Office of Economic Opportunity.

We have a variety of working relationships now with both of these organizations and I would say as time goes on we would have even more and it seems to me that the effective administration of these programs both federally and at the State level requires the closest kind of collaboration.

It is very necessary in the Department of Labor relationships to draw a sharp line as to what is labor market considerations for older workers. The Department of Labor clearly has the responsibility in that area. However, where the relationship involves services with the various agencies giving aid under the programs, such as day care, services to the mentally retarded, and so on, clearly the Office of Economic Opportunity has had a great deal of experience. They have started Upward Bound and others. These two would be the main ones. I think we would feel that proper and responsible conduct of our business would require these cooperative relationships and any way the Congress preferred to state this, it seems to me the result would be more or less the same.

Mr. DANIELS. My second question has reference to section 701. I am referring to the Council on Aging and the Advisory Committee on Older Citizens.

My question is: What have they accomplished?

Miss SWITZER. I think my familiarity with the role of these two groups has been relatively limited during my year as Administrator. I do know, however, we have met together a number of times. Especially where there has been controversy and a controversial question to be resolved the President's Council on Aging has been a good forum to air our different points of view.

Maybe Mr. Bechill could answer in detail on this.

Mr. BECHILL. In the case of the President's Council on Aging there are regular meetings of the Executive Committee of the President's Council on Aging which I chair.

The Executive Committee works in a number of areas that involve basic interests for the people ranging from housing to programs for older veterans.

The President's Council last spring issued a comprehensive report that showed the various activities of the Federal Government in programs for the aging. That report is a document that showed the activities broken down by departments.

So this has been a very active organization. In the case of both the President's Council on Aging and the Advisory Committee on Older Americans, I would say that their functions are valuable but one of our problems has been devoting the kind of staff time that we would like to their activities. I am sure you would like us to be able to devote more time but they certainly both have important and useful functions.

Mr. DANIELS. Can you itemize those functions?

Miss SWITZER. In the case of the use of committees of this kind, it is not only the formal meetings that are important but it is the ability to have available a group of people who have been formally appointed and have definite commitment to the program that you can call upon as individuals or in a small group to discuss problems that come up—the kind of projects, the kind of emphasis in trying to stimulate a specific State and thereby enabling the Commissions on Aging to do more and have a broader approach.

I think we have to consider not only the group activity but also the availability of such people for consultation to the service.

Mr. DANIELS. To what extent has the President's Council on Aging been involved in the preparation of these amendments before us today? Has the final draft of this legislation been discussed with the Council and does it have its support?

Mr. BECHILL. The answer is that they have not discussed the legislation, Mr. Chairman. The legislation, as you know was introduced last month.

In the development of the legislation, which largely involves the transfer of the foster grandparents program as a key base, there have been relatively open discussions I would say between the departments most affected during the last year or year and a half which culminated this spring.

We have not been able to present the legislation to the President's Council as a formal body. The legislation was discussed with the agencies most affected: the Department of Health, Education, and Welfare, and OEO.

Mr. DANIELS. Do I understand OEO approves the transfer to HEW?

Mr. BECHILL. Yes, I believe Mr. Harding issued a statement to this effect which is available. I believe also Miss Genevieve Blatt of OEO, is scheduled to testify later today and she could elaborate on this.

Mr. DANIELS. Do you have any questions, Mr. Dent?

Mr. DENT. No questions but I would like to compliment both of these witnesses this morning. Their devotion, I think, is what is needed in the whole country. The administration is finally considering this bill dealing with the section on retirement of older people.

I think the original intent we had when we passed the Social Security Act was twofold: One, to abate the march over to the "poor-house"; and, two, we felt the oncoming jobseekers would have an opportunity to enter the labor market.

We have developed a kind of belief now that a person just retires from the job he is in to get an extra income by going to some other job. We are not creating the right kind of openings, and the expanding economy reduces the number of jobs per dollar of production because of the innovations in production.

We are going to need all the jobs we can get. The youths of this country are disillusioned today, and that is probably responsible for the riots and everything else we are having.

I am happy to see we are finding something useful for them to do, something that keeps the older people from sitting out and vegetating by giving services to children, like foster parents and service to older folks who are incapacitated and can't help themselves. It is in this direction that I think we should make the most serious thrust in the next few years to see if we can't get retirement in dignity and retirement with a sufficiency of income so that a person can take these jobs without heavy remuneration that will take a job from somebody else.

I want to compliment the gentleman on trying to get this bill through today and compliment both of you for your service in this regard. I remember I was chairman of the committee that put this bill through in 1965 and we had high hopes for it.

I might say while we still have these hopes, I believe Congress has to implement this legislation.

Thank you both for coming.

Mr. DANIELS. Mr. Hawkins, do you have any questions?

Mr. HAWKINS. Out of deference to time, I have no questions, but I would like to compliment Miss Switzer and Mr. Bechill for their contributions. It seems we have not moved far beyond innovation of new programs, but we have given hope to older citizens without giving them much incentive.

I have a problem in my district which is embarrassing: trying to explain to the senior citizens in other neighborhoods as to why they don't have a similar program.

I hope this committee will move vigorously to pass this legislation as a beginning and try to go beyond even the authorization that is indicated by this proposal.

Mr. DANIELS. Thank you, Miss Switzer. I know you have to go for another important meeting but the Commissioner, I understand, has a statement to make to the committee.

Miss SWITZER. Thank you, Mr. Chairman. I have to go to the Ways and Means Committee.

Mr. DANIELS. Our next witness is Commissioner William D. Bechill, Commissioner on Aging, Social and Rehabilitation Service, the Department of Health, Education, and Welfare.

Mr. BECHILL. Thank you, Mr. Chairman. I appreciate this opportunity to discuss the provisions of the bill H.R. 17867. I am particularly grateful, Mr. Chairman, to you and other members of the subcommittee, for your constructive support of the programs of the Older Americans Act.

I thought it might be in order before discussing the amendments in detail to give a summary of the progress which has been made under the act since the Administration on Aging was established 33 months ago.

Under the title III formula grant program of the act, 46 States, the District of Columbia, Puerto Rico, and the Virgin Islands now have approved State plans in operation. Today, approximately 600,000 older people are being directly served through a wide variety of services ranging from information and referral services to senior center programs, special help with shopping and transportation, and support of local planning efforts.

Under title IV of the act, 100 research and demonstration grants have been made. These projects are paving the way for new knowledge and new approaches in such areas as coordinated community services, retirement planning and preparation, meaningful retirement activities, living arrangements, and special services.

This year, as a result of the support given by the Congress a year ago, the Administration on Aging has launched a national pilot program to gain additional knowledge about the dietary problems of older people and to demonstrate various ways in which food and nutrition services can be organized and provided to older persons.

Under the title V training grants program, continued progress has been made in helping to meet the critical shortages of trained personnel in the field of aging. To date, some 3,000 persons have received either long- or short-term training. These persons will work in such areas as State and community planning and administration, retirement housing, senior centers, and social services.

As we look back upon the past 33 months, we are encouraged by the progress made in States and communities across the Nation. The response to the Older Americans Act has been tested. In relation to the resources available, the response has been most affirmative.

At the same time, we have learned a great deal in this period. Many constructive and valuable programs have been started. But some hard problems affecting older people remain that require more concerted attention by the States.

Because of this baseline experience, we are convinced that additional steps are necessary to give added strength to the work of the Administration on Aging and the State agencies in their efforts to implement the broad objectives of the Older Americans Act.

Mr. Chairman, I would now turn to a discussion of the specific provisions of H.R. 17867.

#### STRENGTHENING OF THE STATE AGENCIES

As Miss Switzer emphasized in her testimony, the State agencies on aging currently have a major responsibility to their older citizens.

They are charged with the responsibility for providing leadership in the field of aging within their respective States; for promoting coordination of State programs relating to the needs of older people; and for the development of local community services under the title III program.

Yet, on the whole, the ability of the State agencies to carry out these responsibilities is often sharply impaired because of a lack of resources.

The average State agency staff is small. It consists of a professional staff of four or five persons. Despite the best of efforts and personal commitment to the program, the States are often severely pressed to even minimally cover their wide range of responsibilities.

The amendments which the subcommittee is considering today are designed to increase the capacity and capability of the State agencies on aging in four important ways.

First, section 4 of the proposed amendments would add a new State plan requirement for statewide planning, coordination, and evaluation of programs related to the purposes of the Older Americans Act.

Under its provisions, the States would be asked to operate in accordance with basic criteria established by the Secretary of Health, Education, and Welfare.

Under the proposed requirement for statewide planning, coordination, and evaluation, we believe the State agencies would have more ability to—

1. Compile and assess facts upon which to base their planning and action and to make these facts available in usable form to those concerned with programs for older people at both a statewide and local community level within the State;
2. Identify unmet needs of older people within the State and evaluate programs for older people in relation to established needs; and
3. Work out methods of coordination and cooperation between the State agency on aging and other agencies, both public and voluntary, so as to attain maximum utilization of existing resources.

Under this provision, we would anticipate that the criteria established in cooperation with the States would include suggested staffing patterns to accomplish objectives; long-range planning for activities and services for the State's older population; arrangements for obtaining the cooperation and participation between all agencies and organizations concerned with programs for the aging; and assessment of programs in such areas of basic importance to older people as housing, health, social services, and education and use of free time.

Second, to assist the States in carrying out these activities, as well as their present responsibilities section 5 of the amendments would permit a State agency to use up to 10 percent or \$100,000 of its title III allotment for its planning, coordination, evaluation, administration, and leadership activities.

Experience has shown that the rapid development of the title III grant program in the States has demanded the constant attention of our State agencies' staffs. Let me emphasize again, the average State agency, as we have mentioned, is very small. Yet its actual functions include program and fiscal administration, providing statewide consultation to local communities, providing information on developments in the field of aging to the general public, and general coordination with the other public and voluntary organizations active in the field.

Providing the necessary leadership across this broad spectrum is highly demanding and, I might add, very important. At this point in time it is our best judgment that the minimum staffing pattern which the States could and should have to carry out these functions is between 10 and 14 persons.

The budget for this size operation would be approximately \$133,000: \$100,000 in Federal funds and \$33,000 in State funds. In my opinion, this level of staffing would provide each State agency with the basic capacity for meeting its program responsibilities and maintaining fiscal responsibility.

Third, section 3 of the bill would give the State agencies the authority to fund community projects for a fourth year at 50 percent matching. We are requesting 50 percent for the fourth year to allow flexibility for the States to help communities where the development of local resources has been particularly difficult. The actual funding of a fourth year, and the level at which it would be funded, would be the decision of the State agency, Mr. Chairman.

Fourth, section 2 of the amendments would add to title III of the Older Americans Act a new section authorizing the Secretary of Health, Education, and Welfare to set aside up to 10 percent of the title III appropriation for statewide regional, metropolitan area, or other areawide model projects. These projects would be conducted in priority areas identified by the Secretary.

Mr. DANIELS. When you refer to regional and metropolitan area, or areawide model projects, do you mean by that that you are going to, or would like to, cross State lines or involve several States?

Mr. BECHILL. We would think there would be situations where this might be the case. Let me give one for example. There might be the possibility of joint cooperation in the immediate area of Virginia, Maryland, and the District of Columbia. There are a number of problems common to these three jurisdictions where they might want to develop a model program.

Generally I would anticipate, however, that most of the types of projects that would be submitted would be conducted within the boundaries of a single State.

Mr. DANIELS. You may proceed. Thank you.

Mr. BECHILL. Under the provisions of section 2, grants for such model projects would be available to the State agencies on aging.

The Federal share of the cost of the development and operation of each project could not exceed 75 percent and projects could not be supported for more than 4 years.

Mr. Chairman, I would like to emphasize that this provision would not become effective until fiscal year 1970. I believe this would give those States who wish to mount such model projects a real opportunity to develop programs of action for meeting some very urgent needs of older people.

With this provision, programs could be implemented on an areawide or statewide basis with an impact and scope that is not always possible under the present community grant program.

For example we would anticipate that some States might wish to carry out a model project in one of the large metropolitan areas. Another State might wish to carry out a model project in a large rural area of the State.

Still another might wish to carry out a statewide or regional model project in an area which the State has identified as having major gaps in terms of the actual services available to older people.

The proven results of national demonstration would be emphasized in these State-operated or State-directed projects. Through such projects, we would expect to see wider application of services through techniques that have had only limited use on a demonstration basis. In fact we would think these projects could very well serve as models and training devices for the States to use in their work with other agencies and organizations, especially those active at the local level.

## SERVICE ROLES IN RETIREMENT

Section 8 would add an important new title to the Older Americans Act establishing a program of service roles in retirement.

The Secretary of Health, Education, and Welfare would be authorized to make grants to or contracts with public or nonprofit private agencies and organizations to pay not more than 90 percent of the cost of the development and operation of projects designed to provide opportunities for persons aged 60 or over who are no longer in the regular work force to render supportive services to children and older persons having special needs.

Preference would be given to projects in which priority is given in the enrollment of participants to low-income older persons. Three types of programs would be authorized under this new title:

1. Services by older persons to children receiving institutional care in hospitals, homes for dependent and neglected children, or other establishments providing care for children on a temporary or permanent residential basis. In this particular phase at least 90 percent of the older persons serving in these projects would be low income.

2. Services by older persons to children in such capacities as aides or tutors in settings such as day-care centers or nursery schools for children who are from low-income families, or from urban or rural areas with high concentrations or proportions of low-income persons.

3. Services by older persons to older persons in need of special, personalized assistance because of physical infirmities or other special circumstances.

If I may interject here, Mr. Chairman, we have had some excellent experience with the employment of men and women who were serving as foster grandparents in the field of day care, and we feel, just based on that limited experience, that this is an area where a great deal more emphasis involving the participation of older people is very important.

Mr. DENT. May I inject a question, Mr. Chairman?

Mr. DANIELS. You may.

Mr. DENT. Aren't all of these services now being rendered by OEO by applicable grants to the communities, services to older persons and children receiving institutional care, services to dependent and neglected children, and children at day care centers aren't all these administered under the OEO?

Mr. BECHILL. Many are under the foster grandparents program. I think these are kinds of services that are developed.

Mr. DENT. What I am getting at is why can't we draw on OEO's fund of experience and knowledge in this area without going into more demonstration programs, without going then into more studies and programs?

They should have now, as I understand it, some 3,000 or 4,000 older persons now engaged in this type of work or this type of service. If that is the case, you should, if Congress authorizes it, move right in without having to go through an expensive project of training and so-called research and study in a model program.

One of our problems is we go out and start model programs, research programs, and study programs, and then, when we get through, we discover things we ought to go further in in our studies and we never start anything.

All we have done with our money of late is study and research and study and research instead of using what we know.

OEO I understand, had a good program in this area, and if we move into the aging program with money, we should be able to reach over and get their files and their help without any more demonstration program, at least on these phases where we have programs with OEO.

I don't like having new nonprofit agencies taking over in these areas with new regional and State planning. If they don't have that now, you will spend all the money we give you trying to find out what they should have already found out.

Mr. BECHILL. I think your question is a very important one. Section 6 of the bill establishes a new title. Now we, in cooperation with the Office of Economic Opportunity, administer the foster grandparent program. What we are trying to do in title VI service roles in retirement is take the results of that study of the last 36 months and put it in to practice in other areas.

Mr. DENT. Aren't we looking forward to a temporary extension of the OEO program, which is what it started out as? Aren't we authorizing your agency to go into this particular field as a proper function of your activities and your Department and eventually remove from OEO the responsibility?

They are doing the research; in fact, the money we spent with OEO saved a lot of money in departmentalizing these activities.

We believe OEO could hand over to you what they have done so you should not have to start at the beginning, but could do your part as an additional effort.

I think OEO should be allowed to give over the functions they have, as great benefit can then be derived from the money we spent. If you are going to overlap in what we call cooperation, all we are going to do is spend money and the older people will not benefit.

Mr. BECHILL. I would want to say, Mr. Dent, we have had a very cooperative relationship with the Office of Economic Opportunity during the past 3 years, and there has been a good exchange of ideas and information.

This is particularly true in the case of the person who has the leadership for the development of programs for the elderly poor, Miss Blatt.

There is no wish to duplicate here. We have had a strong, viable demonstration program, and we want to give this a permanent basis, expand the values and merits of that program to other areas.

Mr. DENT. Mr. Chairman, since we will not be able to come back this afternoon, I would like to ask how much cooperation we are getting from the States, how much fiscal effort are they putting into the program for the aged?

Is there a program active and moving in each of the various States? Now are they putting specific programs in?

Mr. BECHILL. We have a good record of interest in the act; 46 States and three other jurisdictions, as I mentioned in my testimony, have approved State plans. The only States that have not come in for different reasons are Alabama, Mississippi, Indiana, and Wyoming. On the whole, there has been a good deal of interest shown by the States in the Older Americans Act.

I think, in terms of the kinds of additional appropriations and addi-

tional emphasis that the State agencies themselves are providing, the picture varies.

In some States, there has been quite a pickup, in others we would hope to see more. But the important thing is, Mr. Dent, that you now have in place in this United States, in contrast to 3 years ago, an official agency charged with an official responsibility that is carrying out this program.

I don't think one can underestimate what goes into the work, developments, and planning of these State programs, and development of the working relationships in the communities in the States.

I think, considering the kind of resources they had available, the States have done a very good job.

Mr. DANIELS. Will the gentleman from Pennsylvania yield?

Mr. DENT. That is all I have.

Mr. DANIELS. The four States that have not participated, why have they not?

Mr. BECHILL. There are a variety of reasons.

Mr. DANIELS. Such as?

Mr. BECHILL. Well, in the case of Indiana, there was a question about the legal authority of the State to receive and disburse Federal funds that we have never been able to settle to anyone's satisfaction.

In the case of the other three States, there is interest, but we just have not had a plan come in that we can approve. Alabama has now submitted a formal plan.

Mr. DANIELS. Any further questions?

Mr. DENT. No further questions.

Mr. DANIELS. You may proceed, Mr. Bechill.

Mr. BECHILL. I will continue on page 8.

The foster grandparents program would be the nucleus of the new program proposed in these amendments. For over 2 years now the older men and women here who have served as foster grandparents have demonstrated the heartening value of individualized attention and care to children in need.

Those serving in the program have had the opportunity to carry out a meaningful role in the community, to be of service to others, and also improve their economic situation.

Concern, compassion, and companionship have been the trademarks of the foster grandparents. These are priceless commodities in today's world.

The foster grandparents program was first developed in 1965 as a cooperative effort between the Office of Economic Opportunity and the Department of Health, Education, and Welfare. It was conceived as a national demonstration of a viable role for the older person in providing personal care to infants and children living in institutions.

Originally started in 22 States, the program has subsequently grown to the point where nearly 4,000 older men and women now serve as foster grandparents to 8,000 children in 157 facilities and community settings in 38 States and Puerto Rico. Evaluation of the program has identified social benefits to the older person and children, and economic benefits to the older persons and the institutions.

The management consultant firm that did a national evaluation of the foster grandparents program summarized its findings this way:

The program has demonstrated its main objective—the utilization of previously wasted human resources to improve the lives of children and older people and thereby to strengthen the quality of our society.

The proposed amendment would expand this basic concept of services by older people, demonstrated so well through the foster grandparent program to other service roles in retirement.

As the bill indicates, those older persons who would serve in the program would be persons aged 60 and over who are no longer in the regular work force. There is a serious need in our society for a program to ease the adjustment from full-time work, while maintaining for the individual a meaningful role in the community.

There is also a growing demand from older persons for this new type of opportunity to provide services without a commitment to full-time work.

We believe that there is a significant division and difference between regular employment and meaningful activities through part-time social service roles which has been recognized by the Congress in previous legislation affecting older people.

For instance, section 101(5) of the Older Americans Act sets forth as one of this country's objectives for its older people, "Opportunity for employment with no discriminatory personnel practices because of age."

Section 101(7) sets forth as a separate objective, "Pursuit of meaningful activity within the widest range of civic, cultural, and recreational opportunities."

Thus, service roles in retirement would serve the dual purpose of providing needed services to older people and children and providing a meaningful transition period following a lifetime of regular employment.

Since the program is directed particularly to service by low-income older persons, income supplementation is also a significant component. It is not, however, the primary purpose.

We believe strongly that the very large number of older people who leave the regular work force are entitled to a choice as to whether they at some point wish to return to regular employment, whether they wish to turn to a new service role in retirement, or wish to become fully retired.

Because of the emphasis being given to the service opportunities for low-income older persons in this program, special recognition would be given to the role of the community action agency—established under the Economic Opportunity Act—in the case of any projects undertaken in a community served by such an agency.

Where a project is to provide services to children receiving institutional care on a residential basis, and in other appropriate cases, the community action agency would be given an opportunity to serve as sponsor of the project and to receive funds and administer or supervise administration of the project.

This requirement will not apply where the project is to be carried out throughout a State or over an area more comprehensive than that served by any single community action agency.

Applications would be submitted to the State agency established or designated under the Older Americans Act for its review and recommendation before the Secretary approves the grant.

The Secretary also would consult with Federal agencies administering relevant programs with a view to achieving optimal coordination of the new program with such other programs.

In addition, section 603 would require the Secretary of Health, Education, and Welfare to promote the coordination of projects under the new title with other public or private programs or projects carried out at State and local levels.

To carry out the proposed new program, H.R. 17867 provides authorizations of \$10 million for the fiscal year 1969, and such sums as may be necessary for succeeding years. The authorization level set for 1969 represents the current level and cost of the present foster grandparents program. Any sums which are appropriated to the Office of Economic Opportunity for fiscal year 1969 for carrying out the foster grandparents program or which are, as determined by the Bureau of the Budget, allocated for such purpose from any appropriation, shall be transferred to the Secretary of Health, Education, and Welfare for carrying out such a program under the Older Americans Act.

Mr. Chairman, I wish to recommend an addition to this provision of the amendments. We believe that it would be desirable to include a provision in the proposed amendments to insure that foster grandparents do not lose any present earning exemptions as a result of the transfer of the foster grandparents program from the Office of Economic Opportunity to the Department of Health, Education, and Welfare.

We would be glad to provide assistance to the committee with respect to preparing such an amendment.

#### OTHER CHANGES

The amendments contain certain other changes in the Older Americans Act. The Secretary would be authorized to reallocate to other States title III funds which he has determined a State will not need for carrying out its State plan. This is consistent with the policy followed in other programs such as the Elementary and Secondary Education Act of 1965 and the Higher Education Act of 1965.

In addition, the present limitations in the Secretary's contract authority under titles IV and V of the act which permit contracts only with public or nonprofit agencies would be removed.

This change would enable the Department of Health, Education, and Welfare to enter into contracts with profitmaking organizations in those cases where the purposes of the research and development and training programs could be carried out at less cost, more expeditiously, or more effectively by contracting with a corporation organized for profit rather than a nonprofit agency.

This change would bring the provisions of titles IV and V into line with corresponding provisions in other Federal programs, such as the acts I cited a few minutes ago.

This proposal would not change the present situation as to grants, which would remain restricted to public and private nonprofit agencies.

Mr. DANIELS. At this point I would like to point out there is a quorum call taking place in the House of Representatives and we will have to suspend these hearings very shortly.

I would further suggest that you return Thursday morning and be our first witness here for questions from the committee.

Mr. BECHILL. Mr. Chairman, I would be glad to return Thursday morning.

In summary, Mr. Chairman, we believe that H.R. 17867 has a great potential for strengthening and improving programs for older people which are now in operation. It will enlarge the capacities of the State agencies who, in our opinion, have an urgent need for new resources to meet their already heavy and important range of responsibilities.

It will provide new tools and flexibility to the constructive Federal-State-local partnership that has become a feature and a strength of the Older Americans Act.

And H.R. 17867 affirms the Congress' support for the principle of using the talents and skills of older people in helping meet some of the most serious needs of children and older people in our Nation.

Mr. DANIELS. Thank you, Mr. Commissioner, for appearing.

We will stand in recess until 10 a.m. Thursday.

(Whereupon, at 11:30 a.m., the subcommittee recessed, to reconvene at 10 a.m., Thursday, July 18, 1968.)

## OLDER AMERICANS ACT AMENDMENTS OF 1968

THURSDAY, JULY 18, 1968

HOUSE OF REPRESENTATIVES,  
SELECT SUBCOMMITTEE ON EDUCATION  
OF THE COMMITTEE ON EDUCATION AND LABOR,  
*Washington, D.C.*

The subcommittee met at 10 a.m., pursuant to call, in room 2175, Rayburn House Office Building, Hon. Augustus F. Hawkins, presiding.

Present: Representatives Daniels (chairman of the subcommittee), Hawkins, Dent, Reid, and Steiger.

Also present: Daniel H. Krivit, counsel; Loretta Bowen, clerk. Marty LaVor, minority legislative consultant.

Mr. HAWKINS. The Select Subcommittee on Education will now come to order. In the absence of the chairman, Mr. Daniels, who is attending a hearing of the Post Office and Civil Service Committee this morning, I am presiding for Mr. Daniels in this hearing.

This morning is a continuation of the hearing on H.R. 17867, to strengthen and improve the Older Americans Act.

When we adjourned several days ago I believe Mr. Bechill was before the committee. As such, we will begin this hearing this morning with him.

We also recognize Miss Mary Switzer, the Administrator of the Social and Rehabilitation Service of the Department of Health, Education, and Welfare.

**FURTHER STATEMENT OF MISS MARY E. SWITZER, ADMINISTRATOR, SOCIAL AND REHABILITATION SERVICE, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY WILLIAM D. BECHILL, COMMISSIONER ON AGING, SOCIAL AND REHABILITATION SERVICE, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; AND BERNARD NASH, DEPUTY COMMISSIONER**

Mr. HAWKINS. Had you completed your prepared statement, Mr. Bechill?

Mr. BECHILL. That was submitted for the record, Mr. Hawkins.

Mr. HAWKINS. We will begin with questions of the witness and the Chair would like to call on Mr. Steiger. I am sure he will have several questions to ask you, Mr. Bechill.

Mr. STEIGER. Thank you, Mr. Chairman.

There are several aspects of the bill H.R. 17867 that I would appreciate Commissioner Bechill and Miss Switzer commenting on. One of them relates to the amendment which is proposed to be made in title III for the areawide model projects in which up to 10 percent of the sums appropriated under section 301 may be reserved by the Secretary for grants and contracts pursuant to section 305.

What would happen, Commissioner Bechill, if the \$16 million figure which is made available for fiscal year 1969 were to remain the same for fiscal year 1970? In that case if up to 10 percent of the funds were used for the areawide model projects, you would then, in my judgment at least, be taking money from the ongoing older American projects funded under title III.

Mr. BECHILL. If that unhappy event were to occur, I doubt that we would make use of this provision because the intent of the model projects is not to divert funds from the community projects authorized already under title III.

The provision in the bill for the model projects becomes effective during fiscal year 1970, as you indicated.

We would hope that this would be set aside and the model projects would not reduce the amounts available for community projects in the development of the budgets for that year.

Mr. STEIGER. Would it be difficult for you as the Commissioner, or for the Department of Health, Education, and Welfare to work with this if it were transferred from title III to title IV and made part of the demonstration project grant authority you are already given under title 4 of the Older Americans Act?

Miss SWITZER. May I answer that? I don't really think it would make any difference. In fact in the circumstances you just outlined it might be safer to have the projects in title IV, since there is a termination in years on them. Originally, we conceived of these projects as being more or less continuing without time limit in an effort to increase service—I would not want to say on a permanent basis—but until it could be absorbed in the regular State program.

As it came out it could just as well be handled in title IV as in title III, I think.

Mr. STEIGER. I appreciate your comment on that. I would think we could easily work out the language for this authority in title IV.

Miss SWITZER. I think the concept for the model projects ought to be preserved because I think it is a very sound and rather new idea in this kind of a program.

I would not like to lose the concept of what the model projects ought to be.

Mr. STEIGER. I would concur completely. I think the whole idea of working with the State agency would, in fact, give them some strength and allow them to carry out some programs which they can't now do and which I think they ought to be able to do.

I received a letter, I don't know where it is but if I had it I would insert it in the record, from the Commission on Aging in Wisconsin in which the Director supported the concept involved but I think it would make sense to make these available to the Secretary and yourself under title IV rather than title III.

I wonder if Mr. Bechill and Miss Switzer would both like to comment on the idea contained in the State plan requirements, section 4,

subsection 2. The language used in there is that State plans shall provide for statewide planning cooperation in programs and activities related to the purposes of this act in accordance with basic criteria established by the Secretary.

I wish, for the record, you could in your response supply us with some idea as to what you are aiming at and what kinds of basic criteria you envision might be established by the Secretary to handle these cases?

Before you answer let me indicate my concern, this is very open ended. We have no guidance at this point as to what kind of criteria you are talking about.

I think from our standpoint as well as the State agency viewpoint we should have some idea as we go on if this is left in, some way of judging how this is doing.

Mr. BECHILL. I will be glad to respond to your question. First, as you know, the intent of this particular amendment is to give more focus and responsibility to the role of statewide leadership in these activities of planning, evaluation and coordination and this has been an implied role in the Older Americans Act from the beginning. The intent of this particular amendment is to make it much more explicit because the State agency in essence represents a concern toward the total needs and interests of the older people in the State.

The kind of criteria we would envision the Secretary developing here would be done first of all, in very close consultation with the State agencies themselves. I would think we could go to at least three or four basic areas where criteria would be established.

First we want to set out in a very general way what are the functional responsibilities of a State agency in these three areas of planning, coordination, and evaluation. Second we would want to set out, again in a general way, some suggested standards as to the kind of staffing a State might wish to devote to these kinds of activities.

Third, we would want to indicate the areas in which evaluation of programs would be established. Here we are thinking of the State agency looking at the data available, discussing with other agencies at the State level to ascertain the housing conditions and needs of older people in the State, the health needs, the needs for income support, the level of social services available on a statewide basis, educational opportunities, and free time opportunities.

In other words, we want to get a solid base of information and data about the level of the programs in the States and where there are gaps.

From that we would move out to a plan of operation which would indicate what the State feels its priorities are, what it feels is needed in the way of joint action with other agencies, both public and private.

I think this is as far as we can carry the criteria at this point, but I think this is what is behind the particular language in the act.

Miss SWITZER. I would like to make an additional comment, Mr. Steiger.

I think, although I know it is difficult to describe it in detail at this stage, but based upon my own experience in dealing with Federal-State programs, it seems to me that one important principle that would undergird all the others would be an effort to shore up the position

of the State agency, be it a commission or agency or whatever it might be called in the State, it should have some independence, it should have some ability to maneuver, to deal with the legislature.

In other words it has to have an administrative structure and independence that would make it possible for it to do the things Mr. Bechill has suggested would be appropriate for such a State body to do.

One could have various alternatives—one could say it should be a commission composed of citizens and so forth, or it could be an administrative unit of the department of State government that was appropriate, or it could be an independent planning arm of say the Governor's office.

There are many ways it could fit into the State administration but the important thing is that it have an identity and a set of principles of operation that would make it possible for it to grow into the influential State operating agency, planning agency, propaganda agency, if you will, to promote the interests of the older citizens of the State.

I think this would mean it would have to have a top officer and administrator who would have to have certain qualifications, not necessarily professional, more important might be the ability to delicately deal with some of the situations in the community.

It should have its own budget and should have the independence that any program ought to have in order to grow.

Mr. STEIGER. Your comments have been very helpful on that question. I guess really I have one question and one reaction.

I have always had a concern if what the Congress does or the executive branch, it does not make any difference, if the Federal Government becomes too involved in the State government, I don't want to have that happen.

I think the States have to have flexibility.

Miss SWITZER. I don't think that is necessary. It is only necessary to get some principles. You do have to have principles agreed to by both parties in order to make progress.

Mr. STEIGER. I won't dispute that which brings me to my question. Would it be possible that in that language on the development of criteria we provide in the bill that such criteria shall be worked out in consultation with the State agencies?

Miss SWITZER. I see no objection to that. This is what we should do or would do anyway, and I would say this would have a psychologically good effect on all of us, State and Federal.

Mr. STEIGER. Let me go to another section, if I may. I very much appreciate your statement as it relates to that question on criteria.

You have provided or recommended that in section 5 of the bill for the State plan administration that we increase it from 10 percent or \$25,000 to 10 percent or \$100,000 and include the Virgin Islands, Puerto Rico, and Samoa.

It may be this was in the record Monday but I have not read that. You are talking about the State agencies. Perhaps it should be 10 percent or \$75,000 or 10 percent or \$100,000. What is your thought on that?

Mr. BECHILL. In the testimony we presented Monday we did indicate the basis on which we made the recommendations of 10 percent or \$100,000.

The proposal you made would still substantially increase the staff available in many States, particularly the smaller States.

Mr. STEIGER. Thank you, Commissioner Bechill.

I wonder if we could go to a further question I have on this. Under new title VI with the transfer of foster grandparents from the Office of Economic Opportunity and the creation here of the new programs for older Americans, if I understand what you are aiming to do in this section, may I simply ask you to clarify for me whether or not my understanding is correct; namely, you are here making a determination on programs that are social service oriented? Is this correct as to the intent?

Mr. BECHILL. Very definitely.

Mr. STEIGER. These are not employment programs?

Mr. BECHILL. These are not conceived as employment programs.

Mr. STEIGER. Thank you. I have no further questions.

Mr. HAWKINS. Thank you, Mr. Steiger.

Just several questions, Mr. Bechill and Miss Switzer, first, with respect to the foster grandparents program, some of us are receiving a great amount of mail on this program, mail intending to imply the program would be discontinued or at least restricted.

It is my understanding that the program can now be funded by the Office of Economic Opportunity in the amount of \$10 million.

Miss SWITZER. That is right, Mr. Chairman.

Mr. HAWKINS. Is it contemplated under this legislation that the program will be shifted from the Office of Economic Opportunity?

Miss SWITZER. Yes; that is the plan but not to diminish it but rather to give it more scope.

Mr. HAWKINS. How would you give the program more scope?

Miss SWITZER. If we did not have any more money we could not give it much more scope but it is the opinion of the Administration on Aging that we could add to it substantially if we had a better budgetary climate.

It is one of our most popular and successful programs and there is no thought of diminishing it.

Mr. HAWKINS. If you don't request the original amount, apparently you are not doing that.

You are not in a sense reducing the program or at least the plan would result in reducing the program?

Mr. BECHILL. No, sir; Mr. Hawkins. The whole idea involved in the new title, is to take the very excellent experience gained in the past 30 months or so with the operation of the foster grandparents program on this joint basis with the Office of Economic Opportunity and apply that experience under a permanent authority.

Mr. HAWKINS. Of course we keep assigning the foster grandparents program as a model program but the program has been expensive and it seems to me the money has gone into overhead rather than to the foster grandparents themselves. Has there been any evaluation as to how the program could be improved and have less administrative costs involved?

Mr. BECHILL. Yes, sir. In the beginning the statement regarding the administration and the cost of the administration in the foster grandparents program was called to our attention and an evaluation was conducted by the Greenleigh consulting management firm in 1966.

Part of the reason for the high expense in the first year was due to startup costs involved with some of the types of programs that were in operation, particularly in certain institutions. We took into account the recommendation of the Greenleigh report in terms of this one issue. Our current information, which we would be glad to provide for the record, would indicate the administrative costs of the program are now substantially below what they were 2 years ago.

In fact the actual direct benefits are running now about 81 percent. This is good when you consider the nature of the program. The foster grandparents, the 4,000 older men and women serving in this program, are serving in a wide variety of institutional and community settings serving children with major emotional or health problems. We have insisted as a requirement initially, because of the nature of the relationship that needs to develop between the older person and the child, that there be good professional supervision and training.

In essence the foster grandparent, after that experience and after working with the child, becomes almost a semiprofessional member working in these various institutions or community settings with older people.

I attribute part of the original startup costs and part of the continuing and administrative costs to this very deliberate effort to protect the interests of the child and to protect the interests of the foster grandparent.

Mr. STEIGER. Would the gentleman yield?

Mr. HAWKINS. Certainly.

Mr. STEIGER. The Administration on Aging has administered the foster grandparents program since 1965.

Mr. BECHILL. Yes.

Mr. STEIGER. Even though it is funded through the Office of Economic Opportunity. You have answered the question, there has been an evaluation on this done, the evaluation was done in 1966 after a year's experience, now has one been done since that time?

Mr. BECHILL. No, but we have had individual evaluations conducted by universities and organizations. It is rather detailed but I think we could provide a summary. There are current evaluations going on in one or two of our programs. These have been done by various universities around the country.

Mr. STEIGER. I think it might be helpful for the record to have the summary of those specific evaluations.

Mr. BECHILL. They show dramatically the data concerning the costs of the program, something which Miss Switzer mentioned in her testimony earlier this week. Also some of the direct benefits that go not to the older person, but also benefits to the institutions involved.

Mr. STEIGER. I wonder if you would comment on the charge that has been leveled about the pending legislation, which is that the advisory committee on aging was not consulted about this proposal, is that right?

Mr. BECHILL. This proposal developed out of discussions Mr. Steiger, that have actually been taking place for sometime within the administration and I think the earliest discussions went back as much as 18 months ago in reference to the transfer of the foster grandparents program to the Administration on Aging from the Office of Economic Opportunity.

We had not consulted with the Advisory Committee on Older Americans as a group. We had thought of the possibility of this transfer and discussed it with individuals but with reference to this legislation we did not have time.

Mr. STEIGER. Another charge that has been made, is that none of the organizations of senior citizens were consulted on this question; is that accurate?

Mr. BECHILL. As I say again, this legislation has been developed by the Administration and I think there was no intent to bypass consultation with the national organizations.

I think we were largely the victims of the timing situation that we encountered in trying to develop the legislation in the last few weeks. We had absolutely no intent to bypass anybody.

Mr. STEIGER. I might say I think I ought to make my own position clear; I think the bill is good and I support it. I think some changes should be made but I am a little concerned that there seems to be some misunderstanding on the part of those deeply committed in this field who perhaps don't fully appreciate the good job the Administration on Aging has done in administering the foster grandparents program and the Older Americans Act.

I won't ask any more questions. Thank you for coming down here again.

Mr. HAWKINS. Just two final questions, one with respect to the volunteers that I understand have participated in some of these programs prior to the time the foster grandparents program was funded. Is there any evaluation of this phase of the program as to what extent the volunteers continued? Were they discontinued, have there been any efforts to involve volunteers in this program?

Mr. BECHILL. You mean prior to the start of the program, Mr. Hawkins?

Mr. HAWKINS. It is my understanding that there had been a great number of volunteers in this particular field in such programs as foster grandparents program and I was somewhat curious as to whether or not any volunteers have continued to work alongside of paid employees.

Mr. BECHILL. May I introduce Mr. Bernard Nash, the Deputy Commissioner on Aging?

Mr. NASH. I am Bernard Nash, the original director of the foster grandparents program.

Some of the 22 original programs invited participation of volunteers along with paid employees. The institutions began to test this program to determine whether a person could serve in this capacity and they felt they should not engage the volunteer in the early stages of the program.

As they began to demonstrate the older person could serve in this capacity, we encouraged institutions to train volunteers to participate and have continued to do so.

In the title III programs of the Administration on Aging there are upward of about 32,000 persons serving as volunteers actively. In the 238 senior citizen centers being operated under the Administration's program, there is an average of 45 volunteers in each program who are older persons. They are actively engaged and participating.

Mr. HAWKINS. How do you distinguish between those paid and those

who are not, and what is being done to have the volunteers become the paid employees?

Has any friction developed as a result of the dual system?

Mr. BECHILL. In the foster grandparent program the foster grandparents are paid a compensation. What frequently happens in the experience of the title III program with the volunteers is something I think requires a lot of evaluation as these programs develop. We do know, in some instances, that the volunteer often at a later point may even be picked up on some kind of compensated basis as a part of the program.

It is a very fluid situation in a number of the community programs at the moment.

Mr. NASH. The basic distinction is this is an Office of Economic Opportunity program and the individuals being paid are the individuals qualifying under the criteria in the act.

Mr. HAWKINS. Just one final question, with respect to the senior aged program under the Department of Labor, in what way does this fit into the title VI program, what is the comparison between that program and such programs as we sponsor under the title VI?

Is there any duplication or any overlapping present, or are they different-type programs?

Mr. BECHILL. We are not aware of any duplication.

The contracts the Department of Labor recently signed with three organizations are funded out of OEO as demonstrations of a variety of different functions that could be carried out by older people.

It is hard to answer your question at the moment because these programs are just getting underway. They are not fully operative, but I would think that the major differences would be in relation to three or four things. One, we conceive of the Service Roles in Retirement as a three-pronged program. First, then, as the bill indicates, using the foster grandparents as a base of the older persons serving institutionalized youngsters and children. Second, the older person serving in providing services to children who are in various kinds of community settings, such as day care.

Third, we were thinking here primarily of services principally of a companion nature, although not exclusively that, which might be offered to an older person living alone, or the physically handicapped older person who needs personal services, the older blind, or older persons with visual impairments.

The group might very well be the older mentally retarded where we could, I think, benefit from the experience that we have had in the foster grandparent program of working with the young mentally retarded transferred to this particular group of people.

Another difference is the programs that have been developed by the Department of Labor are on a demonstration basis, and we certainly encourage that kind of activity. But, what we are attempting to do in title VI is to take the actual experience, the actual operating experience we have had for 30 months or more, and transfer it into institution settings that are providing services to various people in the population such as, perhaps, a homemaker service or a home for the aged in some cases; as well as the day care center, the institution, and the hospital.

We are also in many of these kinds of institutional settings in the foster grandparents program, Mr. Hawkins.

Mr. HAWKINS. Are there any similarities? You have clearly defined this difference.

Mr. BECHILL. I would have to look at the three organizations involved; there possibly could be some similarities in terms of activities undertaken elsewhere.

Mr. HAWKINS. The committee has been joined by the distinguished Congressman from Pennsylvania, Mr. Dent.

Mr. Dent, we are about to conclude the testimony of these witnesses. Do you have any questions?

Mr. DENT. Not particularly at this time. I am sorry I am late, but we just can't be everywhere.

Mr. HAWKINS. If not, then, Miss Switzer, we would like to thank you for your testimony before the committee.

As usual, it has been very helpful, and you, Mr. Bechill and Mr. Nash. If there are no further questions of the witnesses, they are excused.

Miss SWITZER. Thank you for giving us an opportunity to come back.

Mr. Dent, I will leave one of these for you. It is a report of the Architectural Barriers Commission.

Mr. DENT. Thank you kindly. Before you leave, Mr. Bechill, may I ask a question? I have just returned from a session on the pension problems of the private pension systems under you. Have any of your investigations, or any of your work in the area of the aging, come across the conditions where they are dependent because of the fact that pension plans they belonged to suddenly disappeared when they became retirement age?

Mr. BECHILL. Yes, Mr. Dent, I am familiar with the problem.

Mr. DENT. I was startled this morning, Mr. Chairman, to find out that—at least the figure given to me—we were holding hearings on it in our committee—but they said 71 percent of all the workers covered by pension plans never get any money out of them.

If that is the case, there must be a great number of the retired persons or near retirement who are in pretty sad straits. They certainly would not have enough to live on.

Mr. BECHILL. That is right. The problem has to do with the vesting rights of employees as they move from job to job.

Mr. DENT. Would you try to get me some information from your sources dealing with these problems of the aged? Could you come before our committee with whatever you discover in this area?

Mr. BECHILL. I would be glad to.

(The documents referred to follow:)

#### ADMINISTRATIVE COSTS OF THE FOSTER GRANDPARENTS PROGRAM

A recent review of Foster Grandparents project records showed that for every Federal dollar spent foster grandparents receive 81 cents in direct benefits in the form of wages, FICA contributions, insurance, yearly medical examinations, transportation and meals.

The ratio of direct benefits to the Federal share (81%) was determined from a random sample of current projects funded. Every fourth foster grandparent project budget, selected from an alphabetical listing by states, was examined. The total of direct benefits was divided by the Federal contribution for each project. The results were rounded off and reduced to an average figure of 81%.

In assessing administrative costs of the program, it is appropriate to take into consideration the preventive and rehabilitative services to foster grandparents provided by project supervisors. Project directors are qualified and

are instructed to give foster grandparents information, consultation and referral service for their own medical, social and financial problems. In addition, some 20,000 children received similar preventive and rehabilitative benefits because of this.

It is important to recognize the differences in the kind of administration required for projects that develop the capacity of older people to serve deprived and disturbed human beings, and projects that carry out impersonal or routine, though important, tasks.

It must also be noted that foster grandparents are assured the benefit of a project director who is qualified to give continuing individual assistance to help them with personal services. All supervisors are instructed to give foster grandparents information, consultation and referral service for their medical, social and financial problems. Thus, the administrative costs must be considered in terms of the preventive and rehabilitative benefits of these services as well.

A current examination of costs of the Foster Grandparent Program shows considerable improvement. At that time they were evaluating the Foster Grandparent Program as a research and demonstration program which inherently carries higher costs for consultation, research and evaluation services. It also included one-time purchases of equipment. In its present effective operation, both the Administrative on Aging and other project grantees have been able to take advantage of past evaluations and experience.

Increased funding of the Foster Grandparent Program had been anticipated. It did not develop. When more money does become available, more foster grandparents can be used in existing projects, thereby reducing even further the ratio of administrative costs to direct benefits for foster grandparents.

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#### SUMMARY OF THE INDIVIDUAL REPORTS ON EVALUATION OF THE FOSTER GRANDPARENT PROGRAM

GREENLEIGH ASSOCIATES, NEW YORK, NEW YORK

A national evaluation of the Foster Grandparent Program was made in 1966. It was financed by the Office of Economic Opportunity and conducted by Greenleigh Associates of New York. It recommended a study to determine the long-term viability of the program and spoke of the "dual function and orientation-employment of the aged and service to children." It said: "to attempt to neatly categorize it either as an employment program or a service-oriented program will undoubtedly stifle the innovative contribution that it has and can continue to make to our economic and social well-being—To see the program in operation, to observe the hunger of deprived, handicapped and sick children for love, warmth and attention, to learn of the reborn feelings of usefulness on the part of the older people who had been cast aside by society—these are the essential human aspects of the program.—The program has demonstrated its main objective—the utilization of previously wasted human resources to improve the lives of children and older people, and thereby to strengthen the quality of our society."

The specific purposes of the evaluation were—

To describe the social and economic characteristics of the foster grandparents;

To describe the characteristics of the child population being served;

To appraise the socio-economic effects of the program on the foster grandparents;

To appraise the social and emotional effects on the children being served;

To assess the program including its administration, recruitment, training, operations and content;

To assess the effects of the program in terms of institutional change and adaptation; and

To determine the overall benefits, strengths and weaknesses of the program and assess its relevance with respect to the prevention and amelioration of poverty-linked problems in the community and among the aged and children.

In carrying out these objectives it was understood that—

The evaluation will describe and analyze the roles provided for foster grandparents in the institutions involved and any administrative or operating problems associated with these roles. The evaluation will also deal with the extent to which the Foster Grandparent Program adds to the institutional setting new roles not presently served; and

The evaluation will also give attention to the impact of the program and the foster grandparent concept on the administration of the agencies involved and the effects upon the local social service systems of which the institutions using foster grandparents are a part. An appraisal will be made of the potential for local sources of support for continuation of the program.

The scope of the evaluation included studies of ten of the twenty-two foster grandparent projects that were funded at the time the study was approved. The ten projects involved thirty-three child-serving host agencies that were utilizing foster grandparents. These included ten general and special hospitals, seven institutions for the retarded, fifteen institutions or agencies for dependent and neglected children, and one specialized institution for emotionally disturbed children. The principal approach was a descriptive-analytical study of the Foster Grandparents Program in *situa*. The program, administration, and the impact on foster grandparents, children, institutions and the community, were all studied firsthand during actual operations over a three-month period. The fact that the ten projects were in different stages of development made it possible to observe directly almost all elements of the program, ranging from the early processes of recruitment and training of foster grandparents in some communities, through actual program operations in all communities, to the more advanced stage of project applications for a second year of operation in some communities.

Most of the data were obtained by a staff of six field analysts who were highly trained and experienced professionals in the social sciences, social work and education, each with a background of considerable research and program experience. After a week of special training and orientation to the study and its methodology by Greenleigh Associates, these field analysts were equipped with specially devised research instruments to facilitate the systematic gathering of objective data on a number of levels.

By site observations, depth interviewing, the administration of a questionnaire, and analysis of primary and secondary resource material and documents, the field analysts obtained the necessary data and prepared analytical reports of the operating program, the foster grandparents and the children in each local setting. The final, total picture was synthesized from these reports.

The study focused on several levels. At the most minute level, the focus was on the individual grandparents and children. The next, broader level was the host institutions using and adapting to the program. Broader still was the total program, under the administration of a given sponsoring agency responsible for organizing local resources in program development and operation. Finally, the total community had to be viewed as the embedding environment for the program as presently operating and in anticipation of future program operations.

The program has proven that it does reduce poverty among the aged poor by providing them with the necessary income through useful employment to raise them above the poverty income level. It provides a new, useful and needed role for older people in children's institutions in order to meet the needs of institutionalized children for warm individual care and attention.

In addition to the national evaluation, OEO sponsored three in-depth research projects to investigate the impact of the Foster Grandparent Program. Although further national studies have been held up because of lack of funds, a number of research studies have been made by individual projects. Thus, aside from the Head Start program, this had been one of the most studied and closely monitored programs initiated by the OEO.

#### MERRILL-PALMER INSTITUTE, DETROIT, MICHIGAN

The internationally renowned Merrill-Palmer Institute has conducted a detailed study of the Foster Grandparent Demonstration project at the Sarah Fisher Home, Farmington, Michigan. This research shows the impact of the program over an extended period on children, on the foster grandparents, the individual differences in performance of foster grandparents and their impact on the institutions involved. Rosalyn Saltz, Research Project Director, says, "In general, the data definitely supports the conclusion that the use of Foster Grandparents has had a largely beneficial impact on all three sides of the 'triangle' we have studied, namely the institutionalized children, the elderly employees and the institution itself. The unique 'special-relationship' concept (of foster grandparent with child) appears to be a practical one and to be associated with sometimes remarkable therapeutic effects on both the children and the elderly

people involved." A later, more exhaustive report of this research will be available at an early date. (Report attached.)

UNIVERSITY OF UTAH—GRAY AND KASTELER

Another research study was made by Robert M. Gray, Ph. D., of the Department of Preventive Medicine and Sociology and Josephine M. Kasteler, M.A., Department of Sociology, University of Utah, at the Utah State Training School project (published March 1967).

The research gives an added dimension to our knowledge. Here the foster grandparents and a second group of older persons from the same community, acting as a Control Group, were compared before the program began and again after the program had been in progress for approximately one year. Comparisons were made on the basis of several dimensions of successful aging.

Similarly an Experimental and Control Group of children were divided into matched sample, with children in the Experimental Group, residents of the Utah State Training School, assigned to Foster Grandparent Program 20 hours per week in a close working relationship.

A comparison of the foster grandparents and their controls at the end of the project with respect to several dimensions of successful aging disclosed that the foster grandparents were more active in community affairs, had better personal and social adjustment, were more satisfied with their lives, had better mental health, a more favorable self-image, experienced less stress, had better physical health, and felt less alienated and more a part of the general society than did the Control Group subjects who had not participated in the Foster Grandparent project.

A comparison of the mean scores of the two groups of children at the end of the project experiment disclosed that the Experimental Group children had significantly higher scores in learning performance, social competence, and language ability. (Copy attached.)

DENTON, TEXAS RESEARCH REPORT

Within the next month a research report on the Denton, Texas project is anticipated. It was conducted by Dr. Hiram Friedsam, Director, Department of Economics and Sociology, North Texas State University, during the past two years. Dr. Friedsam has established a distinguished reputation for research in Gerontology. He states that in his findings he has been struck by the overwhelming response of the foster grandparents that their principal benefit from the program has been the opportunity to be of service to and of being needed by the children. Dr. Friedsam states that financial aspects, while they can safely be assumed to be important in the grandparents' motivation and satisfactions, were among the least common response for being enthusiastic about the program.

At this point in our research the criterion for which we have the best and most comprehensive data is the evaluation and acceptance of the program by the staff of the institution and their interest in retaining or expanding it. Judged on this basis, the program has been successful to date. We have been told repeatedly—and vividly—how the presence of the grandparents has altered the lives of the children in the institution, and a recurrent refrain has been, "We need more of them."

NORTHEASTERN STATE COLLEGE, TAHLEQUAH, OKLAHOMA

Another and more recent study available in April 1968, was made of the program in Northeastern Oklahoma, by the Division of Education and Psychology, Northeastern State College, Tahlequah, Oklahoma. The evaluation of the latter is based on interviews with foster grandparents, students and youth associated with foster grandparents, administrators and personnel from related institutions, Community Action Program supervisors and parents of children being served. Comments from administrators and teachers at institutions may be summarized in the statement, "We have finally found the missing link between the home and the institution."

The purposes of the evaluation were to determine: (1) The effectiveness and value of the foster grandparents in the institutions and positions assigned to them; (2) The effect of such responsibilities and assignments on the economic, physiological, psychological well-being of the foster grandparents.

In summary, the program is, without question, contributing to the psychological health of the foster grandparents. They are engaged in work where they feel

they are making a real contribution to society and which meets many of their more personal needs. There is no doubt in the minds of the evaluating team that the Foster Grandparent Program is an unqualified success. It is of equal value to the institutions and programs served and to the grandparents themselves.

THAMES VALLEY COUNCIL FOR COMMUNITY ACTION, INC., NORWICH, CONNECTICUT

A research report of the Thames Valley Council for Community Action, Inc., Seaside Foster Grandparent Project by Everett Lewis, Thames Valley Council for Community Action, Inc., has been released recently. This report is concerned primarily with attitude changes in foster grandparents. Mr. Lewis says, "The Foster Grandparent Program is not a panacea for the problems of the elderly and retarded child to become a genius like the hero of Daniel Keyes' sensitive novella.

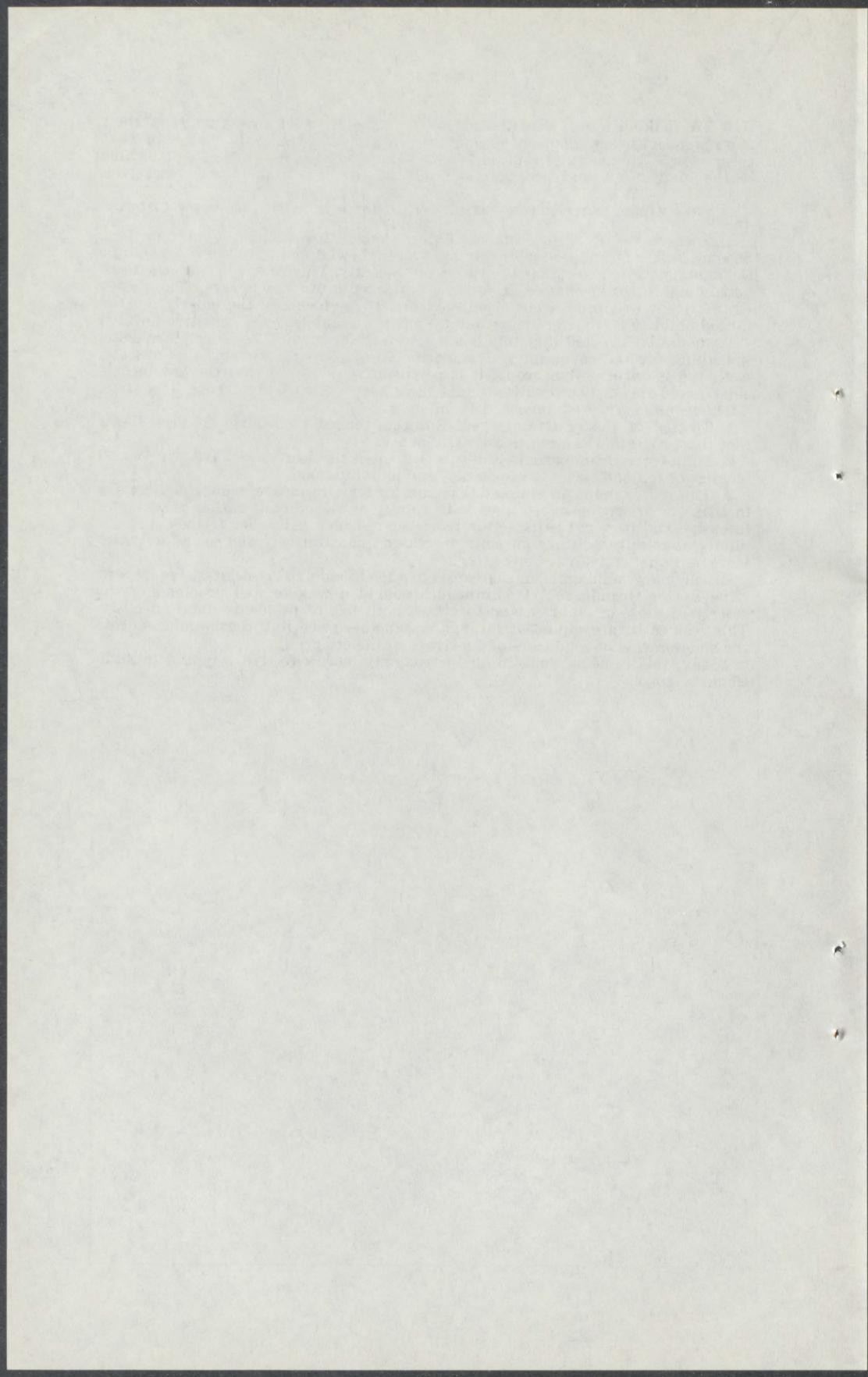
It should be stressed that this is not a welfare program. The elderly are doing something for the community. The Foster Grandparent Programs fills a social need and is not a philanthropy. It is pertinent to point out that the low income elderly and the institutionalized child have been with us for a very long time.

The results may be summarized as follows:

1. Testing of Foster Grandparent Subjects tended to confirm the hypothesis that this program was a regenerative influence.
2. The Foster Grandparents Subjects presented themselves as having increased feelings of self-sufficiency, self-potency, and individualism.
3. The data tended to suggest that the Foster Grandparent does not greatly increase in gregariousness either with family or friends but rather takes more intensive and personal satisfaction from her retarded child, her friends, and her family. Generally, solitary pursuits decreased quantitatively and social activities increased qualitatively. (Copy attached.)

In summary, and again in the words of the Greenleigh Associates, Inc. report, "The Foster Grandparent Program idea sought a way to wed problems of the elderly to those of children and to attack both sets of problems simultaneously. This was to be accomplished through a human-service link that would address the amelioration of conditions of deprivations in both groups."

Today, this is being done in an increasingly more effective way and in additional settings.



90th Congress }  
1st Session }

JOINT COMMITTEE PRINT

## OLD AGE INCOME ASSURANCE

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A COMPENDIUM OF PAPERS ON PROBLEMS AND POLICY ISSUES  
IN THE PUBLIC AND PRIVATE PENSION SYSTEM

SUBMITTED TO THE

SUBCOMMITTEE ON FISCAL POLICY

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CONGRESS OF THE UNITED STATES

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Part IV : Employment Aspects of Pension Plans



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## VESTING PROVISIONS IN PRIVATE PENSION PLANS

BY HARRY DAVIS\*

In recent years vesting—the right of a participant to receive his accrued pension benefits if he leaves the plan before he is eligible for retirement benefits—has become one of the most discussed aspects of pension plans. Comprehensive current data are needed because public discussion usually involves matters such as the prevalence of vesting, the rate at which vesting provisions are being added to plans, the requirements for vesting, and the rate at which they are being liberalized. To meet this need, the Bureau of Labor Statistics recently repeated the analysis it made nearly 5 years ago of the vesting provisions in the pension plans filed under the Welfare and Pension Plans Disclosure Act.<sup>1</sup>

Until the mid-1950's, vesting provisions were limited largely to contributory plans not under collective bargaining. In 1950 a Brookings Institution study disclosed that three-fourths of the members of plans with vesting contributed to the financial support of their plan. The study also revealed that nearly two-thirds of the members of plans with vesting belonged to plans installed before the 1940-50 union drive to secure pensions.<sup>2</sup>

The prevalence of vesting jumped sharply in 1955 when the United Automobile Workers Union succeeded in adding a vesting provision to the plans it had negotiated in the automobile, farm equipment, and other industries. Another boost occurred in late 1957 when vesting was added to plans negotiated by the United Steelworkers. As a result, BLS studies of large pension plans under collective bargaining showed that the incidence of vesting provisions had increased from 25 percent of the 300 plans analyzed in 1952 to 60 percent of a similar group studied in 1958.<sup>3</sup>

The Bureau's two most recent studies are based on much larger samples—around 1,200 plans—and show that the prevalence of vesting in negotiated plans rose to 67 percent in the winter of 1962-63 and to 74 percent in mid-1967.<sup>4</sup> However, chiefly because of the absence of vesting in many large multiemployer plans, only 56 percent of the members of negotiated plans had the protection of a vesting provision in 1962-63 and 61 percent in 1967.

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\* Bureau of Labor Statistics, U.S. Department of Labor.

<sup>1</sup> See *Labor Mobility and Private Pension Plans*, BLS Bulletin 1407 (1964).

<sup>2</sup> Charles L. Dearing, *Industrial Pensions* (Washington: The Brookings Institution, 1954), p. 75.

<sup>3</sup> *Pension Plans Under Collective Bargaining*, BLS Bulletin 1147 (1953), and *Pension Plans Under Collective Bargaining, pt. I. Vesting Provisions and Requirements for Early Retirement; pt. II. Involuntary Retirement Provisions, Late 1958*, BLS Bulletin 1259 (1959).

<sup>4</sup> Includes some plans mentioned in collective bargaining agreements that were not negotiated; e.g., plans initiated unilaterally by employers and which the union has not bargained often are mentioned in agreements as among the conditions of employment that will be continued without change. See technical note which follows.

The recent studies also show that while in both 1962-63 and 1967 about two out of three plans not under collective bargaining had vesting, the proportion of members in such plans rose from two out of three to almost three out of four. For all plans combined, vesting coverage rose from 59 percent of all plan members in 1962-63 to 63 percent in 1967.

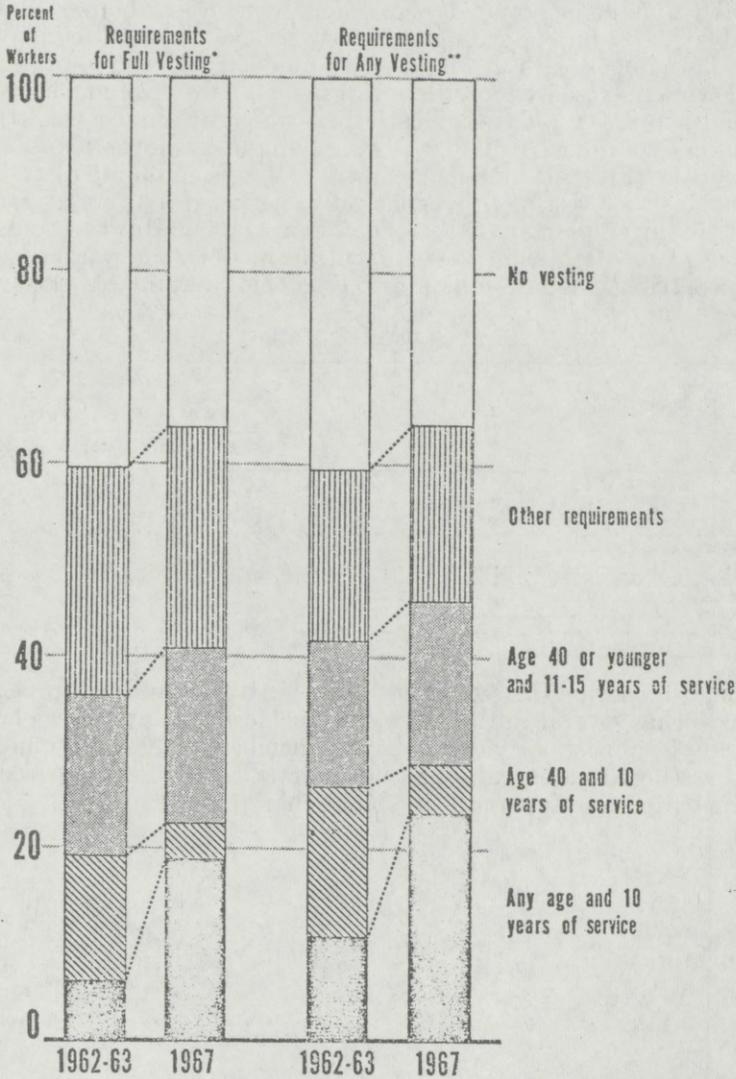
Vesting increased in single employer and multiemployer plans, in negotiated and nonnegotiated plans, and in noncontributory plans. (See table 1.) By far the strongest gains were made by multiemployer plans; the number with vesting nearly doubled and the number of covered workers rose by more than a third. Despite these gains, however, multiemployer plans—almost all of which are under collective bargaining—continued to lag far behind single employer plans. Although about three out of four members of single employer plans belong to plans with vesting provisions, only one out of four participants in multiemployer plans has that type of protection. However, single employer plans often made vesting contingent upon the worker leaving his contributions in the plan or on his being terminated involuntarily.

TABLE 1

	Percent with vesting			
	Plans		Workers	
	1962-63	1967	1962-63	1967
All plans.....	67	70	59	63
Single employer.....	69	72	71	77
Negotiated.....	73	79	72	78
Not negotiated.....	68	68	71	74
Multiemployer.....	32	45	23	26
Negotiated.....	67	74	54	59
Not negotiated.....	67	67	67	73
Contributory.....	76	75	78	80
Noncontributory.....	64	69	51	57

During this period the requirements for vesting were liberalized by plans covering several million workers, including many large plans. For example, almost one out of five plan members in 1967 can qualify for full vesting after 10 years of service, regardless of age, compared to only one out of 17 a few years ago. (See chart 1.)

Chart 1.  
Age and Service Requirements for Vesting,  
1961-62 and 1967

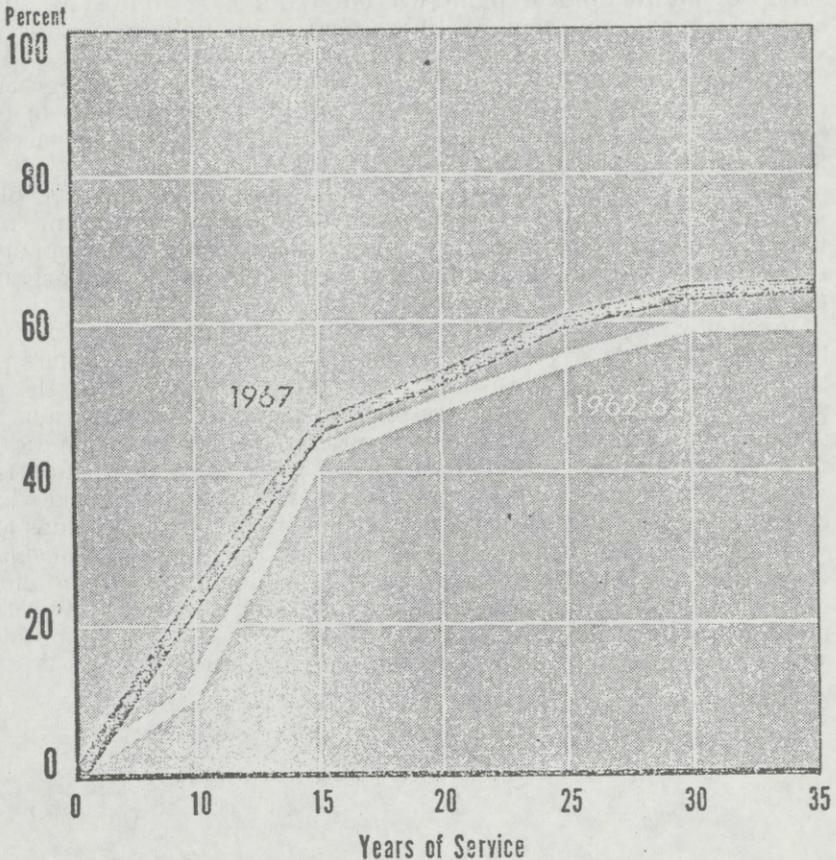


\* Plans with graded vesting provisions classified by their age and service requirements for full vesting.

\*\* Plans with graded vesting provisions classified by their age and service requirements for initial vesting.

The effect of all of the liberalizations of age and service requirements is illustrated in chart 2 which depicts the probability of all workers acquiring vested rights if they begin working at age 25 in jobs covered by pension plans. It shows, for example, that after 10 years' service—i.e., at age 35—about 22 out of 100 such workers would have vested rights under current plan provisions compared to about 15 out of 100 almost 5 years ago. The contrast is not as great for older workers with more service because the most important liberalization was dropping the age requirements from plans negotiated by the automobile workers.

**Chart 2.**  
**Chance of Acquiring Vested Rights After Stated Service**  
**for Private Pension Plan Participants**  
**Beginning Work at Age 25**



## PREVALENCE OF VESTING IN 1967

About four-fifths of the workers covered by contributory plans in 1967 had vesting protection compared to three-fifths of the workers covered by noncontributory plans.

TABLE 2

	Total		With vesting		Without vesting	
	Plans	Workers (thousands)	Plans	Workers (thousands)	Plans	Workers (thousands)
All plans.....	16,852	17,326	11,782	10,842	5,070	6,484
Single employer.....	15,595	12,521	11,221	9,605	4,374	2,915
Multiemployer.....	1,257	4,806	561	1,236	696	3,570
Noncontributory.....	12,439	13,198	8,482	7,548	3,957	5,650
Contributory.....	4,413	4,127	3,300	3,294	1,113	833
Negotiated.....	6,176	12,423	4,591	7,279	1,585	5,144
Not negotiated.....	10,676	4,903	7,191	3,563	3,485	1,340

This disparity results from the heavy concentration in the latter group of multiemployer plans without vesting. If limited to single employer plans, nine out of 10 workers in contributory plans had vested compared to seven out of 10 in noncontributory plans.

Vesting was provided more frequently to workers in nonnegotiated than in negotiated plans: About 73 percent of the workers in nonbargained plans were in plans with vesting provisions compared to 59 percent of the workers in bargained plans.

The low incidence of vesting in negotiated multiemployer plans accounted for most of the difference between bargained and nonbargained plans. Among single employer plans, about three-fourths of the workers had vesting both in bargained plans and in nonbargained plans.

Vesting was prevalent in manufacturing industries, especially in the durable goods sector, where almost seven out of 10 workers participated in plans with vesting. Since large proportions of the employees in the transportation, retail trade, mining, construction, and service industries were covered by multiemployer plans which did not include vesting, fewer than half of the workers in those industries were under plans with vesting. In finance, where nonbargained white-collar plans predominate, three out of four workers were in plans with vesting. Reflecting the influence of the Bell Telephone System plans, fewer than one-third of the workers in the communications and public utilities industries had vesting. These plans have liberal early retirement provisions, however, which protect accrued benefits for older workers in much the same way that vesting provisions do.

TABLE 3

Industry	All plans		With vesting		Without vesting	
	Number	Workers (thousands)	Plans	Workers (thousands)	Plans	Workers (thousands)
All plans.....	16,852	17,326	11,782	10,842	5,070	6,484
Agriculture, forestry, and fisheries.....	96	44	95	27	1	17
Mining.....	318	334	162	98	156	235
Contract construction.....	521	1,583	301	464	220	1,119
Manufacturing.....	9,875	10,610	7,391	8,050	2,484	2,560
Nondurable.....	4,196	4,196	2,894	2,405	1,302	1,791
Durable.....	5,679	6,414	4,497	5,645	1,182	769
Transportation.....	625	1,273	222	540	403	733
Communications and public utilities.....	846	1,285	487	380	359	904
Wholesale retail trade.....	1,770	976	1,159	540	611	437
Wholesale trade.....	1,075	521	836	340	239	182
Retail trade.....	695	455	323	200	372	255
Finance, insurance, and real estate.....	1,975	773	1,579	562	396	211
Services.....	826	448	386	181	440	267

## TYPES OF VESTING PROVISIONS

Three types of vesting provisions are found in private pension plans: Immediate full vesting, deferred full vesting, deferred graded vesting. About one out of 1,000 plans had an immediate full vesting provision under which benefits are vested as soon as they are earned. However, most plans with vesting—about seven out of 10—had deferred full vesting provisions that postpone vesting until the participant has met certain age, service and/or other requirements. The remaining three out of 10 plans had deferred graded vesting provisions under which a member acquires the right to a given percentage of his accrued benefits after satisfying minimum age and service requirements. This percentage increases as additional service requirements are met until all of an employee's accrued benefits are vested.

Although, occasionally plans having any of these three provisions pay benefits as soon as the employee is separated, particularly where the benefits are small, benefit payments usually are deferred until normal or early retirement age.

Deferred full vesting was the predominant type of vesting in all industries except transportation, where one large multiemployer plan (the Western Conference of Teamsters Pension Trust) had deferred graded vesting. That plan also largely accounts for the fact that about half the workers in multiemployer plans with vesting had deferred graded vesting; the remaining had deferred full vesting.

TABLE 4

Type of vesting	Plans		Workers	
	Number	Percent	Number (thousands)	Percent
All plans with vesting.....	11,782	100.0	10,842	100.0
Deferred full.....	8,400	71.3	8,943	82.5
Deferred graded.....	3,368	28.6	1,859	17.1
Immediate full.....	14	.1	40	.4

## REQUIREMENTS FOR VESTING

As mentioned above, virtually all vesting provisions require the participants to meet certain age and/or service requirements. The possibility that an employee will receive a retirement benefit depends, of course, on the liberality of these requirements. In addition, vesting may be determined by the type of termination; i.e., whether the employee was laid off (an involuntary termination) or quit (a voluntary termination).

TABLE 5

Minimum service requirements <sup>1</sup>	Percent distribution	
	Plans	Workers
All plans with deferred full vesting .....	100.0	100.0
No service requirement.....	.1	.2
Less than 10 years.....	14.8	7.2
10 years.....	31.5	40.2
11 to 14 years.....	2.5	1.8
15 years.....	33.7	37.9
16 to 19 years.....	1.0	.8
20 years.....	11.9	7.0
21 to 24 years.....	.2	.5
25 years.....	3.4	3.6
26 to 29 years.....	.4	.3
30 years.....	.4	.5

<sup>1</sup> For those plans which require that a period of employment be served before participation in the plan begins, the minimum service requirement includes both the preparticipation service and the required plan membership service.

In addition to service requirements, minimum age requirements—usually 40 years—were specified by about three out of five plans. However, plans covering about half of the workers had no age requirements; they vested the benefits of all workers meeting their service requirement, which was usually 10 years. The number of workers covered by such plans has increased markedly in the last 3½ years, primarily because, as previously noted, the age requirement was abolished in the major plans negotiated by the Automobile Workers.

TABLE 6

Minimum age requirement <sup>1</sup>	Percent distribution	
	Plans	Workers
All plans with deferred full vesting .....	100.0	100.0
No age requirement.....	41.8	50.8
Age 40 and under.....	21.3	27.3
Age 45.....	9.7	7.4
Age 50.....	9.2	7.9
Age 55.....	15.2	5.7
Age 60 and over.....	2.7	.8

<sup>1</sup> Where plans specified alternative age requirements, depending on length of service, the youngest age was tabulated.

On the whole, service requirements for deferred full vesting were about the same in plans covering only salaried workers and in those covering only production workers; age requirements, however, were more prevalent in salary worker plans. Plans covering two out of three salary workers had age requirements. By contrast, only about half the members of plans covering production workers and half those in plans covering both salary and production workers were subject to age requirements.

*Deferred Graded Vesting.*—Employees under plans with deferred graded vesting generally qualified at an earlier age, and with less service, to vest part of their equity than those under plans with deferred full vesting. To become fully vested under graded plans, however, usually required much longer service than under most deferred full vesting plans.

Service of 10 or 15 years was most frequently required to vest the first step of the worker's equity in deferred graded plans.

The amount initially vested typically ranged from 10 to 25 percent of accrued normal pension benefits. To become fully vested, nine out of 10 workers covered by graded plans had to have 15 years or more of service and often as much as 20 to 30 years.

#### TYPE OF SEPARATION

A worker that met the specified age and service requirements usually would be vested regardless of the reason for terminating his employment. However, plans covering one out of eight workers in plans with vesting—mostly those negotiated by the steelworkers—required that the employee be separated involuntarily in order to qualify for his accrued benefits.

TABLE 7

Conditions for vesting	Plans		Workers	
	Number	Percent	Number (thousands)	Percent
All plans with vesting.....	11,782	100.0	10,842	100.0
Any separation.....	11,101	94.2	9,410	86.8
Involuntary separation.....	681	5.8	1,432	13.2

#### BENEFITS PAYABLE UNDER VESTING PROVISIONS

The employee generally receives his vested benefit in the form of a life annuity, commencing at the normal retirement age specified in the plan. The amount of the benefit is determined by the normal retirement benefit formula using the member's credited service and earnings at the time his membership terminates. However, if the plan has a minimum normal retirement benefit, it is usually not used in computing vested benefits.

In about two out of three plans, the benefit was payable only at normal retirement age, usually 65 years.

TABLE 8

Time of benefit payment	Plans		Workers	
	Number	Percent	Number (thousands) <sup>1</sup>	Percent
All plans with vesting.....	11,747	100.0	10,824	100.0
At normal retirement age only.....	8,081	68.8	6,257	57.8
At normal retirement age or—				
In prior 5-year period.....	559	4.8	2,060	19.0
In prior 10-year period.....	2,024	25.7	2,357	21.8
In prior 15-year period.....	83	.7	149	1.4

<sup>1</sup> Excludes 35 plans covering 18,220 workers for which complete information was not available.

Employees could elect to receive the actuarial equivalent of vested benefits before normal retirement age in one out of three plans covering four out of nine workers. An actuarial reduction was specified in slightly more than three out of four plans, covering about half the workers, that allowed the employee to receive his vested benefit before normal retirement age. Most of the remaining plans had specific reduction factors, such as 6 percent a year for each year before age 65. A few plans made no reduction because of the early receipt of the benefit. The vesting provision in these plans provided a type of early retirement benefit—often at an earlier age than under the early retirement provision. Conversely, early retirement provisions also protect accrued benefits—usually under stricter age requirements than the vesting provision.<sup>5</sup>

TABLE 9

Reduction factor	Plans		Workers	
	Number	Percent	Number (thousands)	Percent
All plans commencing payment of vested benefits before normal retirement age.....	3,718	100.0	4,636	100.0
No reduction for early retirement.....	141	3.8	44	1.0
Actuarial reduction.....	2,843	76.5	2,278	49.1
$\frac{1}{4}$ of 1 percent for each month.....	13	.3	28	.6
$\frac{1}{2}$ of 1 percent for each month.....	44	1.2	303	6.5
$\frac{3}{4}$ of 1 percent for each month.....	43	1.2	75	1.6
$\frac{1}{2}$ of 1 percent for each month.....	253	6.8	387	8.3
$\frac{3}{4}$ of 1 percent for each month.....	241	6.5	573	12.4
$\frac{1}{4}$ of 1 percent for each month.....	25	.7	170	3.7
1 percent for each month.....	20	.5	508	11.0
Table of reduction factors not uniform....	95	2.6	270	5.8

## NOTE ON SCOPE AND METHOD

A private pension plan is defined for this study as a plan established by an employer, union, or both that provides a cash income for life to qualified employees upon retirement. Profit sharing, stock bonus, and savings plans are excluded because the amount of benefits they provide are not computable in advance. Plans of Government and non-profit organizations, other than unions, are also excluded from the scope of this article. Plans with less than 26 participants, active or retired, are excluded because they are not required to file reports under the Welfare and Pension Plans Disclosure Act, the chief source of the data. This exclusion does not seriously effect the data, since small plans account for only a minute part of the total coverage of all pension plans. Because of these exclusions and certain other adjustments, the number of plans and workers are not comparable to data published by the Office of Labor-Management and Welfare-Pension Reports.

This article was based, as noted above, on the reports and documents filed with the U.S. Department of Labor's Office of Labor-Management and Welfare-Pension Reports, pursuant to the Disclosure Act, by private pension plans covering more than 25 participants. Two probability samples of these plans were drawn. One sample, stratified by industry division and size, was drawn from a complete

<sup>5</sup> See BLS Bulletin 1407, p. 25.

list of all retirement plans that had filed financial reports (form D-2) in 1960.<sup>6</sup>

A second sample—a 5-percent random sample—was drawn from the retirement plans which had filed plan descriptions (form D-1) by September 1966, but had not filed a financial report in 1960. Data for each sample plan were appropriately weighted in accordance with its probability of selection so that the tables based on the first sample show estimates for all private pension plans with 1960 financial reports on file. They are designated “1962-63” because the descriptions were analyzed in the winter of 1962-63. The estimates designated “1967” are based on the combined samples and cover all plans with descriptions (D-1 reports) on file in September 1966.<sup>7</sup> Since the estimates are, of course, subject to sampling variability, small differences may not be significant; i.e., if the same data were available for the entire universe, it might not show the difference estimated from the sample.

The vesting provisions of all sample plans were analyzed from the plan descriptions on file in July 1967, and were considered current at that time. Coverage data, however, were obtained from the reports for 1964 or 1965. The vesting provisions of the plans in the first sample were also analyzed and reported in BLS Bulletin 1407, “Labor Mobility and Private Pension Plans.” The differences between the 1962-63 data and those for 1967 obviously reflect reports of both plan amendments and the “new” plans, including plans with descriptions on file in 1962-63 that did not file financial reports for 1960.

And finally, it should be noted that each plan’s collective bargaining status was determined by the response to the question on Form D-1: “Is the plan mentioned in a collective bargaining agreement?” A “Yes” was assumed to mean that the plan was negotiated, although in some cases, the agreement says that the pension plan is outside its scope or that the plan will not be changed without the consent of the union.

<sup>6</sup>This sample is described in more detail in the appendix of BLS Bulletin 1407.

<sup>7</sup>Because complete plan descriptions were not available for 239 plans with 158,000 workers, the 1967 tables on vesting differ by those amounts from the data for all plans. Similarly, the vesting tables for 1962-63 exclude 213 plans with 68,000 workers, for which vesting information was not available.

## PUBLIC POLICY AND PRIVATE PENSION PROGRAMS

A REPORT TO THE PRESIDENT ON PRIVATE EMPLOYEE RETIREMENT PLANS BY PRESIDENT'S COMMITTEE ON CORPORATE PENSION FUNDS AND OTHER PRIVATE RETIREMENT AND WELFARE PROGRAMS

## V. Vesting

A vesting provision, as usually defined, guarantees to pension plan participants whose employment is terminated before becoming eligible for retirement benefits the right to all or part of their accrued pension benefits at retirement age, regardless of their employment status at that time.<sup>1</sup> Vesting normally does not apply to all plan participants but only to those meeting specified qualifications, usually regarding length of service or age. Vesting protects the pension rights of those qualifying workers whose participation in the pension plan is terminated through layoff or discharge or, in most plans, by voluntary quits.

Despite the early adoption of vesting in some plans, the practice has become widespread only in recent years as pension plans have matured. Greater attention has been focused on the issue of vesting as a result of the extensive layoffs during recent business recessions and a generally higher level of unemployment.

*Extent of Vesting*

Provisions for vesting of pension benefits before retirement age are currently found in about two out of three private pension plans with three out of five covered workers. Vesting is about equally prevalent in collectively bargained plans and in unilateral plans. About two out of three plans under collective bargaining, covering 56 percent of the workers, have vesting, compared to two out of three nonbargained plans with two out of three workers. Vesting is far more common in single employer plans than in multiemployer plans—about 70 percent of the former have such provisions contrasted with 30 percent of the latter. (Appendix A, Tables 6-8)

*Types of Vesting*

The three types of vesting provisions found in private pension plans may be distinguished by the requirements the worker must fulfill to achieve a fully vested position. Under *deferred full vesting*, the eligible worker retains a right to all accrued benefits if he is terminated after meeting the specified requirements, e.g., age 40 and 10 years of service. Under *deferred graded vesting*, the worker initially acquires a right to a certain percentage of his accrued benefits upon fulfilling the stipulated requirements; this percentage increases as additional requirements are fulfilled until the worker becomes fully vested. A plan might, for example, provide 50 percent vesting on completing 10 years of service and an additional 10 percent for each additional year of service up to 100 percent for 15 or more years of service. In contrast to these deferred methods, under *immediate full vesting* all benefits are fully vested as soon as they are earned, i.e., starting from the day of participation.

Of the private pension plans with vesting, two out of three covering four out of five of the workers have deferred full vesting, and one out of three with one out of five of the workers have deferred graded vesting. Immediate full vesting is rare.

Regardless of the type of vesting, benefits are not payable until normal retirement age. In some plans, the actuarial equivalent benefit may be payable at early retirement age if it is requested by the worker. Vested benefits are based on the benefit formula in effect at the time of termination; they are not affected by subsequent improvements in plan benefits.

*Requirements for Vesting*

Vesting provisions generally establish age and service requirements which must be met to qualify. In addition, vesting may be conditioned on the type of termination and, in contributory plans, on the employee leaving his contributions in the plan.

*Deferred full vesting.*—Service is a key requirement. A heavy concentration of workers are in plans requiring either 10 years (over a third of the workers) or 15 (over a third of the workers). Only one-sixth of the plans specify less than 10 years, while a fourth require 20 or more years of service.

<sup>1</sup> The term "vesting" is not normally applied, however, to the benefits purchased by the employee's own contribution since he is entitled to the return of his contributions upon withdrawal from the plan.

In addition to service requirements, minimum age requirements are specified by 70 percent of the plans with the same proportion of workers. Attainment of age 40 is required by roughly a fourth of the plans covering almost half the workers.<sup>2</sup> Other common age requirements are 45, 50, and 55 years.

The combination of age 40 and 10 or 15 years of service applies to over two out of five workers covered by deferred full vesting provisions. In general, the service requirements are longer where no age requirement is specified.

*Deferred graded vesting.*—The age and service requirements of plans with deferred graded vesting are more varied than those with deferred full vesting. Generally, workers under graded vesting can qualify for vesting at an earlier age with less service than under full vesting, but, of course, only part of the worker's equity is initially vested. On the other hand, to become fully vested under graded plans usually requires longer service than under deferred full vesting type plans.

Ten or 15 years is most often required to vest the first step (i.e., the smallest fraction) of the worker's equity in deferred graded plans. The initial percent vested varies widely, ranging from 5 percent for five years' service up to 75 percent for 10 years' service. The most common grading is 50 percent vesting after 10 years of service. To become fully vested, 85 percent of the workers under graded plans need 15 years or more of service. More than half the workers are in plans with no age requirement, but in these cases service requirements usually exceed 15 years.

*Type of separation.*—In about 95 percent of the vesting plans, with 85 percent of the workers, a worker meeting the age and service requirements will be entitled to his vested right if separated for any reason: quit, layoff, discharge, etc. In the remainder, workers who voluntarily leave their jobs before early retirement age forfeit their pension rights. For example, plans in certain primary and fabricated metals products industries generally limit vesting to workers terminated as the result of a permanent shutdown of a plant, department, or subdivision, or laid off and not recalled in two years.

*Contributory plans.*—Under contributory plans—about one out of four private plans with about a fourth of the workers—if the worker terminates before vesting, or if no vesting is provided, he is invariably entitled at least to the return of his own contributions, usually with interest. Most contributory plans with vesting give eligible vested workers the option of choosing between the return of their contributions, or a deferred annuity; however, withdrawal of contributions by the worker almost invariably entails the loss of benefits purchased by employer contributions.

#### *Early Retirement*

Early retirement and vesting are closely related. Early retirement is usually conceived as a device by which a worker can leave the labor force before normal retirement age with an assured, though more limited, retirement income. However, early retirement may also be available to the worker who wants to leave his particular employer and still remain in the labor force. Under these circumstances, early retirement becomes a substitute for vesting. Although most pension plans with vesting also include an early retirement feature, about 20 percent of the plans with over 20 percent of the workers have no provision for vesting but do include arrangement for early retirement.

Early retirement is included in about three out of four private pension plans with about the same proportion of workers. The attainment of age 55 or 60 with 5, 10 or 15 years of service, or any age with 20 or more years of service, are the most frequent requirements for early retirement. In about half the private plans with two-fifths of the workers, early retirement is possible only with the employer's consent.

Early retirement results in a smaller monthly pension plan than that due the worker for equivalent service at normal retirement age, although, of course, the smaller amount will be paid over a longer period of time. About two out of three plans with one out of two workers pay the actuarial equivalent of accrued benefits to the early retiree. Most of the remainder use reduction formulas which approximate the actuarial factors, although some supplement their benefits until OASDI benefits are payable.

<sup>2</sup> Most of the plans in the automobile industry covering about 1,000,000 workers were amended, in late 1964, by dropping the requirement that workers must attain age 40 so that commencing in 1965 participants in these plans need only complete 10 years of service to become vested.

### Effectiveness of Vesting and Early Retirement Provisions

The following figures summarize the extent to which private pension plans provide retirement protection before normal retirement age:

PROVISION FOR VESTING AND EARLY RETIREMENT IN PRIVATE PENSION PLANS,<sup>1</sup> EARLY 1963

	Plans		Covered workers <sup>2</sup>	
	Number	Percent	Number (in thousands)	Percent
All plans studied.....	15,818	100	15,621	100
Vesting and early retirement.....	9,196	58	8,362	54
Vesting only.....	1,438	9	946	6
Early retirement only.....	2,903	18	3,434	22
Without vesting or early retirement.....	2,281	14	2,889	18

<sup>1</sup> Based on an analysis of descriptions on file in early 1963 of all pension plans for which financial reports for 1960 were filed under the Welfare and Pension Plans Disclosure Act. Since this analysis excludes deferred profit-sharing plans, pension plans with fewer than 26 participants, and plans of nonprofit organizations, the total number of covered workers does not correspond with the coverage of all private retirement plans cited elsewhere in this report.

<sup>2</sup> Active workers in 1961.

Note: Because of rounding, sums of individual items may not equal totals.

Source: Bureau of Labor Statistics.

By considering minimum requirements for first qualifying for benefit rights (including both vesting and early retirement), a broad evaluation of pension plan protection to participants is possible. To illustrate this, calculations have been made tracing the extent to which a newly hired 25-year old worker would qualify for benefits as he accumulates service within the scope of a pension plan.

Under the assumed conditions, 90 percent of the plans were found not to provide any protection to the worker within the first 10 years of his service or until age 35. If he remains until age 40, with 15 years of credited service, he still would not be qualified for vested benefits in over two-thirds of the plans. By age 50, with 25 years of service, 45 percent of the plans would have requirements which this hypothetical worker could not meet. The proportion of plans with provisions preventing the worker from qualifying for benefits drops sharply thereafter and tends to disappear at about age 65.

Thus, despite the increasing adoption of vesting and early retirement provisions, the degree of retirement protection in private pension plans varies widely and, in many cases, remains quite inadequate.

#### Implications for Public Policy

Briefly stated, the advantages which vesting brings to the private pension system are the following:

*As a matter of equity and fair treatment*, an employee covered by a pension plan is entitled, after a reasonable period of service, to protection of his future retirement benefit against any termination of his employment. Vesting validates the accepted concept that employer contributions to pension plans represent "deferred compensation," which the individual worker earns through service with his employer.

Without vesting, a worker displaced after long years of service is denied all of his accrued pension protection. A worker in a similar position who voluntarily changes his employment has to forfeit his right to a future pension. Both circumstances are charged with inequity.

*Vesting also provides special advantages to the employer.*—The adoption of vesting by two-thirds of all plans indicates that employers, as well as employees, recognize the value of vesting. For employers, vesting provides added flexibility to management's task of meeting manpower requirements and removes a possible source of employee discontent arising from the operation of the pension plan.

*By making private pension benefits more widely available, vesting strengthens the Nation's entire program for retirement protection.*—Without vesting, the employer's contributions under a pension plan go only to those employees remaining in his employ until retirement age. With vesting, the employer's contributions are made available to a higher proportion of his work force. By bringing pension benefits to additional workers with a rightful claim to benefits, vesting strengthens the private pension system and the security function it is expected to perform.

*Vesting enhances the mobility of the work force.*—The effective functioning of the Nation's labor market system rests on the individual worker's freedom to change jobs to parts of the economy where his services can be better utilized. In an earlier section, the Committee concluded that while the effect of private pensions on mobility is significant, it is limited and selective. Although the lack of vesting in private pension plans may not currently constitute a major impediment to labor mobility, it clearly is a deterrent to mobility for important segments of the labor force including highly skilled professional, technical, other white collar, and some manual workers. Moreover, such a deterrent to mobility may well become more serious in the future as technological progress continues and as participants in relatively new pension plans acquire a greater stake in the plans' benefits.

It may be argued that vesting, if it entails any appreciable costs, results in lowering the average benefit payment or in limiting an increase in benefit levels. However, during the relatively brief history of the private pension movement, benefit levels have been raised and vesting has been introduced virtually simultaneously, indicating no major conflict. Nonetheless, if a choice must be made between a system that provides a higher level of benefits but only for those who remain with their employer until retirement age against one that assures a slightly lower level of benefits to all workers after a reasonable period of service, public policy clearly must choose the latter.

At the present time, the adoption of a vesting provision is entirely a matter for decision by the parties to the pension plan. It is generally not required as a condition for favored tax treatment. While progress through the voluntary adoption of vesting is encouraging, about one-third of the plans still remain without a vesting provision. Another one-fifth circumscribe their vesting provisions by requiring that the employee be involuntarily separated, have more than 20 years of service, or attain at least age 50.

The Committee recognizes that the voluntary character of private pension plans is a precious asset in a free society. At the same time, the Committee is impressed by the fact that the values of vesting extend beyond the interests of the participants in pension plans. Benefits to the entire economy are involved, including the strengthening of economic security for retired workers and the effective operation of the Nation's system of labor markets. The issues at stake affect the functioning of the economy, the cost and character of the public retirement program, and the proper functioning of the tax system.

#### *Committee recommendation*

The Committee is convinced that a vesting requirement is necessary if private pension plans are to serve the broad social purpose justifying their favored status. The Committee, therefore, recommends amendment of the Internal Revenue Code to require that a private pension plan, in order to qualify for favored tax treatment, must provide some reasonable measure of vesting for the protection of employees.<sup>3</sup>

The Committee recognizes that a vesting requirement would serve no useful purpose if (1) it so disrupts the existing private pension system as to nullify its advantages, or (2) it serves to discourage the establishment of new pension plans. At the present time, the problem is to develop methods for implementing a vesting requirement that will represent some significant achievement without creating obstacles to the future growth of the private pension system.

The Committee's thinking with regard to the most effective methods of accomplishing this objective can be summarized as follows:

(1) The vesting requirement might take the form of graded deferred vesting. For example, at least one-half of accrued normal retirement benefits could be required to be vested after 15 years of service, with full benefits after 20 years of service. Application of this principle to some types of plans may be difficult but appropriate adaptations could be made.

Graded vesting is suggested (a) to ease the cost impact on employers, (b) to avoid the so-called "locked in" effect which could otherwise occur during the period immediately before the worker attains the requirements for full vesting, and (c) to reduce the incentive to evade the purpose of vesting on the part of some reluctant employers.

(2) No minimum age requirement should be included for eligibility for the vesting of benefits.

<sup>3</sup> See also the vesting recommendation for deferred profit-sharing plans, Chapter VIII.

Requiring that an individual must attain a specific age before becoming eligible for the vesting of benefits arbitrarily excludes accrual of certain benefits solely because they were earned early in the worker's career. This exclusion is inequitable and handicaps the individual who shifts jobs or is terminated shortly before reaching the stated minimum age.

(3) A vesting requirement should apply to both multiemployer plans and single employer plans.

It is, of course, true that multiemployer plans provide some degree of transferability. An individual worker terminating his employment with one of the participating employers does not lose his pension credits providing he shifts to another participating employer. However, the meaning to workers of this type of protection will depend on the scope of the particular plan. Although a few multiemployer plans are industrywide in scope, most of the plans are limited to employers in a specified area, employing members of a particular union, working in a specific industry or trade. Over one-half of these plans include fewer than 1,000 workers and over a third fewer than 500 workers. Thus, many of these plans are limited to a relatively small cluster of jobs.

(4) The introduction of the vesting requirement should be devised so as to minimize any serious cost impact on the plans. This can be done in two ways:

(a) There could be a transition period of three years from the date of enactment. During this period no one covered by a private pension plan would be required to be vested solely as a result of the adoption of this recommendation.

(b) Careful consideration should be given to developing workable procedures for introducing the new requirement. Among the issues that need exporation in depth are the definition of what constitutes "service" under a plan, whether and how past service credits are to be treated in calculating vested benefits, and, with regard to contributory plans, the possible application of a vesting requirement to the employer's contribution if the employee's contribution has been withdrawn.

#### *Cost impact of committee's recommendation*

The recommendations set forth above raise justifiable questions as to their cost impact. On the basis of available information and actuarial estimates, the Committee is convinced that a modest vesting requirement, with rare exceptions, would not have a substantial impact on pension costs. Precise cost estimates will, of course, depend on the final detailed specifications of the vesting requirement.

Two-thirds of all plans already have vesting provisions, most of which more than meet one or more of the suggested standards. Amending them to conform to the suggested requirement (50 percent vesting after 15 years, full vesting after 20 years) is not likely to prove costly. For example, many plans now condition full vesting upon the attainment of age 40. However, only rarely would eliminating this age requirement have a significant effect on cost since relatively few workers withdrawing before age 40 are apt to have much more than 15 years' service.

The plans that limit vesting to involuntarily separated workers, which cover about 1.3 million workers, would incur only a modest cost increase if they also vested the benefits of voluntarily terminated workers since the rate of voluntary withdrawal among workers with 15 years' service is not expected to be significantly high in these situations.

Somewhat greater increase in cost obviously would be incurred by plans which currently do not provide for vesting. Representative costs have been estimated by government actuaries under a variety of assumptions, including high, low, and moderate turnover for employee groups with high, low, and medium age distributions. It is believed that all but a small percentage of plans would fall within the scope of these assumptions. These estimates indicate that deferred full vesting after 20 years of service (including premembership service) would seldom add more than 6 percent to the cost of providing normal retirement benefits at age 65, and that the Committee's recommendations, including graduated vesting between 15 and 20 years of service, would seldom add more than 8 percent.

The cost to multiemployer plans without vesting—the largest group without vesting—involves somewhat different calculations than the cost to a single-employer plan since it relates not to all terminating employees with vested rights but only to those leaving the jurisdiction of the plan as a whole. In general, although a higher proportion of participants of these plans are likely to attain the 15 years of service needed to qualify for a vested benefit, a smaller propor-

tion of this number are likely to withdraw from the plans after 15 years of service and before retirement.

In summary, the most complete available information indicates that the added cost of adopting the basic features of the Committee's recommendation would be quite modest; that is, under 5 percent for a large majority of pension plans. Rarely would the added cost exceed 10 percent of present expenditures, and special provisions should be made available for any plan where the cost of the vesting recommendation, or the combined cost of the vesting and funding recommendations would have this effect. The Committee believes that the additional cost is well worth absorbing into the pension system for the added security and equity it assures.

[From the Monthly Labor Review, June 1967, vol. 90, No. 6]

# Terminations of Pension Plans: 11 Years' Experience

EMERSON H. BEIER\*

ALTHOUGH PENSION PLANS are initiated as permanent programs, they are subject to discontinuance, as is the existence of the sponsoring company. The recent ending of a few large plans, coupled with a widespread assumption that terminations lead to a considerable loss of earned pensions, has kindled interest in data on terminations. With the cooperation of the Internal Revenue Service, the Bureau of Labor Statistics has studied the causes and effects of termination and the characteristics of plans closed out between 1955 and 1965.

Of 8,100 qualified retirement plans terminated during the years 1955-65, over half were pension plans,<sup>1</sup> as the following tabulation shows:

Terminated qualified retirement plans,  
1955-65

Type of plan	Plans terminated		Estimated number of plan participants (in thousands)	
	Number	Percent	Number	Percent
Total.....	8,069	100.0	475	100.0
Pension.....	4,259	52.7	225	47.4
Profit-sharing.....	3,655	45.3	242	50.9
Stock bonus.....	29	.4	4	.8
Thrift.....	126	1.6	4	.8

The remainder were profit-sharing, stock bonus, and thrift plans, and are not involved in the present inquiry.

\*Of the Division of Industrial and Labor Relations, Bureau of Labor Statistics.

<sup>1</sup>The number of terminations included in this study differs significantly from that reported in quarterly IRS releases. This study relied on IRS termination records (Form 517T); the quarterly releases report the number of determination letters issued.

<sup>2</sup>This estimate does not account for employees who lost their jobs and, unless vested, their pension rights in a business decline preceding termination.

Data abstracted from the termination record files of the Internal Revenue Service (IRS) show that terminating plans tended to be young and small in size. More than half were no more than 6 years old, and two-thirds covered fewer than 25 employees. Although a variety of circumstances may lead to termination, the most frequent reasons given were company and plan mergers, financial difficulties, and business dissolution.

These 4,300 plans covered approximately 225,000 employees at the time of termination. Thus, on the average, about 20,000 workers a year were affected—about one-tenth of 1 percent of total pension plan coverage.<sup>2</sup> All accrued pension rights were not lost, however. Some rights were undoubtedly preserved by fund accumulations or, in many instances, by the transfer of accrued pension credits to other plans. Only a continuance of coverage in another plan, however, assures participants of benefits for future employment.

## Frequency of Terminations

A marked upward trend in the frequency of pension plan terminations is evident from the data shown in the table. The increase is a reflection more of the spread of private pension plans than of any significant change in the rate of plan termination, which has consistently remained around 1 percent of active plans.

The rise in the number of terminations did not follow a smooth path—experience fluctuated in a manner that, in part, reflects the influence of changing business conditions. For example, the greatest rise in the number of pension terminations occurred in 1961, a year of relatively low economic activity; the number fell during the following year of general recovery. The relationship, however, is by no means perfect. In 1963, a relatively good business year, not only did terminations rise, but much of the increase was attributed to financial difficulties.

Although changes in general economic conditions and in the economic characteristics of firms with pension plans influence the rate of plan termination, there is little reason to expect a radical change in the rate in the coming decade. The termination rate, as previously mentioned, was largely unaffected by the moderate economic downturns of the 1955-65 period. Similar experience is

likely in the future, unless subsequent downturns are much more severe. Changes in the characteristics of firms with pension plans reflect divergent influences that, at least in part, are offsetting. As existing firms and plans mature, they become more stable, thus reducing the chance of termination. On the other hand, new plans are spreading into less stable industries and marginal firms where the chance of termination is greater. As new plans account for a declining proportion of the total, it is quite possible that the termination rate may decline.

#### Age and Size Differences

The median age of plans terminated during the 1955-65 period was 6 years. Three out of ten terminations involved plans that were no more than 3 years old. About a fourth were more than 10 years old. The older ones were, on the average, substantially larger than the newer terminating plans. Thus, half the participants were in plans that had been in existence for 9 years or longer.

Mortality among young plans is attributable both to a tendency for plans (and businesses) to be less stable during their early years, and to dif-

ferences between new and old plans that are not directly related to age. The spread of pension plans into industries and enterprises where higher mortality is to be expected may have already affected the termination rate.

Some terminated plans were large, but most of them covered relatively few employees. About 90 percent had fewer than 100 participants and 45 percent had fewer than 10. The median plan had only 13 members. Coverage of the median plan dropped from more than 15 employees during the late fifties to around 10 employees during the mid-sixties.

The high proportion of small plans among all pension plans largely accounts for their high proportion among terminating plans. Similarly, the decline in the median size of terminating plans may reflect simply a reduction in the average size of new plans. However, since a higher incidence of financial difficulty or organizational change—company merger, sale, or dissolution—is likely among small firms, a higher rate of pension plan termination might be expected. This is why multi-employer plans or any device to pool pension plans among small employers offer promise of stability to employees.

SELECTED CHARACTERISTICS OF TERMINATED QUALIFIED PENSION PLANS, 1955-65

Characteristic	Plans		Participants		Characteristic	Plans		Participants	
	Number	Percent	Number (in thousands)	Percent		Number	Percent	Number (in thousands)	Percent
<b>YEAR OF TERMINATION</b>					<b>NUMBER OF PARTICIPANTS</b>				
All plans.....	4,259	100.0	225	100.0	All plans.....	4,259	100.0	225	100.0
1955.....	220	5.2	8	3.6	Under 10.....	1,891	44.4	9	4.0
1956.....	231	5.4	10	4.4	10-24.....	1,053	25.7	17	7.6
1957.....	276	6.5	16	7.1	25-49.....	499	11.7	18	8.0
1958.....	329	7.7	27	12.0	50-99.....	367	8.6	26	11.6
1959.....	372	8.7	20	8.9	100-249.....	253	5.9	40	17.8
1960.....	351	8.2	18	8.0	250-499.....	80	2.1	31	13.8
1961.....	324	12.3	32	14.2	500-999.....	42	1.0	29	12.9
1962.....	454	11.4	21	9.3	1,000 and over.....	24	.6	55	24.4
1963.....	548	12.9	24	10.7					
1964.....	492	11.6	31	13.8	<b>REASON FOR TERMINATION</b>				
1965.....	432	10.1	18	8.0	All plans.....	4,259	100.0	225	100.0
<b>AGE OF PLAN AT TERMINATION</b>					<b>REASON FOR TERMINATION</b>				
All plans.....	4,259	100.0	225	100.0	All plans.....	4,259	100.0	225	100.0
1 year or less.....	284	6.7	13	5.8	Merger or sale.....	1,276	30.0	73	32.4
2 years.....	468	11.0	12	5.3	Coverage continued.....	511	12.0	34	15.1
3 years.....	495	11.6	19	8.4	Coverage not continued.....	406	9.5	19	8.4
4 years.....	380	8.9	8	3.6	Effect on coverage unknown.....	359	8.4	20	8.9
5 years.....	339	8.0	13	5.8	Financial difficulties.....	1,087	25.5	38	16.9
6 years.....	286	6.7	14	6.2	Business dissolved.....	771	18.1	43	19.1
7 years.....	278	6.5	16	7.1	Change to profit sharing.....	214	5.0	14	6.2
8 years.....	211	5.0	17	7.6	By agreement with union.....	180	4.2	11	4.9
9 years.....	168	3.9	16	7.1	Employee lack of interest.....	125	2.9	8	3.6
10 years.....	193	4.5	12	5.3	Transfer to another plan.....	175	4.1	11	4.9
11 years.....	164	3.9	12	5.3	Few employees eligible.....	111	2.6	7	3.1
12 years.....	152	3.6	12	5.3	Other.....	320	7.5	20	8.9
13 years.....	126	3.0	10	4.4					
14 years.....	103	2.5	8	3.6					
15 years and over.....	478	11.2	30	16.0					
Unknown.....	129	3.0	7	3.1					

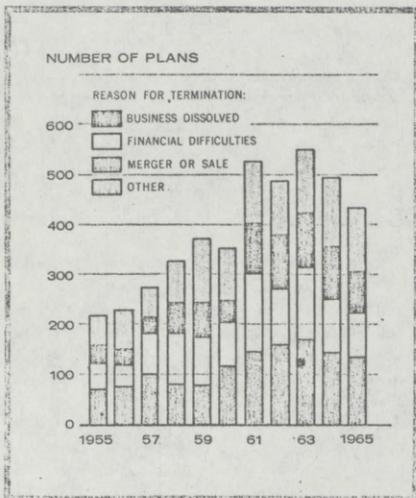
NOTE: Because of rounding, sums of individual items may not equal totals.

### Reasons for Termination

Financial difficulties were frequently cited as the primary reason for terminating a plan. Other reasons, such as company and plan mergers or the sale of individual plants, were also prevalent.<sup>3</sup> Financial difficulty was given as the reason for 1 out of 4 terminations, and business dissolution for 1 out of 5. Mergers and sales, which are difficult to separate, accounted for 3 out of 10. In at least a third of these terminations by merger or sale, pension coverage of employees was not continued.

The frequency of these several reasons for terminating a plan tends to vary from year to year (chart 1). Some reflect adverse business conditions, others may not. Financial difficulty and business dissolution accounted for a larger part of the annual totals when the level of general economic activity was relatively low and business conditions less favorable. It is interesting to note that the role played by business dissolution, the final step, conforms quite closely with that for financial difficulty if adjustment for a 1-year lag is made. Changes in the role of mergers and sales, on the other hand,

Chart 1. Pension Plan Terminations, by Reason, 1955-65



were not closely related to general business activity. Rather, experience followed a relatively consistent upward trend. In 1961, for example, merger or sale was cited more often than in the preceding year, but represented a smaller part of the total. The remaining reasons, which were far less prevalent, did not show either a definite upward trend or fluctuations related to general economic conditions.

The reasons for plan termination tend to differ significantly with plan size (chart 2), and to a lesser extent with age. Financial difficulty is most frequently cited in terminations involving small plans; organization change—business dissolution, sale or merger—are more prominent among the larger plans. Financial difficulty accounted for a third of the terminations affecting less than 50 employees, a fifth of those with 50 to 100 employees, and a lesser proportion among larger plans. Mergers and sales tended to increase with plan size, accounting for a fourth of the terminations involving fewer than 10 workers, and about a third among large plans. Business dissolution followed a similar pattern. Experience among the less prevalent reasons revealed either no pattern or one that is easily explained. Lack of interest and few eligible employees, for instance, were reasons offered mainly by small plans.

### Extent of Benefit Losses

Most pension plans do not, at any one point in time, have sufficient resources to fully discharge all of their liabilities. While benefits earned after the inception of a plan are funded as they accrue, a substantial unfunded liability usually is created when a plan is established by giving participants either full or partial credit for earlier service. Additional unfunded liability may, and usually does, arise because of subsequent, liberalizing plan amendments. Under both circumstances, immediate full funding of these liabilities is not practicable, not only because IRS rules discourage funding at the rapid rate that would be required, but also for reasons of prudent management of a company's financial resources. Although some em-

<sup>3</sup> On IRS forms, a single reason is cited for each termination. Since the various reasons are not necessarily mutually exclusive, some distortion of their relative importance is unavoidable. Financial difficulties, for example, may be a contributory factor leading to the sale, merger, or dissolution of a company.

ployers choose to contribute only enough funds to pay interest on these liabilities, most employers systematically fund them over a period of years.

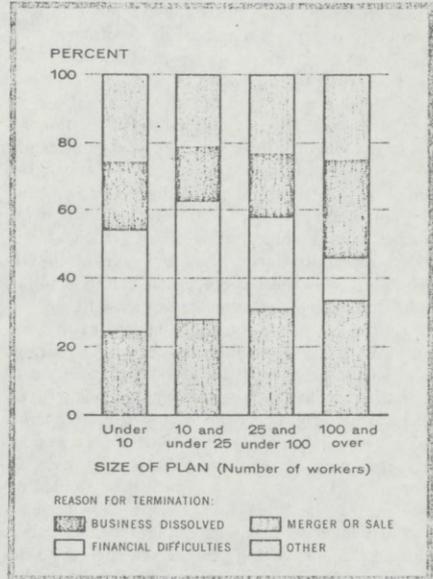
The assets of a terminating plan may also prove to be inadequate to satisfy all of its obligations because of investment losses, failure of the employer to make contributions, or adverse actuarial errors resulting from an overly optimistic projection of a plan's income or an understatement of its liabilities.

Pension plans, with few exceptions, limit an employer's financial obligations to the amount of his contributions, i.e., any deficit in the plan's finances is not chargeable against company assets in case of default. The participants, consequently, must assume the burden of any asset deficiency upon termination, unless their pension credits are transferred to another plan. Available resources are allocated among the participants as specified in the plan or as agreed to at the time of termination. Priority orders are frequently set up to favor the older and long-service members, although pro rata allocations are sometimes made to all participants.

A case in point is the Studebaker plan termination. When the Studebaker plant in South Bend, Ind., was closed and the pension plan terminated, workers with at least 10 years of service and age 60 or over—i.e., those retired or eligible to retire—lost no benefits. Workers with 10 years of service or more and between ages 40 and 59—those with vested rights to benefits—received 15 percent of the value of their accrued benefits. The rest of the participants—those without vested rights—received nothing.

Aside from such well-publicized cases, only the most fragmentary data are available on the extent of participant losses of expected benefits through plan terminations. IRS termination records do not contain the information needed to determine the frequency and magnitude of accrued benefit

Chart 2. Reasons for Pension Plan Terminations, by Size of Plan, 1955-65



losses. In an effort to obtain some information, reports filed under the Welfare and Pension Plans Disclosure Act were examined for a group of 99 terminated plans, each with 100 participants or more. Due to one deficiency or another, rough estimates of the extent of potential participant losses could be made for only 26 of the plans.

By comparing assets to liabilities, it was evident that in 10 of the 26 plans some participant losses were incurred. These 10 plans had slightly over 10,000 members, including 8,500 reported by Studebaker. The assets of these plans, as a group, averaged about one-half of their reported liabilities, but benefit losses probably averaged less than this fraction suggests.<sup>4</sup> Six other plans, with 2,400 members, also reported insufficient assets to fund their accrued liabilities; however, there were no apparent losses since the participants were transferred to other plans. The remaining 10 plans, with 2,300 members, appeared to be fully or almost fully funded; if any losses occurred in these in-

<sup>4</sup>Liabilities as reported under the Disclosure Act are generally greater than the value of accrued benefits and still greater than the value of vested benefits. Although reported liabilities are determined by a variety of actuarial methods, nearly all methods level out the sharply rising cost of promised benefits by estimating liabilities during a plan's early years at a level well above the average cost of providing those benefits. The difference is usually so great that it is only partly offset by the accrued liability owing to credits given for service before the introduction of the plan. See Frank L. Griffin, Jr., "Pension Security and Funding Regulation," *Proceedings, Conference of Actuaries in Public Practice, 1964-65*, p. 135.

stances they were probably nominal. These 26 plans may have been more thoroughly funded than the typical terminating plan because they were older and, consequently, had a longer opportunity to improve their funding positions.

The general lack of pertinent financial information frustrates any effort to determine the value of benefits lost through the plan terminations included in this study. Some reasonable inferences as to the magnitude of loss in typical cases can be drawn, however, by assuming hypothetical, but more or less traditional, funding patterns. Funding practices largely determine the relation between plan resources and accrued benefit obligations, especially during the early years in the life of a plan when asset appreciation usually is minor and liberalizing amendments are least likely.

Employers generally adopt one of several actuarial methods that eliminate abrupt fluctuations and sharp increases in the amount of yearly contributions.<sup>5</sup> The more customary methods will, on the average, fund between 20 and 40 percent of a plan's accrued benefit obligations by the end of its fifth year of operation.<sup>6</sup> Between 45 and 65 percent of the accrued benefits will be funded by the end of the 10th year, if there have been no major plan amendments or changes in asset values during the intervening years. Even if these occur, funding experience is likely to fall within this range because amendments and changes in asset

values tend to offset each other. Their net influence becomes less predictable with advancing age; hence, it is not practicable to suggest a meaningful range of ratios for older plans.

Translated into benefit losses, these funding patterns suggest that, unless coverage is continued through the transfer of credits to another plan, workers stand to lose between 60 and 80 percent of their total accrued benefits if their plan terminates in its fifth year. Most of this loss, however, is attributable to service prior to the inception of the plan. At 10 years, the total loss will range between 35 and 55 percent, assuming the net effect of plan amendments and changes in asset values is rather modest. (In all cases, a system of priority may allocate the loss among participants from none to 100 percent.)

Actuarial conjectures such as these may be of limited value for many purposes. Reasonably accurate estimates of the magnitude of benefit losses cannot be obtained from any government reporting system now in operation. Unless such reporting systems are changed, only a special survey program can produce more reliable data.

<sup>5</sup> The system an employer selects may provide for substantially lower contributions once the liabilities for service before inception of the plan have been funded, e.g., 20 or 30 years. However, such reductions are seldom realized because of periodic plan amendments.

<sup>6</sup> Griffin, *ibid.*

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The objective of management is stewardship, including stewardship of human assets. The basic compensation objective is to maximize the long-run return on expenditure of wage and salary dollars. Not all wage and salary expenditures should be viewed as costs; some are investments in human capital. Human assets should not be priceless in economic terms; they should be placed on the balance sheet where they belong.

—H. G. Heneman, Jr.

[From the Monthly Labor Review, August 1967, vol. 90, No. 8]

## Private Pension Plan Coverage of Older Workers

ABOUT HALF of the men and a fourth of the women between the ages of 50 and 64 employed in private nonfarm jobs in January 1966 were covered by a pension plan. Most of these 4½ million employees will be eligible for a pension at age 65 or earlier, provided, of course, that they continue in employment or retain vested rights to accrued pensions in the event of loss of job. On the other hand, most of the workers in this age group who were not covered by a plan in January 1966 are not likely to attain coverage and to be eligible for a pension by the time they reach 65. Relatively few of these men and women carried vested rights to pensions from previous jobs.

These are the more significant conclusions drawn from a special survey of pension plan coverage of wage and salary workers age 50 to 64 years in private nonfarm jobs, made in January 1966 for the Bureau of Labor Statistics by the Census Bureau.<sup>1</sup>

Even among older workers<sup>2</sup> who had been with their employer for 10 years or more, substantial numbers—about one-third of the men and half the women—were not covered by a private pension plan in their present jobs. A small fraction, however, had vested rights to pensions earned on previous jobs. A generous adjustment for that group still leaves without any private pension plan coverage over a fourth of the men and nearly half the women who had been with their present employer for 10 years or more.

Despite the rapid increase in recent years in the number of new plans, few older workers not currently belonging to a pension plan are likely to acquire coverage and become eligible for benefits before they retire. This prospect stems from the general immobility of older workers, from the common restriction of plan membership applied to workers hired after age 50 (found in plans covering 3 out of 5 workers),<sup>3</sup> and from the requirement, in plans covering 2 out of 3 workers, that to be eligible for a pension a worker must complete 10, 15, 20, or more years of credited service.<sup>4</sup> Moreover, almost all new plans cover only a small number of workers, and the larger new plans frequently supplement existing plans without adding much

new coverage. In 1966, when more retirement plans were approved by the Internal Revenue Service than in any previous year, new plans added very little to the total coverage of all retirement plans.<sup>5</sup>

Nearly all the older workers now covered by pension plans are likely to qualify for pensions because most have completed the required 10, 15, or 20 years of credited service. Over one-third of the workers surveyed said they had already acquired vested rights to pension benefits. Workers without vested rights usually had enough years of credited service to qualify for a pension under most plans or were young enough to earn that service before reaching retirement age. Thus, for example, almost half of the men age 55 to 64 without vested rights had completed at least 15 years of credited service; among those 50 to 54, 3 out of 5 had completed at least 10 years. Few workers of this age with this amount of service are separated from their jobs, even involuntarily, before retirement; nearly all are likely to qualify for pensions.

The proportion of workers covered is not much greater if coverage under plans in prior jobs is also included. Of those not covered in their present jobs, about 1 out of 16 men and 1 out of 50 women had a vested right to a pension from another plan, usually a private plan. About 100,000 were receiving pension checks from plans in prior jobs, chiefly from government plans.

In every occupation group, a larger proportion of men than of women belonged to pension plans. This was also the case in nearly every major industry, and stems from the men's lower rate of turnover as well as from differences in their industrial distribution.

The longer a worker had been employed, the more likely he was to have pension plan coverage (table 1). For workers with fewer than 5 years of

<sup>1</sup> All the data for private pension plans in the survey include data for deferred profit-sharing plans providing pensions. The survey included half the households in the Current Population Survey. A fuller description, including estimates of the reliability of data, will be included in a forthcoming BLS report on the survey.

<sup>2</sup> The term "older workers," in this report, refers to private nonfarm wage and salary workers between 50 and 64 years of age.

<sup>3</sup> *The Older American Worker: Age Discrimination in Employment*, Report of the Secretary of Labor to the Congress Under Section 715 of the Civil Rights Act of 1964, Research Materials (U.S. Department of Labor, 1965), p. 37.

<sup>4</sup> See *Private Pension Plan Benefits* (BLS Bulletin 1455, 1966), pp. 6, 7, 28, and 29.

<sup>5</sup> Data on new retirement plans approved by the IRS in 1966 will be more fully described in a forthcoming article.

employment, the rate of coverage was low (pension plans covering 3 out of 10 workers required from 1 to 5 years of service before a worker was eligible for membership).<sup>6</sup> For workers age 55 and over with 5 to 9 years of service, the rates were presumably held down by age barriers to pension plan participation. These age restrictions had little effect, however, on those age 50 to 54 with 5 to 9 years of service, because they had been hired before reaching 50. Their coverage rate was, therefore, about the same as that of workers in the same age group with 10 to 14 years of service.

—Except for those affected by age restrictions, coverage rates should not be affected by length of employment, particularly after 10 years of service. Yet the survey showed that coverage rates con-

tinued to increase with service: 3 out of 5 older men covered by a plan had more than 15 years of service, while only 3 out of 10 not covered had that much service.

The reason for this can only be conjectured. Companies with pension plans have lower than average turnover rates, not only because of the existence of the plans, but also because the complex group of factors that create a "good job" are highly correlated with pension plans. The significant question, which the study cannot answer, is "Among older workers as a whole, does pension coverage vary with, and because of length of service, or does length of service vary with, and because of, the existence of pension plans?"

<sup>6</sup> See *Private Pension Plan Benefits*, op. cit., pp. 5, 6, 27, and 28.

TABLE 1. PRIVATE PENSION PLAN COVERAGE RATES OF PRIVATE NONFARM WAGE AND SALARY WORKERS AGE 50-64, JANUARY 1966<sup>1</sup>

Characteristic	Percent covered by a pension plan in present job			Percent distribution of workers covered by a pension plan in present job		
	Both sexes	Men	Women	Both sexes	Men	Women
<b>AGE</b>						
Total, 50-64 years.....	41	50	27	100	100	100
50-54 years.....	40	49	24	42	42	39
55-59 years.....	43	52	28	36	36	36
60-64 years.....	41	47	31	22	22	25
<b>LENGTH OF TIME ON PRESENT JOB</b>						
Total, all periods of time.....	41	50	27	100	100	100
Less than 5 years.....	17	22	10	13	13	15
5-9 years.....	31	42	20	11	10	15
10-14 years.....	51	58	37	16	15	18
15-19 years.....	59	62	52	17	16	21
20 years or more.....	66	68	58	42	45	31
<b>INDUSTRY</b>						
Total, all industries <sup>2</sup> .....	41	50	27	100	100	100
Mining.....	64	63	( <sup>3</sup> )	2	3	( <sup>3</sup> )
Construction.....	27	25	( <sup>3</sup> )	3	4	( <sup>3</sup> )
Manufacturing.....	57	63	41	54	58	41
Durable goods.....	62	64	56	33	37	20
Metalworking.....	67	69	58	27	30	15
Nonmetalworking.....	47	47	48	6	7	5
Nondurable goods.....	51	62	32	21	21	21
Transportation and public utilities.....	56	54	74	12	16	8
Trade <sup>4</sup> .....	27	29	24	14	11	13
Wholesale.....	42	46	29	4	6	23
Retail (except eating and drinking places).....	28	25	26	9	6	3
Finance, insurance, and real estate.....	55	60	49	7	6	11
Business and repair services.....	24	24	26	1	1	1
Other commercial services.....	15	25	7	2	2	2
Medical services.....	17	28	15	2	1	5
Education, welfare, and religion services.....	31	53	18	2	2	3
Other professional services.....	34	39	30	1	1	2
<b>OCCUPATIONAL GROUP</b>						
Total, all occupations <sup>4</sup> .....	41	50	27	100	100	100
Professional and technical workers.....	48	69	16	8	9	4
Managers and officials.....	49	53	29	11	14	4
Clerical and kindred workers.....	50	65	43	17	9	44
Salesworkers.....	27	29	26	5	4	11
Craftsmen, foremen, and kindred workers.....	51	52	38	24	30	2
Operatives and kindred workers.....	44	53	30	25	25	24
Service workers, except private household.....	21	26	18	5	4	8
Laborers, except mine.....	36	35	( <sup>5</sup> )	4	5	( <sup>5</sup> )

<sup>1</sup> Includes coverage by profit-sharing plans providing retirement benefits.

<sup>2</sup> Includes private households and other industries for which data are not shown separately.

<sup>3</sup> Insufficient data to show separately.

<sup>4</sup> Includes eating and drinking places for which data are not shown separately.

<sup>5</sup> Includes private household workers for whom data are not shown separately.

NOTE: Because of rounding, sums of individual items may not equal totals.

## Industry

Coverage rates were, of course, higher among workers in industry divisions where pension plans are more prevalent, such as manufacturing, public utilities, and finance. In most industry divisions, rates were higher for men than for women, presumably because more have acquired the service needed to qualify for plan membership. Where the opposite is indicated, the differences either (1) are not statistically significant (i.e., the sampling errors are so large, especially for women, that it is not unlikely that a complete enumeration would show no important difference in coverage rates), or (2) reflect sharp differences between the industrial pattern of employment of men and women within a particular industry division. For example, the coverage rate was much greater for women than for men in transportation and public utilities, because 3 out of 4 women were engaged in telecommunications (in which most workers belong to private plans) while 4 out of 5 men were in transportation (in which most workers do not belong to plans, owing largely to the replacement of private plans on railroads by a public plan—the Railroad Retirement Act).

As a result of the patterns of employment and of pension plan prevalence, coverage was concentrated in a few industries. For example, because half of the older men employed in manufacturing and in transportation and public utilities (except railroad) were covered, about three-fourths of the plan members were employed in those industries. In fact, two-thirds of the men employed in manufacturing as a whole and at least half of those in each major industry (except for lumber, furniture, textiles, and apparel) were covered. Although over one-tenth of the covered men belonging to pension plans were in trade, only three-tenths of the men in that industry had coverage; in wholesale trade, however, nearly half the men had coverage.

The pattern of coverage differed for women, chiefly because of differences in their patterns of employment. As a result, about a fifth of the women belonging to private plans were engaged in durable goods manufacturing, another fifth in nondurable goods, and a fourth in trade. Slightly more than half the women in most durable goods industries (including those with large numbers of female production workers, such as fabricated

TABLE 2. VESTING RATES OF PRIVATE NONFARM WAGE AND SALARY WORKERS AGE 50-64 COVERED BY PENSION PLANS IN THEIR PRESENT JOBS, JANUARY 1966<sup>1</sup>

Age and years of credited service	Percent of pension plan members with vested rights			Percent distribution, members with vested rights		
	Both sexes	Men	Women	Both sexes	Men	Women
<b>AGE</b>						
Total, 50-64 years.....	35	38	28	100	100	100
50-54 years.....	29	32	20	34	35	27
55-59 years.....	38	40	31	39	39	40
60-64 years.....	43	45	38	27	26	33
<b>YEARS OF CREDITED SERVICE</b>						
Total, all service periods.....	35	38	28	100	100	100
Less than 5 years.....	14	15	12	6	5	7
5-9 years.....	14	16	9	5	5	7
10-14 years.....	30	33	22	17	18	16
15-19 years.....	39	38	39	19	17	27
20 years and over.....	52	54	46	53	55	43

<sup>1</sup> Includes wage and salary earners covered by profit-sharing plans providing retirement benefits.

metals and the electrical and nonelectrical machinery industries) were covered. Coverage was relatively light in most nondurables—1 out of 3 workers, on the average. Largely because 1 out of 4 older women was engaged in trade, it accounted for more women than any other division except manufacturing. Most of the other women belonging to private plans were in finance, telecommunications, and hospitals—industries with high proportions of covered workers.

## Occupation

Among men, professional and clerical workers had the highest coverage rates, followed by managers, craftsmen, and operatives. The lowest rates, apart from those for private household workers, were among service and sales people and laborers. Women's rates followed about the same pattern, except for those in the professions, but at a lower level. The low rate for professional women stems from their low coverage rates in private education, in private medical services (including hospitals), and in private welfare service agencies.

The differences in coverage rates reflect differences in the industrial distribution of occupations and differences in job tenure. The coverage rate for sales people, for example, tends to be low both because of their concentration in trade, where pension plans are not especially prevalent, and because of their high rate of turnover. The rate for male professionals, on the other hand, was high both

because over half are in manufacturing, where pension plans are prevalent, and because of their low rate of turnover. Another reason the rates among white-collar occupations tended to be high is that in certain industries, plans are often limited to salaried employees.

### Vesting

About 3 out of 8 older men and 3 out of 10 older women covered by private pension plans had vested rights to the benefits they had earned. More precisely, they answered "yes" to the following question about the plan by which they were covered in their present job: "If you should now change to a job not covered by this plan, would you still be eligible to receive benefits from the plan when you reach retirement age?"<sup>7</sup>

Because vesting is restricted by the plans to workers with a specified amount of service under the plan—usually 10 to 20 years—the fraction with vested rights increased with service. For example, it rose from around 15 percent for men with under 10 years of credited service to over 50 percent for men with 20 years or more of credited service. (See table 2.) Since many plans do not admit workers to plan membership until after they have been working at a covered job for more than 1 to 5 years, total service often exceeded credited service.

The proportion of women with vested rights was smaller than the proportion of men because men generally had longer service. Even among workers with the same amount of service, the proportion of women with vested rights usually was somewhat smaller.

Vesting was more prevalent among workers 60 to 64 than among those 50 to 54. The rate of vesting increased with age for two reasons: The older workers had more credited service and, as noted

above, vesting rates increased with service; some plans limit vesting to workers who are over 55 or 60, particularly those that have no vesting provision, and, in effect, provide vesting solely through the early and normal retirement provisions.

The association of age with vesting is illustrated by the fact that for men with 15 to 19 years of credited service, the vesting rate rose from 35 percent for men between ages 50 and 54 to 45 percent for men between 60 and 64.

The prevalence of vesting varied widely from industry to industry. For men it ranged from about one-fourth the pension plan members in wholesale trade to two-thirds of those in professional service (medical, education and welfare services, religion, and so forth). In manufacturing, about 2 out of 5 covered workers in durable goods were vested, compared with 1 out of 3 in nondurable goods. For women, vesting was about as prevalent as for men in durable goods and half as prevalent in nondurables. Around 1 out of 3 women members were vested in finance, insurance, and real estate—about the same proportion as for men—and nearly 1 out of 4 in retail trade.

Most workers with vested benefit rights had 20 years or more of credited service. In fact, among those with less service there were more pension plan members without vested rights than with such rights. The rarity of vesting among those with 10 to 19 years of credited service is surprising in view of the fact that vesting provisions requiring 20 years or more of service covered less than 1 out of 6 workers in plans with vesting. Perhaps it is because many older workers vest under the early retirement provision, particularly those over age 55.<sup>8</sup>

Except for men with 20 years or more of credited service, in nearly all industries the number of men with a given amount of service with vested rights exceeded the number without such rights. However, in metalworking and retail trade, the number with vested rights exceeded the number without among men with 15 to 19 years of credited service as well as among those with 20 years or more. Vesting among women was so limited that in no industry except metalworking did the number with a given amount of service who had vested rights exceed the number without such rights.

<sup>7</sup> This question was designed to include both those who were vested under an early or normal retirement provision as well as those vested under a vesting provision. The former are of unusual importance in the two oldest age groups, because many plans without vesting provisions do provide early retirement benefits before age 65. The question was also intended to include those whose rights were partially vested under a graded vesting provision.

<sup>8</sup> This is also suggested by the fact that half the women belonging to plans in the telecommunications industry said they were vested, although no important plan in that industry has a vesting provision.

### Previous Plans

Around 600,000 workers—about 5 percent of the nonfarm private wage and salary earners between 50 and 64—had vested rights to benefits in a pension plan through a previous job. Almost all (86 percent) were men, about 1 out of 6 was currently receiving a benefit from the plan, and 2 out of 5 had rights under a government plan.<sup>9</sup>

These workers added very little, however, to the unduplicated total number of workers covered by a pension plan, because about half of them were also covered by plans in their present jobs. In other words, 53 percent of the older men and 28 percent of the older women in private nonfarm jobs were

<sup>9</sup>This large proportion of government plans may reflect the inclusion of military disability pensions, despite instructions to the contrary.

covered by a pension plan in their present job or had vested rights from some previous job. For men this was an increase of nearly 3½ percentage points over the coverage rate, excluding those solely with vested rights to benefits from previous plans; for women, 1½ points.

Vested rights to a pension earned in a previous job were more common among those who had held such jobs for a long period of time—usually longer than they had been in their present job. About one-tenth of the men who had held a previous job longer than their present job had vested rights in plans on previous jobs. About half the men in the group with such vested rights had held their longest job for 20 years or more.

—DONALD M. LANDAY  
Division of Industrial and Labor Relations

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As our economy has shifted from an agricultural to an urbanized industrial society, with the concomitant dissolution of the large, multigeneration family, new methods of providing economic security for nonproductive aged persons have developed. The need for finding such methods has been, and will continue to be, magnified by the increasing proportion of older persons in the population. At the same time relatively few aged persons are working, since employers do not always find it practical to retain older workers on the payroll. In this way a gap is created between total life expectancy and work life expectancy. The widening of this gap, coupled with public realization that many persons do not save enough to meet the financial needs of their later years, has led to the development of a variety of methods for meeting the economic needs of the aged.

—Arthur J. Deric, ed., *The Total Approach to Employee Benefits*.

Mr. DENT. Thank you, Mr. Bechill.

Mr. HAWKINS. Thank you, Mr. Bechill.

The next witness is Miss Genevieve Blatt, Assistant Director of the Office of Older Persons Programs from the Office of Economic Opportunity.

We are pleased to have you here, Miss Blatt.

Mr. DENT. Miss Genevieve has been one of our very outstanding public officials in the State of Pennsylvania. Having been elected by the people time and time again to head up one of our most important consultation offices in the State, she has been a very fine servant and a longtime friend of mine, I am happy to say.

**STATEMENT OF MISS GENEVIEVE BLATT, ASSISTANT DIRECTOR,  
OFFICE OF OLDER PERSONS PROGRAMS, OEO**

Miss BLATT. Thank you, I appreciate that greatly.

I will submit a copy of my statement for the record.

Mr. HAWKINS. Without objection it will be entered in the record and you may proceed to summarize it or give the highlights of it as you see fit.

(Miss Blatt's statement follows:)

**STATEMENT OF MISS GENEVIEVE BLATT, ASSISTANT DIRECTOR, OFFICE OF  
ECONOMIC OPPORTUNITY**

Mr. Chairman and Members of the Subcommittee: As Assistant Director of the Office of Economic Opportunity, Office of Older Persons Programs, I appreciate the opportunity to appear before you to present our views on H.R. 17867, the Older Americans Act Amendments of 1968. We support the enactment of this legislation.

Of particular interest to us are the provisions of the proposed new title VI of the Older Americans Act under which the responsibility for administering the Foster Grandparents program would be placed in the Department of Health, Education, and Welfare. Representatives of HEW have already testified before your Subcommittee on other aspects of H.R. 17867, and we can add nothing to this testimony except an expression of our concurrence. We do, however, wish to comment briefly on the provisions relating to the Foster Grandparents program.

As you know, the Foster Grandparents program recruits older low-income persons to serve neglected and deprived children by providing such children with personal relationships and other supportive services. At the same time, the program serves as a means for providing financial assistance to low-income elderly persons and for utilizing their skills so that they can continue to be contributing members of society. Presently, there are more than 4,000 persons employed in this program in projects in 38 States giving care to over 8,000 children in hospitals, institutions, special classes and other settings. Since the inception of the program in August 1965, it has been jointly administered by OEO and the Administration on Aging.

We believe that the proposed arrangement will simplify the administration and funding of the Foster Grandparents program, thereby providing more effective utilization of available resources. We also believe that it will enable the program to benefit from the experience and demonstrated expertise of the Administration on Aging. Yet the purpose of the program as a means of combating poverty will be insured by the requirement that 90 percent of the participants be low-income individuals, and the resources provided, and the methods developed, by the OEO will continue to be utilized, because of the further requirements as to the presumptive sponsorship of such programs by Community Action Agencies.

In the conduct of this program and in the development of new programs, the OEO, through the Office of Older Persons Programs, is fully prepared to cooperate with the Administration on Aging in every way possible. Under title VI of the Economic Opportunity Act, of course, it is already my responsibility as Assist-

ant Director for Older Persons Programs to bring about a coordinated Federal effort on behalf of the older poor, but I certainly welcome the language in H.R. 17867 which reinforces the mutual intent of the AOA and OEO to work together in every way we can.

Miss BLATT. I think I could summarize briefly by saying that our only concern in the Office of Economic Opportunity in this matter is that the amendments do contemplate the transfer of a program which was initiated as an economic opportunity program, namely the foster grandparents program, to the administration on aging.

This has been discussed with us, the procedure for the transfer has been worked out with our general counsel and with our concurrence and we have no comments on the other sections of the amendment because they are outside our purview, but as to that one we agree.

Mr. HAWKINS. Miss Blatt, does this mean there is a change in policy in the Office of Economic Opportunity and you are now involved in spinning off, as it were, these various programs?

Miss BLATT. I think there is no change in the fundamental policy, because, as I understand it—I was not there personally in the early days, but as I understand—the policy has always been that the Office of Economic Opportunity was to develop innovative and hopefully constructive new approaches to solving some of our problems of poverty. Having once developed them and got them into a going condition, it was hoped they would be carried on by someone else, perhaps by another Federal agency or for a State or local agency, or by a combination thereof, or even by private agencies.

The Office of Economic Opportunity was not considered to be a perpetually continuing organization. We would like to lick the poverty problem and be through with it.

Mr. HAWKINS. In your opinion this program has become mature and can be weaned off to another agency?

Miss BLATT. I think so. Furthermore this is in a somewhat different position than some of our other programs, inasmuch as from the beginning the Administration on Aging has had a contract with us for the joint operation of the program.

They have been in on it from the start and have carried the heavy burden of administering much of it from the start.

Mr. HAWKINS. With respect to some of the correspondence that I, and I assume other members, have received, indicating that there is a cutback in this program, was the decision to reduce the program, or to cut back, made at the local level or was the decision made at the Federal level?

Miss BLATT. I don't know of any decision to cut the program back at all. The program is presently funded at \$10 million which allows it to meet all existing costs of the 63 present foster grandparents programs, with the addition, perhaps, of a small number of employees to round out several programs.

That is what we have continued for the next fiscal year.

Mr. HAWKINS. Do you know of any cutbacks on the local level?

Miss BLATT. No; I don't know of any.

Mr. HAWKINS. I have not been able to find out myself in the last few days, but I received approximately 50 letters from Los Angeles saying that the program was apparently being reduced or cut back, but so

far as you know nothing has been determined at the Federal level to make this necessary?

Miss BLATT. Quite the contrary. I might say, just as a guess, that in some localities where programs of the similar nature have been instituted, perhaps people are worried about them. For example if a community action agency instituted some sort of day care program employing older people, it may be that, with our shortage of funds, there is some cut contemplated there. But in the foster grandparents projects there is no cut contemplated.

Mr. HAWKINS. Thank you.

Mr. DENT, any questions?

Mr. DENT. Miss Blatt, how many projects have been funded that you know of?

Miss BLATT. Sixty-three.

Mr. DENT. That is all under section 601 dealing with children and nursery schools where you are using aged people?

Miss BLATT. So I understand.

Mr. DENT. As I understand it, the OEO funded these projects but did not set them up or operate them or administer them, is that right?

Miss BLATT. Not completely. They entered into a joint operating agreement immediately with the Administration on Aging, which undertook the major burden of training the foster grandparents and assigning them to the institutions concerned. However, the initial recruitment of the foster grandparents was handled through our community action agencies with the aid of the Bureau of Employment Services in the Department of Labor, no doubt. The checking of expenditures is done through our office, but the major burden of administration has been in the Administration on Aging.

Mr. DENT. I notice in section 602 while they appeared to keep the restrictive covenant in the act, the Secretary did not make a contract or give a grant unless it went through the community action program that was operating, and then they go on to set exceptions, and I can't find anything that the Secretary can't do.

I can't find here where this means anything. Section 602A gives the Secretary great authority, section 601 gives him a variety of preferences which lets him set aside any of the OEO operations.

He can walk right around it.

Miss BLATT. There was a period of considerable negotiation on this matter. The Secretary of Health, Education, and Welfare contemplates a much broader program than just foster grandparents. This matter of retirement service can cover many other categories of service.

I suppose, although I should let him speak for himself, but my understanding is that in the future and granted a more favorable appropriations climate, they would hope to expand to cover many other categories of service, too, so they wanted some freedom, I presume, to operate in a wider area. We had to insist, or we thought we did in the OEO, that if our money was to be used in this first year for the continuation of the foster grandparents program, we should be sure as to that particular part of the program, foster grandparents, that it continue to employ only low-income aged people subject to community action program checking and control, so that the people in the community would know about it and be concerned with it and help with it.

As to the rest, the possible future expansion, we did not feel we could ask for curbs on that. That would be subject to the department with the responsibility.

Mr. DENT. I would like to see the restrictions. We know now the OEO insisted on the provision concerning 90 percent of the low-income persons, and here the guarantee of the project would not be given to displace persons already on jobs.

You put those safeguards in and I just assumed they were not restricted just to the foster grandparents alone. As I read it, we could restrict it so it would always mean those of low income, so they would not be breaking or setting aside contracts already in existence.

I think we would have to put some language in there to make sure of this. It does not deal only with the OEO in regard to these guidelines in contracts concerning foster grandparents.

You then believe OEO will still have jurisdiction as to administration or criteria on the foster grandparents program, is that right?

Miss BLATT. That is my understanding.

Mr. DENT. But you will still have to fund them?

Miss BLATT. For the next year.

Mr. HAWKINS. Along with Mr. Dent's question, it is my understanding that the fact is there were 4,000 foster grandparents who cared for approximately 8,000 children. The cost was \$10 million. If these facts are correct that would mean the cost for each foster grandparent was about \$2,500 and I am further told that the grandparent is paid about \$1,500 a year.

That would leave a balance of about a thousand dollars that was used otherwise.

First, are these facts approximately correct?

Miss BLATT. I am sorry to say that I can't tell you whether or not they are approximately correct. I would have to, as you do, assume that they are. I tried to get a little closer idea as to the cost of administration on Tuesday before coming up here, but I was unable to do it.

Commissioner Bechill said here this morning that the situation was very much improved in the proportionate payments to the beneficiaries, indicating that they were now receiving 82 percent of the money spent. I can't contradict that nor can I confirm it. Our figures just don't show it.

I personally have been very much concerned about what has seemed to me to be too high an administrative cost for this program.

When I have raised questions about it in the agency and with the AOA, I have been told that the startup cost originally gave a somewhat false picture and that the administrative costs in the various institutions which we have to cover could be substantially reduced per person if we had enough money to employ more foster grandparents. For instance, one supervisor handling 20 rather than the current 10 foster grandparents assigned, could do so at a cost which would be greatly reduced per person.

I have never had the opportunity to review this fiscal picture in the detail I would like to, but I share your feeling that the administrative cost is extremely high.

Mr. HAWKINS. To your knowledge you are not aware of any particular administrative costs that have been unreasonably high, that is the employment of technical persons who perhaps are no longer

needed and should not take the money away from the 90 percent that you refer to that would be included in this bill under section 602, those persons should constitute 90 percent of the participants.

Miss BLATT. I could not put my finger on the problem. I can't tell you just what causes it, but I feel that there is a problem.

Mr. HAWKINS. No further questions then, Miss Blatt. We certainly appreciate having you before the committee as usual and thank you again.

Miss BLATT. Thank you.

Mr. HAWKINS. The next witness is Mrs. Geneva Mathiasen, executive director of the National Council on Aging.

**STATEMENT OF MRS. GENEVA MATHIASEN, EXECUTIVE DIRECTOR,  
NATIONAL COUNCIL ON AGING, NEW YORK, N.Y.**

Mr. HAWKINS. Mrs. Mathiasen, we welcome you before the committee. I am not sure whether your testimony has been presented to the committee.

Mrs. MATHIASEN. No; I did have some testimony prepared at the hearings on Monday, but we have done a little revision since that time.

Mr. Chairman and members of the committee, the National Council on Aging appreciates the opportunity to testify at this hearing on the Older Americans Act Amendments of 1968.

As this committee is well aware, the National Council on the Aging was from the beginning and continues to be a strong supporter of the Older Americans Act and the basic principles for which it was enacted. We would be in favor of any amendments which we believed would strengthen and improve the Older Americans Act of 1965 and the services to older Americans envisioned in the original legislation. It is in this spirit that we have examined the proposed amendments of 1968.

We strongly support the amendments dealing with areawide model projects and the extension of the duration of project support. The reasons for supporting them have been clearly explained by Miss Switzer and Commissioner Bechill, and we are in full agreement with their opinion.

We should like to raise some questions with regard to some of the other sections—first, those dealing with State plan requirements for statewide planning, coordination, and evaluation, and increase of Federal funds available for State plan administration. These questions stem largely from the wide variation, noted in previous testimony, in the nature and status of the State agencies.

Some of these are called State commissions on aging and are largely independent agencies, appointed by the Governor or the State legislature. Others are units within functioning State agencies.

As we noted last year, at a committee hearing on Senate bill 276 on September 18, the latest information then available indicated that 12 State units on aging were in departments of welfare or public assistance, two were in departments of health, three were in departments of health and welfare, two were interagency or interdepartmental councils; others were in such varied State agencies as State and regional planning and community development, Governor's council on human resources, mental hygiene, and correction, or State systems of higher education.

Many of these State agencies on aging are effective units, with trained and experienced staff. Others have comparatively low status within the State structure, or even within the department of which they are a part. There is also a wide variation in the functions assigned to the State units on aging or their interpretation of function.

A number exercise leadership in an overall coordinating function and have worked out effective relationships with other State officials who have responsibility in the field of aging. In other States, the unit on aging is more likely to be overlooked by long-established State agencies, such as health, housing, and education, in formulating and administering State programs. The State executive may not even have met certain officials, such as State CAP directors or others, with whom cooperation is essential if the older people of the State are to be well served.

Some of the State units on aging have strong support from lay and professional people in aging; in other States, local leaders and most of the old people in the State do not even know of the existence of the State unit.

There is also a wide difference in interpretation of function and extent of mandate. In many States, the role of stimulation and coordination is accepted and well implemented within the limits of resources. In some, the activity of the staff is generally limited to allocation of title III grants. In others, the agencies interpret their functions as a mandate for overall responsibility for programs in aging, whatever the source of funds.

During the past 2 years, members of the NCOA field staff have been in direct contact with practically all the State units on aging, have worked closely with many in common endeavors, and have actively assisted in the formation of two new State agencies on aging. I want to emphasize that these remarks are not to be interpreted as critical of the State units on aging, but, rather, their purpose is to point out the reality of the wide variation in structure, authority, designated or implied function, and program, which makes across-the-board potential allocation of a substantial increase in administrative funds at present difficult to justify.

Section 5 of the amendments would, if we understand it correctly, authorize an increase in the Federal funds for administration of the State agency to four times the current amount, at the same time decreasing the percentage of the State's contribution from 50 to 25 percent.

In his testimony, the Commissioner indicated that, on the average, State agencies on aging now have a staff of four to six professional persons, and that the minimum staffing needed for effective functioning is 10 to 14 persons, with an estimated budget of \$133,000. I am sure the Commissioner has a sound basis for his estimate. On the surface, this seems like a very low budget, indeed, for a qualified professional staff of the size recommended—plus the costs of statewide travel, rent, printing, postage, and other administrative expenses.

It would be helpful to many of us who want to support good programs at the State level to have a clearer idea of the criteria for the new State plan referred to in section 4 and the new staff positions to be established under section 5. For example, the suggested objectives of making "arrangements for obtaining the cooperation and participa-

tion between all agencies and organizations concerned with programs for the aging" and "assessment of programs in such areas as housing, health, social services, education, and use of free time" must be viewed in the context of long-established State agencies which carry responsibilities—and presumably have the expertise—for huge programs in these areas. It is not clear whether, in order to assess these programs, the enlarged staff of the agency on aging is to include experts in these specialized areas.

Going back to what I said previously, the attitude of the established State agencies toward the State agencies on aging and thus the effectiveness they have in influencing on-going programs in health, housing, and so on varies widely from State to State.

The Older Americans Act is relatively new, and it may be too early to propose a study in depth of the State units on aging, but some objective analysis of current administrative structure, operational patterns, and current costs might be helpful preceding implementation of sections 4 and 5 of the amendments.

We raise the question as to whether, in implementation of section 4, certain principles and standards would be established and an increase in administrative funds made available on a selective basis to States which meet such standards and used as an incentive to other States to meet certain standards and/or expectations. Because of the wide variation referred to earlier, some States, we believe, would use effectively more than the proposed increases. On the other hand, in some States, additional funds for administration would not, per se, in our opinion increase the effectiveness of the program.

Mr. HAWKINS. Before you leave that point, do you believe we should leave the State percentage the same, which I think is 50 percent at the present time?

Mrs. MATHIASSEN. This is not an easy question to answer specifically. The whole matter of Federal, State, and local participation in funding is a complicated matter, in which I make no claim to expertise. I am to some extent influenced by the opinion of a State official in New York State, with long experience and interest in the field of aging, who has pointed out that, in relation to a total State budget, the State's contribution for administration of its State agency on aging is such a nominal amount that any State which has become convinced of the value of the program will not hesitate to provide the necessary funds. In his opinion, the support of the State government implied in this financial commitment is essential to an effective State program.

It can also be noted that many States have not taken advantage of other liberal matching arrangements—for example, those for certain programs in aging available to State departments of welfare under the social security amendments.

Also, the recommendation to decrease the State share for administration is at variance with the recommendation to increase the local share as time goes on for projects funded under the Older Americans Act—presumably on the principle that local commitment to the program will guarantee that the necessary funds are provided for continuation. It seems apparent, also, that the \$133,000 resulting from 25-percent matching is insufficient to support a staff of the size projected in the Commissioner's testimony and that, therefore, the matching

State funds represented by the current level of 50 percent may be necessary to provide adequate financing of the proposed extension of the State agency program.

On the other hand, we are aware of the increasing multiple demands on State budgets and an understandable reluctance to increase funds, even in small amounts, for new programs. In some States, it may be necessary for the State agency on aging to undertake a more extensive program in order to bring about the State commitment, and State agencies need the smaller percentage of 25 percent as an inducement to provide the necessary matching funds for a more effective program.

Since so many of the States which need help the most are very hard pressed for funds, it would seem worthwhile to encourage their efforts at this time by decreasing the percentage of State matching required. A number of States already committed to the program—my own State, New York, for example—are likely to continue to contribute far more than the 50 percent now required.

Mr. HAWKINS. You have suggested writing in more specific criteria on which the money can be allocated.

Mrs. MATHIASSEN. I think we would like to have a little clearer idea as to what is the implication. I think what is proposed here raises expectation both in performance and in financing that would be hard to carry out in many of the State agencies as they now are. That is why I suggest perhaps some kind of evaluation of the situation is necessary.

Mr. DENT. Do I draw from what you are saying that 50 percent, as it now is, would not be necessarily the amount paid to every State, but rather each State would receive an amount depending upon how they functioned, how they complied with the act's specifications, and what their progress was in this area?

Mrs. MATHIASSEN. I believe so. It would be in relation to the kind and quality of the work, the functions of the staff, and so on. As I say, I don't know how this can be done on a Federal program, but I think that would be desirable.

Mr. DENT. I think what we have to do is try to determine what data would be most helpful to the State to meet the requirements. The performance would depend on the time of the year, the day before elections, and so forth.

Mrs. MATHIASSEN. That will have to come from people much closer to the program than I. I am giving a sort of overall view from where we look at it.

Mr. DENT. Is your contract now with the Commission?

Mrs. MATHIASSEN. NCOA has at present no contracts with the Commission on Aging. We have three contracts with agencies of the Federal Government, one with the Office of Economic Opportunity and two with the Department of Labor, one of which I refer to in the next section of my statement.

With regard to the amendment, "Title VI—Service Roles in Retirement," the National Council on Aging recommends that action on extension of the program beyond foster grandparents be postponed for a period of 1 year—or a reasonable period of time—for objective evaluation of the public service programs for older people already in operation. This postponement would, in fact, not affect the program of the Administration on Aging for the ensuing year, since the \$10 mil-

lion appropriation requested for carrying out these provisions represents the amount allocated to foster grandparents by OEO, and there would, therefore, be no funds available to implement the other sections of the program. If I am mistaken in this assumption, I am sure Miss Blatt or Commissioner Bechill can clarify the situation.

We suggest that action be postponed because we believe that the concepts embodied in legislation relating to employment of older persons in public service are of unusual importance and long-range significance. Our views on this subject have been spelled out in previous testimony and need not be repeated here.

It is our hope that a program to promote employment of older people in public service will eventually be authorized by legislation which will provide means and incentive to participation by many older persons, with a great variety of skills to contribute, and will be funded in keeping with a program of such national scope and significance. As this committee is aware, bills for this purpose have been introduced in both Houses of Congress.

The details of such legislation would benefit, we believe, by an objective analysis of whatever experience is available. Past and current programs, such as foster grandparents, green thumb, medicare alert, and FIND, plus the research and demonstration programs to be carried out this year by the National Council of Senior Citizens, the National Farmers Union, and the National Council on the Aging, under contract with the Department of Labor, are providing a considerable body of experience. These latter programs alone will be undertaken in some 30 communities, both urban and rural, and will offer many kinds of work opportunities—supervisory, professional, skilled, and unskilled. They will involve public and voluntary agencies offering a variety of services.

In its statement to the Department of Labor outlining its plan, the National Council on the Aging stressed the research and demonstration values of these programs for future legislation. We are setting up records to supply information on such factors as administrative and other costs, number of applications, types of employment which prove most acceptable and successful, turnover rates, reaction of employers, community acceptance, appropriate sponsorship, rates of pay, degree of voluntarism, and performance evaluation.

The Administration on Aging is no doubt collecting a similar body of experience with foster grandparents. Furthermore, there are a number of local programs—some financed by the Administration on Aging or the Office of Economic Opportunity—which should yield valuable information on which to base long-range legislation.

One of the important features of such legislation is the question of where Federal responsibility for the program should be. As indicated in earlier testimony, the National Council on Aging has come to believe that this is basically a work program and should be clearly recognized as such, with all the dignity and sense of self-worth embodied in the work concept in our society.

At four regional conferences which we held in the past year, older people employed in public service programs, including foster grandparents, reported on their experiences and made very moving presentations. It was quite clear, however, that they considered themselves as being employed and often spoke in terms of the importance of having

a job, as well as of the emotional benefits derived from participation in the program foster grandparents, VISTA, FIND, Green Thumb, and so forth.

All our experience to date has led us to believe that for the elderly poor who want to and are able to work, there is no substitute for a job. It is for this reason we have come to believe that the Department of Labor is the most logical Federal agency to carry responsibility for the administration of this program.

The three national agencies working under contract with the Department of Labor, mentioned earlier, will work with local employment agencies in all their subcontract communities and will have the opportunity, during the coming year, to learn more about the ways in which and the extent to which the Department of Labor and the State and local employment agencies can work effectively with voluntary and Government agencies providing public service in such a program.

The Administration on Aging will also have more opportunity to assess its experience with foster grandparents in relation to administering a direct-service program of this nature, which represents something of a departure from the original concept of the function of the Administration on Aging.

We suggest that some plan be put into operation to gather such information as is available on local projects which employ older people in public service.

In summary, I want to emphasize that we recommend postponing consideration of this amendment—not because we want to hinder the forward movement of this vital program, but because we consider that the provisions of the amendment, limited in scope, both in program and in financing, tend toward fragmentation of what should be a substantial and unified national program. We should prefer to have the concept of the program examined in its broadest aspects, in the light of all available experience, and to have legislation formulated accordingly, even though this procedure might appear to delay implementation, such as proposed in title VI, although it does not in reality do so.

Mr. Chairman, I thank you again for the opportunity to appear before you and to present these views for your consideration as you deliberate the proposed amendments.

Mr. HAWKINS. Thank you.

Do you have any questions, Mr. Dent?

Mr. DENT. As you know, the Commission on Aging has been kicked around on the Hill for years. We find opposition to its enactment in departments having jurisdiction in areas dealing with some problem of the aging.

It took a great number of years to get the proper climate to pass this legislation, and it was only through the continued work and dogged determination of one Member of the Congress that we were able to finally get this act. But at that time, and if the record of the Congress is read, they will find that we promised the House—and I was the chairman of the committee and handled the bill on the floor, and through me the committee promised the House there would be no more of this duplication and the quarreling between the departments as to who would handle what.

Here we find the Department of Labor gives a contract to your organization for \$1 million and \$10 million is spent on the foster grandparents program. What good is it for us to create the agency? We felt the poor would find it much easier for them to get the cooperation they need from the Government if a single agency handled it.

I am concerned that all we have done is add more money to the Department for care of the aging. Not one department has yielded up any part of the responsibility they had before, nor the funds they had before. All we have done is add another light on the Christmas tree and overburdened the lighting.

What you are doing is helpful, but if we are going to do this, I think we should call back the Commissioner and repeal the Commission for the Aging. All we are doing is adding more cost and not doing a thing that has not been done in the past.

I feel I should tell the House when this bill comes up, "You can pass this bill, but you are not doing anything, because every department will keep its contract and go on doing the things they have done in the past."

Why would your Secretary give you a contract for \$1 million for the aging in this project? We told the Secretary he would have to give up the funding for the aging. Apparently, the pride in the Government is such that it won't let them give up anything they have. We keep adding commissions and commissions at great cost to the Government, and we get no more service.

Mrs. MATHIASSEN. To comment briefly, I think that is not a situation limited to the Commission on Aging.

Mr. DENT. I am not saying that. It is in every department.

Mrs. MATHIASSEN. As I mentioned regarding the State agencies, there is a similar situation at that level. The departments of health cannot be expected to turn over programs relating to health of older people to a committee or commission on aging. The same is true of social security. I think it is also true of employment, housing for the aging, which still operates under HUD. I think it has to be that way.

The National Council on the Aging went through the whole history of the establishment of the Administration on Aging and supported it wholeheartedly. We think it is important because of the low status of older people, to have some place in Government which has the responsibility for promoting programs and working with other departments to point out the need of services for older people.

I think it was this stimulation, coordination, and promotion rather than an operating function which was in the minds of most people, when the Administration on Aging was established perhaps not in the mind of Congress as you present its views. But I think many organizations which supported the establishment of AOA did not feel it would ever take the place of HUD in housing, the Social Security Administration for social security and medicare programs, health agencies, et cetera, and put all these operating functions together into one agency for aging.

Mr. DENT. If we don't do that, I would definitely recommend the elimination of the Office, because unless we can get what Congress tries to get, we must stop this overlapping of funding. The cost is becoming too great for the administration. Every department that handles one of the phases of the problems for the aging has its own

built-in cost of administration. Therefore, we have maybe 10 or 12 different bureaus handling the problem that belongs under the single head of the Department of Aging or the Commission on Aging.

If we don't do that, we may as well repeal it.

Mrs. MATHIASSEN. Isn't that true likewise of children's programs? I do not mean to argue with you, Mr. Dent, but I think, we ought to have realistic expectations in Government organizations as to what can be accomplished. I do not believe that there is no importance in having an Administration on Aging if it doesn't handle all the functional programs of housing, health, social security, employment, and so on.

Mr. DENT. I can't quarrel with you. You are not in the Government service.

But what happens, as we have discovered over the years, is that we create a new service for a distinct group of citizens—the poor, the aged, the children, or the crippled, or the blind or something. Since we create that, we give it to a department, for instance HEW. Within the next 2 years another department will come in and put in a splinter piece of legislation giving them some function within that kind of a service that we had created for the one department 2 years before. And approximately every 10 years, each department on the Hill will have a bureau dealing with the problem we thought we had cured by creating a service for a specific group.

This is what causes the great growth in Government employment. We can't get—as a Member of Congress, I cannot get—an answer within a reasonable time on any problem dealing with a particular group, whether it be Indians, whether it be the poor or the aged, without getting into every department of Government. This is wrong, as each department must then check with each other to find out what they told me so they don't get caught in a crossfire with each other.

I am glad you came this morning, because I did not know they were still giving out these contracts. I can show you in the transcripts of the hearings that its functions would be gone in the Department when we set up the Commission on Aging.

Year in and year out they fought the creation of the Commission on Aging. They might as well not have fought it. They ignored it, anyway.

I am very frank, Mr. Chairman. I am going to the Floor with the suggestion that we stop this duplication and save that money. It involves \$10 million. I think it is terrible.

Mr. HAWKINS. The gentleman from New York, Mr. Reid.

Mr. REID. First, I would like to thank you for your thoughtful testimony.

I want to ask you about your statement that for the elderly poor there is no job. What are the statistics we are working with here and which you think should be the basis of legislation that would help in ending discrimination in employment of the aged? I think this is a basic question. I think a job or useful, productive endeavor is most important, and I think many of our senior citizens can make their most important contribution to their community and country in their senior years.

Mrs. MATHIASSEN. May I comment on that in a little broader aspect than these amendments? I think it is a broader subject.

Mr. REID. That is right.

Mrs. MATHIASSEN. We have been for a long time concerned about employment of middle-aged and older people. We now go to middle-aged and older workers, because the figures of the employment office on older workers begin at 45. You are an older worker at age 45 in terms of age getting in the way of your employment.

We have been concerned for a long time about the implications of compulsory retirement at a given age, and this is becoming more and more prevalent. The age for compulsory retirement is going down as social security payments become available earlier.

We have recommended that a genuine study be made of the effects of early retirement on many aspects of the life of the older person, economically, and socially. This has a particular relevance in cases of plant shutdown, which now affect many communities.

Then there is the question raised by Mr. Dent earlier about private pensions, the relation of retirement income to the increased cost of living and in relation to the expectations now of the standard of living in retirement. We have recommended also that a close look be made at the recommendations in the Bureau of Labor statistics budget for an elderly couple in retirement in relation to the adequacy of amounts proposed for certain items such as transportation and clothing.

Of course, for many older people who are not able to work, there is nothing to get them out of poverty except additions in social security. It is important to remember, however, that one-third of the amount of income of people over 65 still comes from employment, and there are many people who are not getting social security until 67 or 68, and even older.

There are many aspects to the employment problem. We believe that as new jobs open up in the spirit of the new careers program, with which you are very familiar, that careers in public service are going to be more and more available, and we are trying to suggest that older people not be shut out from these jobs as they have been from other types of jobs because of discrimination. The new age discrimination bill in employment is just beginning to take effect. We have not had opportunity to judge that. We have made some study as to what happened under State age discrimination legislation.

Mr. REID. I think the points you make are worthwhile.

Have you made any efforts to seek repeal of some of the practices or statutes with regard to compulsory retirement? In my view, chronological age has nothing whatsoever to do with the capacity to carry on a useful life and make a major contribution.

Mrs. MATHIASSEN. There is no scientific evidence that we know of to support that policy, but it is a growing policy in industry.

Mr. REID. You are talking about chronologically when you say "problem"?

Mrs. MATHIASSEN. Right.

Mr. REID. Have you taken any steps to try and get the States to change their statutes where they exist or companies where they have company policies and say this should not be arbitrary and automatic on some fictional past related age, and individuals should be able to stay on longer than they are, particularly in some cases, at the heights of their power?

Mrs. MATHIASSEN. Our efforts have been directed to investigating and

reporting, preparing, and distributing information. NCOA is basically an information, consultation, and communication medium. I believe we have now a substantial body of material relating to employment of middle-aged and older workers which is available and which we do try to get both labor unions and representatives of industry to examine with care. A number of NCOA seminars and institutes have involved representatives of unions, business, education, and Government.

We are always hesitant about putting things into legislation if they can be accomplished some other way. I think you know that in New York State the past two Governors have worked very hard with the heads of business concerns to try to eliminate age discrimination on a voluntary basis.

Mr. REID. Yes; I am familiar with that. I was chairman of the Commission on Human Rights in New York, and we are working with this area.

I think it would be helpful if you could give us a brief memo on this broad question and any other studies you think are pertinent in this area, or specific steps you think might be taken to further job opportunities. And I am sure we would welcome that.

Thank you.

Mrs. MATHIASSEN. I will be glad to do that.

Mr. REID. Mr. Chairman, I have asked that memorandums be included at this point in the record.

Mr. HAWKINS. Without objection, it is so ordered.  
(The document to be supplied follows:)

#### MEMORANDUM ON EMPLOYMENT OF MIDDLE-AGED AND OLDER WORKERS

The continued high unemployment rates for older workers and national trends toward mandatory and early retirement must be of concern to the nation as well as to the individual. In this brief memorandum, I shall deal with the economic consequences of unemployment in this age group.

The hard core of the older worker problem lies in the numbers of long-term able-bodied persons over 45 who are unsuccessfully seeking work. For most workers in this group a job is essential for economic reasons. Most of them have dependents to provide for, and this is a period in the family life cycle when basic living expenses remain high. (For example, in a demonstration project sponsored by the National Council on the Aging in South Bend, Indiana, after the Studebaker plant shutdown, among 3,000 workers aged 50 and over, there were 2,000 dependents under age 19.)

The person over 45 finds that the wisdom and experience attributed to the older person by many societies and cultures do not work to his advantage. On the contrary, the burden is on him to convince a prospective employer that he has skills and qualities which will compensate for his lack of youth.

A long period of unemployment means that unemployment benefits are exhausted, and after this there is no social income program until the individual becomes eligible for Social Security or private pension benefits. To put it plainly, the over-45 worker without a job will become financially dependent upon his family or, more likely, the community. And if he remains unemployed or marginally employed after age 45, he will arrive at retirement age eligible for only minimum Social Security benefits.

Since 1956 (when amendments to the Social Security Act made retirement at age 62 possible although with actuarially reduced benefits), the trend toward mandatory and early retirement has tended not only to lower the ages at which employed older workers retire, but also the ages at which unemployed workers can obtain re-employment. That is, the lower the retirement age, the lower the hiring age is likely to be.

On December 15, 1967 the president signed into law the Age Discrimination in Employment Act. As yet, we have no experience with this type of legislation

at the Federal level. However, a study of the effectiveness of state laws against age discrimination showed wide variation in degree of compliance.

The problem of age discrimination is a complex one because it is seldom a matter of blind or arbitrary prejudice which often exists for reasons of race, creed, color, national origin, or sex. Age discrimination is a more subtle series of problems, based upon a combination of institutional factors and stereotyped thinking. For example, labor market conditions, seniority and promotion-from-within policies, job training costs, pension and insurance costs, and mandatory retirement policies often make employers reluctant to hire older workers—in addition to the inaccurate views often held concerning the physical abilities, learning capacities, and psychological flexibility of older persons. There is likely to be considerable resistance to the law on the part of employers, and the exclusive factor of age is not always easy to establish.

The research, educational, and information programs provided in the legislation as well as systematic analysis of local implementation of the law, will be necessary to assure its effectiveness in actually preventing age discrimination in employment.

However well designed, legislation alone only breaks down the initial barriers confronting the older person seeking employment or re-employment. As a consequence of their special employment problems, older workers need special training, counseling, and placement services. A dramatic example of concerted efforts to solve such problems occurred after the Studebaker plant shutdown. Under the sponsorship of the South Bend Community Council, the U.S. Department of Labor, and the National Council on the Aging, an eighteen-month demonstration was carried out, combining intensive job counseling, intensive job development, and intensive publicity. The basic core of long-term Studebaker employees consisted of about 6,800 workers, whose average age was 55. Of the approximately 4,500 persons over 50 who were unemployed as result of the shutdown, over 4,000 were serviced by the project. At its termination in September, 1965, 66 percent were re-employed or in MDTA training, and only 8.6 percent were still looking for work. (Of the remaining, 21 percent had retired, 2 percent were deceased, and 3 percent had moved out of the area).

The substantial success of this project in overcoming age barriers to employment seems to be attributable to the combination of concentrated and wide-ranging services, the very active cooperation of the community involved, and adequate funding by the federal government.

It should be pointed out that we need to know a great deal more about occupations themselves, in particular the extent to which age is a relevant job qualification. While there are many occupations which can be satisfactorily carried out regardless of age, there are others where age does affect performance. For example, a study of truck drivers indicated that 55 is a reasonable upper age limit beyond which it may be too risky to employ a man. It is also important to keep in mind that the purpose of age discrimination legislation is to prevent situations where older persons are not hired because of false notions concerning their ability to do a particular job. It would serve neither the older individual nor the larger society to force acceptance of persons into occupations where their age constitutes a real handicap to their carrying out the work safely and efficiently. Empirical studies of a variety of types of occupations could clarify our thinking about age as a factor in job performance, and could be used as guidelines, both in the counseling of older workers and in the fair administration of age discrimination statutes.

One of the most needed studies related to retirement to be undertaken is concerned with institutional and other arrangements giving rise to involuntary retirement. The long-term consequences of retirement trends raise important questions of public policy. These trends have been toward mandatory retirement, early retirement, and retirement at higher benefit levels. In too many cases, we seem to be attempting to solve the economic aspects of aging through retirement rather than employment. Retirement is often a substitute for the job creation which results from healthy economic growth. Retirement frequently conceals unemployment. Early retirement is often a device to spread the number of jobs in an industry.

Approximately one-fifth of persons 65 and over are employed. This one-fifth receives one-third of the total aggregate income received by all persons aged 65 and over. Many of the remaining retired four-fifths need and want jobs, for economic and for psychological reasons. Retirement is not the answer for all of them.

The Bureau of Labor Statistics modest but adequate budgets for older individuals and couples are met only by those persons aged 65 and over who have a private pension in addition to their Social Security benefits. Yet only 15 per cent of persons aged 65 and over are receiving private pension benefits.

The Full Employment Act of 1946 promised "jobs for all those able, willing, and seeking to work." To fulfill this promise, where older workers are concerned, requires many kinds of effort. One is to explore, in the expanding sectors of the industrial mix, employment opportunities for older workers in the service occupations. Many kinds of service jobs are suited to the capabilities of older persons. These include work in hotel and food industries, real estate, hospital and health care jobs, social work, and education. Many of these fields, because of shortages of professional personnel, are undergoing intensive job analysis to screen out those parts of the work which do not require professional skills.

If all other efforts fail, the question arises as to whether "the federal government should accept the role of employer of last resort, providing employment in useful public and nonprofit activities when private job creation fails to provide enough jobs." (Garth Magnus, Executive Secretary of the National Commission on Technology, Automation, and Economic Progress, in an address before an NCOA seminar on Automation, Manpower, and Retirement Policy, October 1965.)

#### MEMORANDUM ON VESTING IN PRIVATE PENSION PLANS

Approximately two out of three private pension plans provide for vesting (guaranteed payments based on accrued benefits to a worker before he becomes eligible for a pension).

However, not all workers under plans with vesting provisions, whose employment may be terminated, will accrue vesting privileges. The most frequent requirements for vesting are a combination of minimum age 40 and ten to fifteen years of service. Many workers are terminated before the age of 40 or with fewer than ten years of service. A worker, in the course of his working years, may have been covered under pension plans with vesting provisions in several different industries, for as many as six or seven years in each, and be ineligible for any pension at age 65.

A recent study of employed workers aged 50 to 64 years, covered by pension plans in their current jobs (January 1966), revealed that only about 38 out of 100 of the older men and 28 out of 100 of the older women had vested rights to the benefits they had earned. (See Donald M. Landay, "Private Pension Plan Coverage of Older Workers", *Monthly Labor Review*, August 1967.)

In hearings before the Subcommittee on Retirement and the Individual, Senate Special Committee on Aging, on June 7-8, 1967, A. J. Jaffe stated, with regard to vesting:

"One of the characteristics of the American labor force—and a highly desirable characteristic, I should add—is the mobility of the workers. Accordingly, a worker may accumulate pension rights in several companies during the course of his working life, only to find that upon his retirement he is eligible for virtually no pension from that company in which he was last employed.

"I recommend that it be mandatory that a worker does not forfeit his pension rights by moving from one job to another. This question is being looked into by Congress, I believe. It is an important question, because worker immobility can have devastating effects upon our economy."

The prevalence of vesting varies widely from industry to industry. At the time of the Labor Department study, it ranged, for men, from about 25 percent of the pension plan members in wholesale trade to 67 percent of those in professional services (medical, educational, welfare, religious). In manufacturing, about 40 percent of men in durable goods and 33 percent in nondurable goods had vested rights. Among women, the proportions were smaller.

Recently, there have been some significant liberalizations of the requirements for vesting, especially in negotiated plans. For example, in the 1964 negotiations of the United Automobile Workers, the age requirement for vesting was dropped (although the years-of-service requirement was retained). The pressures to liberalize will probably continue, in the light of anxiety over effects of technological change and job dislocations.

Portability of pension credits is another method that permits workers to carry their pension rights to a new job, under specified circumstances. Portability of

credits was developed mostly in multi-employer pension plans within industries where workers characteristically shift from employer to employer. Under such plans, workers may change jobs and employers and earn full credit for their service, regardless of age, length of service, or type of separation, as long as their new employment is with an employer participating in the plan.

Industries which provide portable pensions include food and apparel manufacturing, coal mining, contract construction, motor transportation, services, and trade.

The variations in provisions of both vesting and portability of pension credits are too great to be enumerated here. Their significance for older workers is that they tend to reduce existing barriers to hiring men and women past a specified age.

Mr. REID. The suggestion is that you might wish to comment on problems of over age 65 as well.

Mrs. MATHIASSEN. Yes; I did mean to include that. We say "middle-aged and older workers," believing that no dividing line is satisfactory.

Mr. REID. I, myself, think an arbitrary question as to chronological age is undesirable.

Mr. DENT. We had to set the age at 65. I sponsored the act, only because it was necessary to take a definite position, or we would not get a bill. If we had gone over age 65, we would not have a bill.

Mrs. MATHIASSEN. You have to have a date for any pension plan, but that does not mean the person should be obliged to take it at that time.

Mr. DENT. Mr. Reid has asked for your comments on the problems of discrimination bearing on these over 65, so that we might be able then to inform the Congress.

Mrs. MATHIASSEN. I see your point. I thought you were talking of social security. Yes; I believe there is a problem with compulsory retirement and age discrimination affecting those over 65, but I agree that it would have been unrealistic to try to get an age discrimination law to deal with the over-65 group.

(At this point, Mr. Daniels assumed the chair.)

Mr. DANIELS. I apologize, Mrs. Mathiasen. I had to attend a session of the Committee on the Post Office and Civil Service, and that is why I was not here.

I want to ask one question. What was the amount of the grant the National Council on the Aging received?

Mrs. MATHIASSEN. NCOA's contract with the Department of Labor is in the amount of \$1,013,176, of which \$809,411 goes directly for wages to the elderly persons employed in the 10 community programs.

Mr. DANIELS. Does your organization work in any State other than the State of New York?

Mrs. MATHIASSEN. Yes. NCOA is a national agency, with headquarters in New York City and with seven regional offices. The program for employment of older people in public service programs, funded by the Department of Labor, will be carried on in nine States: California—two communities—Kentucky, Maine, New Jersey, New York, Oregon, Texas, Vermont, and West Virginia. In another national program, Project FIND, in which older people are employed in a public service program to aid other elderly persons, funded by the Office of Economic Opportunity, there are programs in the following States: California, Florida, Indiana, Louisiana, Michigan, Missouri, New Jersey, New York, Oklahoma, Pennsylvania, West Virginia, and the District of Columbia.

Mr. DANIELS. In relation to the senior community service program funded by the Department of Labor, what action does your organization propose to take in connection with coordinating with the State units?

Mrs. MATHIASSEN. First of all, the State agency on aging in each of the States in which the program is to be operative was sent a copy of the basic philosophy and plan of operation, which was a summary of the proposal prepared for the Department of Labor. Comments on the overall program were solicited, as well as suggestions on how it might best be carried out.

As soon as specific community programs have been approved by NCOA and the Department of Labor, copies of the proposals have been, or will be, sent to the appropriate State agencies on aging, again requesting comments and suggestions.

The closest cooperative relationship is in the State of Maine, where the program was planned jointly by NCOA, the State unit on aging, and the State CAP agency. All three will be cooperatively involved in the conduct of the program.

Mr. DANIELS. Thank you.

Our next witness is Mr. Elias S. Cohen, Commissioner of the Office of Family Services, Department of Public Welfare, Pennsylvania.

**STATEMENT OF ELIAS S. COHEN, COMMISSIONER, OFFICE OF FAMILY SERVICES, DEPARTMENT OF PUBLIC WELFARE, HARRISBURG, PA.**

Mr. COHEN. I would like to summarize my testimony on the bill before you.

As a general background, Pennsylvania has one of the longest histories of definitive service for the aging. I came to the State some years ago to head up this unit on aid to the aged. My current duties also include administration of public assistance and child welfare.

Mr. DANIELS. Without objection, your statement will be printed in the record at this point.

(The document referred to follows:)

**TESTIMONY OF ELIAS S. COHEN, COMMISSIONER, OFFICE OF FAMILY SERVICES, PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE**

My name is Elias S. Cohen. I am Commissioner of the Office of Family Services in the Pennsylvania Department of Public Welfare. The Pennsylvania Department of Public Welfare is the agency designated by the Governor of Pennsylvania as the single state agency to administer the Older Americans Act in our Commonwealth.

Pennsylvania has had one of the longest experiences in definitive programs for the aging. In 1956, the then Department of Welfare established a Bureau of Services for the Aging which had among its functions responsibility for stimulating programs in behalf of older people throughout the State. Since that time it has had a staff engaged in promoting community-based programs for senior citizens.

In 1961 the General Assembly made its first appropriation for grants-in-aid to communities to help elderly people remain in the community and out of institutions. At that time the Commonwealth's appropriation was \$200,000 for such grants. No federal funds were involved. Since then, the State's appropriation has risen to \$300,000.

Following reorganization of the Department, the program has been housed in the Office of Family Services which has responsibility for administering programs related to public assistance and Medical Assistance, child welfare

and juvenile delinquency, nursing home licensure and supervision, and those programs established pursuant to the Older Americans Act. The Office also has responsibility for operating geriatric centers which receive elderly patients from mental hospitals for the purpose of providing a full range of medical and rehabilitation services so that they can return to the community.

With the passage of the Older Americans Act, Pennsylvania received federal funds in order to carry out the provisions of Title III of the Older Americans Act. During the fiscal year 1967-68, Pennsylvania's allocation was \$422,550. At the present time, Pennsylvania is funding 59 projects in 30 counties with federal funds under the Older Americans Act, and 34 projects in 26 counties using State funds.

In addition, we have been administering a special demonstration project for housing for the elderly under a grant from the U.S. Department of Housing and Urban Development, and we have been conducting a research project concerned with the needs of aged Negroes for a variety of health and welfare services in a major urban area (Philadelphia), funded under Title IV of the Older Americans Act.

We wish to testify in support of H.R. 17867.

We support the "set aside" provision which would enable the Secretary to make special grants or contracts for the development and operation of statewide, regional, metropolitan or other area-wide model projects. It has become apparent in the administration of programs for the elderly that in sparsely settled areas and in urban concentrations, the individual project approach which may result in a day center, a homemaker service, a recreation program, a program for foster care for adults, and so on, may not be adequate for attacking the problems that beset the elderly. These problems occur in clusters; populations of elderly people do not necessarily respect geographical lines of political subdivisions. Problems of our urban areas require some special attention.

We believe that the use of federal funds to develop model projects which would have application in areas outside of the jurisdiction in which they are conducted is useful and valid. The small percentage of the total funds appropriated included in the "set aside" will not significantly hurt any particular state, and the benefits that may accrue might be very substantial. Community programs for the elderly need more direction. We believe that the technique indicated in the "set aside" provisions is useful and valid.

We also support the provision calling for extension of duration of project support. In Pennsylvania, several grantees funded through the Older Americans Act have expressed concern about phasing into a support system without federal funds. This provision will produce much needed relief.

Section 4 of the bill calling for maintenance of effort and restating the requirements for state-wide planning, coordination and evaluation of programs is appropriate.

Similarly, we heartily approve of Section 5 which would increase the amount of money available for administration of the Act.

Section 6 of the bill provides an appropriate prerogative for the Secretary of Health, Education, and Welfare.

We particularly want to comment on the new Title VI which gives the Secretary of Health, Education, and Welfare power to make grant to or contracts with public and nonprofit agencies for projects designed to provide opportunities for persons age 60 and over to render supportive services to children or older persons who have exceptional needs.

Pennsylvania has under consideration the development of a substantial program of employment of older people in just these roles. Our desire to move in this direction was stimulated by our experience under the foster grandparent program. The Department of Public Welfare has been a recipient of a grant for foster grandparents in three State institutions for the mentally retarded. The consultation and assistance we received from the Administration on Aging has been most helpful, supportive and constructive. Indeed, I feel confident in saying that without the help we received we would not have been able to mount the project.

The usefulness of this project lies not only in the employment opportunities that it has created for the elderly, but also in the service opportunities it has made available to the children involved with the foster grandparents. If this were merely a program of employment of older workers, it could be argued that grants for such projects belonged in agencies concerned primarily with employment services. However, the key to the success of this program lies in the con-

nections that can be made with the children's agencies and institutions, the nursing homes, the old age assistance case loads, and other groups of children and adults who require services.

The supervision of such projects and the measure taken of their success must be not only in terms of money income to the elderly involved, but also in terms of the services given to the children and elderly who need those services.

In Pennsylvania, we would seek to take advantage of this new Title at an early date. This kind of project is one which we term as having "double utility"; i.e., it is useful to older persons who are employed and is especially useful to the people receiving the service.

Because one of the key problems facing the Administration on Aging is the development of satisfactory roles for older people in retirement, we believe the provision of this Title to be a major step forward in the development of the federal program enunciated by the Older Americans Act. If the worthy objectives of that Act are to be achieved, and if the Administration on Aging is to be charged with responsibility for administration of that Act, including advancing the objectives set forth by the Congress, the inclusion of Title VI is a major step forward and it should be passed in its present form.

Mr. COHEN. Thank you.

I would like to testify that we support the set-aside provisions for the making of grants for areawide model or regional metropolitan projects. We think this is very properly within the prerogative of the Secretary and he should be authorized to do so. The smaller percentage of total funds that would be so set aside would not significantly hurt any State, and we believe the benefits that might accrue are very substantial.

We are particularly cognizant of this because of some work that we have done in Philadelphia with reference to the aging Negro. We are conducting a study there with a title IV grant from the Administration on Aging, and it is our belief that we need these model projects to give us more guidance.

We generally support those measures in the bill which would give to the Secretary of HEW greater power in setting criteria, giving direction and, of course, requiring maintenance of effort and that sort of thing. We would like to make particular comment on title VI, which we would hope will be enacted as soon as possible.

We have under consideration development of a program for employment of older people in precisely the roles described in this bill and in the testimony of Commissioner Bechill. We have some substantial experience with the foster grandparent program.

The Pennsylvania Department of Public Welfare operates a project which has 190 foster grandparents working in three State institutions for the aging. I believe, if it is not the largest foster grandparent project in the country, it is certainly among the very largest.

The project was set up with very effective consultation and support from the Administration on Aging. Indeed, I would go so far as to say that without the help we received, we would not have been able to undertake the project.

In contrast to some other testimony which you may have heard, we believe the usefulness of the project lies not only in the employment opportunities that it creates for the elderly but also in the service opportunities made available to the children involved with the foster grandparents. If we look on title VI as merely a program of employment of older workers, then I think one could argue that grants for such projects belong in agencies concerned primarily with employment services.

However, I believe that because of the kinds of roles that are described in this bill and which will offer satisfying opportunities for older people, it is necessary that the proper connections be made with children's agencies, with nursing homes, with old-age assistance programs, with mental hospitals, and so on, and other groups of children and adults who require such services.

Accordingly, we strongly support the way this bill is written and would hope there not be any delays in its enactment. We feel there is a substantial body of experience on which we can lean. The plea is heard from the deprived throughout our country: "You know we have been studied to death."

I think it is time we got on with performance.

In Pennsylvania we would seek to take advantage of the new title at an early date. We view this title as providing for projects having "double utility." It is useful to older persons who are employed, and it is especially useful to people receiving a service.

On final point. One of the key problems that faces all of us who work in the field of aging, one of the things we recognize most readily is that older people are too often faced without having any role when they are no longer in the work force or are no longer carrying out the role of mother, parent, and operator of a household.

It is entirely appropriate if the Administration on Aging is to carry out the splendid enunciation of goals and objectives that lie in title I of the Older Americans Act—it is entirely appropriate that the Administration on Aging direct major effort to consider, develop, and work with the kind of projects contemplated in title VI that are going to develop new roles for older people in retirement.

We feel the provisions of the bill are useful. They are appropriate, and we would urge their enactment.

I will be glad to answer any questions you may have.

Mr. DANIELS. Congressman Dent, any questions?

Mr. DENT. Mr. Cohen, I know the action we took in 1956 when we reorganized the Welfare Bureau and it is now called the Office of Family Services.

Mr. COHEN. Correct.

Mr. DENT. As I understand it, you are the director?

Mr. COHEN. Yes, I am Commissioner of the Office of Family Services.

Mr. DENT. As Commissioner of that Office, do all problems and all the services rendered and all the projects dealing with the aged come under your particular direction?

Mr. COHEN. I have to answer that with a partial "Yes." When you say "all," I am not dealing, for example, with those functions carried out by the Bureau of Chronic Diseases in the Department of Health, but within the Department of Public Welfare, I review and have to approve all the projects that go out under the Older Americans Act. I must approve all the plans and materials relative to old-age assistance. I become involved, and we are now undertaking a program for evaluating programs for the aging in our State mental hospitals, where we put some money in through the Long amendments that the Congress passed.

Mr. DENT. Would it place it in its proper spot by saying you act as the clearinghouse?

Mr. COHEN. It is more than a clearinghouse function.

Mr. DENT. For instance, you have the program going on in Philadelphia for the aging Negroes?

Mr. COHEN. Right.

Mr. DENT. Now you set that up, is that right?

Mr. COHEN. That is right.

Mr. DENT. Then you can give instructions to the particular department of government or the bureau that does the fiscal work in that particular type of program, and they will take the work and then perform the programs?

Mr. COHEN. That is correct.

Mr. DENT. That is exactly what we envisioned here in this Commission for the Aging, exactly the same function you perform in the family services in the State of Pennsylvania. As you have witnessed here, the Secretary of Labor may give a contract without any concern at all for the Commissioner on Aging. We are competing with each other to see who can get the most money to give out to the most people.

Mr. COHEN. The problems facing you in this regard are infinitely more complex than those we face at the State level. The complexity of Federal Government and the sheer size, the variety of programs, I am sure it must perplex you as they perplex us.

Mr. DENT. You don't know where to go, either. You have to deal with many departments of government, whereas the Commissioner on Aging should deal with the departments of government and the State plans should come to him.

If a contract for a million dollars from the Department of Labor is proper and necessary in trying to resolve the problems of the aging, it would be all right for the Department to give it, but the National Council on Aging should not deal with the Department of Labor. It should deal with the Commissioner on Aging. That is what we are trying to do, so people know where to go.

Mr. COHEN. Let me just make a brief comment on that. I think it does help when one can go to a single place. We have enjoyed an excellent relationship with the Administration on Aging, and they have been extremely helpful to us at times when we have been dealing with other departments.

We have been the recipient, for example, of a grant from HUD to improve low-income housing. We have worked very closely with the Administration on this.

Mr. DENT. At the same time, you have another project under title V of the Older Americans Act in the same area under another department of government. Why aren't they tied up in the same area?

Mr. COHEN. As Mrs. Mathiasen pointed out, Congress appointed funds for senior housing to HUD, and they have certain demonstration funds available there. The point I am trying to make here is that there is a function which the Administration on Aging does carry out as being a good liaison point for the States, and they have been helpful to us. We have leaned on them from time to time.

Mr. DANIELS. Mr. Cohen, I would like to ask one question.

Section 7 of this bill amends section 501 of the act to authorize the Commission to carry out research and development projects through private agencies other than nonprofit organizations.

Now the proposed amendment would extend the Commissioner's authority to permit him to make contracts under titles IV and V with profit-making corporations. What is your thought on authorizing the Secretary to make grants with private, nonprofit organizations?

Mr. COHEN. I think the Secretary has to have this kind of authority. We don't have enough public organizations that are necessarily equipped to undertake the kinds of studies and projects and demonstrations that are required.

As an administrator, I would say that I think that the Secretary ought to have this kind of prerogative to make these contracts. The thing I think is important is that the purposes are good, and I think the big protection is in the legislative oversight that take place on the kinds of things that are permitted under these contracts.

Mr. DANIELS. Mr. Cohen, would your answer be the same if the Secretary were given authority also to make these grants to private agencies other than nonprofit ones?

Mr. COHEN. I think so, yes. The reason I am hesitating is that—well, there are private agencies and private agencies—but I believe, again, that the protection lies in the oversight that can come from the General Accounting Office, from the Budget Bureau, so that these things don't go galley west.

Mr. DANIELS. Thank you very much for your appearance here today, Mr. Cohen.

Our time is growing short, and it seems the next witness always gets caught by the bell.

Mr. DENT. I want to thank you for appearing before us, too, Mr. Cohen.

Mr. DANIELS. Our next witness is Mrs. Eone Harger, director of the New Jersey Division on Aging of the Department of Community Affairs of New Jersey.

**STATEMENT OF MRS. EONE HARGER, DIRECTOR, NEW JERSEY DIVISION ON AGING, DEPARTMENT OF COMMUNITY AFFAIRS, TRENTON, N.J.**

Mr. DANIELS. We have two other witnesses besides yourself, Mrs. Harger. Would you oblige the committee by summarizing your statement?

Mrs. HARGER. I will be glad to.

Mr. DANIELS. Without objection, your statement will appear in full at this point.

(The document referred to follows:)

**TESTIMONY OF MRS. EONE HARGER, DIRECTOR, NEW JERSEY DIVISION ON AGING**

I am Eone Harger, Director of the New Jersey Division on Aging, and President of the National Association of State Units on Aging. As president of an organization of state offices on aging, all of which administer funds provided under Title III of the Older Americans Act, I appreciate the opportunity to appear before your committee to make some observations in regard to the proposed amendments to that Act.

While there has not been time to receive reactions from individual members of the National Association of State Units on Aging on the proposed amendments, I can speak with assurance on the reaction to some of them by drawing on reports received on progress and problems in administering grant funds. All of the changes suggested in regard to Title III would be helpful. Even a superficial

review of the workload generated by grant administration makes apparent the need for the increased appropriations that would be permitted under the amendments.

State Offices on Aging which have been administering Title III funds find that the demands have been far in excess of the time and attention possible with personnel available under present fiscal arrangements. When minimal requirements for record keeping and evaluation are fulfilled, there is little time left to consolidate small and scattered demonstrations so as to reap the potential benefits of their experience. This is true in New Jersey, and I would assume that the New Jersey experience is less critical than that of many other states. Although New Jersey is one of the three smallest in area in the union, the travel time needed to keep staff in touch with projects is a time consuming burden. Continuing attention is needed to each project to protect and to assure an experience of lasting value through the investment of public funds. A minimum of 108 separate meetings are scheduled for project management by our office. Just maintaining required forms represents a large outlay of staff time. At latest count, the number of forms that must be handled in a year by our office for our Title III projects is 400. Sufficient staff must be available in state offices to give this kind of assistance if the purposes for which Title III is intended are to be fully realized. There must be enough personnel to maintain an adequate transmission line between local, state and federal agencies charged with program responsibility. Increased funds would go far toward achieving this.

More time, as well as more administrative money is also needed if there is to be maximum benefit from the Older Americans Act. The amendment that would extend the grant period from three to four years would give some of the time needed. Even before the three year declining grant was incorporated into the Older Americans Act, our office in New Jersey was aware of the inherent pitfalls because of experience with a similar provision in a state grant program. Three years simply is not long enough to work through the problems that develop in any project that is truly experimental, no matter how much thought and imagination has been devoted to preliminary plans. The question of continuing financing is only one of the aspects that may need adjustment. Basic project structure or appropriate sponsorship of a project may require reexamination in light of experience and three years is often too short a time for this. A fourth year would be helpful.

The addition of a specific provision for statewide planning, coordination and evaluation as a function of the state agency administering plans under Title III reinforces a concept that was basic in the minds of original supporters of the Older Americans Act. Most state offices already see this as a necessary function and yet find it difficult to carry out. The limitation on personnel has been a handicap, so far as long range planning is concerned, and the proposed increase in administrative funds would be especially important if this additional emphasis were made.

Inclusion of the planning and coordination objective for state offices would require that there be more effective coordination of Federal programs on aging by the Administration on Aging, an original purpose of the Older Americans Act. It is difficult for a state agency on aging to coordinate effectively when related programs administered by other Federal agencies flow into a state with little apparent Federal coordination.

Areawide projects under the direction of a state agency, as now proposed, would be a helpful tool in coordination and planning. This new proposal could be a useful mechanism in reducing fragmentation of programs. It offers a method of expanding projects beyond conventional political jurisdictions to include contiguous areas with resulting greater efficiency and flexibility. Such an approach would be valuable both in urban-suburban areas where municipal boundaries are often almost indiscernable, and in rural areas where population dispersal often makes meeting the needs of people difficult. All of the amendments to Title III seem to offer a potential for strengthening state offices on aging.

The amendment to Title IV and V which permits contracts to be made with profit-making organizations has been explained on the basis that it corresponds with similar provisions in other Federal programs. Perhaps this is a necessary change. If so, it is to be hoped that the provisions would be used infrequently and only under the most extraordinary circumstances.

Since Title VI is entirely new, there has been no specific reaction to it from our membership, hence my comments will represent an entirely personal point of view. My response is a mixed one. There is no argument with the concept of "Service

Roles in Retirement" as an avenue for possible new roles for people in their later years. However, the present proposal, so far as I can discern, falls far short of fulfilling the promise that the title suggests. Regrettably, it is little more than a restatement of the Foster Grandparent and the Home Health Aid concepts. Both are excellent ideas, but hardly enough to be the total content of Service in Retirement. The income limitations and the specific mention of non-competition with community action programs raises the question of why, if the similarity is recognized, there is need to include this limited new title in the Older Americans Act. Failure to include mention of volunteers is as regrettable as the limitations on income and suggested types of service.

The Foster Grandparent's Program has been universally hailed as an outstanding demonstration of the value of older people in serving children and of the feasibility of part time jobs as a supplement to existing services in institutions and day care centers. Because of this success, it would seem much more appropriate to move to have such services approved as positions for Federal matching in established programs related to health or institutional services. When the total number of foster grandparents recruited is compared to the need of older people for jobs, and of children for the services represented, it would appear much more practical to devise ways of extending the opportunities more widely than is possible under the project method. Once the value of an activity is demonstrated, appropriate utilization of the findings should be sought. This amendment to the Older Americans Act hardly seems to have that potential.

In a recent book on *Adult Health* by Reynolds and Barsam there is a description of the orderly, four-stage manner in which public health programs evolve. It states that, "There is, first of all, a *planning* phase. When this has progressed as far as is possible, the second phase begins, usually with *survey-and-demonstration* projects, the purpose of which is to develop tools with which to work. As soon as an effective approach has been developed, the program enters the stage of *mass application*. With energetic and comprehensive application of an effective method, there then should be an amelioration of the problem, after which a tapering-off or *consolidation* phase is entered. . . ." This pattern suggests the logical direction for proven programs to follow—whether it be Foster Grandparent, Green Thumb or some other successful demonstration.

Undoubtedly, a new title to the Older Americans Act will be needed when an evaluation of the multitude of demonstrations under Title III has been made. It seems probable that some distinctively successful patterns will evolve for which continuing Federal support will be desirable to assure that the success is shared universally by older people. Legislation based on such experience would be the finest possible justification of the experimentation that has been carried out through the stimulation of Title III. I urge a review for this purpose be carried out within the near future.

At the time these amendments were introduced in the Senate, Senator Harrison A. Williams, Jr. of New Jersey, proposed another amendment which requires that the Commissioner on Aging report directly to the Secretary of Health, Education, and Welfare. It is regrettable that such an amendment is necessary for the organizational relationship was the intent when the Older Americans Act was first passed. There was hope that such a line of communication would make the coordinating function of the Administration on Aging within the Federal government an actuality, one of the important reasons for establishing the Administration on Aging. Recognition of the Administration on Aging's original role is needed if the Older Americans Act is to be really strengthened. The amendments to Title III might be helpful also. Whatever action is taken should be done so that older people are moved closer to true participation in our society.

Mrs. HARGER. You understand I am also president of the State units, so in some part I speak for other States, insofar as possible.

There has not been time to get a detailed review from them on this, but the sections I endorse will be on the basis of the correspondence flowing to me from other States.

I would judge from what they have written to me that all the proposals under title III of the act would be endorsed. I believe the suggestion that there be more money for administration would be particularly helpful because of the very heavy load most of these States carry in trying to administer grant funds with very limited staff.

I cite in my testimony that during the next year we will have 400 reports to process in our office as a result of the title III administration. This is a very heavy burden. We feel if we go into some of the other things imposed by the title III amendment, it will require additional staff, particularly if we are to do the statewide evaluation and long-range planning that is necessary but cannot be done unless there are enough people to pull things together beyond the day-by-day duties.

We also need an extension of time on many of our grants, because when you start a project, by the time you staff it and work through some of the problems of administration and then finally adjust them, you are almost at the end of the project. We would often benefit by having 4 years instead of 3 years for a project.

Mr. DENT. May I inject a question?

I am very impressed with your testimony relative to the time required for forms and inspections. Has any suggestion come out? From your experience, could you suggest some adjustment where the committee, by means of title III, could make it less costly and less time-consuming for the States that function under this act?

Mrs. HARGER. Mr. Dent, at this point I don't believe I can. I think as we have been working with our projects, we find, in order to have real quality we have to know how they are spending money. We have to know how they are performing the tasks they report. I think with skilled staff from the State we are improving the quality of what is happening, and without a little bit more experience I couldn't say the reporting needs to be reduced. I think as we improve the quality we are getting more for our money.

It is difficult to know what happens when you put money out if you don't have the proper reports. In another year we will know whether the reporting revisions made as of July 1 will help us.

I am not prepared to say this is undue staff work, but it does take somebody to do it.

Mr. DENT. Have you ever thought of requesting assistance from some of the far-flung operations or multiple units of private concerns in contracting the many minute details?

Mrs. HARGER. Some of these things you have to sit down with. Some are quarterly reports on funds, as to how the money is spent. Some are reapplications for refunding at the end of the year. This is detailed, and this is not the same as ordering so many things from a buyer. These are different things. They are demonstrations.

Mr. DENT. Have you ever figured out the percentage of your expenditures that go into the overhead required to perform these functions we are talking about?

Mrs. HARGER. Perhaps I should go back to what I think the function of our office is. We are not an administrator of direct services to the aging, and we were never intended as that. We are what I consider a civil-rights movement for older people, and all our demonstrations are geared to proving that older people can be included in other services. We found out most of the problems older people are having are ones where they are excluded from something for some reason or another.

For example, in old-age assistance, our welfare program, one of the problems has been that as many as 200 old people who qualify

for old-age assistance are carried as a case load, and thus are not given adequate services.

We are trying to prove these people need additional services. We don't want to sell housing, but we have tried city by city to show that older people need housing to meet their needs. We do the same with employers to show that older people need to have jobs, yet we wouldn't want to take over the functions of any of the agencies responsible.

You would have a real monstrosity if you centralized all the services for older people in one place. The problem is that old people now are not like the old people usually envisioned. They are able people caught by a society that is going to push more and more out of the normal stream of life.

What is really needed out of an office like mine is a staff of people to work with demonstrations. Most of our money should go into administration. It doesn't go in to direct service, but goes to seeing that the services are available across the board. All my money, I would say, goes into overhead, if that is what administration is considered, and that is where I want it.

Dr. DENT. That is what we envision for you. We don't expect you to go out and build houses, but we want it clear that all the services being rendered and all the programs being promoted for the welfare of the agencies should have one common clearinghouse.

I don't think there should be these competitive propositions that we run into in every one of our departments.

Mrs. HARGER. I don't feel we have very much competition in our State between departments. Once in awhile it comes out, but most of the time we sit down and tell people where to go for services. I don't feel we are competing.

Mr. DENT. A lot of people are trying to tell us where to go. Look at this morning's paper. There is a four-column story about a feud between the Department of Labor and the Justice Department and the Department of State on foreign labor coming into the country.

I think you get the gist of what we are trying to find out.

Mr. DANIELS. I would like your comments on the new sections in this bill.

Mrs. HARGER. Which ones?

Mr. DANIELS. On title VI. That would be the "Service Roles in Retirement."

Mrs. HARGER. That is the new title VI. You would like me to comment on the entire thing?

Mr. DANIELS. "Service Roles in Retirement."

Mrs. HARGER. I can only speak from personal opinion at this time. I am slightly confused about this because it does seem to be very similar to the present foster grandparents program and the aid programs we have.

I think we do need service programs for older people, but I think this needs to be broadened a great deal. I am not sure it belongs in the Older Americans Act. It is too much another demonstration. We have proven foster grandparents is an asset, and I don't think 4,000 people getting jobs is a big enough expectation after proving its success.

I would suggest that this successful demonstration of employment of this kind—it is employment—might very well be incorporated into the pattern of matching funds available to the programs in institu-

tions with States picking up a part of the cost. This has opened the door to a new look at employment in a society that doesn't need to have people working full time all their lives, and I would like to see a new, broader look taken at this so it doesn't become just a kind of new project, but a recognized opportunity, available without income restrictions if people want to work in retirement.

I don't think you will find many people working in retirement if they can afford not to; but I hate putting on limitations if people do want to work.

I also think specific reference to volunteers would be helpful. If you have service roles, they should be available either as paid employment or on an unpaid basis. I want a clear concept of this.

Mr. DANIELS. Do you have any other comments to make on the bill?

Mrs. HARGER. I think I have summarized the points I would like to make. I have gone into essentially the same things that you have gone into in my written testimony.

Mr. DANIELS. Thank you very much.

Our next witness is Dr. Wilma Donahue, chairman of the Division of Gerontology at the Institute for Human Adjustment, University of Michigan.

**STATEMENT OF DR. WILMA DONAHUE, CHAIRMAN, DIVISION OF GERONTOLOGY, INSTITUTE FOR HUMAN ADJUSTMENT, UNIVERSITY OF MICHIGAN, ANN ARBOR, MICH.**

Mr. DANIELS. We are happy to have you, Dr. Donahue.

Dr. DONAHUE. I am happy to be here and would like to speak in my capacity as codirector of the Institute of Gerontology and as chairman of the Michigan Commission on Aging.

I am pleased to have been invited to testify on the 1968 Amendments to the Older Americans Act proposed in H.R. 17867. A discussion of the proposed amendments was the major agenda item at the Michigan Commission on Aging when it held its regular monthly meeting last week. I shall, therefore, reflect the opinion of the Michigan commission in my remarks as well as my own professional experience of nearly 25 years in the field of aging.

By way of background for my remarks, I want to point out that the Michigan Legislature has long been responsive to the problems and needs of the State's older citizens. In 1955, it gave statutory approval and financial support for a citizens legislative advisory council on aging, which, in 1960, was changed by statute to the Michigan Commission on Aging.

In 1965, the legislature created the only institute of gerontology in the United States supported directly by an annual State appropriation. Within its financial ability to do so, the legislature has continued to support the work of these agencies.

But the funds appropriated were not sufficient to help local communities develop the services needed to insure their older citizens opportunities for a satisfying way of life in their later years. There was, therefore, strong support in Michigan for the Older Americans Act of 1965, because it promised to open up a new era for local and State endeavor on behalf of the older population.

The promise has been so well fulfilled that now we are at a point where, if progress is to continue, greater resources must be put at the command of the State and its communities. The Michigan Commission on Aging believes that the proposed 1968 amendments to the Older Americans Act will help greatly in achieving this goal, and approves in general the provisions of H.R. 17867. Specific comment and suggestions in reference to various titles and sections of the bill follow.

#### AREAWIDE MODEL PROJECTS

The addition to title III of the Older Americans Act of a provision to make it possible for the commission to receive grants or contracts to carry on statewide or regional projects was viewed favorably. For example, in Michigan there is an urgent need for development and evaluation of programs for the rural elderly living in the 43 counties of the economically deprived upper Great Lakes region. Results of such a project would not only insure that future priorities and comprehensive planning for a large part of Michigan's rural population could be based on hard facts, but the information gained could be applicable to similar regions in other States.

Because many problems, like that of the rural elderly, are far better dealt with on a broad rather than parochial basis, the Michigan commission views the allocation of 10 percent of its appropriation to the areawide model projects program as a good investment, assuming, of course, that the full increase in title III funds proposed in amended section 304 of H.R. 17867 is approved.

#### EXTENSION OF THE DURATION AND AMOUNT OF PROJECT SUPPORT

In regard to the extension of the duration of title III grant periods from 3 to 4 years, section 302(d), the commission has some reservations. Although looking favorably upon the added flexibility in administration the fourth year would afford, the provision as stated invites pressure from communities to fund projects initially for the full 4-year period.

It is the opinion of the Michigan commission that this section should be modified to allow an extension of a title III grant for a fourth year only if the applicant makes a commitment for the full funding of the project thereafter. It is also suggested that the Federal allotment for the fourth year should be lower than 50 percent which is the same amount as allowed for the third year. To make the transition to local funding more gradual, it is recommended that the fourth year should not exceed 40 percent of the cost of the project.

#### STATE PLAN REQUIREMENTS AND ADMINISTRATION

The Michigan Commission on Aging, like most States, has a dedicated staff which is working far beyond the call of duty to stem the tide of demand for assistance from many sources. A staff of only five nonclerical persons is being called upon to provide such services as follows:

Fieldwork in the 83 counties of Michigan.

Consultation, information, and reference materials in the areas of housing, employment, preretirement counseling, occupational retrain-

ing, adult education, health programs—such as nutrition, exercise, avoidance of fraudulent nostrums, recreation, community planning, and many others.

Making studies of special populations of older people, or of special problems characteristic of older people.

Assisting the legislature in its studies of the needs of older citizens and interpreting legislation to local communities and older people themselves.

Assisting communities form local committees on aging and in turn helping these committees develop comprehensive programs to serve the aging which integrate all local resources.

Offering guidance and technical assistance to title III applicants to insure that the proposed projects are feasible and are so designed that they will solve the problem for which they are intended.

Administering the title III program including service to technical review committees and the continuous surveillance and evaluation of the projects while they are in progress.

Public relations functions which include publication of a monthly newsletter and a hearing schedule of public appearances in all parts of the State where interest in aging has evolved.

Planning and coordinating programs with other State and local agencies.

Assisting the commission in its attempt to develop and focus policy, setting priorities according to urgency of need, and determining the direction which the State's effort should take.

Such a list does not represent the gamut of demand, but it does serve to illustrate that no staff of five persons can successfully provide all of the services required, and at the same time give attention to improving State planning, to coordinating its efforts with those of other State and local agencies, and to maintaining a sustained effort in pursuit of predetermined goals.

All State agencies on aging have been caught in the pressures of getting new programs underway with a too small staff, with insufficient funds to add the technically trained persons needed, and with policymaking left to busy citizen committees who themselves lack knowledge in the field of aging.

The Michigan Commission on Aging, therefore, views the provisions in H.R. 17867 which are intended to improve the function of the State agency as of prime importance. It suggests that section 4 of title III as amended might well "require" rather than simply "provide for" statewide planning, coordination, and evaluation of programs related to the purposes of the act.

The Michigan Commission has already begun to study its State plan for the purpose of establishing a comprehensive and sustained program and policy focus which will meet the needs of our State's older populations better than the present version of the plan.

To make such an improvement in the plan, however, requires that data and information not now available be collected. This can only be done if technical assistance is available. The most urgent need of the Michigan Commission is to add at least two persons trained in research methodology and aging to its staff. Unlike the situation in 1965, when the Older Americans Act was established, such personnel

is now available. Five universities—Brandeis, Minnesota, the University of Michigan, Wayne State University, and North Texas State University—have established graduate programs in public administration and aging to prepare persons to administer or staff State and Federal programs in aging. Students have already graduated from two of these schools, and others will finish their courses this summer.

In this room, I might add, is one of our students from the University of Michigan, who is serving her summer apprenticeship with the U.S. Senate Special Committee on Aging.

The remaining barrier to employment of these trained persons by State agencies is the lack of an adequate amount of administrative funds. The Michigan Commission therefore enthusiastically endorses the proposed increase from \$25,000 to \$100,000 in the Federal share of the cost of administration of the State's plan. It sees this as an opportunity to improve the services it is now providing and, more importantly, to develop and administer a far better focused and comprehensive plan in the future.

#### EXTENSION OF CONTRACT AUTHORITY

Section 505 authorizes contracts to be made under title V with any agency, organization, or institution for the specialized training of persons employed or preparing for employment in carrying out programs related to the purposes of the Older Americans Act.

Members of the Michigan Commission on Aging who are experienced in the field of education oppose the use of contracts to purchase training from noneducational agencies. They argue that educational programs are the proper domain of educational institutions and that these are typically nonprofit agencies. Although it can be assumed that the Administration on Aging would administer this section with discretion, it would nevertheless be under great pressure to contract for training with various profit-motivated groups.

The commission recognizes, however, that it would be advantageous for the Administration on Aging to be able to contract with profitmaking technical organizations for the manpower studies essential to intelligent planning for future training needs, and also for the preparation of educational material on aging to be used in training programs at various educational levels.

The commission would therefore suggest that this committee consider modifying the language of section 501 to limit contract power under title V to profit agencies for only the purposes outlined above; that is, manpower and related studies and preparation of educational materials.

Mr. DANIELS. You suggest, then, that the proposed amendment be limited?

Dr. DONAHUE. I am suggesting the language of the bill be modified to limit the contract power of title V to the profit agencies for the purposes of manpower studies or related studies and the preparation of educational materials.

#### SERVICE ROLES IN RETIREMENT

With reference to the service roles in retirement, the proposed new section VI, of the Older American Act, the Michigan commission saw

this as a desirable new program, but it questions the limitation of the program almost entirely to the low-income group. To do so implies two assumptions.

First, it implies that the desire and need to give human service and the personal benefit derived by the giver is limited by financial status.

Second, it implies that the program is primarily an income-producing activity rather than a service program in which older people can find personal satisfaction and status in the community.

Both assumptions are, we believe, incorrect. Income is not the determiner of the human desire to help others. And since such service programs typically limit payment for services to essentially the minimum-wage scale, they cannot be considered as bona fide labor market jobs. If they were, the wages paid should be commensurate with the services rendered.

Programs which focus on services rather than on provision of an economic wage are not appropriately administered through the Department of Labor, which has a commitment to the principle of keeping pay scales and job levels commensurate with one another. If the Labor Department were to subscribe to any other policy, it would be supporting programs which exploit workers by underpaying them for their services.

It is respectfully suggested that this committee consider broadening title VI to include all older people. At the first session of this Congress, Senator Harrison Williams introduced a widely supported bill, S. 276, calling for a senior service corps. A similar bill was introduced in the House.

This bill provided that poor persons enlisting in a corps program would receive a small wage to cover immediate out-of-pocket expenses incurred in taking part in the program and also add a few dollars to their incomes, while older persons not economically deprived would enlist as unremunerated volunteers. These same principles could be applied to title VI, which eventually could then become the vehicle for the larger program envisaged in S. 276.

If the title VI program is expanded to include all older people, eligibility to apply for grants or make contracts should not be restricted to community action agencies, or to their active participation in the initiation and administration of such grants and contracts. Any appropriate public or nonprofit agency serving older people, we believe, should be eligible.

In fact, the Michigan Commission's major interest in the title VI provision is in the potential it offers for adding a significant service program to the many local community agency projects it has funded under title III. There is a network of these agency programs, some of which are community action agency sponsored, all over the State. They serve people of all income levels. The needs and potentialities of their members are well known. They are therefore, in the opinion of the Commission, logical agencies to initiate and administer the new program of service roles in retirement.

One strong argument for this opinion is that it was the clear intent of the Older Americans Act that all older people be served by its programs, not just the poor.

The Commission has no question about the desirability of transferring the foster grandparents program to the Administration on Aging.

This agency should be complimented for administering the program in such a manner that it is favorably known throughout the country. The transfer would affect savings by cutting down on duplication of effort and costs of dual handling of funds.

In summary, the Michigan Commission on Aging urges favorable action on H.R. 17867, but with the inclusion of such modifications as it has recommended for the committee's consideration.

Mr. DANIELS. Dr. Donahue, on behalf of the committee, I want to thank you for a splendid statement. You have made some suggestions which will receive the careful study and consideration of our committee.

I will forgo asking any questions. Thank you.

Our next witness is Mr. William R. Hutton, executive director of the National Council of Senior Citizens, Washington, D.C.

**STATEMENT OF WILLIAM R. HUTTON, EXECUTIVE DIRECTOR,  
NATIONAL COUNCIL OF SENIOR CITIZENS, WASHINGTON, D.C.**

Mr. DANIELS. Without objection, your statement will be incorporated in full in the record at this point.

(The document referred to follows:)

**TESTIMONY OF WILLIAM R. HUTTON, EXECUTIVE DIRECTOR, NATIONAL COUNCIL OF  
SENIOR CITIZENS**

Mr. Chairman, members of the subcommittee, on behalf of the 2,500,000-member National Council of Senior Citizens, I thank the distinguished subcommittee members for the opportunity to discuss amendments to the Older Americans Act embodied in H.R. 17867.

I am William R. Hutton, the National Council's Executive Director, and, speaking for the National Council membership, I wish to go on record as strongly opposing the provision of the proposed amendments calling for establishment of a new program called "Service Roles in Retirement" as part of the Department of Health, Education, and Welfare's Social and Rehabilitation Services.

Mr. Chairman, and other distinguished committee members, a fact sheet on the proposed amendments prepared by Senator Harrison A. Williams, Jr. of New Jersey, states that the proposed "Service Roles in Retirement" program would authorize "services by older persons to children in such capacities as aides or tutors in settings such as day care centers or nursery schools for children who are from low income families" and to older persons "in need of special, personalized assistance because of physical infirmities or other special circumstances."

First and foremost, the National Council of Senior Citizens considers the proposal unfortunate and unwise.

It is our belief that, when a standard employment program of this nature is set up, it should be operated by the Labor Department, the agency best equipped to do this because of its experience and technical facilities.

We are aware that the Office of Economic Opportunity administers employment programs, but I would like to point out that this agency was set up for the purpose of innovating anti-poverty programs and that its functioning as an administrator of employment programs is secondary to its mission of developing new tactics in the war on poverty.

In this connection may I remind the distinguished Committee members that the Departments of Labor and Health, Education and Welfare are permanent Government agencies with well defined areas of service and that manpower and employment fall within the jurisdiction of the Labor Department.

For this reason, the National Council of Senior Citizens has felt uneasy about the "Foster Grandparents" program operated by the Department of Health, Education, and Welfare's Administration on Aging for the past two years.

This is essentially an employment program. It employs some 4,000 elderly, mostly women, to give two hours' personal attention five days a week to institutionalized children.

An evaluation of this program made in 1966 by Greenleigh Associates (with offices in New York, Chicago and San Francisco) states the large majority of elderly who applied for employment under this program did so to increase their income and to be gainfully employed.

So far as the National Council of Senior Citizens can learn, there has been no evaluation of Foster Grandparents since 1966. It is, accordingly, difficult to discuss its present operation, but the Greenleigh evaluation shows the cost of administration often is 40 and 50 per cent of the total budget.

This compares with a requirement under Senior Aides, an employment program recently funded by the U.S. Labor Department, using anti-poverty money assigned it, in the amount of \$1,083,830, that no more than 20 per cent of this amount go for Senior Aides' administration expense.

The National Council of Senior Citizens operates Senior Aides for the Labor Department which has also funded a similar program being operated by the National Council on the Aging of New York City.

As the distinguished committee members may know, Senior Aides will employ 400 men and women 55 or over to perform a wide variety of community services for public and non-profit private agencies in ten urban areas—New Bedford, Mass.; Providence, R.I.; Minneapolis, Minn.; Miami, Fla.; Buffalo, N.Y.; Chicago, Ill.; Detroit, Mich.; the District of Columbia; Allegheny County, Pa.; and Milwaukee, Wis.

Senior Aides will provide valuable services seldom available because of a lack of local funds in schools, libraries, hospitals, nursing homes, social welfare agencies, public health centers and day care centers.

It is interesting that, under the proposed amendments to the Older Americans Act, the new agency the Department of Health, Education, and Welfare proposes to set up under the name "Service Roles in Retirement" would presumably perform services contemplated under Senior Aides.

As you are aware, the Labor Department considered the Senior Aides program because of the interest of Secretary of Labor Wirtz in the idea of a nationwide program contemplated under S. 276, a bill by Senator Harrison Williams to set up a Senior Citizens Community Service Corps to provide jobs for the elderly unemployed and retirees wishing to be gainfully employed.

Purpose of the Senior Aides and the like program operated by the National Council on the Aging is to demonstrate the feasibility of a broad range program of this kind.

Mr. Chairman, and other distinguished subcommittee members, the National Council is convinced that the Labor Department is best equipped to administer standard programs to employ the elderly and we are concerned because of the Department of Health, Education, and Welfare's eagerness to expand in this area.

The National Council of Senior Citizens feels this is part of the general tendency on the part of welfare administrators to regard the elderly poor as disabled or disadvantaged and therefore essentially welfare cases.

True, there are seniors with disabilities and natural handicaps who require welfare services, but the National Council of Senior Citizens opposes the welfare approach to problems of elderly as an overriding policy.

The National Council of Senior Citizens insists the elderly should not be placed in the position of welfare clients—wards of the Government—simply because they are poor and deprived.

We maintain that the 6,000,000 elderly who live in poverty and the millions of other elderly at or near the poverty line are entitled to social security benefits to enable them to live in comfort and security. This is the number one objective of the Older Americans Act.

It is distressing to note how far short we are of achieving this—the chief goal of the Act.

Mr. Chairman and other distinguished subcommittee members, the National Council of Senior Citizens feels strongly that the proposal to set up a new program under the Department of Health, Education and Welfare to be called "Service Roles in Retirement" would be a mistake.

On behalf of the National Council membership, I wish to state that, in the interest of the elderly and of the taxpayers, the National Council of Senior Citizens opposes this particular provision of the amendments to the Older Americans Act.

The National Council of Senior Citizens insists that programs to be created under the proposed agency to be known as "Service Roles in Retirement," could be administered with better results for the elderly and the taxpayers by the

Labor Department because it is fully equipped to handle standard employment programs.

Mr. HUTTON. I should like to add that the National Council of Senior Citizens executive board has considered other aspects. The statement I submitted deals largely with the service roles in retirement.

We have considered that the other aspects of the amendment are, in general, in agreement with the proposed agreements as enunciated by the Commissioner on Aging. We are in opposition, as my statement notes, to the idea of service roles in retirement.

The National Council of Senior Citizens is very concerned that employment programs remain with the Department of Labor. We are aware, for example, that the Office of Economic Opportunity administers employment programs, but we want to point out that while OEO is set up for the purpose of innovating antipoverty programs its function for administering antipoverty programs is secondary to its mission.

We participated in many discussions with the sponsors of that act, the late Senator McNamara and the late Congressman Fogarty, and at no time did we consider the Administration on Aging as taking over administration of social security, or taking over health care of the elderly by administering the medicare program. We realized to do that kind of thing would set up a monstrous new department of government, and I am sure that is not the kind of thing this Congress is thinking about at this time.

We do see, however, the need to cut down, where possible, the duplication—

Mr. DANIELS. Do you believe there should be a proliferation of these projects through the vast expanse of the Government?

Mr. HUTTON. I think our general idea was to stimulate activity on behalf of the older people of this country who were being sadly left out, left out of OEO programs, left out of Labor Department programs, left out of health considerations.

In general, the older people of this country have been getting a very raw deal for many years.

Mr. DANIELS. What agency of the Government should administer their needs?

Mr. HUTTON. I think all agencies of Government—but employment is obviously the responsibility of the Department of Labor.

Mr. DANIELS. In all agencies of the Government? Would that not be to waste or duplicate your efforts?

Mr. HUTTON. I don't think so. If Housing administers housing programs, if Labor administers labor programs, if other efforts could be administered by other departments, this is the way to do it to avoid duplication.

I am sure Congress is aware of the natural divisions, and I believe transferring employment problems to the Administration on Aging and making it a vast operational agency is not what Congress intended. I don't think it was in the mind of Mr. John Fogarty.

Mr. DANIELS. There are many problems of the aging, as indicated, and I think it might serve their interests best if the Labor Department concerned itself solely with employment and the Health, Education, and Welfare Department could take care of social services. But they both should try and coordinate their activities and see that they properly function and carry out the purposes for which they were created.

Mr. HUTTON. I am sure that is so. We do not disagree. For instance, our grant we administer with employment of senior aides, it is necessary for us when organizing a senior aide program in one of the communities—it is necessary for us to try and secure the approval of the commission on aging in that State. This has been done in all cases, and we work very well with them.

Obviously, the Commission on Aging can serve a real function. I only wish it were serving better all the functions laid out in its original charter.

Mr. DANIELS. There is the bell I was referring to.

Mr. HUTTON. Well, I do appreciate the opportunity to be here.

Mr. DANIELS. For a brief moment, specifically what is your objection to title VI, "Service Roles in Retirement"?

Mr. HUTTON. Specifically, we believe that this is an employment program. We have studied the foster grandparents program. We have studied an evaluation done by Greenleigh Associates. We don't like the high cost of administration of the foster grandparents program. For example, in our senior aides program, administration costs amount to less than 20 percent of the program. More than 80 percent of the program goes in actual wages of the old people concerned. The administration cost of the foster grandparents programs has been extremely high.

There has been no recent evaluation and we can't get any better information out of the agency running it. I don't think there has been an evaluation of the foster grandparents costs since 1966.

This kind of employment program, which is what it is, is done much better by the experts, by a department whose entire history has been concerned on this type of thing.

We believe that if you want to expand the work of the Administration on Aging into other programs, you are really taking away from the Department of Labor. Then perhaps we should do away with the Department of Labor and push it out to some other department—which is silly.

Mr. DANIELS. What is the distinction—this is referred to on page 2 of your statement—between the senior aides programs for the aging and the foster grandparents program?

Mr. HUTTON. We look at the foster grandparents program in terms of employment for the aged, or it can be looked at as a program for institutionalized children. I think there is more valid reason for the foster grandparents program to be administered by the Children's Bureau, if you are looking at numbers instead of costs.

Our program for the aging is a program where we are trying to demonstrate the concept that older people in this country don't have to be thrown on the shelf at age 65. Many are not welfare recipients. Many can work in community services. They can do jobs. Some can work 20 hours a week, others full time. They are willing to work and—look for employment programs.

The Department of Labor should be able to find these kinds of jobs for them. It should be able to initiate programs in community services to employ older people. We want to show these people can serve their country after reaching age 65.

Mr. DANIELS. All right, Mr. Hutton. I want to express the committee's thanks to you for coming here and giving us the benefit of your thinking.

We received a telegram from the Massachusetts Commission on Aging, indicating their strong support of this legislation. Without objection, the telegram will be included at this point in the record.

(The document referred to follows:)

BOSTON, MASS., July 15, 1967.

Representative DOMINICK DANIELS,  
*Chairman, Select Education Subcommittee,  
 House Committee on Education and Labor,  
 House of Representatives,  
 Washington, D.C.*

Please record the strong support of the commission and staff of the Massachusetts Commission on Aging in favor of the amendments to the Older Americans Act as described under a new title 3 to the act. In the past few years Massachusetts has fulfilled the spirit and purpose of the act in giving its State agency the money and staff to implement the title 3 program. In addition new legislation for hot lunches, employment and housing programs have added to our growing responsibilities. The transfer of important volunteer programs is now not only warranted but necessary to allow all State agencies the opportunity to provide the total service to the elderly at the local level. To put this responsibility elsewhere may well defeat not only what has been accomplished but what might be done in the future. I urge your help in this endeavor.

RIGHT REV. JOSEPH T. ALVES,  
*Chairman, Massachusetts Commission on Aging.*  
 JOHN T. SWEENEY,  
*Executive Secretary.*

Mr. DANIELS. This concludes the hearing on this subject matter, and the committee is adjourned.

(Whereupon, at 12:30 p.m. the committee adjourned, to reconvene at the call of the Chair.)

(The following material was submitted for the record.)

STATE OF CONNECTICUT,  
 EXECUTIVE CHAMBERS,  
 Hartford, Conn., July 10, 1968.

Hon. DOMINICK V. DANIELS,  
*Chairman, Select Subcommittee on Education, of the Committee on Education  
 and Labor, Cannon House Office Building, Washington, D.C.*

DEAR CONGRESSMAN DANIELS: This is to express my endorsement of the proposed Amendments to the Older Americans Act with special reference to Title VI "Service Roles in Retirement".

I have long been personally aware of the wonderful efforts of retirees on behalf of underprivileged children, especially through our Foster Grandparent Program at Seaside Mental Retardation Center, Waterford, Connecticut.

It is my feeling that the Amendment will provide a logical link whereby our Connecticut Commission on Services for Elderly Persons could funnel the skills and wisdom of retirees to needy children. Should these amendments be implemented, it would continue the special recognition of the role of the community Action Agencies in Connecticut where they now exist and continue the Service Roles in Retirement of the Foster Grandparents Program as a viable program.

Sincerely,

JOHN DEMPSEY, *Governor.*

OFFICE OF ECONOMIC OPPORTUNITY,  
 EXECUTIVE OFFICE OF THE PRESIDENT,  
 Washington, D.C. August 12, 1968.

Hon. DOMINICK V. DANIELS,  
*Chairman, Select Subcommittee on Education, House of Representatives,  
 Washington, D.C.*

DEAR CONGRESSMAN DANIELS: I promised you that I would let you have a summary of the allocations made at the end of the fiscal year for new Older Persons

Programs, and such a summary is enclosed herewith. If you desire any further information, let me know.

Yours sincerely,

GENEVIEVE BLATT, *Assistant Director.*

FISCAL YEAR 1968 OBLIGATIONS, SENIOR OPPORTUNITIES AND SERVICES PROGRAMS

Senior Opportunities and Services funded in the amount of \$3,050,000. Established to meet the needs of the elderly, include senior citizens centers, neighborhood outreach programs, home health aide, health planning, homemaker, food distribution, community involvement, and legal services programs. Other services, such as transportation, consumer education, job employment, and home day care for the infirm elderly are also provided.

Specifically, grants were made to the following :

Total headquarters-----	\$660, 000
The National Council of Senior Citizens: a research and demonstration grant to investigate the legal needs of the poor in five or more states. (Sec. 232)-----	510, 793
Eight Northern Pueblos of New Mexico, Santa Fe, New Mexico: to provide for employment of the elderly in repairing hogans of other elderly Pueblo residents. (Sec. 222a, 8)-----	35, 000
Home Education Livelihood Program, Albuquerque, New Mexico: legal services to obtain assistance and benefits for elderly migrant workers. (Sec. 222, a, 8)-----	114, 207
Community Action Migrant Programs, Ft. Lauderdale, Florida: legal services to obtain assistance and benefits for elderly migrant workers. (Sec. 222, a, 8)-----	
Total regions-----	2, 390, 000
I. Northeast region-----	140, 000
II. Mid-Atlantic region-----	500, 000
III. Southeast region-----	200, 000
IV. Great Lakes region-----	100, 000
V. Southwest region-----	250, 000
VI. North-Central region-----	500, 000
VII. Western region-----	700, 000

STATEMENT BY ELEANOR S. ELKIN, PRESIDENT, NATIONAL ASSOCIATION FOR RETARDED CHILDREN

Mr. Chairman, it is a special privilege for me to appear before this Committee to-day, not only because of the importance to us of the legislation you are now considering, but because of the very significant contributions which this Subcommittee and its parent Committee have already made to the cause of the handicapped of our nation. Most recently your handling of the Vocational Rehabilitation Amendments, now Public Law 90-391, and your sponsorship of the Handicapped Children's Early Education Act, on which we look for early action, have won you well deserved thanks from the organization I represent, as well as many others.

As you know, the National Association for Retarded Children is a nationwide organization dedicated to promoting the well-being of all the mentally retarded of all ages, and of varying degrees of disability. Like the elderly, the retarded include many people who can work and earn, and wish to do so, but who may need help in finding appropriate employment. In promoting employment for the retarded, we have enjoyed excellent cooperation from the Department of Labor and from local programs funded through that Department. These employment programs have not, however, displaced the need for a vigorous program of vocational rehabilitation and job placement under the Department of Health, Education, and Welfare, nor the need for vocational education for the handicapped under the Office of Education also in HEW, nor for that matter have they made obsolete the programs of social services and income maintenance payment to those disabled by mental retardation which are also administered in HEW. I

mention these facts because it seems to us that the problems of aging, like the problems of the retarded, are very diverse and complex and that they will not be solved by any one agency of government but rather by an appropriate distribution of functions and responsibilities. This "appropriate distribution" is desirable even though it may require that a bit more time be devoted to coordination, whether by Congress, by the administration, or by us in the interested voluntary organizations.

The problem of the aged retarded is a real one, often neglected, which is a growing concern of our organization. Perhaps we can persuade the active senior members of the National Council of Senior Citizens and the National Council on Aging to give special attention to the needs of their less fortunate and less vocal contemporaries. But it is not to plead their cause that I am here to-day.

I am here to-day to speak with enthusiasm about the important benefits which some three thousand able and compassionate senior citizens have been able to bring to nearly six thousand doubly disadvantaged mentally retarded children, through the Foster Grandparent Program. The vast majority of the children benefited are in public institutions and lack parental attention. In addition, emotionally disturbed, physically handicapped and neglected children are also served by F.G.P. I have visited a number of these institutions and could give you some first-hand descriptions of the bleakness of life there, and of the hope brought and the changes wrought by Foster Grandparents. Regular employees, initially skeptical, have become enthusiastic.

This program has been in operation for three years. Thus although the proposed Title VI is new to the Older Americans Act, the program is not new. It has been successfully administered since its inception by the Administration on Aging with funding from the Office of Economic Opportunity. It has certainly proved its worth to the children and "grandparents" alike. It is not a "welfare" program so far as the grandparents are concerned, although it is directed toward those of low income, nor can it be said to be primarily an "employment" program for the elderly. Rather it is a double thrust program, benefiting both senior citizens and disadvantaged children.

Now that the demonstration phase of this program is over, it should be given permanent status. The logical place is in the Older Americans Act and in the Department of Health, Education, and Welfare, which has gathered together its social and rehabilitation services for the elderly, for children and for the handicapped into one agency, the Social and Rehabilitation Service.

We therefore support Section 8 of H.R. 17867, creating a new Title VI in the Older Americans Act. We are glad that the pioneering F.G.P. program is setting a model for other kinds of interpersonal service which elderly people may render, thus earning both personal satisfaction and a little extra income.

We do not see any conflict between the proposed "Service Roles in Retirement" program, with its rather specifically delineated goals of enabling the retired person to aid others less fortunate, and the wider range of employment opportunities for the elderly that might be generated under a Senior Aides or other program which could properly be funded by the Department of Labor.

It may also be mentioned that most F.G.P. grants go to public agencies, or to non-profit agencies which are directly involved with the child beneficiaries and knowledgeable about their needs. Each grantee, on the average, employs about 100 "grandparents". We believe that it is more efficient for these agencies to deal directly with the responsible Federal agency (with concurrence of the State agency on aging) rather than having a sub-contractual relationship with a "middleman" private organization. The latter is the pattern favored by the Department of Labor. This pattern may be more appropriate for dealing with employment opportunities which are more dispersed, and especially those in the private sector.

Aside from continuity, the greatest need of the Foster Grandparent Program to-day is a higher level of funding. The ten million proposed for 1969 can scarcely maintain even last year's level, since Foster Grandparents, like other working people should be able to increase their hourly earnings in accordance with the Fair Labor Standards Act and to attain the revised limit set by the Social Security Act. Moreover, the program should be extended to every State and territory and to more institutions. At present only about half the public institutions for the retarded have been funded. None of these can be accomplished unless the budget is increased. If the Congress is inclined to place a statutory limit on authorizations, we recommend at least a \$5 million increase in each of the next three years for F.G.P. alone, plus whatever is needed for the other purposes proposed by the Administration on Aging.

Thank you for your concern for both the handicapped and the aging, and for permitting us to submit our views to you.

STATEMENT OF MSGR. ROBERT A. ARPJE, DIRECTOR, DEPARTMENT OF CHILD CARE,  
CATHOLIC CHARITIES OF THE ARCHDIOCESE OF NEW YORK

STATEMENT ON FOSTER GRANDPARENTS PROJECT

I, Monsignor Robert A. Arpie, am Director of the Department of Child Care for the Archdiocese of New York. I am pleased to submit to the Select Sub-Committee on Education the following statement concerning the Foster Grandparents Project in this Archdiocese.

Catholic Charities was one of the first agencies funded to conduct a Foster Grandparent Project in the United States. We received our original grant in September 1965 for the purpose of employing 114 foster grandparents to work with dependent, neglected children in four of our affiliated agencies. Grandparents were recruited from the total community without regard for race or creed.

Our experience with this project has been rewarding, educational and most encouraging. Originally the grandparents were assigned to work with quiet, withdrawn children from one to five years of age because we were concerned about the ability of these people to work with older children who were more aggressive. We quickly realized that there had been an underestimation of the capacity of older people to provide meaningful service to all types of children regardless of age, who lack the love and affection of a concerned individual. In our programs foster grandparents are now working with children between the ages of two to sixteen. Their role fundamentally is to be a grandparent to an individual child in our group programs, on an ongoing basis. As a meaningful member of the staff, they help their grandchild through the minor day by day problems and through the major crises such as hospital stays, clinic experiences, and similar occurrences which can be alarming to children in the absence of a strong, meaningful adult relationship. They function additionally in an agency as teacher aides. Where children have siblings in boarding homes, the grandparent reaches out to these as well. These foster grandparents are now permanent members of our staff because the service they render is now deemed to be extremely beneficial to the children.

The three year Federal grant expired on June 30th last. Perhaps the most effective demonstration of the project's worth is the fact that as of July 1, 1968 our agencies have made their foster grandparents permanent members of their staffs. They have done this because they have evaluated their contribution as of major benefit to their children.

We strongly support the incorporation of this program into the ongoing activities of the Department of Health, Education and Welfare and we urge that it be greatly expanded so that other agencies concerned with services to deprived and handicapped children may become aware of the many advantages of the employment of foster grandparents.

THE MERRILL-PALMER INSTITUTE,  
*Detroit, Mich., August 1, 1968.*

Congressman DOMINICK V. DANIELS,  
*Chairman, Select Subcommittee on Education of the Committee on Education and Labor, Washington, D.C.*

DEAR CONGRESSMAN DANIELS: Recently it has come to my attention that your subcommittee is now considering H.R. 17867. I was particularly interested in the provision "Service Roles in Retirement" as a new title to the Older Americans Act, since, as I understand it, this provision is based on the experience of the Foster-Grandparent Program, and proposes to expand services functions in child-care settings for older people.

For the past several years I have been associated with the Foster-Grandparent Research Program in my capacity as Project Director of the Merrill-Palmer Foster-Grandparent Research Project. (This research project was funded by the O.E.O. in late 1966 for the purpose of evaluating the effects on institutionalized children and older people of the then newly initiated Foster-Grandparent Program).

Our research study has now continued through a second year and I believe you will be interested to learn that after two years most of the older people in our

original study are 1) still working as foster-grandparents, 2) have shown increasing life satisfaction from the meaningful service roles they are performing; and 3) continue to demonstrate a unique ability to fill basic emotional needs for emotionally deprived infants and young children. Even more striking, perhaps, has been the indication of the generally favorable and sometimes remarkable therapeutic influence the foster-grandparents have had on the development of the emotionally deprived children with whom they have worked.

I was especially pleased to note that a transfer of the Foster-Grandparent Program to the Department of Health, Education, and Welfare is being considered. I would like to stress my belief that the success of the Foster-Grandparent Program was not automatic and cannot be attributed simply to a good basic idea. On the contrary, I feel that much of the success of this program can be credited to its careful administration by the Department of Health, Education, and Welfare Administration on Aging. My reason for this belief is as follows:

From the mental health point of view, the rewards of the Program can be surprisingly great for *both* the older people and young children involved; on the other hand, its very potency dictates professional care and caution. For example, the so-called "special-relationship" and quality of the emotional interchange involved in the foster-grandparents and "their" children is, I believe, a large factor in the unique effectiveness of the Program up to now; yet, this very emotional meaning to the individuals involved implies the necessity for supervision and supportive "back-up" (from professionals in aging, mental health and allied fields), for the foster-grandparents, the administrators of the institutional settings in which the Foster-Grandparent Programs operate, and the children whom they both serve. Further, for both the older people and the institutionalized children, certain adjustment and physical factors, unique to their respective places at either end of the life-cycle, need to be carefully taken into account if the program is to succeed. I have been very favorably impressed by the HEW Administration on Aging's constant awareness of and attention to this need for professional supervision, as well as for their careful implementation and operation of the Foster-Grandparent Programs.

In summary, let me say that I strongly support the expansion of the Foster-Grandparents Program, its inclusion within a larger concept of "Service Roles in Retirement," and its continued administration by the Department of Health, Education, and Welfare Administration on Aging.

Sincerely yours,

Mrs. ROSALYN SALTZ,  
*Project Director, Foster-Grandparents Research Project.*

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TESTIMONY BY COMMUNITY SERVICE SOCIETY, NEW YORK, N.Y.

The Committee on Aging of the Community Service Society of New York appreciates the opportunity to submit testimony to the House Select Subcommittee on Education on H.R. 17867, the proposed "Older Americans Act Amendments of 1968." We welcome the introduction into Congress of a bill that proposes to strengthen and improve the Older Americans Act of 1965, and makes provision through a new section on "Service Roles in Retirement" to establish an older Americans community service program. Our position today is consonant with the testimony we presented in June 1966 on Senate bills 2877 and 3049, and in August 1967 on Senate bill 276.

The Community Service Society of New York is a voluntary, nonprofit agency dedicated since 1848 to the strengthening of family life and the betterment of community life. The Committee on Aging within the Department of Public Affairs is a citizens' committee concerned particularly about the well-being of the elderly.

This Committee supports the major provisions of H.R. 17867: 1) to develop area-wide model projects based on the results of proven demonstration projects; 2) to extend project support for successful programs from three to four years, thus helping to insure the development of plans for continuity of service while the project is still in operation, with all the advantages of availability of project personnel and the visibility of an ongoing program; 3) to strengthen State offices on Aging in their efforts to meet the needs of older persons in each State most effectively; and 4) to authorize and develop a program of "Service Roles in Retirement," through the proposed Title VI.

It is to this new Title VI that we address our remarks specifically today—especially because of our experience with Project SERVE—a Title IV Administration on Aging demonstration program utilizing older persons as volunteers in community service. We agree with the basic concepts of this title which would provide opportunities for older citizens to furnish useful and helpful services to their local communities. We are convinced that retired men and women represent a largely untapped national resource of skills, talents, interests and life experience and can contribute in many significant ways by rendering supportive services in a community.

However, there are two aspects of this section of the bill we believe need clarification and strengthening. The Committee on Aging of the Community Service Society recognizes and fully endorses the importance and value of part-time paid employment for older people. But as will be set forth in more detail later, our experience also underscores the willingness and enthusiasm of considerable numbers of the elderly to contribute their services *without compensation* when the need for their help is real and apparent, and when they are encouraged and enabled to do so. However, out-of-pocket expenses and difficulty of transportation often deter elderly citizens from offering their services on a voluntary basis. Likewise, there are costs involved in recruitment and bringing volunteer opportunities to the attention of older persons. Therefore, provision for transportation and other expenses of volunteer workers and for recruitment costs is essential.

We trust that the sponsors of the bill agree that volunteer services (and the coverage of the outright cost of volunteering) as well as paid employment should be included in service programs for the elderly. We urge that the bill be amended to spell this out clearly and eliminate any ambiguity about such inclusion.

The second facet of the title that should be strengthened, in our opinion, relates to greater flexibility in the services to be rendered. Project SERVE has demonstrated that there are many and varied areas of community activity where older persons can and do provide much-needed help, and these are not specifically limited to service to children and to the elderly. We, therefore, recommend broadening the choice of service opportunities for persons aged 60 and over, so that the specific needs of individual communities can best be served and the interests and skills of each older person be used most advantageously. Thus § 601-a line 8 might be amended to include the phrase "to render . . . *needed community service in nonprofit agencies and institutions, including* supportive services to children and other persons having exceptional needs."

Underlying these two recommendations is the concept that through this bill a new social role and responsibility for the elderly can be developed. When we speak of "service roles in retirement," we would like to define it in its broadest sense, establishing the social contribution that this program can make, without limiting the interpretation of service roles to an occupational or economic definition. This would embrace an appropriate recognition of the need for funds for those who want to work and also those who might want to volunteer.

It is in the context of a program designed for service opportunities rather than employment per se, *with primary emphasis on the value and meaning of such service to the older person and on the need for choices in both gainful and volunteer employment*, that we endorse the provisions of this bill to strengthen and improve the Older Americans Act of 1965, within the framework of the Department of Health, Education, and Welfare. It is here that the potential exists to experiment with and develop new roles for the elderly in the retirement years.

Our own experience at Community Service Society through project SERVE has shown the possibility of involving older people in meaningful service and of helping a growing number of retired persons to contribute to their own well-being and that of the community. CSS embarked on this demonstration project on Staten Island in January 1967. Fifty per cent of the funding for SERVE (an acronym for Serve and Enrich Retirement by Volunteer Experience) is in the form of a Title IV demonstration grant from the Administration on Aging and the balance is provided by the Society, private foundations and individuals. SERVE is based on Staten Island, which was chosen as the site for the demonstration because it is more similar than the rest of New York City to communities elsewhere and thus the findings would be applicable nationwide.

One of the primary purposes of the project is to test methods of recruiting, training, placing and retaining older adults as service volunteers on a regular

basis. In the year and a half since Project SERVE started, 276 older persons have been active in the program and 224 are still active today and giving service on a regular weekly basis. We believe that SERVE represents the largest continuous sustained community volunteer program by older persons currently in operation in the nation. These volunteers have given 25,552 hours of service during the first 18 months of project operation and have contributed their time without receiving wages or stipends but with transportation and lunch provided when necessary. The retention rate has been exceptionally high, with the total drop-out rate over a two-and-a-half-year period (since the pilot program began) being only 15% of the volunteers recruited and placed.

We want to emphasize that without the provision of transportation it would not have been possible to involve the many people who are currently active. We have met this need by providing *group* transportation—that is, chartered buses to take large groups of volunteers to and from agencies and institutions which are inaccessible or difficult to reach by public transportation, and taxis or private cars where necessary for small groups from one pick-up point. In planning similar programs in other parts of the city or in other communities, the factor of transportation must be taken into account, especially for older persons—not just the cost, but the accessibility and availability of it to the agencies and institutions that most need the service.

We have noted with interest the three categories of supportive services suggested in Title VI of the bill under consideration, and would point out that they are adaptable to volunteer as well as gainful employment. The programs under Project SERVE at Willowbrook State School and St. Elizabeth's not only are examples of the first category of service, "to children receiving institutional care," but in many instances go beyond specific service to children.

Our largest group of volunteers (128) give weekly service at Willowbrook State School. Their assignments are as varied as the interests and skills of the individuals involved—in the occupational therapy room, baby wards, sewing rooms, carpentry and repair shops, in the classroom as teacher aides and in one-to-one direct services to patients. The volunteers are not only serving children but the adult residents as well. In this 6,000-bed institution for the mentally retarded, over and above the specific services rendered, the volunteers—because they are volunteers—represent the interest of the outside community. Few of the residents of the school have visitors, and whether the volunteer is giving tender loving care to a youngster, or working side by side with an adult resident in the sewing room or in the repair shop, each retardate appreciates and responds to the special warmth and concern brought by the volunteer. The residents in the buildings where volunteers work invariably get dressed up as if it were visiting day, on the day that "their" volunteer is expected. In addition, our volunteers have served as excellent emissaries in the community by interpreting the program and the service of Willowbrook State School.

At Mt. Loretto-St. Elizabeth's, a resident facility for girls under Roman Catholic auspices, some 15 SERVE volunteers are giving six hours once a week in direct service to the children at the home. Since most of these youngsters come from broken homes in deprived areas, the need for a friendly, accepting mature person is ever-present. The volunteers are serving as reading helpers, small group activity leaders, and lend a listening ear to a child who needs just that. Six of the volunteers are of Spanish-speaking background and because many of the residents are of Puerto Rican heritage, the school has utilized the language skills of these older persons so that the children would not abandon their Spanish culture and lose their language facility. In addition, the youngsters have been able to identify with the volunteers as responsible adults who accept and love them as they are. Two couples are now part of this volunteer group and each couple has been assigned to meet with all the children of one family each week to talk, to walk, to share experiences and to bring a sense of "family."

The second category of Title VI refers to "aides or tutors in day care centers or nursery schools." A small number of SERVE volunteers are in the Head Start program and an increasing number are being assigned to the public school reading program under the auspices of the New York City Board of Education School Volunteers and the Staten Island Mental Health Society, and as "non-academic" volunteers in the library, the nurse's office and other placements in the schools.

The group of volunteers serving at Sea View Hospital and Home, a municipal institution for the aged, certainly meets the requirements of the third category listed as "services to older persons in need of special personalized assistance because of physical infirmities or other special circumstances." Basically, the as-

signments here are for friendly visiting, and the warmth and human interest that such visiting brings.

In reviewing some of our ongoing placements of volunteers, a large proportion fit into the categories already mentioned in the bill, but there are many other important volunteer services which go beyond "supportive services to children or older persons having exceptional needs." Particularly interesting and quite different from the traditional volunteer role is the weekly price survey being conducted by SERVE on Staten Island, under the auspices of the Mayor's Council on Consumer Affairs. These volunteers do comparative price shopping weekly and submit a four-page report to Deputy Mayor Costello, who gives a daily broadcast on food prices and consumer subjects. Their interest in the entire area of consumer affairs has been aroused as a result of their involvement in this weekly survey and the findings that have come out of their endeavors. Individual placements have also been made at Lakeview Home—a residential facility for unwed mothers under the Louise Wise Services—the American Red Cross, the New York City Board of Health, and SERVE's own office. These are important service roles but the assignments do not fit into the categories listed in Title VI.

The history of SERVE demonstrates the significance and value of volunteer programs for the elderly with the provision of funds for transportation, for lunch when appropriate, for recruitment and for supervision. It is apparent that specialized effort is required to utilize the latent energies and interests of older men and women and to encourage them to use their time, talents and skills in important community activities. But it is equally apparent that the lasting value to older persons more than repays these efforts.

The SERVE volunteer has often expressed in many different ways that by "giving they gain"—not money—but tremendous personal satisfaction, a pride in accomplishment, new status in the eyes of their families and friends, less concern about themselves and their health problems, an increase in their own self-esteem, and "the thrill of still being needed." We would hope that the bill that is being sponsored here would enable other older persons to volunteer and gain the same kinds of satisfaction and that "new lease on life" which so many of our volunteers have experienced and expressed.

In sum, we applaud the goals of H.R. 17867 but emphasize the importance of amendments spelling out the volunteer concept in this program and the social role and responsibility that can be developed through the broadest interpretation of "service roles in retirement." With such amendments, the Committee on Aging of Community Service Society adds its voice in support of this legislation which will strengthen and improve the Older Americans Act, expand the program of the Administration on Aging, and through these additional opportunities and services add status, dignity and increased self-worth to older persons in the nation.

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STATEMENT BY REV. CHARLES J. FAHEY, CHAIRMAN, COMMISSION ON AGING,  
NATIONAL CONFERENCE OF CATHOLIC CHARITIES

The National Conference of Catholic Charities is an organization representing the agencies, workers, and volunteers involved in the Catholic Church's social welfare activity through the United States. These activities cover the broad spectrum of service-to-people including institutional care of adults and youngsters, family counseling agencies, and poverty programs; in short, virtually every type of social welfare institution, agency, and program.

Since the Church has a deep interest in and commitment to the field of aging, the National Conference of Catholic Charities has as an integral part of its program a Commission on Aging broadly representative of the program, professional skills, and geographical regions in which the Church's aging programs are to be found. It is on behalf of this Commission that I present these remarks.

The National Conference of Catholic Charities has from the inception of the Act been a staunch advocate of the goals and, in general, the details of the "Older Americans Act." We recognize the special responsibility which our nation has to do all in its power to assure our aging citizens that they have the fullness of life.

We take this occasion to endorse the various provisions of H.R. 17867.

Of special interest is the strengthening of the consultation and coordination role by the state. Local communities need the assistance and technical expertise of

such an office. In this way, the good will, skills, and other resources of the local community can best be utilized.

Model area-wide projects can test out techniques in providing maximum use of minimum resources designed to bring about a significant impact on a given geographical area.

Our nation is examining its priorities. The National Conference of Catholic Charities is in accord with this movement. However, we are fearful that in allocating funds, we do not forget this segment of our population whose financial resources are so limited. Projects concerned with aging will have increasing difficulty in competing for the community dollar. We endorse the proposal to increase Federal participation in Title III projects to four years.

Our nation is concerned about equal opportunity for all. We are all well familiar with the problems of the victims of discrimination. Not everyone is aware of the discrimination often facing the aging person in the employment area. Too often the good will and skills of aging persons are ignored.

The Foster Grandparent Program operated by the Administration on Aging and funded by the Office of Economic Opportunity has illustrated how this reservoir of talent can be tapped in the service-to-person field. We strongly endorse the *Service in Retirement* feature of the proposed Older Americans Act Amendments.

We particularly endorse the concept that this program functions under the aegis of the Administration on Aging.

The National Conference of Catholic Charities is somewhat unique in that its constituency covers so many facets of service-to-people. We envision the Service Role in retirement feature of the Amendments to have a two-fold purpose: the provision of a job opportunity and the delivery of a valid service.

In regard to the former, the provision of a job, it would seem well from an administrative point of view were this done within the context of agencies which employ persons in the service field on an ongoing basis. Looking toward the aging person involved in the program, it would seem to befit his dignity were he part of a team in an ongoing program rather than the recipient of a make-work job slot under the aegis of an agency primarily involved with training on short term make-work projects.

More importantly, we must focus on the services rendered. The service opportunities envisioned in the Act are concerned with persons in need for whom the service is necessary. As laudable as the goals of the Act might be unless it provides adequately for quality service-to-people—whether aging or infants, whether in institutions or in the community—it better would not be adopted. We must be careful lest in our quest to assist some persons, we, in reality, use others.

While recognizing the dangers endemic to programs geared toward creating jobs to serve people, we feel confident that this problem can be met successfully by the Administration on Aging and its parent group, the Department of Health, Education, and Welfare.

These agencies are client-centered. They are deeply concerned about the recipient of services. In fact, many of the dependent persons who would be assisted by those employed in the proposed program are already in some way serviced by a program of H.E.W.

The experience of our agencies with the Foster Grandparent Program has been encouraging both in terms of those employed and those served. We endorse the program as being sound. Based upon our experience as well as our basic philosophy, we urge that it be located within the Administration on Aging.

In summary, we support the provisions of H.R. 17867 and urge its enactment.

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AMERICAN PUBLIC WELFARE ASSOCIATION,  
Chicago, Ill., July 16, 1968.

HON. DOMINICK DANIELS,  
Chairman, Select Subcommittee on Education, U.S. House of Representatives,  
Washington, D.C.

DEAR MR. DANIELS: We wish to express to you the endorsement and support of the American Public Welfare Association for the proposed Older Americans Act Amendments of 1968, H.R. 17867.

The American Public Welfare Association is a national voluntary organization of local, state and federal public welfare departments and of public welfare personnel at all levels of government. It maintains a continuing relationship with these agencies and individuals through its program of consultation, seminars,

regional and national conferences, councils of state and local administrators and various divisional structures. Its membership includes approximately 1,800 agencies and 8,800 individuals. Within the agency a Public Welfare Project on Aging, funded by the Ford Foundation, gives leadership to the promotion of services to aging persons served by state and local public welfare agencies.

At the request of our Board of Directors, we are submitting this statement with recognition that approximately two million persons are receiving Old Age Assistance. Approximately 50 percent of these recipients require such assistance to supplement their Old Age Security benefits in order to meet their budgeted needs. Moreover, they constitute only a portion of about 30 percent of older people who live below the poverty line. In our judgment, a large proportion of the elderly poor are eager to contribute their services and many require services which are currently unavailable to them.

Our knowledge of the Foster Grandparent program, funded by the Office of Economic Opportunity and administered by the Administration on Aging, clearly indicates the contributions made by older persons in giving individual attention and care to children living in a variety of institutions. Equally important, this program has put to use the talents, skills, experiences and energy of older persons who have been forced into unwanted retirement and inactivity. Being needed and wanted and serving the community, as well as contributing to one's self-support, has raised the dignity of these older individuals. In our judgment, this program should be expanded as described in the proposed Title VI of H.R. 17867. Of inestimable value, and particularly for the older poor, is the provision for providing services which would permit individuals to remain in their own homes as long as possible.

In its short existence, the Administration on Aging, with its limited funding and limited staff, has made a decided contribution to older persons by identifying their needs, establishing 46 State Commissions on Aging, and supporting a variety of methods to provide educational, community, recreational and informational services. Through the existing mechanism of State Commissions, Community Councils on Aging, and the evidenced success of the Foster Grandparents program, it is our belief that that agency is competent, able, and eager to implement "Service Roles in Retirement." The Social Security Amendments of 1967 (P.L. 90-248) have delegated the Administration on Aging the responsibility for providing services to all aged recipients served by public welfare agencies. Of vital importance to the field of public welfare is the expansion of opportunities for recipients of assistance and for the elderly poor. This is particularly important in the day-care center program wherein older people can be employed while mothers of children participate in the work incentive program and subsequently secure employment. It is our belief that efficient community services should be administered in a coordinated manner while giving attention to individual needs. This can be more effective when responsibility is centered in a single agency.

The designated State Commissions or Units on Aging have encountered financial difficulties in implementing programs with the previous allotment of \$25,000. To provide comprehensive state programs, to permit coordination and evaluation of programs related to the Older Americans Act, and to further effectiveness of Service Roles in Retirement, we support the proposed amendments to increase the state's allotment and the federal share of these costs.

It is our belief that as the actual responsibilities and resources of the Administration on Aging are increased, it will become an even more vital and vocal program in behalf of older persons.

Sincerely yours,

GUY R. JUSTIS, *Director.*

THE WINNETKA PUBLIC SCHOOLS,  
Winnetka, Ill., July 10, 1968.

Congressman DOMINICK V. DANIELS,  
*Chairman, Select Subcommittee on Education of the Committee on Education and Labor, Washington, D.C.*

DEAR CONGRESSMAN DANIELS: In consideration of H.R. 17867, a Bill to strengthen and improve the Older Americans Act of 1965, I should like to submit information concerning the effects of our funding on the older adult, and on the community, and in relation to education.

I welcome this opportunity to present the attached report to your committee.  
Very sincerely,

Mrs. JANET FREUND, *Project Director.*

The Administration on Aging Funding for the Project for Academic Motivation began in January, 1967. Its overall purpose was to provide opportunities for older adults to work as volunteers in meaningful roles in schools.

Experienced in an extensive school volunteer program in the affluent community of Winnetka, Illinois we sought the first year to discover whether communities with a variety of socioeconomic patterns could develop and sustain school volunteer programs. This answer was affirmative and projects are thriving in six poverty or middle and upper middle class communities near Chicago.

The second year, with a commitment to assist in the developing and expanding of similar programs out of Illinois, a seminar was held under our funding which representatives of eight communities attended. Our expectation is, by this means, to provide opportunities for older adults to serve in schools in communities across the nation.

Our experience has been that our pilot programs are seeding operations often beginning in our school, then spreading throughout the school district, thence to adjacent communities. One school will use from about 20 to 50 volunteers, multiply this by 10 or so in the district and then by 3 or 4 for the neighboring areas.

Wherever possible the older adult is the volunteer. But in our school programs, individuals are neither selected nor excluded because of age. They are selected because they have the knowledge and ability and personality to fill the request made by the teacher. From  $\frac{1}{10}$  to  $\frac{1}{3}$  of our volunteers are over 60 years old. Consider the numbers of opportunities for rewarding experiences and satisfying relationships for older adults in schools across the country.

Selected older adults are "naturals" for this work. They have time and have succeeded in adapting to change. They have a perspective on life and a great variety of abilities and skills and knowledge.

Now you might be interested in knowing why schools today are using large numbers of volunteers—schools of affluent communities and schools in poverty areas. There are many reasons. Two of the most significant ones are (1) Problems of individualizing instruction with ever increasing differences in preparation for learning because of high mobility and population differences, and (2) The changing technology of education as well as of our society in general requires innovative ways of meeting change and bridging gaps created by change.

In individualizing instruction, the volunteer may work as a teacher aide, in an enrichment, tutorial capacity or in preparation of materials. He may come to the classroom as a resource person or work with the various special departments in education as guidance, language or physical education. Or he may work with the School Board or administrative staff. Superintendents of schools like the volunteer programs because they provide improved communication with the community. This is particularly true in relation to the older adult who might otherwise be disinterested in the community's schools. Teachers like the program because it permits them more time to teach.

Innovation in education is a national imperative today. The involvement of industry and our social structures with education is urgently needed to make learning meaningful in terms of preparation for productivity and problem solving. The involvement of industry and the institutions of our culture with education is needed in order to keep the curriculum current. The retiree or the individual anticipating retirement is the logical volunteer recruit for these educational bridges.

New ways of teaching, the Learning Centers, Team teaching, computerized programing, flexible scheduling, all require extra supporting helpers that schools cannot afford. The volunteers with meaningful supervision and appreciation find these supplementary tasks rewarding.

There are three other types of volunteer roles that present many opportunities for older adults in relation to the school volunteer program. They are the roles of school coordinator and community recruiter, and the housebound volunteer.

Volunteers are carefully prepared for their assignments, are greeted, trained, appreciated and evaluated. They are in the school to help attain an educational objective. A school staff person called a coordinator takes the responsibility for this. A number of highly successful coordinators are themselves retired people, often retired teachers.

In order to fill the request for volunteers, a community recruiting service is organized. It cooperates with and often serves other non profit local agencies. The recruiting office staff does interviewing, filing, matching and filling requests, speaking and writing publicity about volunteering. For those older

adults who do not wish to work in schools, the volunteer recruiting service provides many opportunities for rewarding service.

More effective education, better articulation between community and education are effects of the school volunteer programs.

What about the older adults who participate? This year we did case studies in one Winnetka school involving 5 children who benefited from the point of view of the school, 5 older adults working with them on a one-to-one basis and a coordinator who is herself over 60. As a direct result of this year's experience, the coordinator wrote professionally about the program, and found the work sustaining in a very difficult period of her personal life. The demands of her work and the opportunities for creativity and associations with friendly professional people in the school, according to her, made all the difference for her.

One volunteer working with a child was a retired dentist. He literally in his volunteer work made a scientific discovery. He is publishing and speaking professionally on this matter.

A retired chemist whose wife died recently has continued to be so involved in the school program that he began several years ago, that he has coped with his loss and continued day after day, literally 3 or 4 days a week to respond to the demands made on him and to derive satisfaction from his school work and relationships.

Another of these case study volunteers was a professional social worker and found retirement a problem but no longer wanted to work professionally. For her the once a week personal involvement with a child was a fine transition.

Another volunteer returned to artistic hobbies. Discovering a child helped her rediscover herself.

The fifth volunteer in this program is still working although he is over 60. His project in the school adds the dimension of service that will be a bridge for him to a less active retirement.

There are many other examples. Volunteers over 60 often regain confidence that has been lost out of disuse. Some of them move from volunteering to second careers and wider lives. They find companionship and a common interest in education with the other volunteers.

Many of these volunteer programs operate with little or no additional financial expense to the school or the community. The degree to which this is possible depends on the economic condition of the location, the facilities and personnel available.

Costs which may need to be supplemented are :

1. The recruiting service.

An office may be provided by the school, a public building as a community house or library. This may include a desk, telephone, file cabinet, cost of mailing and in some instance a clerk who will answer the phone or a registrar. In others, some or all of these services need to be paid for.

2. The coordinator.

The coordinator who implements the programs for the schools may be a volunteer or may be paid for by the school or by other types of funding—programs for poverty schools and for the gifted have used grants for this purpose, private foundations or contributions.

3. Training purposes.

Coordinators may be trained in seminars, in adult education courses, in in-depth college or university educations and field work programs. Costs of their training will relate to the extent of it.

Courses may be offered for volunteers working to supplement particular educational programs such as new math, creative writing, remedial reading, vocational guidance.

4. Volunteers usually work—by definition—without compensation. However, there are instances where minimal costs for transportation, incidental expenses and even in some instances funds to purchase suitable clothing for coming to the school may be involved.

The school volunteer programs offer a rewarding avenue of service and opportunity to maximize the later years for our older Americans.

The older adult in the school presents an image of the grandparent's role to students, a concept of the process of aging, the need to think of the meaning of work and leisure time. The concern for the individual and education for life are imperatives in today's world. In helping meet educational needs, the older

adult also helps himself. Martin Buber said, "Aging can be a beautiful thing if one has not forgotten how to make beginnings."

STATEMENT OF WILLIS W. ATWELL, EXECUTIVE ASSISTANT, NATIONAL RETIRED TEACHERS ASSOCIATION, AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. Chairman and members of the subcommittee, the National Retired Teachers Association and the American Association of Retired Persons appreciate the opportunity to submit this statement on the Older Americans Act Amendments of 1968.

The National Retired Teachers Association and the American Association of Retired Persons have been on record officially favoring the Older Americans Act concept since their 1962 biennial conferences and have testified before various Congressional committees in favor of the Act and its extension. In addition, the two Associations through their more than 1,500 local units have encouraged states and communities to participate in the grant provisions of the Act.

In several states the Associations have taken an active part in the creation of state commissions on aging. In a number of states members serve on state commissions and commission committees and many more are active in local programs initiated through the funds made available under the Older Americans Act. Three local demonstration programs are being operated by AARP Chapters under Title III grants.

The Associations are pleased to support the "Older Americans Act Amendments of 1968," as introduced by Mr. Dominick V. Daniels in the House of Representatives. We commend Congressman Daniels for his interest in older Americans. We believe these amendments will do much to strengthen the Federal, state and local programs and improve services at the various levels; and we appreciate the opportunity to comment on our appraisal of these amendments.

Section 2, providing grants for areawide model projects, seems to us to be an important addition which will permit some interesting and dramatic developments in services to older persons. The Secretary of Health, Education and Welfare might find it possible by planning ahead to 1970, when funds become available, to inaugurate some area demonstrations of preventive health care, such as the late Congressman John E. Fogarty envisioned in his "preventicare" proposal. There are also many other model projects which can be created only by encompassing areas not now available for project planning.

The extension of grants for a fourth year, as provided in Section 3, seems most appropriate since unforeseen situations may occasionally prevent states and communities from absorbing the full cost of projects on the third anniversary. A firm termination at that point could mean the loss of funds already invested. Generally, a fraction of a year will suffice in such situations, if the planning goals are set for three years. Too, states are encouraged to move into new projects by decreasing the Federal share from the first through third years.

As the Older Americans Act was originally conceived, the Federal funds available for the operation of state agencies were limited to "seed money," in order to encourage states to take more than a financial interest in initiating programs in aging. From reports gathered by the Associations from the NRTA and AARP Area Vice Presidents and State Directors during recent planning sessions, it is apparent that there is need for both statewide coordination and planning and increases in staff in various of the states. It appears that Section 4 would provide for the statewide coordination and planning under criteria established by the Secretary and that Section 5 would establish a higher ceiling on Federal grants for the administration of state planning. Taken together these sections add considerable strength to the development of state programs in aging and coordination at the state level.

The Associations also believe Sections 4 and 5 are within the spirit and recommendations of the first White House Conference on Aging which encouraged cooperation and coordination of Federal and state official programs and national voluntary activities. For example, the structure of both NRTA and AARP parallels that of the official programs for aging. Both Associations have national policy-making boards. They have adopted the same geographical areas used by the Administration on Aging. Each has an area vice president, plus professional staff members, located in several of them. Both Associations have State Directors who are knowledgeable volunteers and in several states are active in official state aging programs in addition to Association activities. Also, as pre-

viously mentioned, the Associations' programs reach more than 1500 local affiliates. Since the Associations are presently working on their state and area plans, they hope these amendments to the Older Americans Act will be passed in this session.

The Associations are enthusiastic in their support of Section 8, providing for definite service roles, since the Associations from their inceptions have stressed the importance of the continued use of the talents and abilities of older persons. The Foster Grandparents program has had publicity in the Associations' publications and a number of members have expressed their interest in it. We are also happy to see the addition of the provision for "supportive services" to older persons needing "special personalized assistance because of physical infirmities or other special circumstances." This latter is a much needed service, especially when no means test is involved. A considerable volume of mail from members indicates the desire for this kind of program to help frail older persons remain in their own homes as long as they can do so safely. Enthusiastic reports from members in several communities where such a service has been initiated indicate its real usefulness. Too, it is a service which can save public expenditures for expensive institutional care as well as preserving the resources of older persons.

Having made provision for strengthening the state programs in aging in the previous sections and having specifically charged the state agencies with state-wide "planning, coordination and evaluation of programs and activities," it is important that the states have an opportunity to review grant applications and contract proposals. It can be disconcerting and disruptive to have programs thrust upon a state and community which has other planning priorities, regardless of how good the program being offered by a national organization may be. NRTA and AARP believe this section of Title VI is most important. We are also heartily in favor of the provision for interagency cooperation at the Federal level, but believe that it is important that the major responsibility for Federal activity in aging should be delegated to the Administration on Aging, which was the original intent of the Older Americans Act.

In summary, Mr. Chairman, the National Retired Teachers Association and the American Association of Retired Persons, representing over one and a quarter million older Americans, believe these proposed amendments will do much to strengthen the administration of the Older Americans Act, as well as improve state programs in aging. We find the amendments most compatible with the planning being done across the nation by these two national voluntary associations, which have been long-time advocates of the Older Americans Act. Finally we believe the amendments will favorably affect the lives of many older persons and we urge favorable action on H.R. 17867 in this session of the Congress.

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WESTERN CAROLINA CENTER,  
Morganton, N.C., July 16, 1968.

Congressman DOMINICK DANIELS,  
*Chairman, Select Subcommittee on Education, House Committee on Education and Labor, Cannon House Office Building, Washington, D.C.*

DEAR CONGRESSMAN DANIELS: We are most interested in the proposed Older Americans Act Amendments of 1968, H.R. 17867, which you have introduced and your Committee will be considering on July 18, 1968, and should like to share with you some of our experiences with a Foster Grandparent Project which opened up new and exciting opportunities for some of our older citizens and the children they have been serving here at the Western Carolina Center.

Our facility is a 574-bed residential service to mentally handicapped children living in North Carolina's thirty most western counties. Opened in December 1963, it is a young institution, operating under the jurisdiction of the North Carolina Department of Mental Health.

On September 29, 1965 a one-year Foster Grandparent Project was established here with funds granted by the Office of Economic Opportunity. The project was to demonstrate the use of older persons of limited income in serving the emotional needs of a group of severe ambulatory children who had been deprived of a close personal relationship. It was to demonstrate what growth and development children with severe handicaps might be able to make under the daily stimulus of the same loving "grandparent." In addition, it was to demonstrate what values there might be for older citizens engaged in this type of ac-

tivity and whether this would provide the full-time employees in the cottages some time in which to more effectively carry out their other duties.

In September 1968, the Foster Grandparents Project here will be three years old. Because of the nature of its several achievements, we consider it one of the most effective and worthwhile parts of the program here for handicapped children, and should like to briefly tell your Committee of its meaning to the older citizens, the children and their natural parents, and the staff of the Western Carolina Center.

We hope you will agree that the enclosed summary of our experiences confirms our belief that the Foster Grandparent Project represents one of the most creative and meaningful social innovations in the government's history to meet familiar needs of human beings in a new way. Indeed, the Foster Grandparent Project has earned its right to be firmly established as a permanent part of the on-going services of our country to its older citizens, and those citizens in need of the specialized kinds of help which only "grandparents" can give.

Sincerely yours,

J. IVERSON RIDDLE, M.D., *Superintendent.*

#### THE PROJECT

The Foster Grandparent Project at Western Carolina Center for the retarded in Morganton began on September 29, 1965, as a one-year project funded by a grant from the Office of Economic Opportunity in Washington, D.C. Officially called the "Foster Grandparent Project for Inpatient Mentally Handicapped Children," the project was to demonstrate the use of older persons of limited income in serving to meet the emotional needs of the retarded children at the Center. The one-year project was so rewarding and fruitful that it has been continued with the same stimulating results that were so evident even at the end of the first quarter of its existence.

Western Carolina Center is a natural setting for a "Foster Grandparent Project." There are so many children available who can use this new and unique service to great advantage. In addition, the Center is located in the twenty-three county area of North Carolina designated for the Appalachia Program where there are many older persons of limited income. These persons can well use the financial and emotional rewards of working directly with these young patients.

The initial proposal involved the use of thirty-eight Grandparents with fifty selected children. Recruitment of these older persons was a joint endeavor by the Center and the local office of the Employment Security Commission. Consultation was also sought from the Department of Public Welfare in locating suitable indigent families for these employment opportunities, since applicants came from persons sixty years or older with incomes not to exceed \$3,000 a year for a couple, or \$1,800 a year for a single person. Now, incomes must not exceed \$2,000 a year for a couple and \$1,600 a year for a single person.

The Grandparents work twenty hours a week at \$1.60 an hour. At the outset, training of the applicants consisted of a two week course and included orientation courses, explanations of the project, and introductory lectures on the nature of the Center and the children.

The seventy-six children involved are, for the most part, six to sixteen years old, with a mental age of five years or under. They are referred to the project by the members of the multi-discipline treatment team. Those children who have few family contacts or other outside contacts, and who are least involved in other activities at the Center, are given priority. With this new approach, some of the children have been able to move into additional treatment programs at the Center. More importantly, the children have been provided with an opportunity, within their limits, to realize more happiness in their day-to-day lives. Each child receives undivided attention and care from a Grandparent for two hours daily.

#### THE ROLE OF THE FOSTER GRANDPARENTS

Many older persons, having reared their families and having grandchildren of their own, by nature possess the most important ingredient needed by a child: Tender Loving Care.

As Dr. J. Iverson Riddle, Superintendent of Western Carolina Center, so aptly explained:

"To put it simply, the role of the Foster Grandparent is to give patience, understanding, and closeness to a child who may well profit from such a relationship. The majority of our staff feels that the most important ingredient in this

program should be human contact. If you were to walk through one of four cottages, this need would be perfectly obvious, as many little people come forward wishing to be hugged and squeezed. \* \* \*

Often, mental handicaps in children can be traced in traumatic emotional experiences or to environmental deprivation. This deprivation and trauma can often be partially relieved by special attention and care, and human contact with adults.

Therefore, part of the role of the Grandparents is to assume the dressing, feeding and bathing of the children, and to make these experiences non-threatening, entertaining and in every way a reflection of the Grandparent's concern for the child.

Even after the first few months of the project, each child developed his own individual characteristics in his manner of relating to his Foster Grandparent. He learned to anticipate an arrival and to suffer the pain of separation upon departure. After this one-to-one relationship had been established, many of the children showed noticeable improvement in their relationship with the children. Often, a Grandparent takes both children assigned to him/her together to the playground or some other group activity. The children relate better to each other and are able to "share" the Grandparent. This development has a positive effect on the treatment program in both cottages housing the project children.

#### MEETINGS AND EVALUATIONS

After the project had been under way a couple of months, weekly meetings were held with the Grandparents. They were divided into two groups and each group met with the staff personnel for one hour. During these meetings, attempts were made to explain the reasons for some of the difficulties some of the children caused for the Grandparents. Such characteristics as hyperactivity, short attention spans, and general characteristics of mentally and physically retarded children were explained. Staff personnel tried to give explicit guidance in handling a particular child. In addition, these informal meetings provided the Grandparents an opportunity to express their thoughts and feelings about their work, and the children. This came to be as normal as any other grandparents sitting around boasting about their grandchildren and their accomplishments.

At the end of each three-month period of employment, each Grandparent was interviewed privately by the Social Work Supervisor. These sessions served a data-gathering purpose in the way of quantitative and qualitative information. In turn, this served as a therapeutic purpose for the Grandparents, in that they had an opportunity to air their positive and negative feelings about their foster grandchildren and various aspects of their relationships with patients and personnel at the Center. These interviews also proved helpful to the Social Worker in obtaining more detailed information about the children, which was utilized in treatment planning conferences and interpretations to the children's parents.

It was of particular interest to note that twenty-seven of the Grandparents stated that they had more energy and thirty-seven of them stated that they were happier. It was also learned that one of the benefits of the project was the opportunity to form new friendships. Interest was expressed in organizing a "Foster Grandparent Club." The Grandparents met for informal luncheon meetings, formal organization took place, and officers were elected. The Club now meets monthly, and has served to increase the group feeling among the thirty-eight Grandparents.

#### PARENTS AND THE PROJECT

Shortly after the project began, letters were written to the parents of the fifty participating children, informing them of the project. Many positive responses came from the parents, both by letters and during conferences. Also, questionnaires were sent to the parents in order to obtain more specific reactions to the project. Parents of thirty-five of the children responded. All of these parents had met their child's Foster Grandparent, and all thirty-five families wished their child to be continued on the project. No negative responses were made on the questionnaire, even though such reactions were requested.

Therefore, through the Foster Grandparent Project, many parents and family members became more involved with their child at the Center. The Grandparents wrote informal letters to the parents, telling of their activities with the child, and any progress the child was making. On the other hand, the parents began to write to the children more. Increased visits by the parents, as well as home

visits by the children, were noted. Development of more of a partnership between the Center's personnel and the family in helping the child develop to his maximum potential became evident.

#### FINANCIAL SAVINGS

In September, 1967, a special report was issued by Western Carolina Center concerning the tremendous financial savings which had been realized at the Center as a result of the Foster Grandparent Project.

In order to compute this savings, a tally was made of the number of children who had accomplished various self-help skills, without which cottage parents would have been busy doing custodial tasks for the majority of these children. Also, some of the children learned to help other children in dressing and feeding. Of course, savings are accumulated while the Grandparents are with the children, and even while they are not present, because the children use self-help skills all day.

After the information was compiled and computed, it was found that the Foster Grandparent Project is responsible for a savings to the Center of \$63,110.55 each year!

#### CONCLUSION

During these thirty-two months that the Foster Grandparent Project had been in existence, the Foster Grandparents at Western Carolina Center have been a readily available means of providing better care and more happiness for children who are multi-handicapped. The project has also proved that these older persons are reaping many emotional and physical benefits from this experience.

This project could be described as one of the most constructive and rewarding projects we have ever had. It has made an enormous contribution to the total therapeutic efforts in the Institution for the benefit of the children. In some ways, the Grandparents have been instrumental in helping the Project staff realize how much can be done for mentally and physically handicapped children, if one is willing. The unwaivering devotion of the Grandparents to their daily work has truly been inspirational to the other personnel at the Center.

Not only do the foster grandparents provide a service to the children and to the general program of Western Carolina Center, the Foster Grandparent Project has also delivered much service to the Foster Grandparents themselves. Probably the most important service to the Foster Grandparent has been the feeling of being "needed".

It has been observed that the satisfaction provided in this service has helped to create better general health among the Foster Grandparents. One of the Foster Grandmothers had a heart attack while on the job in February of 1968. She was away from work for several weeks and did not seem to be progressing well at home. She would not eat, even with the encouragement and tempting of her sister. Everyone was very worried about her. One day she came back to work with a note from her physician saying that she could return to the job. From that day, she progressively looked healthier and happier. She was snacking between meals with her foster grandchildren. When encouraged to "take it easy", she said, "I feel so much better here than at home, I think that I would like to work all day!"

The Foster Grandparents are providing a valuable, unique service which only a person of their background, age and living experience could provide. We feel that it is important to older citizens to have the opportunity for *Creative* service beyond their full-time employment years. The Foster Grandparent Project provides this opportunity.

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#### STATEMENT OF NATIONAL FARMERS UNION

Farmers Union has in the past lobbied for and supported the Administration on Aging and the Older Americans Act. Farmers Union cannot support the Amendments proposed by the Administration (H.R. 17867) nor can many of the other organizations active in the field of aging.

There are three reasons:

I. The present direction of the whole program has reverted back to a welfare-rehabilitation orientation which is clearly not the intent of the original Older Americans Act. Older people want more than welfare and rehabilitation.

II. We have serious reservations about setting up competing senior citizens

service programs in two departments as proposed by these amendments. This is not a time to set up duplicative programs.

III. An important amendment is not included. The Legal Council of the Department of Health, Education, and Welfare has put serious restrictions on in-kind contributions allowable in the grants program under the Older Americans Act. Thankfully the Council has been successful in eliminating most of the restrictions, however, the remaining restrictions would be allowed on the voluntary organizations who are participating in the programs. Many of our contributions that are made are in services supplied by other non-profit groups, local government agencies and individuals. We urge that the in-kind restrictions formula be clarified to allow contributions of money, time and space.

In regard to the first matter, we believe the reorganization has changed the intent of Congress for this program and that Congress must assert its intent that this should be an independent program and not a part of the public welfare or rehabilitation program. We support S. 3677 which would require that the Commissioner report directly to the Secretary of HEW. It will be recalled that Wilbur Cohen opposed this Committee's action in bringing Aging out from under the Welfare Administration. Now through Administrative fiat it has been placed under Rehabilitation (regardless of what the organization table may call the organization). We urge that Congress act to restore the independent status of the Administration on Aging within HEW. We see everyday how the Administration on Aging is being redirected toward a welfare and rehabilitation program. It is unable to work effectively with the other Departments of government to coordinate the programs on aging in its present status. If Congress does not indicate in these amendments that it wishes that the Administration on Aging be an independent program, then there are those in the Department who will view this as a green light to continue to make this more and more a welfare and rehabilitation program for older people.

The National Farmers Union has for sometime supported the Senior Citizens Service Corps. We have tried through our Green Thumb Program to demonstrate the potential of older persons for community service, especially employing older and retired low income persons who need the money. We believe that not only does this help the people concerned, but is also essential if many of our communities are going to remain decent places to live. We cannot afford to throw away the talents, the energy, and the abilities of older persons or of any person in this nation. We must develop ways in which these talents can be tapped. Recently we testified before this committee urging the adoption of an employment bill similar to the O'Hara Bill with some modifications coming out of the Quie Bill. We continue to support this proposal and hope that it, along with all other employment programs, can be connected with the Department of Labor. We hope that it will not stop at age sixty, but will include all age groups.

Last year we testified before the Senate Subcommittee on Aging on the Senior Citizens Service Corps complete with Hoedown. We said at that time that the Senior Citizens Service Corps should be given to that department which shows a willingness to act and act quickly. The Department of Labor responded favorably and quickly. We urged the Administration on Aging to take some of its funds and join with the Department of Labor in developing such a Senior Citizens Service Corps. They did not and would not. The Department of Labor was ready to cooperate but the Administration on Aging did not. The Department of Labor took some of the very precious Nelson Amendment Funds under the Economic Opportunity Act and launched the Senior Citizens Service Corps Program which Secretary Wirtz promised you last fall. It is now operating and needs to be encouraged. The Department of Labor has worked closely with the organizations in the field of aging. The President himself announced this program.

Now about 9 months after HEW officials stated that they did not feel that such a Senior Citizens Service Corps program was necessary, HEW officials developed in this proposal their own program after seeing how popular the Department of Labor's Senior Citizen Service Corps has been. There was a secret task force which worked on this proposal.

The Administration on Aging has now put forth a bill which, while having approval of the Bureau of the Budget, does not have support anywhere outside of the Department of HEW to our knowledge. None of the major organizations in the field of aging were consulted prior to the submission of the bill and to the best of my knowledge not even the Advisory Committee on Aging was con-

sulted. Unfortunately, they seem to be incapable of taking the time to work with the field on aging at the policy level. They have asked for quick hearings and are trying to sneak his bill through Congress in a hurry before anyone can really look at their plan.

We believe that this Committee will find that the Senior Citizen Service Corps Programs operated by the Department of Labor will prove to be very effective and efficiently operated. We believe that by keeping these employment programs closely related to the Employment Service and the manpower programs and the OJT programs that progress can be made in opening up new fields of employment for older workers in the private and public employment sector. We think it would be a serious error to establish two Senior Citizen Service Corps programs which would be the result of this legislation both competing with each other. Finally we think that passing such a new program being proposed at such a late time in the session would not only be foolish but would rob other programs which are fighting hard for the very limited dollars during this period of economy and the \$6 billion dollar budget cut.

We would like to raise some questions about the testimony submitted by the Administration. In stating the case for the formal transfer of Foster Grandparents Program to HEW, the Administration stated that it is in line with long-standing OEO policy that projects be shifted to other agencies. There are too many of you who were present when this committee transferred the Adult Education program to Office of Education over the objections of OEO. There are many of you who recall the continued objections of OEO officials in the transfer of the Head Start program. There are many who remember the objections raised by OEO to our recommendations that the Employment programs in the Economic Opportunity Act even be earmarked.

There is no need for such last minute action since the change in funding it is not to be until 1969. Actually there is authority to run Foster Grandparents program under the existing Older Americans Act.

The program proposed in this legislation is more than the transfer of the Foster Grandparent operations. What is proposed is money, double their present funding to develop some of the same types of programs which are already being carried out under the Senior Citizen Service Corps established in the Department of Labor.

#### RECOMMENDATIONS

I. That Amendments to the Older Americans Act should include the directive that the Commission should report directly to the Secretary.

II. That while not essential especially in a spending cut year, the amendment should be strictly limited to the transfer of the Foster Grandparent program and not a broad mandate and new funds to establish a duplicating program.

III. That the same formula for in-kind contributions should be as was used last year.

AMERICAN ASSOCIATION ON MENTAL DEFICIENCY,  
*Washington, D.C., July 15, 1968.*

Hon. DOMINICK V. DANIELS,  
*House of Representatives, Washington, D.C.*

DEAR MR. DANIELS: I am Dr. John Noone, Executive Director of the American Association on Mental Deficiency, a multi-disciplinary organization with a membership of approximately 10,000 professional persons who are concerned with the problem of mental deficiency.

I have read the proposed amendment to the Older American Act of 1965 transferring the Foster Grandparent Program from the Office of Economic Opportunity to the Department of Health, Education, and Welfare and expanding the program to embrace services by elderly persons to groups of deprived children and to other elderly persons with special needs.

I was highly pleased to learn of this proposed legislation and strongly endorse its enactment.

My particular interest and knowledge about the program is in the services being given by foster grandparents to mentally handicapped children. There are Foster Grandparent Programs operating in 75 institutions for the mentally handicapped throughout the United States. Our constituent agencies have informed me of the many positive effects of the program on the children and on the staffs of the institutions. In my frequent visits to residential facilities I had been impressed with the attitudes of the Foster Grandparents through working with

these children; this has been re-emphasized by my discussions with the superintendents and staffs, all of whom have been loud in the praises accredited to everyone throughout this program.

It has been proven that a socially and psychologically supportive adult contact is essential to physical development, social maturation, a sense of personal responsibility, and self-worth. Children residing in institutions are frequently deprived of this experience due to separation from parental figures and minimal staffing available in most institutions. This need is perhaps even greater in children who are mentally deficient and who frequently have physical handicaps as well.

Today there are more than five million mentally retarded individuals in the United States. Of them, approximately 230,000 reside in public or private institutions. Although most of these facilities have adequate staff to meet the maintenance needs of their residents, they do not have sufficient personnel to give the individual attention they know is essential. The services of the foster grandparents have resulted in improvement of motor skills, physical mobility, and self-care of the children. This alone has made it possible for institution staff to devote more time to other children who badly need their professional attention and care. This has resulted in increased staff morale and greater commitment to their responsibilities.

It is pertinent to note that the program has stimulated a study of the feasibility of changing the staffing pattern in at least one institution.

It seems especially appropriate that this program be administered by an agency whose major role is service to persons in need of help and which has experience and expertise in this field.

Sincerely,

JOHN J. NOONE, Ed. D., *Executive Director.*

BEXAR COUNTY HOSPITAL DISTRICT,  
San Antonio, Tex., July 9, 1968.

Congressman DOMINICK V. DANIELS,  
*Chairman, Select Subcommittee on Education, of the Committee on Education and Labor, Washington, D.C.*

HONORABLE SIR: As one of the first agencies to demonstrate the Foster Grandparent Program, I feel it is incumbent upon me to address you on behalf of the proposed amendment to the Older American Act that would create under Title VI—"Service Roles in Retirement" grants and contracts for service projects.

The establishment of programs under the provisions of this amendment would make necessary funds available for greater utilization of the skills of the Older Americans in providing services to children in and out of institutions, to older adults in and out of institutions, and create an atmosphere of concern for the older American on the Federal level that would serve to stimulate States and local communities to see their senior citizens as assets to the community.

As we move more and more toward becoming a gigantic data processing society with "numbers" taking the place of names, there is real danger that we will become a faceless society—this must not be allowed, and the only people in our midst today able to provide that extra dividend—service—are our older Americans who have skills, warmth and love to overflow.

Our experience with the Foster Grandparent demonstrated that young children have a better recovery rate when the hospital provides not only expert medical care, but an added service—"love" prescribed by the doctor and given in full measure by the Foster Grandparents.

Children in and out of institutions can develop into mature, competent adults if during their formative years they have love, security, and acceptance. We know that many children are denied these basic ingredients because of circumstances beyond their control, and as responsible citizens we must seek other ways to provide these to ensure that every child will grow up to be a responsible adult. Older Americans serving as "Foster Grandparents" and "Friends of Children" can provide these services and while doing so enhance their own self-worth by not being cast on the social and economic scrap-heap.

Many older Americans living alone in their homes or "alone" in institutions have suffered the loss of spouse and close associates, have seen their financial resources dwindle and their children move to communities offering them better opportunities. Their "aloneness" makes them vulnerable to both physical and

emotional breakdown that may be obviated if they knew that someone cared—that one of their contemporaries will visit and talk about “the good old days” and listen to some of the current problems. Such interaction is valuable for both persons because when one “gives” of himself he receives in return a feeling of usefulness and an improved self image.

On behalf of our Older Americans of today and those of tomorrow, may I urge you to act favorably on this amendment.

Very respectfully yours,

Mrs. VERA M. BURKE Ph. D.,  
*Director, Social Service Department.*

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STATE OF MICHIGAN,  
DEPARTMENT OF SOCIAL SERVICES,  
*Lansing, Mich., August 30, 1968.*

Hon. DOMINICK V. DANIELS,  
*Chairman, Select Subcommittee on Education, Committee on Education and Labor, House of Representatives, Washington, D.C.*

DEAR MR. DANIELS: I am writing this letter so that you may be aware of the feeling of the State Executives of Aging Units, and to correct any misunderstanding about the position of the state executives in regard to the proposed amendments to the Older Americans Act.

At an Institute for State Executives on Aging held under the auspices of the University of Denver in Colorado, August 18-23, 1968, there was discussion of the proposed amendments to the Older Americans Act. This discussion took place on Thursday, August 22, with thirty-four state executives present.

Thirty-three of the state executives present were wholeheartedly in support of the proposed amendments, especially Title VI, “Service Roles in Retirement.”

We felt that your Select Subcommittee may have received the impression that the State Executives on Aging were not in favor of Title VI and, therefore, held this discussion and asked the thirty-four state executives present to indicate whether they were for or against the amendments. Thirty-three of the thirty-four state executives were in favor, and urged passage of Title VI.

There was unanimous consensus for the proposed amendment to strengthen the State agencies and to support the Administration on Aging in every way.

Sincerely,

CHARLES H. CHASKES,  
*Executive Director,*  
*Michigan Commission on Aging.*

